

HBL

ASSET MANAGEMENT LTD.
ايسيت مينجمنت لميٲٲ

HBL Money Market Fund

HBL Income Fund

PICIC Energy Fund

PICIC Stock Fund

PICIC Income Fund

HBL Stock Fund

PICIC Cash Fund

HBL Multi Asset Fund

HBL Mustahekum Sarmaya Fund 1

Half Yearly Report
December 31, 2016
(Un- Audited)

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REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2016

The Board of Directors of HBL Asset Management Limited, the Management Company of following Conventional Funds is pleased to submit herewith its Directors Review Report together with the unaudited condensed Interim Financial Statements for the three months ended December 31, 2016:

HBL Money Market Fund	PICIC Cash Fund
HBL Income Fund	PICIC Income Fund
HBL Multi Asset Fund	PICIC Stock Fund
HBL Stock Fund	PICIC Energy Fund
HBL Mustahekam Sarmaya Fund	

MARKET REVIEW

Economic & Money Market Review

Following the accommodating monetary policy that was observed in FY16, the State Bank of Pakistan took a more cautious approach in the half-year ended December 2016. The policy rate was kept unchanged at 5.75% in view of increased risk of higher inflation in the upcoming quarters and a deteriorating current account deficit. Brent Crude oil prices were stagnant during 1QFY17, but rose by 16% in 2QFY17 due to the OPEC deal which was struck in late-November, thus pushing up the market's inflation expectations. CPI inflation clocked in at 3.88% for the half, compared to 2.08% in the same period last year, further stocking inflationary fears in the market. On the external front, the current account deficit for the half came in at 2.0% of GDP vs. 1.1% last year. The deterioration in the current account balance could be attributed to falling exports, increasing imports of machinery and waning foreign remittances, particularly from the Middle East. However, the country's foreign exchange reserves and USDPKR rate have been cushioned from the negative effects of the current account balance by the issuance of a USD 1.0 billion international Sukuk, which was floated in October 2016 at a profit rate of 5.50% p.a. Challenges on the external accounts side are likely to linger, however, with adequate support from strategic regional economies, the Pakistani economy looks set to overcome these. With GDP growth expected to accelerate to 5.0% this year, inflation likely to remain comfortably in single-digits, and pro-growth policy action in the run-up to general elections next year, Pakistan's economic outlook is positive.

The yield curve has steepened during the period as secondary market yields on 3,5 and 1-year PIBs have increased by 64, 86 and 93 bps respectively. Meanwhile, yields on the 3, 6 and 12-month T-Bills rose by 9, 15 and 15 bps respectively. The SBP raised PKR 646 billion through PIBs compared to the cumulative target of PKR 500 billion and maturities of PKR 1.72 trillion. All PIB auctions held during 2QFY17 were scrapped. The large maturity of PIBs resulted in a net retirement of PKR 478 billion of government borrowing from commercial banks in 1HFY17 while government borrowing from the SBP crossed the PKR 1.0 trillion mark during the period vs. a net retirement of PKR 436 billion in the same period last year. Through T-Bills, the SBP raised PKR 2.81 trillion compared to the cumulative target of PKR 2.66 trillion and maturities of PKR 2.22 trillion. Market sentiment has shifted slightly since the close of the previous year, mainly due to below-expected CPI data for the month of December and the release of the previous MPC meeting minutes which showed a close split between those members voting for status-quo and those voting for a cut in the policy rate. Going forward, it seems that the SBP is likely to continue its status-quo stance on monetary policy for longer than the market had expected, which will keep the market divided as to the timing of the first change in the policy rate.

Stock Market Review

Driven by strong inflow of domestic liquidity, rising oil prices and higher policy rate expectations, the KSE100 Index surged by 26.5% in 1HFY17. Cumulatively, the KSE100 Index posted a gain of 45.6% for the full-year 2016, breaking its previous all-time highs and making Pakistan the 5th best performing equity market worldwide. Mutual funds emerged as the largest net buyers of USD 307 million, followed by NBFCs (USD 102 million) and companies (USD 61 million). This strong buying by local institutional investors was sufficient to absorb the steady selling of foreign investors, who offloaded USD 298 million of Pakistani equities. The rally was driven mainly by the banking sector, where investors expected that interest rates had bottomed-out, and the E&P sector, which would benefit from the surge in international oil prices. On the flip side, selected scripts in the textile, electricity and pharmaceutical sectors were the main drags on the KSE100 Index's performance. Furthermore, average daily trading volume in KSE100 Index shares posted a sizable improvement of 42% H/H to 154 million shares. M&A and IPO activity also remained robust in the period, particularly in the food & personal care, cement and automobile parts sectors. Going forward, we expect the market to continue its upward trajectory, given that Pakistan is still trading at a sizable discount to its Emerging Market peers in terms of P/E multiples and dividend yield. These attractive valuations should act as a catalyst for inflows from foreign investors, adding to the anticipated inflow from passive Emerging Market Index funds. The recent acquisition of a 40% stake in the PSX by Chinese investors should also pave the way for the introduction of new products and greater visibility of the Pakistani market on the global stage. Over the longer term, the gathering momentum of the China-Pakistan Economic Corridor (CPEC) projects are likely to stimulate investment-led GDP growth which bodes well for Pakistan's equity market as well.

FUND'S PERFORMANCE

HBL Money Market Fund

The total income and net income of the Fund was Rs. 143.03 million and Rs. 114.97 million respectively during the period ended December 31, 2016. The Net Asset Value (NAV) of the Fund Rs. 103.9863 per unit at December 31, 2016; there by giving an annualized return of 4.77%. During the same year the benchmark returns (70% 3M PKRV & 30% 3M Deposit Rate of 3 AA and above rated Banks) was 5.23%. The size of the Fund increased by Rs. 1.40 billion as at December 31, 2016.

HBL Income Fund

The total income and net income of the Fund was Rs. 181.24 million and Rs. 121.32 million respectively during the period ended December 31, 2016. The Net Asset Value (NAV) of the Fund Rs. 108.1703 per unit at December 31, 2016; there by giving an annualized return of 3.88%. During the same year the benchmark return (6 Month Kibor) was 6.06%. The size of the Fund decreased by Rs. 1.45 billion as at December 31, 2016.

HBL Multi Asset Fund

The total income and net income of the Fund was Rs. 79.80 million and Rs. 68.15 million respectively during the period ended December 31, 2016. The Net Asset Value (NAV) of the Fund Rs. 113.3025 per unit at December 31, 2016; there by giving a return of 15.56%. During the same year the benchmark return (Weighted average daily return of KSE100 Index and 6M average PKRV rates based on the actual proportion of investment in Equity and Fixed Income/Money Market component) was 17.00%. The size of the Fund increased by Rs. 0.12 billion as at December 31, 2016.

HBL Mustahekum Sarmaya Fund

The total income and net income of the Fund was Rs. 99.20 million and Rs. 80.67 million respectively during the period ended December 31, 2016. The Net Asset Value (NAV) of the Fund Rs. 106.2898 per unit at December 31, 2016; there by giving a return of 5.15%. During the same year the benchmark returns (KSE 100 Index + 3 M deposit rate of AA- or above rate bank base on the Fund's actual Proportion in the Equity & Money Market Component) was 3.45%. The size of the Fund increased by Rs. 0.08 billion as at December 31, 2016.

HBL Stock Fund

The total income and net income of the Fund was Rs. 563.70 million and Rs. 497.56 million respectively during the period ended December 31, 2016. The Net Asset Value (NAV) of the Fund Rs. 127.5936 per unit at December 31, 2016; there by giving a return of 23.07%. During the same year the benchmark return (KSE 30 Index) was 25.81%. The size of the Fund increased by Rs. 1.39 billion as at December 31, 2016.

PICIC Cash Fund

The total income and net income of the Fund was Rs. 135.27 million and Rs. 120.33 million respectively during the period ended December 31, 2016. The Net Asset Value (NAV) of the Fund Rs. 103.2301 per unit at December 31, 2016; there by giving an annualized return of 5.32%. During the same year the benchmark return (70% 3M PKRV & 30% 3M Deposit Rate of 3 AA and above rated Banks) was 4.75%. The size of the Fund increased by Rs. 2.53 billion as at December 31, 2016.

PICIC Income Fund

The total income and net income of the Fund was Rs. 66.28 million and Rs. 45.60 million respectively during the period ended December 31, 2016. The Net Asset Value (NAV) of the Fund Rs. 107.7016 per unit at December 31, 2016; there by giving an annualized return of 4.70%. During the same year the benchmark return (Average of 6 Month Kibor) was 5.81%. The size of the Fund decreased by Rs. 0.14 billion as at December 31, 2016.

PICIC Stock Fund

The total income and net income of the Fund was Rs. 86.519 million and Rs. 79.11 million respectively during the period ended December 31, 2016. The Net Asset Value (NAV) of the Fund Rs. 113.3060 per unit at December 31, 2016; there by giving a return of 24.32%. During the same year the benchmark return (KSE 100 index) was 26.53%. The size of the Fund increased by Rs. 2.31 billion as at December 31, 2016

PICIC Energy Fund

The total income and net income of the Fund was Rs. 210.00 million and Rs. 196.81 million respectively during the period ended December 31, 2016. The Net Asset Value (NAV) of the Fund Rs. 15.6673 per unit at December 31, 2016; there by giving a return of 30.43%. During the same year the benchmark return (KSE 30 index) was 25.81%. The size of the Fund decreased by Rs. 0.11 billion as at December 31, 2016.

RATING UPDATE

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned asset manager rating at "AM2" to the Management Company. The stability ratings for HBL Money Market Fund "AA(f)", HBL Income Fund "A(f)", PICIC Cash Fund "AA(f)" and PICIC Income Fund "A(f)" respectively.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank its valued unit-holders for their confidence and patronage. It would like to place on record its appreciation for the help and guidance provided by Securities & Exchange Commission of Pakistan, Central Depository Company of Pakistan as Trustee, the Pakistan Stock Exchange and State Bank of Pakistan.

The Board also wishes to place on record its appreciation for the hard work and dedication shown by the staff.

Karachi
Date: February 24, 2017

For and on behalf of the Board
Farid Ahmed Khan
Chief Executive Officer

HBL

Money Market Fund

FUND AND CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary &
Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
Member of Deloitte Touch Tohmastu Limited
Cavish Court, A-35, block 7 & 8 KCHSU,
Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
Progressive Plaza, Beamont Road, 75530,
Karachi, Pakistan.

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House,99- B, Block "B" ,S.M.C.H.S, Main Shahra-e-Faisal, Karachi

Bankers

Allied Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
Askari Bank Limited
Zarai Taraqiati Bank Limited

Legal Advisors

Mandviwalla & Zafar, Advocates and Legal Consultants,
Mandviwalla Chambers, C-15, Block 2, Clifton, Karachi.

Website

www.hblasset.com

Head Office
Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.
24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

TRUSTEE REPORT TO THE UNIT HOLDERS
HBL MONEY MARKET FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of **HBL Money Market Fund** (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 28, 2017

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

Introduction

We have reviewed the accompanying condensed interim statement of asset and liabilities of **HBL Money Market Fund** ("the Fund") as at December 31, 2016, and the related condensed interim income statement and 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 half year ended December 31, 2016 (here-in-after referred to as the "condensed interim financial information"). HBL Asset Management Limited ("Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2016, have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 as at and for the half year ended December 31, 2016, is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The condensed interim financial information for the half year ended December 31, 2015 and financial statements for the year ended June 30, 2016, were reviewed and audited respectively by another firm of chartered accountants who, through their review report dated February 09, 2016 and audit report dated August 26, 2016, expressed an unqualified conclusion and opinion respectively thereon.

Chartered Accountants

Engagement Partner:

Naresh Kumar

Date: February 24, 2017

Place: Karachi

HBL Money Market Fund
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2016

	Note	(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
Assets			
Bank balances	4	4,199,380	2,371,639
Investments	5	965,000	1,494,422
Accrued mark-up		25,289	1,588
Advances, deposits, prepayments and other receivables		25	-
Total assets		5,189,694	3,867,649
Liabilities			
Payable to the Management Company		5,155	4,445
Payable to Trustee		388	371
Payable to the Securities and Exchange Commission of Pakistan		1,449	3,444
Dividend payable		-	1,818
Accrued expenses and other liabilities	7	254,824	334,856
Total liabilities		261,816	344,934
Net assets		4,927,878	3,522,715
Unit holders' fund (as per statement attached)		4,927,878	3,522,715
(Number of units)			
Number of units in issue		47,389,685	34,690,544
(Rupees)			
Net assets value per unit		103.9863	101.5468

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Money Market Fund
Condensed Interim Income Statement and Statement of
Comprehensive Income (Un-Audited)
For the half year and quarter ended December 31, 2016

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Note ----- (Rupees in '000) -----				
Income				
Mark-up on deposits with banks	54,010	50,737	11,689	26,481
Mark-up / return on investments	65,493	113,980	47,373	43,546
Capital (loss) / gain on sale of investments - net	(796)	2,616	(129)	1,714
	118,707	167,333	58,933	71,741
Expenses				
Remuneration to the Management Company	21,825	32,517	10,586	15,145
Remuneration of Trustee	2,063	2,584	1,014	1,409
Annual fee of the Securities and Exchange Commission of Pakistan	1,449	1,844	703	858
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,930	409	409	409
Settlement and bank charges	107	227	12	227
Auditors' remuneration	302	492	302	370
Amortization of preliminary expenses and floatation costs	-	8	-	-
Other expenses	381	151	161	67
	28,057	38,232	13,187	18,485
Net income from operating activities	90,650	129,101	45,746	53,256
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	24,324	(21,228)	17,972	(27,211)
Provision for Workers' Welfare Fund / Sindh Workers' Welfare Fund	-	-	-	-
Net income for the period before taxation	114,974	107,873	63,718	26,045
Taxation	-	-	-	-
Net income for the period after taxation	114,974	107,873	63,718	26,045
Other comprehensive income for the period				
Items that may be reclassified to income statement in subsequent periods				
Net unrealized (diminution) / appreciation on remeasurement of investments classified as available for sale	(168)	(171)	280	(2,141)
Total comprehensive income for the period	114,806	107,702	63,998	23,904

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Money Market Fund
Condensed Interim Distribution Statement (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward - realized	24,925	531,195
Net income for the period	114,974	107,873
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income / (loss) that form part of unit holders' fund	19,643	(5,511)
Undistributed income carried forward - realized	159,542	633,557

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Money Market Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	3,522,715	5,081,207
Issue of 56,945,071 units (2015: 27,058,221 units)	5,878,644	2,763,835
Redemption of 44,245,930 (2015: 37,170,668 units)	(4,563,963)	(3,807,290)
	1,314,681	(1,043,455)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- transferred to income statement and statement of comprehensive income	(24,324)	21,228
- transferred to distribution statement	(19,643)	5,511
	(43,967)	26,739
Net income for the period	114,974	107,873
Net unrealized diminution on remeasurement of investments classified as available for sale	(168)	(171)
Total comprehensive income for the period	114,806	107,702
Net element of gain and capital gain included in prices of units issued less those in units redeemed - transferred to distribution statement	19,643	(5,511)
Net assets at end of the period	4,927,878	4,166,682
Net asset value per unit at the beginning of the period	101.5468	101.1823
Net asset value per unit at the end of the period	103.9863	103.8920

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Money Market Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	114,974	107,873
Adjustments for non-cash items:		
Amortization of preliminary expenses and floatation costs	-	8
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(24,324)	21,228
	90,650	129,109
(Increase) / decrease in assets		
Investments - net	529,254	440,301
Accrued mark-up	(23,701)	6,902
Advances, deposits and other receivables	(25)	407,416
	505,528	840,815
(Decrease) / increase in liabilities		
Payable to the Management Company	710	(1,382)
Payable to Trustee	17	(13)
Payable to the Securities and Exchange Commission of Pakistan	(1,995)	(5,170)
Accrued expenses and other liabilities	(81,850)	24,259
	(83,118)	17,694
Net cash generated from operating activities	513,060	987,618
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	5,878,644	2,763,835
Payment against redemption of units	(4,563,963)	(3,807,290)
Net cash generated from / (used in) financing activities	1,314,681	(1,043,455)
Net increase / (decrease) in cash and cash equivalents	1,827,741	(55,837)
Cash and cash equivalents at beginning of the period	2,371,639	3,816,462
Cash and cash equivalents at end of the period	4,199,380	3,760,625

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Money Market Fund
Notes to the Condensed Interim Financial Information (Un-Audited)
For the half year ended December 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Money Market Fund (the Fund) was established under a Trust Deed, dated March 18, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund has been authorized by the Securities and Exchange Commission of Pakistan (the SECP) as a unit trust scheme on April 9, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, Karachi, Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from July 12, 2010 to July 14, 2010.

The principal activity of the Fund is to seek high liquidity and comparative return for investors by investing in low risk securities of shorter duration and maturity.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2-' to the Management Company and assigned Fund stability rating of 'AA(f)' to the Fund.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

2.2 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

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

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year, ended June 30, 2016, except for the following:

International Accounting Standard (IAS) 1 Presentation of Financial Statements allows an entity to prepare either two performance statement i.e. income statement and statement of comprehensive income separately, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period from operations and items of other comprehensive income). The Fund, with effect from July 01, 2016, has changed its policy with regard to preparation of statement of comprehensive income and opted to prepare one single performance statement i.e. "income statement and statement of comprehensive income" showing both income or loss for the period from operations and items of other comprehensive income in it.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year / period except that items of other comprehensive income previously presented under 'other comprehensive income' in separate statement of comprehensive income are now presented within 'income statement and statement of comprehensive income' under 'other comprehensive income'.

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016, except for the following:

From July 1, 2016, the Fund has revised its methodology for computation of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed.

The revised methodology, in the opinion of management, reflects a more appropriate method for recognition of element and moreover is in conformity with the general industry practice. The new methodology is being consistently implemented across all funds managed by the Management Company. Management has treated the revision in methodology as change in accounting estimate. Had there been no change in estimate, the net profit for the period would have been higher by Rs. 5.49 million.

- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2016.
-
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		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	Note	(Rupees in '000)	
4. BANK BALANCES			
Current account		20	1,460
PLS saving deposit accounts under mark-up arrangements	4.1	3,879,360	1,970,179
Term Deposit Receipts (TDRs)	4.2	320,000	400,000
		<u>4,199,380</u>	<u>2,371,639</u>

- 4.1 Mark-up on these accounts ranges between 4.00% - 6.7% per annum (June 30, 2016: 4.00% - 7.00% per annum).
- 4.2 Mark-up rates on Term Deposit Receipts ranges from 6.25% - 6.35% per annum (June 30, 2016: 6.50% per annum), with having original maturity of less than 90 days.

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	Note	(Rupees in '000)	
5. INVESTMENTS			
Available for sale			
- Government Securities	5.1	-	1,394,422
Loans and receivables			
- Term Deposit Receipts	5.2	520,000	-
- Certificate of investment	5.3	445,000	100,000
		<u>965,000</u>	<u>1,494,422</u>

5.1 Investment in government securities - Available for sale

Issue Date	Tenure	Face value				Market Value as at December 31, 2016	Market value as a percentage of	
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at December 31, 2016		Total Investments	Net Assets
(Rupees in '000)								
Treasury bills								
August 20, 2015	12 months	250,000	-	250,000	-	-	-	-
August 20, 2015	12 months	-	11,000,000	11,000,000	-	-	-	-
October 15, 2015	12 months	-	200,000	200,000	-	-	-	-
January 21, 2016	12 months	-	500,000	500,000	-	-	-	-
January 21, 2016	6 months	1,150,000	-	1,150,000	-	-	-	-
July 21, 2016	6 months	-	500,000	500,000	-	-	-	-
July 21, 2016	6 months	-	500,000	500,000	-	-	-	-
March 3, 2016	6 months	-	1,800,000	1,800,000	-	-	-	-
March 31, 2016	6 months	-	1,000,000	1,000,000	-	-	-	-
August 4, 2016	6 months	-	250,000	250,000	-	-	-	-
September 3, 2015	3 months	-	600,000	600,000	-	-	-	-
August 18, 2015	3 months	-	450,000	450,000	-	-	-	-
August 4, 2016	3 months	-	390,000	390,000	-	-	-	-
September 6, 2016	3 months	-	210,000	210,000	-	-	-	-
		<u>1,400,000</u>	<u>17,400,000</u>	<u>18,800,000</u>	-	-	-	-

Cost of investments at December 31, 2016

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		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
5.2 Term Deposit Receipts (TDR) - Loans and receivables		(Rupees in '000)	
TDR with Sindh Bank Limited	5.2.1	220,000	-
TDR with Zarai Taraquati Bank Limited	5.2.1	300,000	-
		520,000	-

5.2.1 Term Deposit Receipts carry interest rates ranging between 6.30% to 6.50% per annum and have original maturity period of six months.

5.3 Certificate of Investment - loans and receivables

Name of Company	As at July 01, 2016	Placements made during the year	Matured during the year	As at December 31, 2016	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----						
PAIR Investment Company Limited	-	200,000	-	200,000	20.7%	4.06%
Pak Brunai Investment Company Limited	100,000	245,000	100,000	245,000	25.4%	4.97%
	100,000	445,000	100,000	445,000	46.11%	9.03%

5.3.1 These certificates carry mark-up rate ranging from 6.25 % to 6.40 % per annum (June 30, 2016: 6.45 % per annum).

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
5.4 Net unrealized appreciation on remeasurement of investments classified as available for sale		(Rupees in '000)	
	Note		
Market value of investments	5.1	-	1,494,422
Cost of investments		-	(1,494,254)
		-	168

6. PAYABLE TO THE MANAGEMENT COMPANY

Management fee	6.1	3,726	3,521
Sindh Sales Tax	6.2	484	572
Allocation of expenses related to registrar services, accounting, operation and valuation services	8	945	352
		5,155	4,445

6.1 Under the revised Non-Banking Finance Companies and Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding one percent of average annual net assets. The Management Company has charged its remuneration at the rate of one percent per annum (June 30, 2016: one percent per annum) for the current period.

- 6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
7. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Rupees in '000)	
Auditors' remuneration		593	291
Brokerage payable		43	107
Withholding tax payable		-	19,857
Federal Excise Duty	7.1	41,211	41,211
Capital gain tax payable		9,008	13,051
Payable to unit holders against redemption		35,492	3,374
Payable to HBL Income Fund against conversion of units		-	191,502
Payable to HBL Islamic Stock Fund against conversion of units		-	400
Provision for Workers' Welfare Fund	9	59,112	64,738
Provision for Sindh Workers' Welfare Fund	9	5,626	-
Advance received against units to be issued		103,634	-
Others		105	325
		254,824	334,856

- 7.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of the Management Company with effect from June 13, 2013, aggregating to Rs. 41.21 million. Had the provision not being made, the Net Asset Value per unit as at December 31, 2016 would have been higher by Rs. 0.8696 (June 30, 2016 : Rs. 1.1880)

8. **ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES**

As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

9. **WORKERS' WELFARE FUND (WWF) AND SINDH WORKERS' WELFARE FUND (SWWF)**

As disclosed in the annual audited financial of the Fund for the year ended June 30, 2016, the Fund had maintained provision of the Workers' Welfare Fund (WWF), which had been recognized till June 30, 2015, as the decision in the High Court of Sindh was pending with regard to applicability of WWF on Collective Investment Schemes (CISs),

although the High Court of Sindh, in other case, had provided the judgement considering levy of WWF lawful whereas the Lahore High Court had provided different conclusion.

However, in the current period, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

Further, the Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan (MUFAP), in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with Sindh Finance Ministry for appropriate resolution of the matter.

Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of WWF and recognition of provision of SWWF, and decided that:

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014 till December 31, 2016; and
- Provision computed for SWWF should be adjusted against provision of WWF and if any further provision is required, then it should be recognized in books of the Fund before December 31, 2016. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further clarification is received from the MUFAP.

As a result, the Management Company assessed that no further provision is required for SWWF net of provision already made for WWF, and additional provision of WWF of Rs. 59.112 million should be carried forward till the matter is cleared.

Subsequent to the period end December 31, 2016, in the wake of the developments mentioned above paragraphs, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs) obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, where in the MUFAP recommended to its members the following, effective from January 12, 2017:

- Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and
- As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017, which was also endorsed by the SECP through its letter dated February 01, 2017.

Considering the recommendation of the MUFAP, the Management Company on January 12, 2017, reversed the excess provision of WWF amounting to Rs. 59.112 million. Had the excess been reversed on December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 1.2474.

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders in cash. 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 capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at

least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realized or unrealized) to its unit holders in the form of cash.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2016 is 0.73% which includes 0.11% representing government levies and SECP fee.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

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

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

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

	(Un-Audited)	
	Half year ended	
	December 31,	
	2016	2015
	(Rupees in '000)	
12.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee	21,825	32,517
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,930	409
Issue of units 384,920 (2015: Nil units)	40,000	-
Redemption of 5,312,401 units (2015: Nil units)	546,921	-
Profit earned on units redeemed	20,714	-
Habib Bank Limited - Sponsor		
Bank charges paid	-	182
Mark-up earned during the period	14,419	5,305
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	2,063	2,584
Relatives of Directors		
Issue of 127,002 units	13,000	-
Redemption of Nil units (2015: 40,458 units)	-	4,123
Profit earned on units redeemed	-	746

	(Un-Audited) Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
Executives		
Issue of Nil units (2015: 16,968 units)	-	1,718
Redemption of Nil units (2015: 110,300 units)	-	11,230
Profit earned on units redeemed	-	509
Directors of connected persons		
Redemption of Nil units (2015: 11,145 units)	-	1,134
Profit earned on units redeemed	-	132
Associated companies		
Redemption of Nil units (2015: 2,968,675 units)	-	307,099
Profit earned on units redeemed	-	7,099
Persons holding 10% or more units		
Investment held in the Fund : 4,820,132 units (2015: Nil units)	500,000	-
	(Un-Audited) December 31,	(Audited) June 30,
	2016	2016
	(Rupees in '000)	
12.2 Amounts outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management Fee	3,726	3,521
Sindh Sales Tax	484	572
Allocation of expenses related to registrar services, accounting, operation and valuation services	945	352
Investment held in the Fund : 384,920 units (June 30, 2016 : 5,312,401 units)	40,026	539,457
Habib Bank Limited - Sponsor		
Investment held in the Fund : 1,677,432 units (June 30, 2016: 1,677,432 units)	174,430	170,338
Bank balances	356,705	1,133,161
Mark-up receivable on deposits with bank	364	252
HBL Islamic Stock Fund - Associate		
Payable against conversion of units	-	400
HBL Income Fund - Associate		
Payable against conversion of units	-	191,502
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	343	326
Sindh Sales tax	45	45

	(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
Directors		
Investment held in the Fund : 127,002 units (June 30, 2016: 195 units)	13,206	20
Executives		
Investment held in the Fund : Nil units (June 30, 2016: 36,409 units)	-	3,697
Directors of Connected Persons		
Investment held in the Fund: 13,166 units (June 30, 2016: 13,166 units)	1,369	1,337
Persons holding 10% or more units		
Investment held in the Fund: 4,820,132 units (June 30, 2016: Nil)	501,228	-

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

December 31, 2016 (Un-Audited)								
Note	Carrying amount				Fair Value			
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets not measured at fair value	13.1							
Bank balances	-	4,199,380	-	4,199,380	-	-	-	-
Investments								
- Certificate of investment	-	445,000	-	445,000	-	-	-	-
- Term deposit receipts	-	520,000	-	520,000	-	-	-	-
Accrued mark-up	-	25,289	-	25,289	-	-	-	-
		5,189,669	-	5,189,669	-	-	-	-
Financial liabilities not measured at fair value	13.1							
Payable to the Management Company	-	-	5,155	5,155	-	-	-	-
Payable to Trustee	-	-	388	388	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	-	1,449	1,449	-	-	-	-
Accrued expenses and other liabilities	-	-	139,868	139,868	-	-	-	-
Unit holders' fund	-	-	4,927,878	4,927,878	-	-	-	-
		5,074,738	5,074,738	5,074,738	-	-	-	-
June 30, 2016 (Audited)								
	Carrying amount				Fair Value			
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Government Securities	1,394,422	-	-	1,394,422	-	1,394,422	-	1,394,422
Financial assets not measured at fair value								
Bank balances	-	2,371,639	-	2,371,639	-	-	-	-
Investments								
- Certificate of investment	-	100,000	-	100,000	-	-	-	-
Accrued mark-up	-	1,588	-	1,588	-	-	-	-
		2,473,227	-	2,473,227	-	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	-	-	4,445	4,445	-	-	-	-
Payable to Trustee	-	-	371	371	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	-	3,444	3,444	-	-	-	-
Accrued expenses and other liabilities	-	-	228,907	228,907	-	-	-	-
Unit holders' fund	-	-	3,522,715	3,522,715	-	-	-	-
		3,759,882	3,759,882	3,759,882	-	-	-	-

13.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

14. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue by the Board of Directors of the Management Company on **February 24, 2017**.

15. GENERAL

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

15.2 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2016 have not been reviewed.

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

Chief Executive

Director

HBL

Income Fund

FUND AND CORPORATE INFORMATION

Management Company HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
Member of Deloitte Touch Tohmastu Limited
Cavish Court, A-35, block 7 & 8 KCHSU,
Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
Progressive Plaza, Beamont Road, 75530,
Karachi, Pakistan.

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House,99- B, Block "B" ,S.M.C.H.S, Main Shahra-e-Faisal, Karachi

Bankers

Allied Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
NIB Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Sonari Bank Limited
Samba Bank Limited
JS Bank Limited
Zarai Taraqati Bank Limited
MCB Bank Limited
Faysal Bank Limited

Legal Advisors

Mandviwalla & Zafar, Advocates and Legal Consultants,
Mandviwalla Chambers, C-15, Block 2, Clifton, Karachi.

Website

www.hblasset.com

Head Office Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.
24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

**TRUSTEE REPORT TO THE UNIT HOLDERS
HBL INCOME FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of **HBL Income Fund** (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 28, 2017

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

Introduction

We have reviewed the accompanying condensed interim statement of asset and liabilities of **HBL Income Fund** ("the Fund") as at December 31, 2016, and the related condensed interim income statement and 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 half year ended December 31, 2016 (here-in-after referred to as the "condensed interim financial information"). HBL Asset Management Limited ("Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2016, have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 as at and for the half year ended December 31, 2016, is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The condensed interim financial information for the half year ended December 31, 2015 and financial statements for the year ended June 30, 2016, were reviewed and audited respectively by another firm of chartered accountants who, through their review report dated February 09, 2016 and audit report dated August 26, 2016, expressed an unqualified conclusion and opinion respectively thereon.

Chartered Accountants

Engagement Partner:

Naresh Kumar

Date: February 24, 2017

Place: Karachi

HBL Income Fund
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2016

	December 31,	June 30,
	2016	2016
	(Un-Audited)	(Audited)
Note	(Rupees in '000)	
ASSETS		
Bank balances	4 2,986,738	3,259,842
Investments	5 1,627,951	3,275,774
Accrued mark-up	44,358	36,410
Advances, deposits and other receivables	6 766,422	267,596
Total assets	5,425,469	6,839,622
LIABILITIES		
Payable to Management Company	7 9,127	15,388
Payable to Trustee	514	618
Payable to Securities and Exchange Commission of Pakistan	2,252	4,844
Accrued expenses and other liabilities	8 136,596	92,712
Total liabilities	148,489	113,562
Net assets	5,276,980	6,726,060
Unit holders' fund (as per statement attached)	5,276,980	6,726,060
	(Number of units)	
Number of units in issue	48,784,005	63,397,299
	(Rupees)	
Net assets value per unit	108.1703	106.0938

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

For HBL Asset Management Limited
 (Management Company)

 Chief Executive

 Director

HBL Income Fund
Condensed Interim Income Statement and Statement of
Comprehensive Income (Un- Audited)
For the half year and quarter ended December 31, 2016

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Note	------(Rupees in '000)-----			
INCOME				
Mark-up on deposits with banks	46,065	44,554	24,607	27,685
Dividend income	142,682	160,490	60,946	77,128
Unrealized diminution on equity securities - listed (spread transactions)	7,696	-	-	-
Capital (loss) / gain on sale of investments - net	(211)	-	-	-
	(1,901)	48,034	(933)	11,556
	194,331	253,078	84,620	116,369
EXPENSES				
Remuneration of Management Company	51,171	54,448	24,300	35,130
Remuneration of Trustee	2,908	3,131	1,378	2,069
Annual fee to the Securities and Exchange Commission of Pakistan	2,252	2,075	1,063	1,351
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,999	727	1,414	727
Settlement and bank charges	162	111	32	111
Auditors' remuneration	172	222	42	99
Legal and Professional Charges	22	-	22	-
Printing and Stationery	175	-	175	-
Other expenses	64	105	26	41
	59,925	60,819	28,452	39,528
Net income from operating activities	134,406	192,259	56,168	76,841
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(13,090)	87,538	(4,022)	52,068
Provision for Workers' Welfare Fund / Sindh Workers' Welfare Fund	-	-	-	-
Net income for the period before taxation	121,316	279,797	52,146	128,909
Taxation	-	-	-	-
Net income for the period after taxation	121,316	279,797	52,146	128,909
Other comprehensive income for the period				
Items that may be reclassified to income statement in subsequent periods				
Net unrealised diminution on remeasurement of investments classified as available for sale	(14,182)	(29,393)	(12,918)	(12,036)
Total comprehensive income for the period	107,134	250,404	39,228	116,873

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Income Fund
Condensed Interim Distribution Statement (Un- Audited)
For the half year ended December 31, 2016

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward - realised	240,413	70,558
Net income for the period	121,316	279,797
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income / (loss) that form part of unit holders' fund	(89,050)	77,531
Undistributed income carried forward - realised	272,679	427,886
Undistributed income carried forward comprising of:		
- realised income	272,890	427,886
- unrealised loss	(211)	-
	272,679	427,886

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Income Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un- Audited)
For the half year ended December 31, 2016

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	6,726,060	3,376,281
Issue of 3,898,164 units (2015: 47,871,448 units)	410,714	5,129,895
Redemption of 18,511,458 units (2015: 12,507,722 units)	(1,980,018)	(1,346,462)
	(1,569,304)	3,783,433
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		
- transferred to income statement and statement of comprehensive income	13,090	(87,538)
- transferred to distribution statement	89,050	(77,531)
	102,140	(165,069)
Net income for the period	121,316	279,797
Net unrealised diminution on remeasurement of investments classified as available for sale	(14,182)	(29,393)
Total comprehensive income for the per	107,134	250,404
Net element of (loss) / income and capital (losses) / gain included in prices of units issued less those in units redeemed - transferred to distribution statement	(89,050)	77,531
Net assets at end of the period	5,276,980	7,322,580
Net asset value per unit at the beginning of the period	106.0938	104.9087
Net asset value per unit at the end of the period	108.1703	108.4075

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Income Fund
Condensed Interim Cash Flow Statement (Un- Audited)
For the half year ended December 31, 2016

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	121,316	279,797
Adjustments		
Unrealized diminution on equity securities - listed (spread transactions)	211	-
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	13,090	(87,538)
	134,617	192,259
(Increase) / decrease in assets		
Investments - net	1,633,430	(974,681)
Accrued mark-up	(7,948)	8,136
Advances, deposits and other receivables	(498,826)	(94)
	1,126,656	(966,639)
Increase / (decrease) in liabilities		
Payable to Management Company	(6,261)	10,256
Payable to Trustee	(104)	333
Payable to the Securities and Exchange Commission of Pakistan	(2,592)	(421)
Accrued expenses and other liabilities	43,884	(400,214)
	34,927	(390,046)
Net cash (used in) / generated from operating activities	1,296,200	(1,164,426)
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	410,714	5,129,895
Payment against redemption of units	(1,980,018)	(1,346,462)
Net cash generated from used in financing activities	(1,569,304)	3,783,433
Net (decrease) / increase in cash and cash equivalents	(273,104)	2,619,007
Cash and cash equivalents at beginning of the period	3,259,842	1,099,072
Cash and cash equivalents at end of the period	4 2,986,738	3,718,079

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Income Fund

Notes to the Condensed Interim Financial Information (Un-Audited)

For the half year ended December 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Income Fund (the Fund) was established under a Trust Deed, dated September 06, 2006, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on July 25, 2006.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, Karachi, Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from March 15, 2007 to March 17, 2007.

The principal activity of the Fund is to make investments in fixed income securities. Other avenues of investments include ready future arbitrage in listed securities and transactions under Continuous Funding System.

JCR-VIS Credit Rating Agency has assigned an asset manager rating of 'AM2' to the Management Company and fund stability rating of 'A(f)' to the Fund.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non- Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Fund operates.

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

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2016, except for the following standards which became effective during the period.

3.1.1 International Accounting Standard (IAS) 1 Presentation of Financial Statements allows an entity to prepare either two performance statement i.e. income statement and statement of comprehensive income, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2016, has changed its policy with regard to preparation of statement of comprehensive income and opted to prepare one single performance statement i.e. "income statement and statement of comprehensive income" showing both income or loss for the period and items of other comprehensive income in it.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year/period except that items of other comprehensive income previously presented under 'other comprehensive income' in separate statement of comprehensive income are now presented within 'income statement and statement of comprehensive income' under 'other comprehensive income'.

3.1.2 During the period, the fund has entered in to spread transactions (ready-future transaction), which involves purchase of an equity security in a ready market and simultaneous sale of the same security in the future market. The security purchased in the ready market is classified as financial assets at fair value through profit and loss - held for trading and carried on the statement of assets and liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the income statement. The forward sale of the security in the futures market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to income statement in accordance with the requirements of International accounting Standards (IAS) 39 - "Financial Instruments: Recognition and Measurement".

3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016, except for the following;

"From July 1, 2016, the Fund has revised its methodology for computation of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed."

"The revised methodology, in the opinion of management, reflects a more appropriate method for recognition of element and moreover is in conformity with the general industry practice. The new methodology is being consistently implemented across all funds managed by the Management Company. Management has treated the revision in methodology as change in accounting estimate. Had there been no change in estimate, the net profit for the period would have been lower by Rs. 5.663 million."

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting

period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.

- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2016.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
4. BANK BALANCES			
Current account		-	60
Savings accounts	4.1	1,026,738	3,259,782
Term Deposit Receipts	4.2	1,960,000	-
		<u>2,986,738</u>	<u>3,259,842</u>

- 4.1 Mark-up rates on these accounts range between 3.65% - 6.7% (June 30, 2016: 4% - 7.5%) per annum.

- 4.2 Mark-up rates on Term Deposit Receipts ranges from 6.25% - 7% per annum, with having original maturity of less than 90 days.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
5. INVESTMENTS			
Available for sale			
- Term Finance Certificates - Listed	5.1.1	153,795	-
- Term Finance Certificates and Sukuk bonds - Unlisted	5.1.2	894,617	666,527
- Government securities	5.2	-	2,359,247
Loans and Receivables			
- Placements	5.3	-	250,000
- Term Deposit Receipts	5.5	500,000	-
At fair value through profit or loss - held for trading			
- Listed equity securities (spread transactions)	5.4	79,539	-
		<u>1,627,951</u>	<u>3,275,774</u>

5.1 Available for sale investments

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 5,000 each unless stated otherwise.

5.1.1 Term Finance Certificates - Listed

Name of the Investee Company	Number of certificates			As at December 31, 2016	Market value as at December 31, 2016 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
Financial Services							
Saudi Pak Leasing Company Limited - (Note 5.1.3)	2,000	-	-	2,000	-	-	-
Commercial Banks							
NIB Bank Limited	-	13,200	-	13,200	66,683	4.10%	1.26%
Bank Alfalah Limited	-	26,000	(9,000)	17,000	87,112	5.35%	1.65%
	-	39,200	(9,000)	30,200	153,795	9.45%	2.91%
Fixed Line Telecommunication							
World Call Telecom Limited - (Note 5.1.4)	23,750	-	-	23,750	-	-	-
	25,750	39,200	(9,000)	55,950	153,795	9.45%	2.914%
Cost of investments at December 31, 2016					206,944		

5.1.2 Term Finance Certificates and Sukuk bonds - Unlisted

Name of the Investee Company	Number of certificates			As at December 31, 2016	Market value / Carrying value* as at December 31, 2016 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
Commercial Banks							
Standard Chartered Bank (Pakistan) Limited	8,000	10,000	-	18,000	90,360	5.55%	1.71%
Bank Al Habib Limited	-	20,008	-	20,008	101,212	6.22%	1.92%
Habib Bank Limited*	-	2,750	-	2,750	275,633	16.93%	5.22%
JS Bank Limited	-	46,000	-	46,000	230,000	14.13%	4.36%
	8,000	78,758	-	86,758	697,205	42.83%	13.21%
Chemicals							
AgriTech Limited - (Note 5.1.5)	2,000	-	-	2,000	-	-	-
Engro Fertilizer Limited - Sukuk	86,000	-	86,000	-	-	-	-
	88,000	-	86,000	2,000	-	-	-
Multiutilities							
Water and Power Development Authority	50,000	5,000	-	55,000	197,412	12.13%	3.74%
Others							
New Allied Electronics Industries (Pvt) Limited - (Note 5.1.5)	9,000	-	-	9,000	-	-	-
New Allied Electronics Industries (Pvt) Limited - Sukuk (Note 5.1.5)	9,000	-	-	9,000	-	-	-
	18,000	-	-	18,000	-	-	-
	164,000	83,758	86,000	161,758	894,617	54.96%	16.95%
Cost of investments at December 31, 2016					963,314		

In case of debt securities against which a provision has been made, these are carried at amortised cost less provision. For non-performing securities market value / valuation by MUFAP is not available.

* These TFCs have face value of Rs. 100,000 per TFC.

5.1.3 As disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2016, Saudi Pak Leasing Company Limited defaulted towards payment falling due in September 2010. Accordingly, the exposure was classified as non-performing and provision was recognised in accordance with the SECP's provisioning guidelines.

5.1.4 Worldcall Telecom Limited TFC's were classified by MUFAP as non-performing on November 8, 2012. These investments have fully been provided. Details have been provided in the financial statements for the year ended June 30, 2016.

5.1.5 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided due to default by investee company in prior years.

5.1.6 Significant terms and conditions of Term Finance Certificates Sukuk bonds outstanding as at December 31, 2016 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Term Finance Certificates - Listed				
Saudi Pak Leasing Company Limited	2,775	6% Fixed Rate	March 13, 2008	March 13, 2017
World Call Telecom Limited	2,011	6 Month KIBOR + 1.60%	December 3, 2007	December 3, 2018
NIB Bank Limited	4,995	6 Month KIBOR + 1.15%	June 19, 2014	June 19, 2022
Bank Alfalah Limited	4,993	6 Month KIBOR + 1.25%	February 20, 2013	February 20, 2021
Term Finance Certificates and Sukuk bonds - Unlisted				
New Allied Electronics Industries (Pvt) Limited - Sukuk	4,905	6 Month KIBOR + 2.50%	May 15, 2007	May 15, 2011
AgriTech Limited - TFC	3,997	6 Month KIBOR + 1.75%	November 30, 2007	November 30, 2014
New Allied Electronics Industries (Pvt) Limited - TFC	2,114	6 Month KIBOR + 2.20%	December 3, 2007	December 3, 2012
Standard Chartered Bank (Pakistan) Limited - TFC	5,000	6 Month KIBOR + 0.75%	June 29, 2012	June 29, 2022
Water and Power Development Authority - TFC	3,571	6 Month KIBOR + 1%	September 27, 2013	September 19, 2021
Engro Fertilizer Limited - Sukuk	5,000	6 Month KIBOR + 0.4%	May 25, 2016	November 25, 2016
Bank Alhabib Limited - TFC	4,999	6 Month KIBOR + 0.75%	March 17, 2016	March 17, 2026
Habib Bank Limited - TFC	99,980	6 Month KIBOR + 0.5%	February 19, 2016	February 19, 2026
JS Bank Limited - TFC	5,000	6 Month KIBOR + 1.4%	December 14, 2016	December 14, 2023

5.2 Investment in Government Securities - Available for sale

Issue Date	Tenure	Face value			Market value		Market Value as a percentage of	
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at December 31, 2016	as at December 31, 2016	Total Investments	Net Assets
------(Rupees in '000)-----								
Treasury bill								
January 21, 2016	1 year	439,500	500,000	939,500	-	-	-	-
January 21, 2016	6 months	50,000	-	50,000	-	-	-	-
March 3, 2016	6 months	50,000	500,000	550,000	-	-	-	-
March 3, 2016	1 year	200,000	-	200,000	-	-	-	-
May 26, 2016	3 months	250,000	-	250,000	-	-	-	-
October 29, 2015	1 year	250,000	-	250,000	-	-	-	-
September 1, 2016	3 months	-	800,000	800,000	-	-	-	-
August 18, 2016	3 months	-	100,000	100,000	-	-	-	-
July 21, 2015	6 months	-	250,000	250,000	-	-	-	-
July 21, 2015	1 year	-	600,000	600,000	-	-	-	-
		1,239,500	2,750,000	3,989,500	-	-	-	-
Pakistan Investment Bonds								
July 17, 2014	5 years	100,000	-	100,000	-	-	-	-
March 26, 2015	3 years	550,000	-	550,000	-	-	-	-
March 26, 2015	5 years	50,000	600,000	650,000	-	-	-	-
April 21, 2016	5 years	385,000	575,000	960,000	-	-	-	-
July 19, 2012	10 years	-	150,000	150,000	-	-	-	-
April 21, 2016	3 years	-	250,000	250,000	-	-	-	-
April 21, 2016	10 years	-	350,000	350,000	-	-	-	-
		1,085,000	1,925,000	3,010,000	-	-	-	-
Grand total		2,324,500	4,675,000	6,999,500	-	-	-	-
Cost of investments at December 31, 2016					=====			

5.3 Loans and receivables - Placements

Name of Bank	As at July 1, 2016	Placements made during the period	Matured during the period	As at December 31, 2016	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----						
Tameer Microfinance Bank Limited	150,000	-	150,000	-	-	-
Pak Brunei Company Limited	100,000	-	100,000	-	-	-
	250,000	-	250,000	-	-	-

5.4 Listed Equity Securities - Held for Trading (Spread Transactions)

The fund purchases equity securities in ready market and sell them in future market on the same day, resulting in spread income due to difference in ready and future stock prices. This way the fund has no open exposure to the stock market.

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each

Name of the Investee Company	Number of shares				As at December 31, 2016	Market value as at December 31, 2016	Market value as a percentage of		Par value as a percentage of issued capital of
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Refinery									
Attock Refinery Limited	-	10,000	-	-	10,000	4,253	0.26%	0.08%	0.01%
Fertilizers									
Engro Fertilizers Limited	-	72,000	-	-	72,000	4,895	0.30%	0.09%	0.01%
Engro Corporation Limited	-	12,500	-	-	12,500	3,951	0.24%	0.07%	0.00%
Fatima Fertilizer Company Limited	-	25,000	-	-	25,000	922	0.06%	0.02%	0.00%
Fauji Fertilizer Company Limited	-	10,000	-	-	10,000	1,044	0.06%	0.02%	0.00%
	-	119,500	-	-	119,500	10,812	0.65%	0.20%	
Textile									
Nishat (Chunian) Limited	-	10,000	-	-	10,000	624	0.04%	0.01%	0.00%
Cement									
D.G. Khan Cement Company Limited	-	42,500	-	-	42,500	9,424	0.58%	0.18%	0.01%
Pioneer Cement Limited	-	58,500	-	-	58,500	2,552	0.16%	0.05%	0.03%
Maple Leaf Cement Factory Limited	-	20,000	-	-	20,000	8,312	0.51%	0.16%	0.00%
	-	121,000	-	-	121,000	20,288	1.25%	0.39%	
Oil and Gas Exploration									
Oil and Gas Development Company Limited	-	95,000	-	-	95,000	15,708	0.96%	0.30%	0.00%
Pakistan Petroleum Limited	-	1,500	-	-	1,500	282	0.02%	0.01%	0.00%
	-	96,500	-	-	96,500	15,990	0.98%	0.31%	
Oil and Marketing									
Pakistan State Oil Company Limited	-	63,500	-	-	63,500	27,572	1.69%	0.52%	0.02%
	-	420,500	-	-	420,500	79,539	4.87%	1.51%	
Cost of investments at December 31, 2016						79,752			

5.4.1 Investments include shares having market value aggregating to Rs. 38,598 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

	December 31, 2016 (Un-Audited)	June 30, 2016 (Audited)
	(Rupees in '000)	
5.5 Loans and receivables - Term Deposit Receipts		
TDR with Zarai Taraqati Bank Limited	500,000	-

Term deposit receipts have original maturity of 6 months and carry interest rate of 6.5% per annum.

	December 31, 2016 (Un-Audited)	June 30, 2016 (Audited)
	(Rupees in '000)	
5.6 Net unrealised appreciation on remeasurement of investments classified as available for sale		
Market value / carrying value of investments	5.1.1, 5.1.2 1,048,412	3,275,774
Cost of investments	5.1.1, 5.1.2 1,170,258	3,383,438
Provision against non-performing TFCs and Sukuk bonds	5.7 (124,486)	(124,486)
	1,045,772	3,258,952
	2,640	16,822

5.7 Movement in provision against investments

Opening balance	126,484	126,484
Add: Charge for the period / year	-	-
Less: Reversals / write-offs for the period / year	-	-
Net charge	-	-
Closing balance	126,484	126,484
Classified under investments	124,486	124,486
Classified under other receivables	6 1,998	1,998
	126,484	126,484

6. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit with National Clearing Company of Pakistan Limited	16,721	3,500
Security deposit with Central Depository Company of Pakistan Limited	100	100
Receivable against investments of Term Finance Certificates and Sukuk bonds	5.7 1,998	1,998
Receivable against issuance of units from the Management Company	-	40,520
Receivable from HBL Funds against conversion of units	6.1 8,925	193,429
Receivable against Pre-call Term Finance Certificate	6.2 -	29,946
Advances against Term Finance Certificates	6.3 740,000	
Prepaid expenses	100	100
Others	576	1
	768,420	269,594
Less: Provision against overdue installments of Term Finance Certificates and Sukuk bonds	5.7 1,998	1,998
	766,422	267,596

6.1 The amount represents receivable against conversion of units from the following Funds:

HBL Money market Fund	-	191,502
HBL Islamic Stock Fund	-	1,927
HBL Islamic Asset Allocation Fund	8,925	-
	8,925	193,429

6.2 This pertains to Term Finance Certificate of Bank Al-Habib having maturity of June 30, 2021 which was been pre-called on June 29, 2016. The principal and accrued mark-up have subsequently been received on July 04, 2016.

6.3 This represents advance paid to subscribe Sukuk certificate of Fatima Fertilizer Company Limited amounting to Rs. 500 million and advance paid for Initial Public Offer for Term Finance Certificate of The Bank of Punjab, amounting to Rs. 240 million.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
7. PAYABLE TO THE MANAGEMENT COMPANY			
Management fee	7.1	6,822	8,802
Sindh Sales Tax	7.2	888	1,430
Sales load payable		-	4,569
Allocation of expenses related to registrar services, accounting, operation and valuation services		1,417	587
		9,127	15,388

7.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding one and half percent of average annual net assets. The Management Company has charged its remuneration at the rate of one and a half percent per annum (June 30, 2016: one and a half percent per annum) of the average net assets for the current period.

7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		496	324
Brokerage payable		54	15
Federal Excise Duty payable	8.1	27,578	27,578
Payable against purchase of shares		79,671	-
Payable to HBL Stock Fund against conversion of units		-	483
Capital gain tax payable		451	4,878
Withholding tax payable		-	23,986
Payable to unit holders against redemption of units		-	7,151
Provision for Workers' Welfare Fund	8.2	12,945	28,170
Provision for Sindh Workers' Welfare Fund	8.2	15,225	-
Others		176	127
		136,596	92,712

8.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company with effect from June 13, 2013 aggregating to Rs. 27.578 million. Had the provision not being made, the Net Asset Value per unit as at December 31, 2016 would have been higher by Rs. 0.56 (June 30, 2016: Rs. 0.43).

8.2 WORKERS' WELFARE FUND (WWF) AND SINDH WORKERS' WELFARE FUND (SWWF)

As disclosed in the annual audited financial of the Fund for the year ended June 30, 2016, the Fund had maintained provision of the Workers' Welfare Fund (WWF), which had been recognized till June 30, 2015, as the decision in the High Court of Sindh was pending with regard to applicability of WWF on Collective Investment Schemes (CISs), although the High Court of Sindh, in other case, had provided the judgement considering levy of WWF lawful whereas the Lahore High Court had provided different conclusion

However, in the current period, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

Further, the Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry for appropriate resolution of the matter.

Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014 till December 31, 2016; and
- Provision computed for SWWF should be adjusted against provision of WWF and if any further provision is required, then it should be recognized in books of the Fund before December 31, 2016. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further clarification is received from the MUFAP.

"As a result, the Management Company assessed that no further provision is required for SWWF net of provision already made for WWF, and additional provision of WWF of Rs. 12.945 million should be carried forward till the matter is cleared."

Subsequent to the period end December 31, 2016, in the wake of the developments mentioned above paragraphs, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs) obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the following, effective from January 12, 2017:

- Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and
- As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017.

Considering the recommendation of the MUFAP, the Management Company on January 12, 2017, reversed the excess provision of WWF of Rs. 12.945 million. Had the excess been reversed on December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 0.2653.

9. ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders in cash. 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 capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

The tax department has issued show cause notice to the fund for the tax year 2008. In notice, the tax department has alleged that the return filed by the fund in respect of above tax year is found erroneous in so far as prejudicial to the interest of the revenue and requires amendment under section 122(5A) of the income tax ordinance, 2001. They have further stated that as the fund has distributed income in the form of bonus shares which has not resulted in increase capital, therefore such distribution / payment tantamount to dividend as per Section 2 (29) of the Ordinance and the Fund has not made withholding under Section 150 of the Ordinance, therefore does not qualify for the exemption in terms of clause (99) of Part I of the Second Schedule to the Ordinance.

The fund has filed a reply to the show cause stating that the assessment cannot be reopened as the period of 5 years has already been lapsed. The contention that bonus units donot result in increase in capital is not correct and the distribution was in accordance with Clause 99, Part I of the Second Schedule. The clause 99 of Part I of the Second

Schedule has only been amended vide Finance Act 2014 and therefore is applicable for the tax year 2015.

The Fund considers that the application of amended clause 99 to tax year 2008 is void and is confident that the proceedings would be dropped.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2016 is 1.01%, which includes 0.14% representing government levy, Worker's Welfare Fund and SECP fee.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and the directors of the connected persons.

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

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

Details of the transactions with connected persons during the period and balances with them at period/ year end, if not disclosed elsewhere in the condensed interim financial information are as follows:

	Half year ended December 31,	
	2016 (Un-Audited)	2015 (Un-Audited)
	(Rupees in '000)	
12.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee inclusive of sales tax	51,171	54,448
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,999	727
Redemption of 377,025 units (2015: Nil units)	40,513	-
Habib Bank Limited - Sponsor		
Bank charges paid	51	47
Mark-up earned during the period	2,209	3,615
Jubilee General Insurance Company - Associated company		
Issue of Nil units (2015: 1,848,255 units)	-	200,000
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	2,908	3,131
CDC charges	6	3
Executives and their relatives		
Issue of Nil units (2015: 27,474 units)	-	2,932
Redemption of 9,681 units (2015: 9,094 units)	1,035	968

12.2 Balances outstanding as at period / year end	December 31, 2016 (Un-Audited)	June 30, 2016 (Audited)
HBL Asset Management Limited - Management Company		
Management fee	6,822	8,802
Sindh Sales Tax	888	1,430
Sales Load payable	-	4,569
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,417	587
Investment held by Management Company in funds:		
Nil units (June 2016: 377,025 units)	-	40,000
Receivable against issuance of Nil units (June 30, 2016: 377,025 units)	-	40,520
Habib Bank Limited - Sponsor		
Investment held by HBL in the Fund: 13,402,498 units (June 30, 2016: 13,402,498 units)	1,449,752	1,421,922
Bank balances with HBL	45,003	1,010,685
HBL Money Market Fund - Associate		
Receivable against conversion of units	-	191,502
HBL Stock Fund - Associate		
Payable against conversion of units	-	483
HBL Islamic Stock Fund - Associate		
Receivable against conversion of units	-	1,927
Sapphire Fibres Limited - Associated company		
Investment held in the Fund: 197,114 units (June 30, 2016: 197,114 units)	21,322	20,913
Amer Tex (Pvt) Limited		
Investment held in the Fund: 784,816 units (June 30, 2016: 784,816 units)	84,894	83,264
Neelum Textile Mills (Pvt) Limited		
Investment held in the Fund: 623,419 units (June 30, 2016: 623,419 units)	67,435	66,141
Directors and Executives of the Management Company and their relatives		
Directors and their relatives		
Investment held in the Fund: 66,043 units (June 30, 2016: 24,205 units)	7,144	2,568
Executives and their relatives		
Investment held in the Fund: 20,813 units (June 30, 2016: 114,635 units)	2,251	12,162
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	455	542
Sindh Sales tax	59	76
Security deposit	100	100
Directors of connected persons		
Investment held in the Fund: 250,917 units (June 30, 2016: Nil units)	27,142	-

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		December 31, 2016 (Un-Audited)								
		Carrying amount				Fair Value				
		Available- for-sale	Held-for- trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
-	Term Finance Certificates - Listed	153,795	-	-	-	153,795	-	153,795	-	153,795
-	Term Finance Certificates and Sukuk bonds - Unlisted	664,617	-	-	-	664,617	-	664,617	-	664,617
-	Government Securities	-	-	-	-	-	-	-	-	-
-	Listed Securities	-	79,539	-	-	79,539	79,539	-	-	79,539
		818,412	79,539	-	-	897,951	-	818,412	-	897,951
Financial assets not measured at fair value										
13.1										
	Bank balances	-	-	2,986,738	-	2,986,738	-	-	-	-
Investments										
-	Term Finance Certificates and Sukuk bonds - Unlisted	230,000	-	-	-	230,000	-	-	-	-
-	Term Deposit Receipts	-	-	500,000	-	500,000	-	-	-	-
-	Accrued mark-up	-	-	44,358	-	44,358	-	-	-	-
-	Advances, deposits and other receivables	-	-	740,676	-	740,676	-	-	-	-
		230,000	-	4,271,772	-	4,501,772	-	-	-	-

		December 31, 2016 (Un-Audited)								
		Carrying amount				Fair Value				
	Note	Available-for-sale	Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
Financial liabilities not measured at fair value										
Payable to Management Company	13.1	-	-	-	9,127	9,127	-	-	-	-
Payable to Trustee		-	-	-	514	514	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	-	-	2,252	2,252	-	-	-	-
Accrued expenses and other liabilities		-	-	-	80,848	80,848	-	-	-	-
Unit holders' fund		-	-	-	5,276,980	5,276,980	-	-	-	-
		-	-	-	5,369,721	5,369,721	-	-	-	-
June 30, 2016 (Audited)										
		Carrying amount				Fair Value				
	Note	Available-for-sale	Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
- Term Finance Certificates and Sukuk bonds - Unlisted		236,527	-	-	-	236,527	-	236,527	-	236,527
- Government Securities		2,359,247	-	-	-	2,359,247	-	2,359,247	-	2,359,247
		2,595,774	-	-	-	2,595,774	-	2,595,774	-	2,595,774
Financial assets not measured at fair value										
Bank balances	13.1	-	-	3,259,842	-	3,259,842	-	-	-	-
Investments										
- Term Finance Certificates and Sukuk bonds - Unlisted		430,000	-	-	-	430,000	-	-	-	-
- Placements		-	-	250,000	-	250,000	-	-	-	-
Accrued mark-up		-	-	36,410	-	36,410	-	-	-	-
Advances, deposits and other receivables		-	-	267,496	-	267,496	-	-	-	-
		430,000	-	3,813,748	-	4,243,748	-	-	-	-
Financial liabilities not measured at fair value										
Payable to Management Company	13.1	-	-	-	15,388	15,388	-	-	-	-
Payable to Trustee		-	-	-	618	618	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	-	-	4,844	4,844	-	-	-	-
Accrued expenses and other liabilities		-	-	-	36,964	36,964	-	-	-	-
Unit holders' fund		-	-	-	6,726,060	6,726,060	-	-	-	-
		-	-	-	6,783,874	6,783,874	-	-	-	-

13.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

14. DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Income Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at December 31, 2016, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Name of Non-Complaint Investment	Type of Investment	Value of Investment before provision (Rupees in '000)	Provision held	Value of Investment after provision	% of Gross Assets
New Allied Electronics Industries (Private) Limited	TFC	19,025	19,025	-	-
New Allied Electronics Industries (Private) Limited	Sukuk	44,149	44,149	-	-
Agritech Limited	TFC	9,991	9,991	-	-
Saudi Pak Leasing Company Limited	TFC	5,550	5,550	-	-
World Call Telecom Limited	TFC	47,768	47,768	-	-

The above securities have ratings lower than investment grade.

	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited) (Rupees in '000)
15. COMMITMENTS		
Sale of future stock contracts	<u>80,227</u>	<u>-</u>

This represents investment in future stock contracts with settlement date of January 30, 2017.

16. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **February 24, 2017**.

17. GENERAL

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

17.2 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2016 have not been reviewed.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL

Multi Asset Fund

FUND AND CORPORATE INFORMATION

Management Company HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
Member of Deloitte Touch Tohmastu Limited
Cavish Court, A-35, block 7 & 8 KCHSU,
Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
Progressive Plaza, Beamont Road, 75530,
Karachi, Pakistan.

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House,99- B, Block "B", S.M.C.H.S, Main Shahra-e-Faisal, Karachi

Bankers

Allied Bank Limited
Bank Al-Falah Limited
Habib Bank Limited
Askari Bank Limited
NIB Bank Limited
MCB Bank Limited

Legal Advisors

Mandviwalla & Zafar, Advocates and Legal Consultants,
Mandviwalla Chambers, C-15, Block 2, Clifton, Karachi.

Website

www.hblasset.com

Head Office Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.
24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

**TRUSTEE REPORT TO THE UNIT HOLDERS
HBL MULTI ASSET FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of **HBL Multi Asset Fund** (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 28, 2017

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

Introduction

We have reviewed the accompanying condensed interim statement of asset and liabilities of **HBL Multi Asset Fund** ("the Fund") as at December 31, 2016, and the related condensed interim income statement and 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 half year ended December 31, 2016 (here-in-after referred to as the "condensed interim financial information"). HBL Asset Management Limited ("Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2016, have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 as at and for the half year ended December 31, 2016, is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The condensed interim financial information for the half year ended December 31, 2015 and financial statements for the year ended June 30, 2016, were reviewed and audited respectively by another firm of chartered accountants who, through their review report dated February 09, 2016 and audit report dated August 26, 2016, expressed an unqualified conclusion and opinion respectively thereon.

Chartered Accountants

Engagement Partner:

Naresh Kumar

Date: February 24, 2017

Place: Karachi

HBL Multi Asset Fund
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2016

		(Un-Audited)	(Audited)
		December 31,	June 30,
		2016	2016
	Note	(Rupees in '000)	
Assets			
Bank balances	4	102,377	21,075
Investments	5	662,157	741,283
Dividend receivable and accrued mark-up		3,692	5,677
Advances, deposits and other receivables	6	136,214	18,257
Total assets		904,440	786,292
Liabilities			
Payable to the Management Company	7	1,936	1,527
Payable to Trustee		184	146
Payable to the Securities and Exchange Commission of Pakistan		347	629
Accrued expenses and other liabilities	8	20,185	18,484
Total liabilities		22,652	20,786
Net assets		881,788	765,506
Unit holders' fund (as per statement attached)		881,788	765,506
		(Number of units)	
Number of units in issue		7,782,597	7,807,513
		(Rupees)	
Net assets value per unit		113.3024	98.0474

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Multi Asset Fund
Condensed Interim Income Statement and
Statement of Comprehensive Income (Un-Audited)
For the half year and quarter ended December 31, 2016

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Note ----- (Rupees in '000) -----				
Income				
Dividend income	12,003	10,473	9,465	5,994
Mark-up on deposits with banks	1,886	1,169	1,481	586
Mark-up / return on investments - net	7,592	9,039	3,169	4,345
Capital gain on sale of investments - net	58,672	49,529	23,957	19,257
	80,153	70,210	38,072	30,182
Impairment loss on equity securities classified as available for sale - net	-	(3,177)	-	-
	80,153	67,033	38,072	30,182
Expenses				
Remuneration to the Management Company	9,225	9,951	4,710	4,891
Remuneration of Trustee	923	856	467	420
Annual fee of the Securities and Exchange Commission of Pakistan	347	321	177	158
Allocation of expenses related to registrar services, accounting, operation and valuation services	405	74	212	74
Auditors' remuneration	196	224	101	126
Settlement and bank charges	215	272	207	182
Other expenses	334	138	277	49
	11,645	11,836	6,151	5,900
Net income from operating activities	68,508	55,197	31,921	24,282
Element of loss and losses included in prices of units issued less those in units redeemed - net	(357)	(612)	(551)	(192)
Provision for Federal Workers' Welfare Fund / Sindh Workers' Welfare fund	-	-	-	-
Net income for the period before taxation	68,151	54,585	31,370	24,090
Taxation	-	-	-	-
Net income for the period after taxation	68,151	54,585	31,370	24,090
Other comprehensive income for the period				
Items that may be reclassified subsequently to income statement				
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	50,607	(57,864)	63,421	(12,731)
	118,758	(3,279)	94,791	11,359

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Multi Asset Fund
Condensed Interim Distribution Statement (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
Accumulated loss brought forward - realised	(96,050)	(128,856)
Net income for the period	68,151	54,585
Element of income and capital gains included in the prices of units issued less those in units redeemed - amount representing gain that form part of unit holders' fund	49	5,522
Accumulated loss carried forward - realised	(27,850)	(68,749)

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Multi Asset Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	765,506	767,249
Issue of 154,587 units (2015: 35,470 units)	15,839	3,443
Redemption of 179,503 units (2015: 381,614 units)	(18,672)	(37,472)
	(2,833)	(34,029)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- transferred to income statement and statement of comprehensive income	357	612
- transferred to distribution statement	(49)	(5,522)
	308	(4,910)
Net income for the period	68,151	54,585
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	50,607	(57,864)
Total comprehensive income for the period	118,758	(3,279)
Net element of income and capital gain included in price of units issued less those in units redeemed - transferred to the distribution statement	49	5,522
Net assets at end of the period	881,788	730,553
Net Assets value per unit at the beginning of the period	98.0474	94.9833
Net Assets value per unit at the end of the period	113.3024	94.4895

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Multi Asset Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	68,151	54,585
Adjustments		
Impairment loss on equity securities classified as available for sale	-	3,177
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	357	612
	<u>68,508</u>	<u>58,374</u>
(Increase) / decrease in assets		
Investments - net	129,733	(4,758)
Dividend receivable and accrued mark-up	1,985	(841)
Advances, deposits and other receivables	(117,957)	101
	13,761	(5,498)
Increase / (decrease) in liabilities		
Payable to the Management Company	409	(9)
Payable to Trustee	38	11
Payable to the Securities and Exchange Commission of Pakistan	(282)	(325)
Accrued expenses and other liabilities	1,701	(47,095)
	1,866	(47,418)
Net cash generated from operating activities	<u>84,135</u>	<u>5,458</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	15,839	3,443
Payment against redemption of units	(18,672)	(37,472)
Net cash used in financing activities	<u>(2,833)</u>	<u>(34,029)</u>
Net increase / (decrease) in cash and cash equivalents	<u>81,302</u>	<u>(28,571)</u>
Cash and cash equivalents at beginning of the period	21,075	54,885
Cash and cash equivalents at end of the period	<u>4</u> <u>102,377</u>	<u>26,314</u>

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Multi Asset Fund
Notes to the Condensed Interim Financial Information (Un-Audited)
For the half year ended December 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Multi Asset Fund (the Fund) was established under a Trust Deed, dated October 08, 2007, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on September 28, 2007.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, Karachi, Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes, such as equity securities, government securities, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.

JCR-VIS Credit Rating Agency (JCR-VIS) has assigned management quality rating of 'AM2-' to the Management Company.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS-34) and provision of and directives issued under the Companies Ordinance, 1984, the NBFC Rules, the Non- Banking Finance Companies and Notified Entities Regulations, 2008 (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 the International Financial Reporting Standards (IFRS) the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS-34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

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

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2016 except for the following:

International Accounting Standard (IAS) 1 Presentation of Financial Statements allows an entity to prepare either two performance statement i.e. income statement and statement of comprehensive income separately, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2016, has changed its policy with regard to preparation of statement of comprehensive income and opted to prepare one single performance statement i.e. "income statement and statement of comprehensive income" showing both income or loss for the period and items of other comprehensive income in it.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year / period except that items of other comprehensive income previously presented under 'other comprehensive income' in separate statement of comprehensive income are now presented within 'income statement and statement of comprehensive income' under 'other comprehensive income'.

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016 except for the following:

"From July 1, 2016, the Fund has revised its methodology for computation of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed."

"The revised methodology, in the opinion of management, reflects a more appropriate method for recognition of element and moreover is in conformity with the general industry practice. The new methodology is being consistently implemented across all funds managed by the Management Company. Management has treated the revision in methodology as change in accounting estimate. Had there been no change in estimate, the net profit for the period would have been higher by Rs. 1,375."

- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2016.
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	Note	(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
4. BANK BALANCES			
PLS saving deposit account under mark-up arrangements	4.1	52,377	21,025
Term Deposit Receipt	4.2	50,000	-
Current account		-	50
		102,377	21,075

4.1 Mark-up rates on these accounts range between 3.75% - 6.1% per annum (June 30, 2016: 4.00% - 6.5% per annum).

4.2 Term Deposit Receipt carries mark-up at the rate of 7% per annum and will mature on January 26, 2017.

5 INVESTMENTS

Available for sale			
- Listed equity securities	5.1	610,602	521,029
- Unlisted equity securities	5.2	1,555	1,555
- Term Finance Certificates - Listed	5.3.1	-	-
- Government Securities	5.4	-	179,960
Loans and receivables			
- Commercial papers	5.6	-	38,739
- Term Deposit Receipt	5.5	50,000	-
		662,157	741,283

5.1 Listed equity securities - Available for sale

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares				Market value as at December 31, 2016 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company	
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period		As at December 31, 2016	Total Investments		Net Assets
Commercial Banks									
Bank Alfalah Limited	-	245,500	-	-	245,500	9.319	1.41%	1.06%	02%
Habib Bank Limited	313,571	78,700	-	221,300	170,971	46,718	7.06%	5.30%	01%
MCB Bank Limited	265,600	32,800	-	188,500	109,900	26,136	3.95%	2.96%	01%
United Bank Limited	-	172,300	-	-	172,300	41,162	6.22%	4.67%	01%
	579,171	529,300	-	409,800	698,671	123,335	18.64%	13.99%	
Personal Goods									
Gul Ahmed Textile Mills Limited	-	142,500	-	-	142,500	7,292	1.10%	0.83%	05%
Nishat Chunian Limited	-	320,500	-	167,500	153,000	9,552	1.44%	1.08%	06%
Nishat Mills Limited	30,500	160,400	-	77,000	113,900	17,344	2.62%	1.97%	03%
	30,500	623,400	-	244,500	409,400	34,188	5.16%	3.88%	

Name of the Investee Company	Number of shares				Market value as at December 31, 2016 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company	
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets		
Construction and Materials									
D.G.Khan Cement Company Limited	152,900	-	-	24,600	128,300	28,448	4.30%	3.23%	0.03%
Kohat Cement Limited	34,700	-	-	34,700	-	-	-	-	-
Lucky Cement Limited	66,800	-	-	27,350	39,450	34,174	5.16%	3.88%	0.01%
Pioneer Cement Company Limited	230,000	-	-	230,000	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	160,000	-	100,000	60,000	7,655	1.16%	0.87%	0.01%
Cherat Cement Company Limited	152,500	-	-	152,500	-	-	-	-	-
	636,900	160,000	-	569,150	227,750	70,277	10.62%	7.96%	-
Electricity									
The Hub Power Company Limited	297,200	-	-	102,000	195,200	24,103	3.64%	2.73%	0.02%
K-Electric Limited (paid up share of Rs. 3.5 each)	2800,000	-	-	2,800,000	-	-	-	-	-
Kot Addu Power Company Limited	90,500	117,500	-	46,000	162,000	12,766	1.93%	1.45%	0.02%
	3187,700	117,500	-	2,948,000	357,200	36,869	5.57%	4.18%	-
Oil and Gas									
Attock Petroleum Limited	23,650	12,300	-	23,650	12,300	8,421	1.27%	0.95%	0.01%
Mari Petroleum Limited	7,700	9,200	-	-	16,900	23,236	3.51%	2.64%	0.02%
Oil and Gas Development Company Limited	213,000	53,900	-	97,700	169,200	27,977	4.23%	3.17%	0.00%
Hi-Tech Lubricants Limited	-	173,000	-	94,500	78,500	9,017	1.36%	1.02%	0.07%
Sui Northern Gas Pipelines Limited	-	218,500	-	90,500	128,000	10,441	1.58%	1.18%	0.02%
Sui Southern Gas Company Limited	-	302,500	-	302,500	-	-	-	-	-
Pakistan Oilfields Limited	-	43,300	-	-	43,300	23,149	3.50%	2.63%	0.02%
Pakistan Petroleum Limited	105,500	53,000	-	40,700	117,800	22,168	3.35%	2.51%	0.01%
Pakistan State Oil Company Limited	91,300	8,000	-	48,300	51,000	22,145	3.34%	2.51%	0.02%
	441,150	873,700	-	697,850	617,000	146,554	22.14%	16.61%	-
Foods Producers									
Engro Foods Limited	-	82,600	-	82,600	-	-	-	-	-
Chemicals									
Fauji Fertilizer Bin Qasim Limited	100,000	-	-	100,000	-	-	-	-	-
Engro Corporation Limited	113,800	-	-	28,500	85,300	26,962	4.07%	3.06%	0.02%
Engro Fertilizer Limited	-	130,000	-	-	130,000	8,837	1.33%	1.00%	0.01%
I.C.I Pakistan Limited	-	43,600	-	34,700	8,900	8,844	1.34%	1.00%	0.01%
Fauji Fertilizer Company Limited	-	158,300	-	-	158,300	16,522	2.50%	1.87%	0.01%
	213,800	331,900	-	63,200	382,500	61,165	9.24%	6.93%	-
Refinery									
Attock Refinery Limited	-	22,100	-	-	22,100	9,399	1.42%	1.07%	0.03%
Transport									
Pakistan Int Bulk Terminal Limited	-	726,000	-	726,000	-	-	-	-	-
Technology and communication									
Avanceon Limited	-	228,000	-	228,000	-	-	-	-	-
Fertilizers									
Dawood Hercules Limited	-	76,300	-	-	76,300	11,012	1.66%	1.25%	0.02%
Sugar and Allied Industries									
Faran Sugar Industries Limited	-	38,400	-	-	38,400	6,327	0.96%	0.72%	0.15%
Household Goods									
Pak Elektron Limited	234,000	-	-	234,000	-	-	-	-	-
Tariq Glass Industries Limited	-	158,000	-	158,000	-	-	-	-	-
	234,000	158,000	-	392,000	-	-	-	-	-

Name of the Investee Company	Number of shares					Market value as at December 31, 2016 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2016		Total Investments	Net Assets	
General Industries									
Service Industries Limited	-	23,600	-	17,700	5,900	8,833	1.33%	1.00%	0.05%
Packages Limited	24,250	11,900	-	4,000	32,150	27,329	4.13%	3.10%	0.04%
	24,250	35,500	-	21,700	38,050	36,162	5.46%	4.10%	
Media									
Tri-Pack Films Limited	-	32,500	-	32,500	-	-	-	-	-
Pharma and Bio Tech									
GlaxoSmithKline Limited	83,600	-	-	83,600	-	-	-	-	-
The Searle Company Limited	33,450	-	525	29,700	4,275	2,795	0.42%	0.32%	-
	117,050	-	525	113,300	4,275	2,795	0.42%	0.32%	
Automobile Assemblers									
Atlas Honda Limited	-	20,500	-	20,500	-	-	-	-	-
Millat Tractors Limited	-	35,700	-	21,700	14,000	12,665	1.91%	1.44%	0.03%
General Tyre and Rubber Company Limited	-	51,200	-	12,400	38,800	10,807	1.63%	1.23%	0.06%
Loads Limited	-	384,500	-	384,500	-	-	-	-	-
Thal Limited	-	44,000	-	44,000	-	-	-	-	-
Honda Atlas Car Limited	-	32,200	-	24,100	8,100	5,416	0.82%	0.61%	0.01%
Pak Suzuki Motor Company Limited	-	15,000	-	-	15,000	9,192	1.39%	1.04%	0.02%
	-	583,100	-	507,200	75,900	38,080	5.75%	4.32%	
Engineering									
Mughal Iron and Steel Industries Limited	2,500	-	-	-	2,500	221	0.03%	0.03%	-
Crescent Steel and Allied Products Limited	-	105,000	-	33,300	71,700	11,055	1.67%	1.25%	0.09%
Amreli Steels Limited	-	238,500	-	85,500	153,000	10,188	1.54%	1.16%	0.05%
	2,500	343,500	-	118,800	227,200	21,464	3.24%	2.44%	
Non Life Insurance									
Adamjee Insurance Company Limited	-	175,000	-	-	175,000	12,975	1.96%	1.47%	0.05%
	5,467,021	4,046,000	525	6,200,600	3,349,746	610,602	92.24%	69.26%	
Cost of investments at December 31, 2016						506,469			

5.1.1 Investments include shares having market value aggregating to Rs. 57.19 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing

settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

5.2 Unlisted equity securities- Available for Sale

Shares of unlisted companies

Name of the Investee Company	Number of shares				As at December 31, 2016	Carrying value as at December 31, 2016	Carrying value as a percentage of	
	As at July 1, 2016	Purchases during the period	Bonus/ Right issue	Sales during the period			Total Investments	Net Assets
	(Rupees in '000)							
Pharma and Bio Tech GlaxoSmithKline Consumer Healthcare Pakistan Limited (5.2.1)	25,080	-	-	-	25,080	1,555	-	-
Cost of investments at December 31, 2016							-	

5.2.1 This represents shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited, a subsidiary of GlaxoSmithKline Plc, which were received due to demerger of GlaxoSmithKline Pakistan Limited on April 01, 2016. These are stated at break up value of 62 rupee per share as trading in not yet commenced. The Company has submitted its listing application with Pakistan Stock Exchange Limited which is currently pending.

5.3 Term Finance Certificates - Available for sale

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 5,000 each unless stated otherwise.

5.3.1 Term Finance Certificates - Listed

Name of the Investee Company	Number of certificates				As at December 31, 2016	Market value / Carrying value* as at December 31, 2016	Market value as a percentage of	
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period				Total Investments	Net Assets
	(Rupees in '000)							
Financial Services Saudi Pak Leasing Company Limited - (Note 5.3.2)	6,000	-	-		6,000	-	-	-
Cost of investment as at December 31, 2016							15,197	

*In case of debt securities against which a provision has been made, these are carried at amortized cost less provision. For non-performing securities, market value / valuation by MUFAP is not available.

5.3.2 Saudi Pak Leasing Company Limited defaulted towards payment falling due in September 2010. Accordingly, the exposure was classified as non-performing and provision was recognised in accordance with the SECP's provisioning guidelines.

Subsequently, on the request of the Issuer, TFC holders approved the restructuring of the facility by extending repayment period from 5 years to 9 years and by reducing mark-up rate to 6% for 24 months from restructuring date and 8% for next 24 months and there after fixing the mark-up rate at 1 month KIBOR. Further, half of the accrued mark-up is to be paid in cash and the balance is being deferred.

The Issuer defaulted again in the payment of principal and mark-up due on September 13, 2011. In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities Exchange Commission of Pakistan (SECP), the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non-performing exposure. Accordingly, the exposure has been fully provided.

5.3.3 Significant terms and conditions of Term Finance Certificates outstanding at December 31, 2016 are:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Saudi Pak Leasing Company Limited	2,533	6% Fixed Rate	March 13, 2008	March 13, 2017

5.4 Investment in Government Securities - Available for sale

Issue Date	Tenure	Face value			Market Value as at December 31, 2016	Market value as a percentage of	
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period		Total Investment	Net Assets
----- (Rupees in '000) -----							
Treasury bills							
January 21, 2016	12 months	29,500	-	29,500	-	-	-
May 26, 2016	3 months	35,000	-	35,000	-	-	-
June 23, 2016	3 months	26,000	-	26,000	-	-	-
		<u>90,500</u>	<u>-</u>	<u>90,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pakistan Investment Bonds							
July 17, 2014	3 years	36,000	-	36,000	-	-	-
July 17, 2014	5 years	28,000	-	28,000	-	-	-
March 26, 2015	3 years	20,000	-	20,000	-	-	-
		<u>84,000</u>	<u>-</u>	<u>84,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>174,500</u>	<u>-</u>	<u>174,500</u>	<u>-</u>	<u>-</u>	<u>-</u>

All investment in Government Treasury Bills and Pakistan Investment Bonds were sold during the period for an aggregate consideration of Rs. 245.68 million.

5.5 The term deposit receipt carries mark-up at the rate of 6.5% per annum with maturity on May 02, 2017.

5.6 Investment in Commercial papers - Loans and receivables

Name of Investee Company	Placements made during	Income accrued	Matured during the period	As at December 31, 2016	Percentage of total value of investment	Percentage of Net Assets
----- (Rupees in '000) -----						
Pak Elektron Limited (5.6.1)	<u>38,739</u>	<u>-</u>	<u>38,739</u>	<u>-</u>	<u>-</u>	<u>-</u>

5.6.1 These commercial papers carried mark-up at the rate of 9.33% per annum and were matured and encashed during the period for Rs. 39 million.

		(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
5.7 Net unrealised appreciation on remeasurement of investments classified as available for sale			
Market value / carrying value of investments	5.1, 5.2, 5.3 & 5.4	612,157	741,283
Cost of investments	5.1, 5.2, 5.3 & 5.4	521,666	703,877
Provision against equity securities	5.5.1	-	(2,478)
Provision against term finance certificates	5.5.1	(15,197)	(15,197)
		<u>506,469</u>	<u>686,202</u>
		<u>105,688</u>	<u>55,081</u>
5.7.1 Movement in provision against investments			
Opening balance		17,675	15,694
Add: Charge for the period / year		-	3,177
Less: Reversals made during the period / year		(2,478)	(1,196)
Net charge		(2,478)	1,981
		<u>15,197</u>	<u>17,675</u>
6. ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Security deposit with National Clearing Company of Pakistan Limited		3,016	3,016
Security deposit with Central Depository Company of Pakistan Limited		100	100
Advance against subscription of Term Finance Certificates (TFC)	6.1	25,000	25,000
Advances against Initial Public offering (IPO)			-
of Term Finance Certificate (TFC) and Sukuk	6.2	133,000	-
Receivables against Pre-call TFC		-	14,973
Prepaid annual rating and listing fee		98	168
		<u>161,214</u>	<u>43,257</u>
Provision in respect of advance against subscription of term finance certificates	6.1	(25,000)	(25,000)
		<u>136,214</u>	<u>18,257</u>

6.1 The Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer as at December 31, 2015. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at December 31, 2016, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.

6.2 This represents advance paid to subscribe sukuk certificate of Fatima Fertilizer Company Limited amounting to Rs. 85 million. Also include Rs. 30 million and Rs. 18 million paid as advance to subscribe IPO of JS Bank Limited and The Bank of Punjab respectively.

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	Note	(Rupees in '000)	
7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	7.1	1,461	1,249
Sindh Sales Tax	7.2	190	203
Sales load payable		79	13
Allocation of expenses related to registrar services, accounting, operation and valuation services		206	62
		1,936	1,527

7.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2016: two percent per annum) of the average annual net assets of the Fund for the current period.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011. During the period, SST at the rate of 13 percent effective from July 1, 2016 (June 30, 2016: 14 percent) was charged on the remuneration of Management Company and sales load.

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	Note	(Rupees in '000)	
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		507	328
Federal Excise Duty	8.1	6,610	6,610
Payable against redemption of units		-	1,302
Withholding tax payable		-	304
Payable to brokers		3,460	420
Provision for Federal Workers' Welfare Fund	8.2	6,326	9,495
Provision for Sindh Workers' Welfare Fund	8.2	3,169	-
Other payables		113	25
		20,185	18,484

8.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management company has been applied effective from June 13, 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in Supreme Court of Pakistan, the management company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company with effect from June 13, 2013 aggregating to Rs. 6.61 million. Had the provision not being made, the Net Asset Value per unit as at December 31, 2016 would have been higher by Rs. 0.8493 (June 30, 2016: Rs. 0.8466) per unit.

8.2 WORKERS' WELFARE FUND (WWF) AND SINDH WORKERS' WELFARE FUND (SWWF)

As disclosed in the annual audited financial of the Fund for the year ended June 30, 2016, the Fund had maintained provision of the Workers' Welfare Fund (WWF), which had been recognized till June 30, 2015, as the decision in the High Court of Sindh was pending with regard to applicability of WWF on Collective Investment Schemes (CISs), although the High Court of Sindh, in other case, had provided the judgement considering levy of WWF lawful whereas the Lahore High Court had provided different conclusion.

However, in the current period, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

Further, the Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with Sindh Finance Ministry for appropriate resolution of the matter.

Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014; and
- Provision computed for SWWF should be adjusted against provision of WWF and if any further provision is required, then it should be recognized in books of the Fund before December 31, 2016. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further clarification is received from the MUFAP.

As a result, the Management Company assessed that no further provision is required for SWWF net of provision

already made for WWF, and additional provision of WWF of Rs.6.33 million should be carried forward till the matter is cleared.

Subsequent to the period end December 31, 2016, in the wake of the developments mentioned above paragraphs, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs) obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the following, effective from January 12, 2017:

- Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and
- As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017, which was also endorsed by the SECP through its letter dated February 1, 2017.

Considering the recommendation of the MUFAP, the Management Company on January 12, 2017, reversed the excess provision of WWF amounting to Rs. 6.33 million. Had the excess been reversed as of December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 0.8128.

9. ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum up to 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders in cash. 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 capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realized or unrealized) to its unit holders in the form of cash.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2016 is 1.41%, which includes 0.19% representing government levy, Worker's Welfare Fund and SECP fee.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management

Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

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

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

Details of the transactions with connected persons during the period and balances with them at period/year end, if not disclosed elsewhere in this condensed interim financial information are as follows:

12.1 Transactions during the period

	Half year ended	
	December 31,	
	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee inclusive of sales tax and others	9,225	9,951
Allocation of expenses related to registrar services, accounting, operation and valuation services	405	74
Habib Bank Limited - Sponsor		
Bank charges paid	3	19
Mark-up earned during the period	237	543
Dividend income earned during the period	961	757
Executives of the Management Company		
Redemption of nil units (2015: 17,565 units)	-	1,718
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	923	856
Central Depository service charges	48	45
Transactions involving shares of connected persons:		
Habib Bank Limited - Sponsor		
Purchase of 78,700 shares (2015: 102,500 shares)	18,899	20,450
Sale of 221,300 shares (2015: 18,800 shares)	48,187	2,782
Gain on sale of shares	7,676	1,267

	(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
12.2 Amounts outstanding as at period end		
HBL Asset Management Limited - Management Company		
Management fee	1,461	1,249
Sindh Sales Tax	190	203
Sales load payable	79	13
Allocation of expenses related to registrar services, accounting, operation and valuation services	206	62
Habib Bank Limited - Sponsor		
Investment held in the Fund: 6,755,856 units (June 2016: 6,755,856 units)	765,455	662,394
Bank balances	9,182	13,959
Mark-up receivable on deposits with bank	25	24
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	146	128
Sindh Sales Tax	35	18
Shares held in Habib Bank Limited - Sponsor		
Ordinary shares held in Habib Bank Limited: 170,971 ordinary shares (June 2016: 313,571 ordinary shares)	46,718	61,949

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).
- The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		December 31, 2016							
		Carrying amount			Fair Value				
		Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments - Listed equity securities	610,602	-	-	610,602	610,602	-	-	610,602
		610,602	-	-	610,602	610,602	-	-	610,602
Financial assets not measured at fair value									
	Bank balances	-	102,377	-	102,377	-	-	-	-
	Investments	-	50,000	-	50,000	-	-	-	-
	- Term Deposit Receipt	1,555	-	-	1,555	-	-	-	-
	- Un-listed equity	-	3,692	-	3,692	-	-	-	-
	Dividend receivable and accrued mark-up	-	136,116	-	136,116	-	-	-	-
	Advances, deposits and other receivables	-	-	-	-	-	-	-	-
		1,555	292,185	-	293,740	-	-	-	-
Financial liabilities not measured at fair value									
	Payable to the Management Company	-	-	1,936	1,936	-	-	-	-
	Payable to Trustee	-	-	184	184	-	-	-	-
	Payable to Securities and Exchange Commission of Pakistan	-	-	347	347	-	-	-	-
	Accrued expenses and other liabilities	-	-	4,080	4,080	-	-	-	-
	Unit holders' fund	-	-	881,788	881,788	-	-	-	-
		-	-	888,335	888,335	-	-	-	-

		June 30, 2016							
		Carrying amount			Fair Value				
		Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments								
	- Listed equity securities	521,029	-	-	521,029	521,029	-	-	521,029
	- Government Securities	179,960	-	-	179,960	-	179,960	-	179,960
		700,989	-	-	700,989	521,029	179,960	-	700,989

		June 30, 2016							
		Carrying amount			Fair Value				
		Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets not measured at fair value	13.1								
Bank balances		-	21,075	-	21,075	-	-	-	-
Investment									
- Un-Listed equity securities		1,555	-	-	1,555				
- Loans and receivables - Commercial Paper		-	38,739	-	38,739				
Dividend receivable and accrued mark-up		-	5,677	-	5,677	-	-	-	-
Advances, deposits and other receivables		-	18,089	-	18,089	-	-	-	-
		<u>1,555</u>	<u>83,580</u>	<u>-</u>	<u>85,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value	13.1								
Payable to the Management Company		-	-	1,527	1,527	-	-	-	-
Payable to Trustee		-	-	146	146	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan		-	-	629	629	-	-	-	-
Accrued expenses and other liabilities		-	-	2,379	2,379	-	-	-	-
Unit holders' fund		-	-	765,506	765,506	-	-	-	-
		<u>-</u>	<u>-</u>	<u>770,187</u>	<u>770,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

14. DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Balanced Scheme' in accordance with the said circular. As at December 31, 2016, the Fund is compliant with all the requirements of the said circular except for clause 2 (iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

The following securities are included in the portfolio of the Fund which have rating lower than A- (A minus).

Name of Non-Complaint Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	% of Net Assets	% of Gross Assets
(Rupees in '000)						
Saudi Pak Leasing Company Limited	TFC	15,197	15,197	-	-	-
Dewan Cement Limited	Advance	25,000	25,000	-	-	-

15. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **February 24, 2017**.

16. GENERAL

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

16.2 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2016 have not been reviewed.

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

Chief Executive

Director



HBL
Mustahekum Sarmaya Fund



FUND AND CORPORATE INFORMATION

Management Company HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
Member of Deloitte Touch Tohmastu Limited
Cavish Court, A-35, block 7 & 8 KCHSU,
Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
Progressive Plaza, Beamont Road, 75530,
Karachi, Pakistan.

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House,99- B, Block "B" ,S.M.C.H.S, Main Shahra-e-Faisal, Karachi

Bankers

Allied Bank Limited
Habib Bank Limited

Legal Advisors

Mandviwalla & Zafar,Advocates and Legal Consultants,
Mandviwalla Chambers,C-15,Block 2,Clifton,Karachi.

Website

www.hblasset.com

Head Office Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.
24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

**TRUSTEE REPORT TO THE UNIT HOLDERS
HBL MUSTAHEKUM SARMAVA FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of **HBL Mustahekum Sarmaya Fund** (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 28, 2017

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

Introduction

We have reviewed the accompanying condensed interim statement of asset and liabilities of **HBL Mustahekum Sarmaya Fund 1** ("the Fund") as at December 31, 2016, and the related condensed interim income statement and 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 half year ended December 31, 2016 (here-in-after referred to as the "condensed interim financial information"). HBL Asset Management Limited ("Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2016, have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 as at and for the half year ended December 31, 2016, is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 1 to the accompanying condensed interim financial information which states that the accompanying condensed interim financial information are not prepared on the going concern basis as the Fund will mature on March 28, 2017, which is in accordance with the constitutive documents. Our conclusion is not qualified in respect of this matter.

Other Matter

The condensed interim financial information for the half year ended December 31, 2015 and financial statements for the year ended June 30, 2016, were reviewed and audited respectively by another firm of chartered accountants who, through their review report dated February 09, 2016 and audit report dated August 26, 2016, expressed an unqualified conclusion and opinion respectively thereon.

Chartered Accountants

Engagement Partner:

Naresh Kumar

Date: February 24, 2017

Place: Karachi

HBL Mustahekum Sarmaya Fund 1
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2016

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	Note	(Rupees in '000)	
Assets			
Bank balances	4	8,624	61,074
Investments	5	1,915,605	1,849,839
Dividend receivable and accrued mark-up		73,126	11,487
Preliminary Expenses and Flotation Costs		140	408
Advances, deposits and other receivables		6,024	2,600
Total assets		2,003,519	1,925,408
Liabilities			
Payable to the Management Company	6	2,404	1,996
Payable to Trustee		248	234
Payable to the Securities and Exchange Commission of Pakistan		737	1,452
Accrued expenses and other liabilities	7	10,643	16,078
Total liabilities		14,032	19,760
Net assets		1,989,487	1,905,648
Unit holders' fund (as per statement attached)		1,989,487	1,905,648
(Number of units)			
Element of (loss) / income and capital (losses) / gains included			
Number of units in issue		18,717,569	18,852,653
(Rupees)			
Net assets value per unit		106.2898	101.0812

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Mustahekum Sarmaya Fund 1
Condensed Interim Income Statement and Statement of
Comprehensive Income (Un-Audited)
For the half year and quarter ended December 31, 2016

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Note -----(Rupees in '000')-----				
Income				
Dividend income	3,677	3,976	2,140	2,606
Mark-up on deposits with banks	646	1,225	561	394
Mark-up / return on investments	62,081	64,702	30,709	32,351
Capital gain / (loss) on sale of shares	32,832	(2,245)	16,696	(2,930)
	99,236	67,658	50,106	32,421
Expenses				
Remuneration to the Management Company	11,100	19,428	5,613	9,728
Remuneration of Trustee	1,456	1,451	736	815
Annual fee of the Securities and Exchange Commission of Pakistan	737	735	373	368
Allocation of expenses related to registrar services, accounting, operation and valuation services	8	980	197	494
Auditors' remuneration	163	167	87	84
Settlement and bank charges	22	28	22	26
Amortisation of preliminary expenses and floatation costs	268	270	268	135
Other expenses	306	20	165	3
	15,032	22,296	7,758	11,356
Net income from operating activities	84,204	45,362	42,348	21,065
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(31)	(620)	30	(571)
Provision for Sindh Workers' Welfare Fund	9	(3,501)	-	(3,501)
Net income for the period before taxation	80,672	44,742	38,877	20,494
Taxation	10	-	-	-
Net income for the period after taxation	80,672	44,742	38,877	20,494
Other comprehensive income for the period				
Items that may be reclassified to income statement in subsequent periods:				
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	16,249	(3,216)	12,263	2,589
Total comprehensive income for the period	96,920	41,526	51,139	23,083

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Mustahekum Sarmaya Fund 1
Condensed Interim Distribution Statement (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward - realised	10,133	1,927
Net income for the period	80,672	44,742
Element of loss and capital losses included in the prices of units issued less those in units redeemed - amount		
Capital gain / (loss) on sale of shares	(146)	(35)
Undistributed income carried forward - realised	90,659	46,634

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Mustahekum Sarmaya Fund 1
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	1,905,648	1,933,769
Redemption of 135,084 units (2015: 351,576 units)	(13,112)	(34,726)
Capital gain / (loss) on sale of shares		
Element of income and capital gains included in prices of units issued less those in units redeemed		
- transferred to income statement and statement of comprehensive income	31	620
- transferred to distribution statement	146	35
	177	655
Net income for the period	80,672	44,742
Net unrealised gain / (diminution) on remeasurement of investments classified as available for sale	16,249	(3,216)
Total comprehensive income for the period	96,920	41,526
Net element of income and capital gain included in prices of units issued less those in units redeemed - transferred to the distribution statement	(146)	(35)
Net assets at end of the period	1,989,487	1,941,189
Element of (loss) / income and capital (losses) / gains included	101,0812	100,3807
Net assets value per unit at end of the period	106.2898	102.6391

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Mustahekum Sarmaya Fund 1
Condensed Interim Cash Flow Statement (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	80,672	44,742
Adjustments for non-cash items:		
Amortisation of preliminary expenses and floatation costs	268	270
Capital gain / (loss) on sale of shares in prices of units issued less those in units redeemed - net	31	620
	<u>80,971</u>	<u>45,632</u>
Increase in assets		
Investments - net	(49,517)	(38,514)
Dividend receivable and accrued mark-up	(61,639)	(65,456)
Advances, deposits and other receivables	(3,424)	(20)
	<u>(114,580)</u>	<u>(103,990)</u>
(Decrease) / increase in liabilities		
Payable to the Management Company	408	(824)
Payable to Trustee	14	36
Payable to the Securities and Exchange Commission of Pakistan	(715)	359
Accrued expenses and other liabilities	(5,435)	(439)
	<u>(5,728)</u>	<u>(868)</u>
Net cash used in operating activities	<u>(39,338)</u>	<u>(59,226)</u>
Element of (loss) / income and capital (losses) / gains included		
Payment against redemption of units	(13,112)	(34,726)
Net cash used in financing activities	<u>(13,112)</u>	<u>(34,726)</u>
Net decrease in cash and cash equivalents	<u>(52,450)</u>	<u>(93,952)</u>
Cash and cash equivalents at beginning of the period	61,074	101,022
Cash and cash equivalents at end of the period	<u>4</u> <u>8,624</u>	<u>7,070</u>

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Mustaheekum Sarmaya Fund 1
Notes to the Condensed Interim Financial Information (Un-Audited)
For the half year ended December 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Mustaheekum Sarmaya Fund 1 (the Fund) was established under a Trust Deed, dated April 10, 2014, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on April 29, 2014.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, Karachi, Pakistan.

The Fund is an open ended mutual fund and subsequent to initial offer, the offer of units was discontinued. The initial public offer period was from January 30, 2015 to March 27, 2015 (both days inclusive). The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on Pakistan Stock Exchange Limited.

The primary objective of the Fund is to protect Initial Investment Value of investors at maturity with secondary objective of providing growth over the period. The duration of the Fund is two years from the commencement of the Fund and will mature on March 28, 2017. Based on these facts, the management have assessed and concluded that the fund is no longer a going concern. Accordingly, the condensed interim financial information is not prepared on a going concern basis. The Assets and Liabilities are measured principally in accordance with the basis of measurement disclosed in note 2.2 of the condensed interim financial information and, no adjustments are required as the assets and liabilities are stated at values at which they are accepted to be realised or settled.

JCR-VIS Credit Rating Agency (JCR-VIS) has assigned management quality rating of 'AM2-' to the Management Company while the Fund is currently not rated.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS 34) and provision of and directives issued under the Companies Ordinance, 1984, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the International Financial Reporting Standards, the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of (IAS 34). This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

2.2 BASIS OF MEASUREMENT

In accordance with the constitutive documents, the fund will mature on March 28, 2017, therefore the assets and liabilities in the condensed interim financial information are stated at values which are expected to be realised or settled.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

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

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2016 except for the following:

International Accounting Standard (IAS) 1 Presentation of Financial Statements allows an entity to prepare either two performance statement i.e. income statement and statement of comprehensive income separately, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2016, has changed its policy with regard to preparation of statement of comprehensive income and opted to prepare one single performance statement i.e. "income statement and statement of comprehensive income" showing both income or loss for the period and items of other comprehensive income in it.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year/period except that items of other comprehensive income previously presented under 'other comprehensive income' in separate statement of comprehensive income are now presented within 'income statement and statement of comprehensive income' under 'other comprehensive income'.

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016, except for the following:

"From July 1, 2016, the Fund has revised its methodology for computation of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed."

The revised methodology, in the opinion of management, reflects a more appropriate method for recognition of element and moreover is in conformity with the general industry practice. The new methodology is being consistently implemented across all funds managed by the Management Company. Management has treated the revision in methodology as change in accounting estimate. Had there been no change in estimate, the net profit for the period would have been higher by Rs. 146,051 (net of SWWF).

- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2016.
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		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
4. BANK BALANCES	Note		
PLS saving deposit accounts under mark-up arrangements	4.1	<u>8,624</u>	<u>61,074</u>

4.1 Mark-up rates on these accounts range between 6.15% - 6.70% per annum (June 30, 2016: 4% - 6% per annum).

5. INVESTMENTS

Available for sale			
- Listed equity securities	5.1	215,103	149,337
- Unlisted equity securities	5.2	502	502
Loans and receivables			
- Placements	5.3	<u>1,700,000</u>	<u>1,700,000</u>
		<u>1,915,605</u>	<u>1,849,839</u>

5.1 Listed equity securities - Available for sale

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares				Market value as at December 31, 2016	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets	
	(Rupees in '000')							
Commercial Banks								
Bank Alfalah Limited	-	124,000	-	124,000	-	-	-	-
Habib Bank Limited	80,000	34,000	-	80,000	34,000	9,291	0.48%	0.47%
MCB Bank Limited	44,500	44,000	-	44,500	44,000	10,464	0.55%	0.53%
United Bank Limited	50,000	46,500	-	50,000	46,500	11,109	0.58%	0.56%
Askari Bank Limited	-	159,000	-	-	159,000	3,967	0.21%	0.20%
National Bank of Pakistan Limited	-	95,000	-	95,000	-	-	-	-
	174,500	502,500	-	393,500	283,500	34,831	1.82%	1.76%
Insurance								
Adamjee Insurance Co. Limited	-	66,000	-	-	66,000	4,893	0.26%	0.25%
Glass and Ceramics								
Tariq Glass Industries Limited	-	85,000	-	85,000	-	-	-	-
Construction and Materials								
D.G. Khan Cement Company Limited	-	53,000	-	27,500	25,500	5,654	0.30%	0.00%
Lucky Cement Limited	13,500	10,450	-	13,500	10,450	9,052	0.47%	0.00%
Fauji Cement Company Limited	-	195,000	-	-	195,000	8,791	0.46%	0.00%
Pioneer Cement Limited	-	43,600	-	43,600	-	-	-	-
Alkzo Nobel Pakistan Limited	-	10,000	-	10,000	-	-	-	-
Maple Leaf Cement Factory Limited	-	36,000	-	36,000	-	-	-	-
Thatta Cement Company Limited	-	250,500	-	250,500	-	-	-	-
	13,500	598,550	-	381,100	230,950	23,497	1.23%	0.00%
Electricity								
K-Electric Limited (paid up share of Rs. 3.5 each)	1,230,000	400,000	-	1,630,000	-	-	-	-
Hub Power Company Limited	50,000	84,000	-	71,000	63,000	7,779	0.41%	0.00%
Pak Elektron Company Limited	118,500	-	-	118,500	-	-	-	-
	1,398,500	484,000	-	1,819,500	63,000	7,779	0.41%	0.00%

Name of the Investee Company	Number of shares				Market value as at December 31, 2016	Market value as a percentage of		Par value as a percentage of issued capital of the investee company	
	As at July 1, 2016	Purchases during the period	Bonus / Rights Issue	Sales during the period		Total Investments	Net Assets		
Textile									
Gul Ahmed Textile Mills Limited	-	115,000	-	-	115,000	5,885	0.31%	0.00%	0.04%
Nishat Mills Limited	-	126,300	-	61,300	65,000	9,898	0.52%	0.00%	0.02%
Nishat (Chunian) Limited	-	50,000	-	50,000	-	-	-	-	-
	-	291,300	-	111,300	180,000	15,783	0.83%	0.00%	-
Oil and Gas									
Oil and Gas Development Company Limited	63,700	74,000	-	63,700	74,000	12,236	0.64%	0.62%	0.00%
Pakistan Oilfields Limited	-	24,200	-	11,500	12,700	6,790	0.35%	0.34%	0.01%
Pakistan State Oil Company Limited	36,200	25,000	-	36,200	25,000	10,855	0.57%	0.55%	0.00%
Pakistan Petroleum Limited	40,000	44,300	-	40,000	44,300	8,336	0.44%	0.42%	0.00%
Mari Petroleum Company Limited	4,000	5,000	-	4,000	5,000	6,875	0.36%	0.35%	0.01%
Attock Refinery Limited	-	11,500	-	11,500	-	-	-	-	-
High Tech Lubricants Limited	-	153,000	-	153,000	-	-	-	-	-
Sui Southern Gas Company Limited	-	185,000	-	185,000	-	-	-	-	-
Sui Northern Gas Pipeline Limited	-	75,000	-	-	75,000	6,118	0.32%	0.31%	0.01%
	143,900	597,000	-	504,900	236,000	51,210	2.68%	2.59%	-
Foods Producers									
Al- Shaheer corporation Limited	-	89,000	-	-	89,000	5,109	0.27%	0.26%	0.06%
Engro Foods Limited	-	55,000	-	55,000	-	-	-	-	-
	-	144,000	-	55,000	89,000	5,109	0.27%	0.26%	-
Chemicals									
Engro Corporation Limited	40,000	21,000	-	24,000	37,000	11,695	0.61%	0.58%	0.01%
Engro Fertilizer Limited	-	50,000	-	50,000	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	37,000	-	37,000	-	-	-	-	-
I. C. I. Pakistan Limited	-	10,000	-	10,000	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	735,000	-	-	735,000	6,115	0.32%	0.31%	0.05%
	40,000	853,000	-	121,000	772,000	17,810	0.93%	0.90%	-
Automobile Assembler									
The General Tyre & Rubber Company of Pakistan Limited	-	29,000	-	4,500	24,500	6,824	0.36%	0.34%	0.04%
Honda Atlas Cars Pakistan Limited	27,000	10,000	-	37,000	-	-	-	-	-
	27,000	39,000	-	41,500	24,500	6,824	0.36%	0.34%	-
Leather and Tanneries									
Service Industries Limited	-	18,700	-	18,700	-	-	-	-	-
Engineering									
Amreli Steels Limited	110,000	140,000	-	115,000	135,000	8,990	0.47%	0.45%	0.05%
Crescent Steel and Allied Products Limited	36,000	73,100	-	62,100	47,000	7,246	0.38%	0.36%	0.06%
Millat Tractors Limited	-	11,200	-	-	11,200	10,132	0.53%	0.51%	0.03%
	146,000	224,300	-	177,100	193,200	26,368	1.38%	1.32%	-
Pharma and Bio Tech									
Searl Company Limited (5.1.2)	12,000	-	319	10,000	2,319	1,491	0.08%	0.07%	0.00%
GlaxoSmithKline Limited	24,000	-	-	24,000	-	-	-	-	-
	36,000	-	319	34,000	2,319	1,491	0.08%	0.07%	-

Name of the Investee Company	Number of shares				Market value as at December 31, 2016	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets	
	(Rupees in '000)							
General Industrials								
Packages Limited	-	35,450	-	12,500	22,950	19,509	1.02%	0.98%
Thal Limited	-	53,000	-	53,000	-	-	-	-
Tri-Pack Films Limited	-	40,100	-	40,100	-	-	-	-
	-	128,550	-	105,600	22,950	19,509	1.02%	0.98%
Industrial Transportation								
Pakistan National Shipping Corporation Limited	70,700	-	-	70,700	-	-	-	-
	2,050,100	4,031,900	319	3,918,900	2,163,419	215,104	11.27%	10.84%
Cost of investments at December 31, 2016					193,450			

5.1.1 Investments include shares having market value aggregating to Rs. 27.784 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

5.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company has withheld the share equivalent to 5% of bonus announcement of the Fund having fair market value of Rs. 62,298 at December 31, 2016 (June 30, 2016: Rs. 53,600) and not yet deposited on CDC account of department of Income tax. The Management Company is of the view that the ultimate decision will be in the favor of the Fund and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.2 Unlisted equity securities - Available for sale

Shares of unlisted companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares				Carrying value as at December 31, 2016	Carrying value as a percentage of	
	As at July 01, 2016	Purchase during the period	Sales during the	As at December 31, 2016		Total Investments	Net Assets
	(Rupees in '000)						
Pharma and Bio Tech							
GlaxoSmithKline Consumer Healthcare Pakistan Limited	8,100	-	-	8,100	502	0.03%	0.03%

5.2.1 This represents shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited, a subsidiary of GlaxoSmithKline plc, which were received due to demerger of GlaxoSmithKline Pakistan Limited on April 01, 2016. These are stated at break up value of Rs. 62 per share as trading in shares has not yet commenced. The Company has submitted its listing application with the Pakistan Stock Exchange Limited which is currently pending.

5.3 Loans and receivables - Placements

Name of Bank	As at July 1, 2016	Placements made during the period	Matured during the period	As at December 31, 2016	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----						
Placements with Habib Bank Limited	1,700,000	-	-	1,700,000	88.74%	85.45%

5.3.1 These placements carry mark-up at the rate of 7.55% per annum and will mature on March 27, 2017.

	Note	(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
5.4 Net unrealised appreciation on remeasurement of investments classified as available for sale			
Market value / carrying value of investments	5.1, 5.2	215,606	149,839
Cost of investments		(193,450)	(143,932)
		22,156	5,907

6. PAYABLE TO THE MANAGEMENT COMPANY

Management fee	6.1	1,688	1,576
Sindh Sales Tax	6.2	219	256
Allocation of expenses related to registrar services, accounting, operation and valuation services	8	497	158
Sales load payable		-	6
		2,404	1,996

6.1 Under the revised Non-Banking Finance Companies and Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding one percent of average annual net assets. The Management Company has charged its remuneration at the rate of one percent per annum (one and half percent was charged from July 1, 2015 to May 24, 2016 and one percent from May 25, 2016 to June 30, 2016) for the current period since the revised regulations requires compliance latest by May 25, 2016.

6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

	Note	(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		434	309
Federal Excise Duty	7.1	5,696	5,696
Withholding tax payable		-	8,956
Provision for Workers' Welfare Fund	9	-	605
Provision for Sindh Workers' Welfare Fund	9	4,106	-
Payable to brokers		398	512
Other payable		9	-
		10,643	16,078

-
-
- 7.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of the Management Company with effect from June 13, 2013, aggregating to Rs. 5.696 million. Had the provision not being made, the Net Asset Value per unit as at December 31, 2016 would have been higher by Rs. 0.3043 (June 30, 2016 : Rs. 0.3021)

8. ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

9. WORKERS' WELFARE FUND (WWF) AND SINDH WORKERS' WELFARE FUND (SWWF)

As disclosed in the annual audited financial of the Fund for the year ended June 30, 2016, the Fund had maintained provision of the Workers' Welfare Fund (WWF), which had been recognized till June 30, 2015, as the decision in the High Court of Sindh was pending with regard to applicability of WWF on Collective Investment Schemes (CISs), although the High Court of Sindh, in other case, had provided the judgement considering levy of WWF lawful whereas the Lahore High Court had provided different conclusion.

However, in the current period, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

Further, the Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh.

Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with Sindh Finance Ministry for appropriate resolution of the matter.

Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014; and
- Provision computed for SWWF should be adjusted against provision of WWF and if any further provision is required, then it should be recognized in books of the Fund before December 31, 2016. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further

clarification is received from the MUFAP.

As a result, the Management Company recognized additional provision of Rs. 3.5 million as of December 31, 2016 to meet shortfall in provision required for SWWF, net of provision already made for WWF.

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders in cash. 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 capital gain / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realised and unrealised) to unit holders in the form of cash.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2016 is 0.95% which includes 0.29% representing government levy, Sindh Worker's Welfare Fund and SECP fee.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons.

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

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

Details of the transactions with connected persons during the period and balances with them at period / year end, if not disclosed elsewhere in the condensed interim financial information are as follows:

	(Un-Audited) Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
12.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee	11,100	19,428
Allocation of expenses related to registrar services, accounting, operation and valuation services	980	197
Habib Bank Limited - Sponsor		
Profit on bank deposits and investment	62,178	65,790
Profit received on bank deposits and investments	214	1,079
Bank charges paid	5	3
Purchase of 34,000 shares (2015: 25,000 shares)	7,963	4,960
Sale of 80,000 shares (2015: Nil shares)	17,429	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,456	1,451
Service charges	43	10

	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
12.2 Amounts outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Payable in respect of:		
Management fee	1,688	1,576
Sindh Sales tax	219	256
Allocation of expenses related to registrar services, accounting, operation and valuation services	497	158
Sales load	-	6
Habib Bank Limited - Sponsor		
Investment held in the Fund: 5,306,024 units (June 30, 2016: 5,306,024 units)	563,976	536,339
Shares held 34,000 (June 30, 2016: 80,000 shares)	9,291	15,805
Bank balances	2,286	4,131
Investment - Placements	1,700,000	1,700,000
Markup accrued on TDR and bank deposit	72,843	10,879
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	219	205
Sindh Sale Tax	29	29

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements: Disclosures' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

December 31, 2016 (Un-Audited)								
Note	Carrying amount				Fair Value			
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments							
	- Listed equity securities							
	215,103	-	-	215,103	215,103	-	-	215,103
Financial assets not measured at fair value								
13.1	Bank balances							
	-	8,624	-	8,624	-	-	-	-
	Investments							
	- Un-Listed equity securities							
	502	-	-	502	-	-	-	-
	- Placements							
	-	1,700,000	-	1,700,000	-	-	-	-
	Dividend receivable and accrued mark-up							
	-	73,126	-	73,126	-	-	-	-
	Advances, deposits and other receivables							
	-	5,797	-	5,797	-	-	-	-
	502	1,787,547	-	1,788,049	-	-	-	-
Financial liabilities not measured at fair value								
13.1	Payable to the Management Company							
	-	-	2,404	2,404	-	-	-	-
	Payable to Trustee							
	-	-	248	248	-	-	-	-
	Payable to the Securities and Exchange Commission of Pakistan							
	-	-	737	737	-	-	-	-
	Accrued expenses and other liabilities							
	-	-	841	841	-	-	-	-
	Unit holders' fund							
	-	-	1,989,487	1,989,487	-	-	-	-
	-	-	1,993,717	1,993,717	-	-	-	-
June 30, 2016 (Audited)								
Note	Carrying amount				Fair Value			
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments							
	- Listed equity securities							
	149,337	-	-	149,337	149,337	-	-	149,337
Financial assets not measured at fair value								
	Bank balances							
	-	61,074	-	61,074	-	-	-	-
	Investments							
	- Un-Listed equity securities							
	502	-	-	502	-	-	-	-
	- Placements							
	-	1,700,000	-	1,700,000	-	-	-	-
	Dividend receivable and accrued mark-up							
	-	11,487	-	11,487	-	-	-	-
	Advances, deposits and other receivables							
	-	2,600	-	2,600	-	-	-	-
	502	1,775,161	-	1,775,663	-	-	-	-
Financial liabilities not measured at fair value								
	Payable to the Management Company							
	-	-	1,996	1,996	-	-	-	-
	Payable to Trustee							
	-	-	234	234	-	-	-	-
	Payable to the Securities and Exchange Commission of Pakistan							
	-	-	1,452	1,452	-	-	-	-
	Accrued expenses and other liabilities							
	-	-	821	821	-	-	-	-
	Unit holders' fund							
	-	-	1,905,648	1,905,648	-	-	-	-
	-	-	1,910,151	1,910,151	-	-	-	-

13.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value

14. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **February 24, 2017**.

15. GENERAL

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

15.2 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2016 have not been reviewed.

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

Chief Executive

Director



HBL
Stock Fund



FUND AND CORPORATE INFORMATION

Management Company HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
Member of Deloitte Touch Tohmastu Limited
Cavish Court, A-35, block 7 & 8 KCHSU,
Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
Progressive Plaza, Beamont Road, 75530,
Karachi, Pakistan.

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House,99- B, Block "B", S.M.C.H.S, Main Shahra-e-Faisal, Karachi

Bankers

Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
NIB Bank Limited

Legal Advisors

Mandviwalla & Zafar, Advocates and Legal Consultants,
Mandviwalla Chambers, C-15, Block 2, Clifton, Karachi.

Website

www.hblasset.com

Head Office Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.
24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

**TRUSTEE REPORT TO THE UNIT HOLDERS
HBL STOCK FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of **HBL Stock Fund** (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 28, 2017

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

Introduction

We have reviewed the accompanying condensed interim statement of asset and liabilities of **HBL Stock Fund** ("the Fund") as at December 31, 2016, and the related condensed interim income statement and 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 half year ended December 31, 2016 (here-in-after referred to as the "condensed interim financial information"). HBL Asset Management Limited ("Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2016, have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 as at and for the half year ended December 31, 2016, is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The condensed interim financial information for the half year ended December 31, 2015 and financial statements for the year ended June 30, 2016, were reviewed and audited respectively by another firm of chartered accountants who, through their review report dated February 09, 2016 and audit report dated August 26, 2016, expressed an unqualified conclusion and opinion respectively thereon.

Chartered Accountants

Engagement Partner:
Naresh Kumar

Date: February 24, 2017
Place: Karachi

HBL Stock Fund
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2016

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	Note	(Rupees in '000)	
Assets			
Bank balances	4	408,709	38,406
Investments	5	5,615,054	4,586,338
Dividend receivable and accrued mark-up		11,276	6,280
Advances, deposits, prepayments and other receivables		2,628	3,083
Total assets		6,037,667	4,634,107
Liabilities			
Payable to the Management Company	6	12,382	9,079
Payable to Trustee		624	516
Payable to the Securities and Exchange Commission of Pakistan		2,374	4,110
Accrued expenses and other liabilities	7	116,698	101,161
Total liabilities		132,078	114,866
Net assets		5,905,589	4,519,241
Unit holders' fund (as per statement attached)		5,905,589	4,519,241
(Number of units)			
Number of units in issue		46,284,374	43,589,869
(Rupees)			
Net assets value per unit		127.5936	103.6764

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Stock Fund
Condensed Interim Income Statement and
Statement of Comprehensive Income (Un-Audited)
For the half year and quarter ended December 31, 2016

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2016	2015	2016	2015
	Note -----(Rupees in '000)-----			
Income				
Dividend income	113,405	94,899	84,654	51,381
Mark-up on deposits with banks	6,323	8,664	2,694	4,332
Mark-up / return on investments - net	3,626	-	1,077	-
Capital gain on sale of investments - net	384,099	319,693	132,342	140,233
	507,453	423,256	220,767	195,946
Impairment loss on equity securities classified as available for sale	-	(77,042)	-	(47,458)
	507,453	346,214	220,767	148,488
Expenses				
Remuneration to the Management Company	56,475	57,955	29,239	28,465
Remuneration of Trustee	3,393	3,041	1,732	1,669
Annual fee to the Securities and Exchange Commission of Pakistan	2,374	2,093	1,229	1,029
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,369	426	1,164	426
Securities transaction costs	19	-	19	-
Auditors' remuneration	327	308	92	65
Settlement and bank charges	826	773	826	773
Other expenses	357	158	306	79
	66,140	64,754	34,607	32,506
Net income from operating activities	441,313	281,460	186,160	115,982
Element of income and capital gains included in prices of units issued less those in units redeemed - net	56,243	162	55,875	83
Provision for Workers' Welfare Fund and Sindh Workers' Welfare Fund	-	-	-	-
Net income for the period before taxation	497,556	281,622	242,035	116,065
Taxation	-	-	-	-
Net income for the period after taxation	497,556	281,622	242,035	116,065
Other comprehensive income for the period				
Items that may be reclassified to income statement in subsequent periods				
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	608,996	(459,639)	559,430	(85,604)
Total comprehensive income for the period	1,106,552	(178,017)	801,465	30,461

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Stock Fund
Condensed Interim Distribution Statement (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
Accumulated loss brought forward - realised	(872,245)	(968,425)
Net income for the period	497,556	281,622
Element of income and capital gains included in the price of units issued less those in units redeemed - amount representing income that form part of the unit holders' fund	9,906	1,222
Accumulated loss carried forward - realised	<u>(364,783)</u>	<u>(685,581)</u>

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Stock Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	4,519,241	4,385,904
Issue of 4,253,949 units (2015: 152,536 units)	511,022	15,570
Redemption of 1,559,444 units (2015: 98,593 units)	(174,983)	(10,282)
	336,039	5,288
Element of income and capital gains included in prices of units issued less those in units redeemed		
- transferred to income statement and statement of comprehensive income	(56,243)	(162)
- transferred to distribution statement	(9,906)	(1,222)
	(66,149)	(1,384)
Net income for the period	497,556	281,622
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	608,996	(459,639)
Total comprehensive income for the period	1,106,552	(178,017)
Net element of income and capital gain included in prices of units issued less those in units redeemed - transferred to the distribution statement	9,906	1,222
Net assets at end of the period	5,905,589	4,213,013
Net asset value per unit at the beginning of the period	103.6764	102.5537
Net asset value per unit at the end of the period	127.5936	98.3870

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Stock Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the half year ended December 31, 2016

	Half Year ended December 31,	
	2016	2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	497,556	281,622
Adjustments for non-cash items:		
Impairment loss on investments classified as available for sale	-	77,042
Element of income and capital gains included in prices of units issued less those in units redeemed - net	<u>(56,243)</u>	<u>(162)</u>
	441,313	358,502
(Increase) / decrease in assets		
Investments - net	<u>(419,720)</u>	<u>(44,497)</u>
Dividend receivable and accrued mark-up	<u>(4,996)</u>	<u>(4,592)</u>
Advances, deposits, prepayments and other receivables	<u>455</u>	<u>201</u>
	(424,261)	(48,888)
Increase / (decrease) in liabilities		
Payable to the Management Company	<u>3,303</u>	<u>(215)</u>
Payable to Trustee	<u>108</u>	<u>27</u>
Payable to the Securities and Exchange Commission of Pakistan	<u>(1,736)</u>	<u>(1,914)</u>
Accrued expenses and other liabilities	<u>15,537</u>	<u>119,802</u>
	17,212	117,700
Net cash generated from operating activities	34,264	427,314
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	<u>511,022</u>	<u>15,570</u>
Payment against redemption of units	<u>(174,983)</u>	<u>(10,282)</u>
Net cash generated from financing activities	336,039	5,288
Net increase in cash and cash equivalents	370,303	432,602
Cash and cash equivalents at beginning of the period	<u>38,406</u>	<u>310,736</u>
Cash and cash equivalents at end of the period	408,709	743,338

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
 (Management Company)

 Chief Executive

 Director

HBL Stock Fund
Notes to the Condensed Interim Financial Information (Un-Audited)
For the half year ended December 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Stock Fund (the Fund) was established under a Trust Deed, dated August 09, 2007, executed between HBL Asset Management Limited (the Management Company) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on August 21, 2007.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, Karachi, Pakistan.

The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from August 29, 2007 to August 31, 2007.

The principal activity of the Fund is to provide long-term capital growth by investing primarily in a diversified pool of equities and equities related instruments.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2' to the Management Company.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

2.2 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREON

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2016, except for the following:

International Accounting Standard (IAS) 1 Presentation of Financial Statements allows an entity to prepare either two performance statement i.e. income statement and statement of comprehensive income separately, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2016, has changed its policy with regard to preparation of statement of comprehensive income and opted to prepare one single performance statement i.e. "income statement and statement of comprehensive income" showing both income or loss for the period and items of other comprehensive income in it.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year / period except that items of other comprehensive income previously presented under 'other comprehensive income' in separate statement of comprehensive income are now presented within 'income statement and statement of comprehensive income' under 'other comprehensive income'.

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016, except for the following:

"From July 1, 2016, the Fund has revised its methodology for computation of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed."

"The revised methodology, in the opinion of management, reflects a more appropriate method for recognition of element and moreover is in conformity with the general industry practice. The new methodology is being consistently implemented across all funds managed by the Management Company. Management has treated the revision in methodology as change in accounting estimate. Had there been no change in estimate, the net profit for the period would have been lower by Rs. 34.18 million."

- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2016.
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4. BANK BALANCES	Note	(Un-Audited)	(Audited)
		December 31, 2016	June 30, 2016
Balances with Banks in:			
PLS saving deposit accounts under mark-up arrangements	4.1	408,709	38,356
Current account		-	50
		408,709	38,406

4.1 This represent bank accounts held with different banks. Mark-up rates on these accounts range between 3.65% - 6.15% (June 30, 2016: 4.00% - 6.50%) per annum.

5. INVESTMENTS	Note	(Un-Audited)	(Audited)
		December 31, 2016	June 30, 2016
Available for sale			
- Unlisted equity securities	5.1	7,966	97,966
- Listed equity securities	5.2	5,607,088	4,316,318
- Government securities	5.3	-	172,054
		5,615,054	4,586,338

5.1 Unlisted equity securities - Available for sale

Name of the Investee Company	Number of shares					Carrying value as at December 31, 2016 (Rupees in '000)	Carrying value as a percentage of	
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2016		Total Investments	Net Assets
Miscellaneous								
TPL Properties (Pvt) Limited	7,200,000	-	-	7,200,000	-	-	-	-
Pharma and Bio Tech								
GlaxoSmithKline Consumer Healthcare Pakistan Limited (Note 5.1.1)	128,490	-	-	-	128,490	7,966	0.14%	0.13%
Total	7,328,490	-	-	7,200,000	128,490	7,966	0.14%	0.13%
Cost of investment at December 31, 2016						-		

5.1.1 This represents shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited, a subsidiary of GlaxoSmithKline plc, which were received due to demerger of GlaxoSmithKline Pakistan Limited on April 01, 2016. These are stated at break up value of Rs. 62.00 per share as trading in shares has not yet commenced. The Company has submitted its listing application with the Pakistan Stock Exchange Limited which is currently pending.

5.2 Listed equity securities - Available for sale

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares				As at December 31, 2016	Market value as at December 31, 2016 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
Commercial Banks									
Bank Alfalah Limited	-	1,487,000	-	-	1,487,000	56,447	1.01%	0.96%	0.09%
Habib Bank Limited	1,742,119	840,800	-	770,700	1,812,219	495,189	8.82%	8.39%	0.12%
MCB Bank Limited	1,343,900	204,800	-	567,500	981,200	233,349	4.16%	3.95%	0.09%
United Bank Limited	-	1,502,700	-	-	1,502,700	358,995	6.39%	6.08%	0.12%
	3,086,019	4,035,300	-	1,338,200	5,783,119	1,143,980	20.38%	19.38%	
Textile Composite									
Gul Ahmed Textile Mills Limited	-	1,071,000	-	-	1,071,000	54,803	0.98%	0.93%	0.36%
Nishat Mills Limited	-	1,575,000	-	637,700	937,300	142,723	2.54%	2.41%	0.27%
	-	2,646,000	-	637,700	2,008,300	197,526	3.52%	3.34%	
Insurance									
Adanjee Insurance Company Limited	-	780,000	-	-	780,000	57,828	1.03%	0.98%	0.22%
	-	780,000	-	-	780,000	57,828	1.03%	0.98%	
Construction and Materials									
D. G. Khan Cement Limited	1,178,900	408,200	-	680,000	907,100	201,131	3.58%	3.41%	0.21%
Kohat Cement Limited	575,600	-	-	575,600	-	-	-	-	0.14%
Lucky Cement Limited	382,200	163,200	-	76,700	468,700	406,016	7.23%	6.88%	0.12%
Maple Leaf Cement Factory Limited	-	1,987,500	-	1,344,000	643,500	82,098	1.46%	1.39%	-
Pioneer Cement Limited	1,180,000	-	-	1,180,000	-	-	-	-	0.32%
Cherat Cement Limited	999,500	-	-	442,100	557,400	97,010	1.73%	1.64%	
	4,316,200	2,558,900	-	4,298,400	2,576,700	786,255	14.00%	13.32%	
Electricity									
The Hub Power Company Limited	2,105,700	707,300	-	222,900	2,590,100	319,826	5.70%	5.42%	0.22%
K-Electric Limited (paid up share of Rs. 3.5 each)	14,515,000	-	-	14,515,000	-	-	-	-	-
Kot Addu Power Company Limited	1,533,500	751,500	-	617,500	1,667,500	131,399	2.34%	2.22%	0.19%
Nishat Chunian Power Limited	-	1,441,500	-	346,000	1,095,500	68,392	1.22%	1.16%	0.30%
	18,154,200	2,900,300	-	15,701,400	5,353,100	519,617	9.26%	8.80%	
Oil and Gas									
Attock Petroleum Limited	209,200	-	-	121,500	87,700	60,041	1.07%	1.02%	0.11%
Oil and Gas Development Company Limited	1,654,800	576,900	-	-	2,231,700	369,012	6.57%	6.25%	0.05%
Pakistan Oilfields Limited	-	425,200	-	25,800	399,400	213,528	3.80%	3.62%	0.17%
Pakistan Petroleum Limited	948,000	762,400	-	256,800	1,453,600	273,539	4.87%	4.63%	0.07%
Pakistan State Oil Company Limited	636,000	120,000	-	269,200	486,800	211,373	3.76%	3.58%	0.18%
Hi-Tech Lubricants Limited	-	605,500	-	81,500	524,000	60,192	1.07%	1.02%	0.45%
Sui Northern Gas Pipelines Limited	-	1,916,000	-	1,120,000	796,000	64,930	1.16%	1.10%	0.13%
Mari Petroleum Limited	127,150	6,250	-	-	133,400	183,413	3.27%	3.11%	0.12%
	3,575,150	4,412,250	-	1,874,800	6,112,600	1,436,028	25.57%	24.33%	
Automobile Assembler									
Pak Suzuki Motor Company Limited	154,100	88,400	-	154,100	88,400	54,173	0.96%	0.92%	0.11%
Honda Atlas Cars Pakistan Limited	384,300	41,900	-	315,900	110,300	73,751	1.31%	1.25%	0.08%
	538,400	130,300	-	470,000	198,700	127,924	2.27%	2.17%	
Chemicals									
Engro Corporation Limited	725,600	340,600	-	120,000	946,200	299,084	5.33%	5.06%	0.18%
Engro Fertilizers Limited	-	1,076,000	-	-	1,076,000	73,146	1.30%	1.24%	0.08%
Fauji Fertilizer Bin Qasim Limited	999,000	1,142,000	-	999,000	1,142,000	58,482	1.04%	0.99%	0.12%
Fauji Fertilizer Company Limited	-	1,303,300	-	-	1,303,300	136,025	2.42%	2.30%	0.10%
Dawood Hercules Corporation Limited	-	614,300	-	-	614,300	88,662	1.58%	1.50%	0.13%
	1,724,600	4,476,200	-	1,119,000	5,081,800	655,399	11.67%	11.09%	

Name of the Investee Company	Number of shares-----					Market value as at December 31, 2016 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2016		Total Investments	Net Assets	
Cable and Electrical Goods									
Pak Elektron Limited	1,813,000	678,000	-	1,609,500	881,500	62,833	1.12%	1.06%	0.18%
	1,813,000	678,000	-	1,609,500	881,500	62,833	1.12%	1.06%	
Pharma and Bio Tech									
Searl Company Limited (Note 5.2.2)	267,770	-	4,489	235,700	36,559	23,902	0.43%	0.40%	0.03%
Glaxosmithkline Pakistan Limited	428,300	-	-	428,300	-	-	-	-	-
	696,070	-	4,489	664,000	36,559	23,902	0.43%	0.40%	
Automobile Parts and Accessories									
General Tyre and Rubber Company of Pakistan	565,400	338,700	-	577,100	327,000	91,083	1.62%	1.54%	0.55%
	565,400	338,700	-	577,100	327,000	91,083	1.62%	1.54%	
General Industrials									
Packages Limited	245,850	55,000	-	52,050	248,800	211,492	3.77%	3.58%	0.28%
	245,850	55,000	-	52,050	248,800	211,492	3.77%	3.58%	
Engineering									
Mughal Iron and Steel Industries Limited (Note 5.2.2)	1,956,800	-	-	1,415,500	541,300	47,721	0.85%	0.81%	0.43%
Crescent Steel and Allied Products Limited	1,357,800	-	-	920,100	437,700	67,485	1.20%	1.14%	0.56%
Amreli Steels Limited	1,999,500	-	-	1,073,500	926,000	61,662	1.10%	1.04%	0.31%
	5,314,100	-	-	3,409,100	1,905,000	176,868	3.15%	2.99%	
Leather and Tanneries									
Service Industries Limited	-	94,150	-	50,550	43,600	65,274	1.16%	1.11%	0.36%
	-	94,150	-	50,550	43,600	65,274	1.16%	1.11%	
Glass and Ceramics									
Tariq Glass Industries Limited	-	1,137,500	-	629,000	508,500	51,079	0.91%	0.86%	0.69%
	-	1,137,500	-	629,000	508,500	51,079	0.91%	0.86%	
Total	40,028,989	24,242,600	4,489	32,430,800	31,845,278	5,607,088	99.86%	94.95%	
Cost of investments at December 31, 2016						4,676,128			

5.2.1 Investments include shares having market value aggregating to Rs. 369.25 million (June 30, 2016: Rs. 283.48 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

5.2.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax

Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 2.79 million at December 31, 2016 (June 30, 2016: Rs. 2.08 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.3 Investment in government securities- available for sale

Issue Date	Tenure	Face value				Market value as at December 31, 2016	Market value as a percentage of	
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at December 31, 2016		Total Investments	Net Assets
(Rupees in '000)								
Treasury bill								
May 12, 2016	3 months	173,000	-	173,000	-	-	-	-
Cost of investment at December 31, 2016						-	-	-

5.4 Net unrealised appreciation on remeasurement of investments classified as available for sale

	Note	(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
Market value of investments	5.1, 5.2 & 5.3	5,615,054	4,586,338
Cost of investments	5.1, 5.2 & 5.3	4,676,128	4,302,423
Provision against equity securities	5.4.1	(35,258)	(81,273)
		4,640,870	4,221,150
		<u>974,184</u>	<u>365,188</u>

5.4.1 Movement in impairment against equity securities

Opening balance	81,273	29,975
Add: Charge for the period / year	-	102,657
Less: Reversals made during the period / year (capital gain)	(46,015)	(51,359)
Net (reversal) / charge	(46,015)	51,298
Closing balance	<u>35,258</u>	<u>81,273</u>

6. PAYABLE TO THE MANAGEMENT COMPANY

	Note	(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
Management fee	6.1	9,350	7,417
Sindh Sales Tax	6.2	1,216	1,205
Sales load payable		522	86
Allocation of expenses related to registrar services, accounting, operation and valuation services	8	1,294	371
		<u>12,382</u>	<u>9,079</u>

- 6.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2016: two percent per annum) of the average annual net assets of the Fund for the current period.
- 6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

7. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-Audited)	(Audited)
		December 31, 2016	June 30, 2016
		(Rupees in '000)	
Auditors' remuneration		307	520
Payable on redemption of units		-	6
Payable against purchase of shares		14,608	-
Federal Excise Duty	7.1	37,838	37,838
Provision for Workers' Welfare Fund	9	36,542	56,825
Provision for Sindh Workers' Welfare Fund	9	20,283	-
Withholding tax payable		67	1,473
Payable to brokers		6,710	4,404
Other payables		343	95
		116,698	101,161

- 7.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax. Therefore, the Fund has discontinued making provision on account of FED from July 01, 2016.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of the Management Company with effect from June 13, 2013 till June 30, 2016, aggregating to Rs. 37.838 million. Had the provision not being made, the Net Asset Value per unit as at December 31, 2016 would have been higher by Rs. 0.818 (June 30, 2016: Rs. 0.868) per unit.

8. ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 % of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

9. WORKERS' WELFARE FUND (WWF) AND SINDH WORKERS' WELFARE FUND (SWWF)

As disclosed in the annual audited financial of the Fund for the year ended June 30, 2016, the Fund had maintained provision of the Workers' Welfare Fund (WWF), which had been recognized till June 30, 2015, as the decision in the High Court of Sindh was pending with regard to applicability of WWF on Collective Investment Schemes (CISs), although the High Court of Sindh, in other case, had provided the judgement considering levy of WWF lawful whereas the Lahore High Court had provided different conclusion.

However, in the current period, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

Further, the Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan (MUFAP), in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with Sindh Finance Ministry for appropriate resolution of the matter.

Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014 till December 31, 2016; and
- Provision computed for SWWF should be adjusted against provision of WWF and if any further provision is required, then it should be recognized in books of the Fund before December 31, 2016. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further clarification is received from the MUFAP.

As a result, the Management Company assessed that no further provision is required for SWWF net of provision already made for WWF, and additional provision of WWF of Rs. 36.542 million should be carried forward till the matter is cleared.

Subsequent to the period end December 31, 2016, in the wake of the developments mentioned in above paragraphs, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs) obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the following, effective from January 12, 2017:

- Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and
- As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017, which was also endorsed by the SECP through its letter dated February 01, 2017.

Considering the recommendation of the MUFAP, the Management Company on January 12, 2017, reversed the excess provision of WWF of Rs. 36.542 million. Had the excess been recognized as of December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 0.790.

10. TAXATION

10.1 The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders in cash. 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 capital gain / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realised and unrealised) to unit holders in the form of cash.

10.2 The Finance Act, 2015 inserted a new section 4B "Super Tax for Rehabilitation of Temporarily Displaced Persons" (Super Tax) for tax year 2015. Super Tax was imposed for Tax Year 2015 only on banking companies at the rate of 4% of income and on all other tax payers having income equal to or exceeding Rs. 500 million at 3 percent of the income. The Management Company has received an order dated April 4, 2016 under section 4B(4) for recovery of super tax not paid with return of income in respect of the Fund. The Assistant Commissioner considered that the Fund was required to pay super tax as the income of the Fund was more than Rs. 500 million and raised a demand of Rs. 21.286 million in this respect.

No provision was made for super tax in the financial statements of the Fund for the year ended June 30, 2015 and June 30, 2016 as the Management, along with management companies of other mutual funds, considered that the income of the Fund is exempt from tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 since sufficient accounting income has been distributed among the unit holders and the Fund complied with the requirement of clause 99 of part I of the Second Schedule to the Income Tax Ordinance.

The Management Company's appeal before Commissioner Inland Revenue (Appeals - III) against the order of the Assistance Commissioner was decided against the Fund and now an appeal has been filed with the Appellate Tribunal Inland Revenue which is pending to date. In addition, the Management Company has obtained a restraining order from Sindh High Court for not taking any coercive action on the basis of impugned order passed and demand notice be taken.

The Management based on consultation with legal advisor and MUFAP is of the view that the Management Company has strong grounds that the income of the Funds is exempt from tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, therefore, super tax under the provisions of the income tax Ordinance, 2001 is not applicable to the Fund.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2016 is 1.33%, which includes 0.19% representing government levy and SECP fee.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

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

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

Details of the transactions with connected persons during the period and balances with them at period end, if not disclosed elsewhere in the condensed interim financial information are as follows:

12.1 Transactions during the period	(Un-Audited) Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee inclusive of sales tax	56,475	57,955
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,369	426
Habib Bank Limited - Sponsor		
Bank charges paid	5	6
Profit on bank deposits earned	1,173	744
Dividend income earned	9,020	5,118
Purchase of 840,800 shares (2015: 539,200 shares)	204,236	107,894
Sale of 770,700 shares (2015: Nil shares)	168,168	-
Capital gain on sale of shares	33,487	-
	(Un-Audited) Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
Directors		
Issuance of 18,239 units (2015: Nil units)	2,000	-
Executives		
Redemption of 1770 units (2015: Nil units)	200	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	3,393	3,041
Central Depository Service charges	385	1,486
Packages Limited - Common Directorship		
Purchase of 55,000 shares (2015: 160,000 shares)	37,733	90,310
Sale of 52,050 shares (2015: Nil shares)	43,442	-
Capital gain on sale of shares	13,395	-

12.2 Balances outstanding as at period / year end	(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
HBL Asset Management Limited - Management Company		
Management fee	9,350	7,417
Sindh Sales Tax	1,216	1,205
Sales load payable	522	86
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,294	371
Habib Bank Limited - Sponsor		
Investment held in the Fund: 35,698,175 units (June 30, 2016: 35,698,175 units)	4,554,858	3,701,058
Bank balances	28,918	21,250
Ordinary shares held: 1,812,219 shares (June 30, 2016: 1,742,119 shares)	495,189	344,173
Packages Limited - Common Directorship		
Ordinary shares held: 248,800 shares (June 30, 2016: 245,850 shares)	211,492	156,415
HBL Income Fund - Associate		
Receivable from HBL Income Fund against conversion of units	-	483
Directors and Executives of the Management Company		
Directors		
Investment held in the Fund: 544,417 units (June 30, 2016: 692 units)	69,464	72
Executives		
Investment held in the Fund : 9,078 units (June 30, 2016: 10,848 units)	1,158	1,125
HBL Employees Provident Fund - Associated Entity		
Investment held in the Fund: 6,737,264 units (June 30, 2016: 6,737,264 units)	859,632	698,495
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including sales tax thereon	624	516
Security deposit	100	100

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent

actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements: Disclosures' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		December 31, 2016 (Un-Audited)							
		Carrying amount				Fair Value			
		Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
On-balance sheet financial instruments	Note								
Financial assets measured at fair value									
Investments									
- Listed equity securities		5,607,088	-	-	5,607,088	5,607,088	-	-	5,607,088
		<u>5,607,088</u>	<u>-</u>	<u>-</u>	<u>5,607,088</u>	<u>5,607,088</u>	<u>-</u>	<u>-</u>	<u>5,607,088</u>
Financial assets not measured at fair value									
	13.1								
Bank balances									
		-	408,709	-	408,709	-	-	-	-
Investments									
- Un-Listed equity securities		7,966	-	-	7,966	-	-	-	-
Dividend receivable and accrued mark-up		-	11,276	-	11,276	-	-	-	-
Advances, deposits, prepayments and other receivables		-	2,600	-	2,600	-	-	-	-
		<u>7,966</u>	<u>422,585</u>	<u>-</u>	<u>430,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
	13.1								
Payable to the Management Company		-	-	12,382	12,382	-	-	-	-
Payable to Trustee		-	-	624	624	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	-	2,374	2,374	-	-	-	-
Accrued expenses and other liabilities		-	-	21,968	21,968	-	-	-	-
Unit holders' fund		-	-	5,905,589	5,905,589	-	-	-	-
		<u>-</u>	<u>-</u>	<u>5,942,937</u>	<u>5,942,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

		June 30, 2016 (Audited)							
		Carrying amount				Fair Value			
		Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- Listed equity securities		4,316,318	-	-	4,316,318	4,316,318	-	-	4,316,318
- Government securities		172,054	-	-	172,054	-	172,054	-	172,054
		<u>4,488,372</u>	<u>-</u>	<u>-</u>	<u>4,488,372</u>	<u>4,316,318</u>	<u>172,054</u>	<u>-</u>	<u>4,488,372</u>

	June 30, 2016 (Audited)							
	Carrying amount				Fair Value			
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
Financial assets not measured at fair value								
Bank balances	-	38,406	-	38,406	-	-	-	-
Investments								
-Unlisted Equity Securities	97,966	-	-	97,966	-	-	-	-
Dividend receivable and accrued mark-up	-	6,280	-	6,280	-	-	-	-
Advances, deposits, prepayments and other receivables	-	3,083	-	3,083	-	-	-	-
	<u>97,966</u>	<u>47,769</u>	<u>-</u>	<u>145,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to the Management Company	-	-	9,079	9,079	-	-	-	-
Payable to Trustee	-	-	516	516	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	-	4,110	4,110	-	-	-	-
Accrued expenses and other liabilities	-	-	5,025	5,025	-	-	-	-
Unit holders' fund	-	-	4,519,241	4,519,241	-	-	-	-
	<u>-</u>	<u>-</u>	<u>4,537,971</u>	<u>4,537,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

14. DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide Circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Equity Scheme' in accordance with the said circular. The Fund is compliant with all the requirements of the said circular except for clause 2 (iv) as mentioned below, which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

Name of Non-Complaint Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	% of Net Assets	% of Gross Assets
(Rupees in '000)						
Dewan Cement Limited	Advance	25,000	25,000	-	-	-

The rating of above mentioned security is lower than A - (A minus).

15. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **February 24, 2017**.

16. GENERAL

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

-
-
- 16.2** Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison effect, which is not material.
- 16.3** This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2016 have not been reviewed.

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

Chief Executive

Director

PICIC

Cash Fund

FUND AND CORPORATE INFORMATION**Management Company
HBL Asset Management Limited.****Board of Directors**

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

**Company Secretary &
Chief Financial Officer**

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
Member of Deloitte Touch Tohmastu Limited
Cavish Court, A-35, block 7 & 8 KCHSU,
Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
Progressive Plaza, Beaumont Road, 75530,
Karachi, Pakistan.

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House,99- B, Block "B",S.M.C.H.S, Main Shahra-e-Faisal, Karachi

Bankers

Allied Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
NIB Bank Limited
Samba Bank Limited
United Bank limited
Zarai Taraqiati Bank limited

Legal Advisors

Mandviwalla & Zafar,Advocates and Legal Consultants,
Mandviwalla Chambers,C-15,Block 2,Clifton,Karachi.

Website

www.hblasst.com

**Head Office
Registered Office**

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.
24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

TRUSTEE REPORT TO THE UNIT HOLDERS PICIC CASH FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of **PICIC Cash Fund** (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 28, 2017

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **PICIC Cash Fund** (the Fund) as at December 31, 2016, and the related condensed interim income statement and other comprehensive income, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and notes to the accounts for the half year ended December 31, 2016 (here-in-after referred to as the 'interim financial information'). HBL Asset Management Limited (the Management Company) is responsible for the preparation and presentation of this interim financial information in accordance with the 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. The figures of the condensed interim income statement and other comprehensive income for the quarter ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The interim financial information of the Fund for the half year ended December 31, 2015 and the annual financial statements of the Fund for the year ended June 30, 2016 were reviewed and audited respectively by another firm of Chartered Accountants whose report dated February 10, 2016 and August 26, 2016 expressed an unqualified conclusion and opinion thereon respectively.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 24, 2017

Place: Karachi

PICIC CASH FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2016

	December 31, 2016 (Un-Audited)	June 30, 2016 (Audited)
Note	(Rupees in '000)	
Assets		
Bank balances	4	2,981,687
Investments	5	1,655,000
Accrued markup on bank balances and investments		31,627
Deposits and prepayments		345
Total assets		4,668,659
Liabilities		
Payable to Management Company	6	2,747
Payable to Central Depository Company of Pakistan Limited - Trustee		419
Payable to the Securities and Exchange Commission of Pakistan		1,258
Dividend payable		-
Accrued expenses and other liabilities	7	30,283
Total liabilities		34,707
Net assets		4,633,952
Unit holders' fund (as per statement attached)		4,633,952
(Number of units)		
Number of units in issue		44,889,519
(Rupees)		
Net assets value per unit		103.2301

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC CASH FUND
CONDENSED INTERIM INCOME STATEMENT AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Note	------(Rupees in '000)-----			
Income				
Capital (loss) / gain on sale of investments - net	(320)	1,333	(386)	1,037
Income from government securities	20,296	83,277	4,267	35,241
Income from money market placements	27,154	29,923	20,556	18,899
Profit on bank deposits	56,527	7,936	40,637	5,088
	103,657	122,469	65,074	60,265
Unrealized (diminution) / appreciation on re-measurement of investments classified as ' financial assets at fair value through profit or loss - held-for-trading - net	-	(195)	778	(1,847)
	103,657	122,274	65,852	58,418
Expenses				
Remuneration of the Management Company	9,480	11,578	5,949	5,816
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,849	1,929	1,106	968
Annual fee to the Securities and Exchange Commission of Pakistan	1,258	1,313	788	659
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,683	-	1,051	-
Amortization of preliminary expenses and floatation cost	-	90	-	40
Auditors remuneration	238	246	107	121
Securities transaction costs	39	230	28	175
Settlement and bank charges	218	261	110	139
Other expenses	176	196	88	108
Total operating expense	14,941	15,843	9,227	8,026
Net income for the period from operating activities	88,716	106,431	56,625	50,392
Element of income and capital gains included in prices of units issued less those in units redeemed - net	31,611	9,534	29,245	13,067
Reversal of Workers' Welfare Fund	8	-	-	1,050
Net income for the period before taxation	120,327	115,965	85,870	64,509
Taxation	10	-	-	-
Net income for the period after taxation	120,327	115,965	85,870	64,509
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	120,327	115,965	85,870	64,509

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC CASH FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward comprising of:		
Realised income	11,901	11,053
Unrealised income / (loss)	17	(527)
	<u>11,918</u>	<u>10,526</u>
Net income for the period	120,327	115,965
Element of income and capital gains included in the price of units issued less those in units redeemed - transferred to Distribution Statement - net	13,237	1,548
	<u>145,482</u>	<u>128,039</u>
Undistributed income carried forward	145,482	128,039
Undistributed income carried forward comprising of:		
Realised income	145,482	128,234
Unrealised loss	-	(195)
	<u>145,482</u>	<u>128,039</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC CASH FUND
CONDENSED INTERIM STATEMENT OF
MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended	
	December 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	2,103,956	3,249,017
Issue of 45,975,287 units (2015: 34,875,995 units)	4,693,831	3,534,589
Redemption of 22,006,160 units (2015: 30,127,249 units)	(2,252,551)	(3,048,632)
	2,441,280	485,957
	4,545,236	3,734,974
Element of income and capital gains included in prices of units issued less those in units redeemed:		
- transferred to Income Statement and Other Comprehensive Income	(31,611)	(9,534)
- transferred to Distribution Statement	(13,237)	(1,548)
	(44,848)	(11,082)
Total comprehensive income for the period	120,327	115,965
Element of income and capital gain included in prices of units issued less those in units redeemed - transferred to the Distribution Statement	13,237	1,548
Net assets at end of the period	4,633,952	3,841,405
Net asset value per unit at the beginning of the period	100.5696	100.3250
Net asset value per unit at the end of the period	103.2301	103.4480

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC CASH FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Note	Half year ended December 31,	
		2016	2015
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		120,327	115,965
Adjustments			
Income from government securities		(20,296)	(83,277)
Income from money market placements		(27,154)	(29,923)
Profit on bank deposits		(56,527)	(7,936)
Amortisation of preliminary expenses and flotation cost		-	90
Unrealised diminution on re-measurement of investment classified as financial asset at fair value through profit or loss - held-for-trading - net		-	195
Element of income included in prices of units issued less those in units redeemed - net		(31,611)	(9,534)
		(15,261)	(14,420)
(Increase) / Decrease in assets			
Investments - net		(22,309)	1,167,147
Deposits and prepayments		(157)	(144)
		(22,466)	1,167,003
Increase / (Decrease) in liabilities			
Payable to Management Company		1,348	614
Payable to Central Depository Company of Pakistan Limited - Trustee		177	128
Payable to the Securities and Exchange Commission of Pakistan		(1,204)	(1,872)
Dividend payable		(490)	-
Redemption Payable		-	1,592
Accrued expenses and other liabilities		(18,822)	(148,104)
		(18,990)	(147,642)
Cash used in operations		(56,717)	1,004,941
Income received from government securities		20,296	83,277
Income received from money market placement		14,377	34,802
Profit received from bank deposits		43,227	7,592
		77,900	125,671
Net cash used in operating activities		21,184	1,130,612
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received from issuance of units		4,693,832	3,534,589
Payment against redemption of units		(2,252,551)	(3,048,632)
Net cash generated from financing activities		2,441,281	485,957
Net increase in cash and cash equivalents		2,462,464	1,616,569
Cash and cash equivalents at beginning of the period		1,624,223	942,130
Cash and cash equivalents at end of the period	11	4,086,687	2,558,699

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC CASH FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR HALF YEAR ENDED DECEMBER 31, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

PICIC Cash Fund ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/NBFC-II/DD/PCF/844/2010 dated November 11, 2010 and the Trust Deed was executed on October 22, 2010.

During the period, the Securities and Exchange Commission of Pakistan approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016 HBL Asset Management Limited became Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 24-C, Khayban-e- Hafiz, Phase VI, D.H.A Karachi, Pakistan.

The Fund is an open-ended money market scheme and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The Fund has been categorised as a money market scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).

The core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.

JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2' to the Management Company and a stability rating 'AA(f)' to the Fund.

Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non- Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare

that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2016.

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended December 31, 2016.

		December 31, 2016 Un-Audited (Rupees in '000)	June 30, 2016 (Audited)
4 BANK BALANCES			
In savings accounts	4.1	<u>2,981,687</u>	<u>1,624,223</u>

4.1 These accounts carry mark-up at rates ranging between 3.75% and 6.70% (2016: 3.75% and 6.5%) per annum

	Note	December 31, 2016 Un-Audited (Rupees in '000)	June 30, 2016 (Audited)
5 INVESTMENTS			
Financial assets at fair value through profit or loss - held-for-trading			
Market treasury bills	5.1	-	97,691
Loans and receivables	5.2	1,655,000	430,000
		1,655,000	527,691

5.1 Financial assets at fair value through profit or loss - held - for - trading:
- Market treasury bills

Issue date	Tenor	As at July 1, 2016	Purchases during the period	Sales / matured during the period	As at December 31, 2016	Balance as at December 31, 2016			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (diminution)		
------(Rupees in '000)-----										
September 1, 2016	3 months	-	300,000	300,000	-	-	-	-	-	0%
May 26, 2016	6 months	100,000	-	100,000	-	-	-	-	-	0%
July 11, 2016	6 months	-	250,000	250,000	-	-	-	-	-	0%
July 21, 2016	6 months	-	1,100,000	1,100,000	-	-	-	-	-	0%
September 1, 2016	6 months	-	100,000	100,000	-	-	-	-	-	0%
Total - As at December 31, 2016		100,000	1,750,000	1,850,000	-	-	-	-	-	
Total - June 30, 2016		1,949,500	7,065,200	8,914,700	100,000	97,674	97,691	17		

	Note	Un-audited December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
5.2 Loans and receivables			
Term deposit receipts	5.2.2	1,105,000	-
Certificates of investments	5.2.1	550,000	430,000
		1,655,000	430,000

5.2.1 Loans and receivable - Certificate of Investment

Name of Company	Note	As at July 01, 2016	Placement made during the year	Matured during the year	As at December 31, 2016	Percentage of total value of investments	Percentage of Net Assets
------(Rupees in '000)-----							
COI Pak Oman Investment Co.Ltd		250,000	-	250,000	-	-	-
COI Pak Brunei Investment Co.Ltd	5.2.3	180,000	350,000	180,000	350,000	21%	8%
COI PAIR Investment Co. Limited		-	200,000	-	200,000	12%	4%
Total - As at December 31, 2016		430,000	550,000	430,000	550,000	33%	12%

5.2.2 These carry return ranging between 6.25% to 6.50% (June 2016: 6.72% to 7.35%) per

5.2.3 These carry returns ranging between 6.25% to 6.40% (June 2016 : 6.30% to 6.80%)

	Note	Un-audited December 31, 2016 (Un-Audited) (Rupees in '000)	(Audited) June 30, 2016 (Audited)
6 PAYABLE TO MANAGEMENT COMPANY			
Management fee	6.1	2,049	1,017
Sindh sales tax payable	6.2	266	166
Sales load payable		22	15
Allocation of expenses related to registrar services, accounting, operation and valuation services	8	410	201
		2,747	1,399

6.1 As per the offering document of the fund, the Management Company shall charge a fee at the rate of 2% of the average annual net assets on daily basis of the Scheme subject to the guidelines as may be issued by the Commission from time to time. Therefore, the management fee is charged at 0.05%. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (June 30, 2016: 14 percent) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty and additional sales tax on management fee	7.1	7,528	7,528
Provision for Workers' Welfare Fund	8	11,477	15,093
Provision for Sindh Workers' Welfare Fund	8	3,616	-
Withholding tax payable		6,331	25,982
Auditors' remuneration		214	275
Printing charges		204	175
Brokerage payable		11	25
Redemption payable		902	28
		30,283	49,104

7.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011. During the period SST at the rate of 13 percent (30 June 2016: 14 percent) was charged on the remuneration of Fund Manager and sales load.

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The finance act 2016 exclude the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ending dec 31, 2016.

However, since the appeal is pending in Supreme Court of Pakistan, the fund manager, as a matter of abundant caution, has made a provision on FED on remuneration of Fund Manager, aggregating to Rs. 7.528 million. Had the provision not being made, the Net Asset Value per unit as at December 31, 2016 would have been higher by Rs. 0.17 (June 30, 2016: Rs. 0.36) per unit.

8. WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

As disclosed in the annual audited financial of the Fund for the year ended June 30, 2016, the Fund had maintained provision of the Workers' Welfare Fund (WWF), which had been recognized till June 30, 2015, as the decision in the High Court of Sindh was pending with regard to applicability of WWF on Collective Investment Schemes (CISs), although the High Court of Sindh, in other case, had provided the judgement considering levy of WWF lawful whereas the Lahore High Court had provided different conclusion.

However, in the current period, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

Further, the Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014, and
- Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the remaining provision of WWF should be carried forward unless further clarification is received from the MUFAP.

As a result, the Management Company assessed that no further provision is required for SWWF and additional provision of WWF of Rs. 11.477 million should be carried forward till the matter is cleared.

Subsequent to the period ended December 31, 2016, in the wake of the above developments i.e. decision of the SCP and communications took place with regard to SWWF, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs), obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the following, effective from January 12, 2017:

- Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and

- As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

Considering the recommendation of the MUFAP, the Management Company, reversed the excess provision of WWF of Rs. 11.477 million on January 12, 2017. Had the excess provision of WWF been reversed as of December 31, 2016, as an adjusting event, the NAV per unit of the Fund would have been higher by Rs. 0.26.

9 ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES ACCOUNTING, OPERATION AND VALUATION SERVICES

As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged actual shariah advisory fee and aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

10 TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. Furthermore, as per regulation no. 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of net accounting income other than capital gains/loss to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

	Note	December 31,	
		2016	2015
(Un-Audited)			
(Rupees in '000)			
11 CASH AND CASH EQUIVALENTS			
Bank balances	4.1	2,981,687	948,699
Term deposit receipts	5.2	1,105,000	1,610,000
		4,086,687	2,558,699

12 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

As mentioned in note 1, PICIC Asset Management Company Limited merged with and into HBL Asset Management Limited, therefore PICIC Asset Management Company Limited remained related party till August 31, 2016.

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

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

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
12.1 Transaction during the period		
HBL Asset Management Company Limited **		
Remuneration of the Management Company	6,274	-
Sindh Sales Tax on remuneration of the Management Company	816	-
Sales load paid to the Management Company	36,592	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,264	-
Issue of 1,033 units (2015: Nil units)	105	-
Redemption of 6,982,386 units (2015: Nil units)	715,049	-
PICIC Asset Management Company Limited *		
Remuneration of Management Company	2,116	8,755
Sindh Sales tax on remuneration of Management Company	275	1,226
FED on remuneration of the Management Company	-	1,597
Allocation of expenses related to registrar services, accounting, operation and valuation services	419	-
Sales load paid to the Management Company	24,293	65,426
Issue of nil units (2015: 206,992 units)	-	21,200
Redemption of nil units (2015: 1,975,831 units)	-	200,000
Central Depository Company Of Pakistan Limited - Trustee		
Remuneration for the period	1,849	1,929
CDS connection charges	3	3
Habib Bank Limited - Sponsor **		
Profit on bank deposits	14,073	-
Bank charges	4	-
Directors of the Management Company		
Issue of 63,472 units (2015: Nil units)	6,500	-

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
Executives of the Management Company		
Issue of 63,079 units (2015: 97 units)	6,437	10
Redemption of 41,926 units (2015: Nil units)	4,313	-
Connected Person due to holding of more than 10% units		
NRSP Micro Finance Bank Limited **		
Issue of 9,360,140 units (2015: Nil units)	954,423	-
Redemption of 3,469,747 units (2015: Nil units)	355,268	-
GETZ Pharma (Pvt) Limited **		
Issue of 4,879,933 units (2015: Nil units)	500,000	-
English Biscuit Manufacturers (Pvt) Limited **		
Issue of 5,097,938 units (2015: Nil units)	520,171	-
Coronet Foods (Pvt) Limited **		
Issue of 5,098,482 units (2015: Nil units)	520,499	-
12.2 Balances outstanding at the period / year end		
HBL Asset Management Company **		
Remuneration of the Management Company	2,049	-
Sindh Sales Tax on remuneration of the Management Company	266	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	410	-
Sales load payable	22	-
PICIC Asset Management Company Limited*		
Outstanding Nil units (June 2016: 6,981,354 units)	-	701,960
Payable to the Management Company	-	1,183
Fund operations, accounting and related costs	-	201
Sales load payable	-	15
Central Depository Company Of Pakistan Limited - Trustee		
Trustee fee payable	419	242
Security deposit held	100	100
Habib Bank Limited - Sponsor		
Bank balances	1,344	350,041

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
Directors of the Management Company		
63,472 units held (June 2016: Nil units)	6,552	-
Executives of the Management Company		
55,376 units held (June 2016: 27,889 units)	5,716	2,940
Connected person due to holding of more than 10% units		
NRSP Microfinance Bank Limited **		
5,890,393 units held (June 2016: Nil units)	607,884	-
GETZ Pharma (Pvt) Limited **		
4,879,933 units held (June 2016: Nil units)	503,605	-
English Biscuit Manufacturers (Pvt) Limited **		
5,097,937 units held (June 2016: Nil units)	526,103	-
Coronet (Pvt) Limited **		
5,098,481 units held (June 2016: Nil units)	526,159	-

* Current year transactions / balances of these parties have not been disclosed as they did not remain related parties during the period.

**Comparative transactions / balances of these parties have not been disclosed as these parties were not related parties in last period

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level3)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		December 31, 2016							
		Carrying amount				Fair value			
		Fair value through profit or loss- held-for-trading.	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets not measured at fair value									
13.1									
	4	-	2,981,687	-	2,981,687	-	-	-	-
		-	31,627	-	31,627	-	-	-	-
			1,655,000	-	1,655,000	-	-	-	-
			100	-	100	-	-	-	-
		-	4,668,414	-	4,668,414	-	-	-	-
Financial liabilities not measured at fair value									
13.1									
	6	-	-	2,747	2,747	-	-	-	-
		-	-	419	419	-	-	-	-
		-	-	1,331	1,331	-	-	-	-
		-	-	4,497	4,497	-	-	-	-
June 30, 2016									
		Carrying amount				Fair value			
		Fair value through profit and loss- held-for-trading.	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
5.1		97,674	-	-	97,674	97,674	-	-	97,674
		97,674	-	-	97,674	97,674	-	-	97,674

		June 30, 2016						
		Carrying amount			Fair value			
	Fair value through profit and loss- held-for-trading.	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)							
Financial assets not measured at fair value		13.1						
	4	-	1,624,223	-	1,624,223	-	-	-
		-	5,551	-	5,551	-	-	-
		-	-	430,000	430,000	-	-	-
		-	100	-	100	-	-	-
		-	1,629,874	430,000	2,059,874	-	-	-
Financial liabilities not measured at fair value		13.1						
		-	-	1,399	1,399	-	-	-
		-	-	242	242	-	-	-
		-	-	501	501	-	-	-
		-	-	2,142	2,142	-	-	-

13.1 The fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

14. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2016 is 0.45% (YTD) which includes 0.08% representing government levy and SECP fee.

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Management company on **February 24, 2017**.

16. GENERAL

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

16.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

16.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim statement of income and other comprehensive income for the quarter ended December 31, 2016 have not been reviewed.

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

Chief Executive

Director

PICIC

Income Fund

FUND AND CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary &
Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
Member of Deloitte Touch Tohmastu Limited
Cavish Court, A-35, block 7 & 8 KCHSU,
Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
Progressive Plaza, Beamont Road, 75530,
Karachi, Pakistan.

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House,99- B, Block "B" ,S.M.C.H.S, Main Shahra-e-Faisal, Karachi

Bankers

Allied Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
NIB Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited
Sonari Bank Limited
Samba Bank Limited
JS Bank Limited
Zarai Taraqiati Bank Limited

Legal Advisors

Mandviwalla & Zafar, Advocates and Legal Consultants,
Mandviwalla Chambers, C-15, Block 2, Clifton, Karachi.

Website

www.hblasset.com

Head Office
Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.
24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

TRUSTEE REPORT TO THE UNIT HOLDERS PICIC INCOME FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of **PICIC Income Fund** (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 28, 2017

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **PICIC Income Fund** (the Fund) as at December 31, 2016, and the related condensed interim income statement and other comprehensive income, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and notes to the accounts for the half year ended December 31, 2016 (here-in-after referred to as the 'interim financial information'). HBL Asset Management Limited (the Management Company) is responsible for the preparation and presentation of this interim financial information in accordance with the 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. The figures of the condensed interim income statement and other comprehensive income for the quarter ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The interim financial information of the Fund for the half year ended December 31, 2015 and the annual financial statements of the Fund for the year ended June 30, 2016 were reviewed and audited respectively by another firm of Chartered Accountants whose report dated February 10, 2016 and August 26, 2016 expressed an unqualified conclusion and opinion thereon respectively.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 24, 2017

Place: Karachi

PICIC INCOME FUND
CONDENSED INTERIM FINANCIAL STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2016

	Note	December 31, 2016 (Un-Audited)	June 30, 2016 (Audited)
(Rupees in '000)			
Assets			
Bank balances	4	517,542	992,954
Investments	5	1,177,299	917,407
Receivable against margin trading system		59,295	260,108
Profit receivable		21,520	20,820
Advance against purchase of term finance certificates	6	235,000	-
Deposits and prepayments		905	820
Total assets		2,011,561	2,192,109
Liabilities			
Payable to Management Company	7	4,341	2,863
Payable to Central Depository Company of Pakistan Limited - Trustee		280	289
Payable to the Securities and Exchange Commission of Pakistan		809	1,598
Dividend payable		-	30,012
Accrued expenses and other liabilities	8	35,242	43,076
Total liabilities		40,672	77,838
Net Assets		1,970,889	2,114,271
Units holders' fund (as per statement attached)		1,970,889	2,114,271
(Number of units)			
Number of units in issue		18,299,533	20,095,763
(Rupees)			
Net assets value per unit		107.7016	105.2098

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC INCOME FUND
CONDENSED INTERIM INCOME STATEMENT AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Note	------(Rupees in '000)-----			
Income				
Capital (loss) / gain on sale of investments - net	(3,393)	2,542	(1,480)	2,131
Income from government securities	17,267	53,965	1,621	29,617
Income from money market placements	28,083	4,742	19,213	2,382
Income from margin trading system	8,808	10,379	2,239	6,770
Profit on bank deposits	16,889	6,799	10,855	4,122
	67,654	78,427	32,448	45,022
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - held-for-trading - net	2,380	6,894	2,536	(1,573)
	70,034	85,321	34,984	43,449
Expenses				
Remuneration of Management Company	15,154	16,329	8,215	9,438
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,515	1,446	740	798
Annual fee to the Securities and Exchange Commission of Pakistan	809	741	393	428
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,068	-	505	-
Amortisation of preliminary expenses and floatation costs	-	12	-	-
Securities and transaction cost	1,484	1,433	511	925
Auditors' remuneration	254	246	109	121
Settlement and bank charges	51	43	20	15
Other expenses	344	455	178	240
	20,679	20,705	10,671	11,965
Net income from operating activities	49,355	64,616	24,313	31,484
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(3,755)	14,231	(3,030)	10,205
Reversal of Worker's Welfare Fund / Sindh Worker's Welfare Fund	-	-	-	743
Net income for the period before taxation	45,600	78,847	21,283	42,432
Taxation	-	-	-	-
Net income for the period after taxation	45,600	78,847	21,283	42,432
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	45,600	78,847	21,283	42,432

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC INCOME FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward comprising of:		
Realised income	94,185	15,338
Unrealised income	10,510	22,741
	104,695	38,079
Net income for the period	45,600	78,847
Element of (loss) / income and capital (losses) / gain included in the prices of units issued less those in units redeemed - transferred to Distribution Statement - net	(9,358)	25,989
Undistributed income carried forward	140,937	142,915
Undistributed income carried forward comprising of:		
Realised income	138,557	136,021
Unrealised income	2,380	6,894
	140,937	142,915

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC INCOME FUND
CONDENSED INTERIM STATEMENT OF
MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended	
	December 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	2,114,271	1,324,011
Issue of 21,427,312 units (2015: 17,238,953 units)	2,280,533	1,772,731
Redemption of 23,223,541 units (2015: 8,642,383 units)	(2,473,270)	(854,853)
	(192,737)	917,878
Element of loss / (income) and capital (gains) / losses included in prices of units issued less those in units redeemed:		
- transferred to Income Statement and Other Comprehensive Income	3,755	(14,231)
- transferred to Distribution Statement	9,358	(25,989)
	13,113	(40,220)
Total comprehensive income for the period	45,600	78,847
Element of income and capital gain included in prices of units issued less those in units redeemed - transferred to Distribution Statement	(9,358)	25,989
Net assets at end of the period	1,970,889	2,306,505
Net assets value per unit at the beginning of the year	105.2098	102.9612
Net assets value per unit at end of the period	107.7016	106.6055

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended	
	December 31,	
Note	2016	2015
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	45,600	78,847
Adjustments		
Income from government securities	(17,267)	(53,965)
Income from money market placements	(28,083)	(4,742)
Income from margin trading system	(8,808)	(10,379)
Profit on bank deposits	(16,889)	(6,799)
Amortisation of preliminary expenses and floatation costs	-	12
Unrealised appreciation on re-measurement of investments at "fair value through profit or loss - held for trading" - net	(2,380)	(6,894)
Element of loss / (income) included in prices of units issued less those in units redeemed - net	3,755	(14,231)
	(24,072)	(18,151)
(Increase) / Decrease in assets		
Investments - net	298,488	(498,334)
Receivable against margin trading system	200,813	(200,941)
Advance against purchase of term finance certificates	(235,000)	-
Deposits and prepayments	(84)	174
	264,217	(699,101)
(Decrease) / Increase in liabilities		
Payable to Management Company	1,478	(49)
Payable to Central Depository Company of Pakistan Limited - Trustee	(9)	40
Payable to the Securities and Exchange Commission of Pakistan	(789)	(1,433)
Accrued expenses and other liabilities	(7,833)	(5,489)
	(7,153)	(6,931)
Cash generated from / (used in) operations	232,992	(724,183)
Income received from government securities	27,249	57,232
Income received from money market placements	15,740	3,937
Income received from margin trading system	9,196	9,478
Profit received on bank deposits	18,160	6,178
	70,345	76,825
Net cash generated from / (used in) operating activities	303,337	(647,358)
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	2,280,533	1,772,731
Payment against redemption of units	(2,473,270)	(932,992)
Dividend paid	(30,012)	(46,565)
Net cash (used in) / generated from financing activities	(222,749)	793,174
Net increase in cash and cash equivalents	80,588	145,816
Cash and cash equivalents at beginning of the period	992,954	354,679
Cash and cash equivalents at end of the period	1,073,542	500,495

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC INCOME FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

PICIC Income Fund was established under a Trust Deed, dated March 17, 2010, executed between PICIC Asset Management Limited as the Management Company and Central Depository of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on March 10, 2010.

During the period, the Securities and Exchange Commission of Pakistan (SECP) approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited, a wholly owned subsidiary of Habib Bank Limited. Consequently, HBL Asset Management Limited became Management Company of the Fund effective from September 1, 2016.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at par from July 21, 2010 to July 23, 2010.

The Management Company of the Fund has been registered as a Non Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is located at 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A Karachi, Pakistan.

The fund has been categorized as an income scheme as per the criteria laid down by the SECP for categorization of open-end Collective Investment Scheme (CIS's) and was listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on continuous basis. The units are transferrable and can be redeemed by surrendering them to the fund.

The investment objective of the fund is to provide competitive returns to its investor through active investments in a blend of short, medium and long term debt instruments, both within and outside Pakistan. For making investments outside Pakistan, obtain prior approval of the Commission. The Fund aims to preserve capital while maximizing returns through efficient utilization of investment and liquidity management tools.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

JCR-VIS Credit Rating Agency has assigned an asset manager rating of 'AM2' to the Management Company and fund stability rating of 'A+(f)' to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1"This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non- Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail."

2.1.2The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

2.2 Basis of measurement

" This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value."

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2016.

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended December 31, 2016.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 Audited
4 BANK BALANCES			
In savings accounts	4.1	<u>517,542</u>	<u>992,954</u>

4.1 Mark-up rates on these accounts range between 3.75% - 6.70% per annum (June 30, 2016: 3.75% - 6.50% per annum).

		December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
5 INVESTMENTS			
At fair value through profit or loss - held-for-trading			
Government securities			
Market treasury bills	5.1	48,388	54,815
Pakistan investment bond	5.2	-	391,940
		48,388	446,755
At fair value through profit or loss - held-for-trading			
Debt securities			
Term finance certificates	5.3	152,051	49,136
Corporate sukuk certificates	5.4	55,860	57,516
		207,911	106,652
Loans and receivables			
Term deposit receipts	5.5	756,000	175,000
Certificate of investments	5.6	165,000	50,000
Short-term corporate sukuk certificates		-	139,000
		921,000	364,000
		1,177,299	917,407

5.1 At fair value through profit or loss - held-for-trading

Market treasury bills - Rs 100/ each

Issue Date	Tenor	Face value			Market Value			
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at December 31, 2016	As at December 31, 2016	As a percentage of total investments	As a percentage of net assets
------(Rupees in '000)-----								
July 11, 2015	3 months	-	250,000	250,000	-	-	-	-
January 21, 2016	6 months	55,000	-	55,000	-	-	-	-
July 21, 2016	6 months	-	150,000	150,000	-	-	-	-
July 21, 2016	12 months	-	250,000	200,000	50,000	48,388	4.11%	2.46%
		55,000	650,000	655,000	50,000	48,388	4.11%	2.46%
Carrying value as at December 31, 2016						48,482		

5.1.1 Market treasury bills with face value aggregating to Rs 50 million has been pledged with National Clearing Company of Pakistan (NCCPL) as collateral against trading facility in margin trading system.

5.1.2 The effective yield on market treasury bills is 5.86% per annum (June 30, 2016:5.88% per annum)

5.2 At fair value through profit or loss - held-for-trading

Pakistan investment bonds - Rs 100 each/

Issue Date	Tenor	Face value			Market Value			
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at December 31, 2016	As at December 31, 2016	As a percentage of total investments	As a percentage of net assets
------(Rupees in '000)-----								
April 21, 2016	5 years	-	200,000	200,000	-	-	-	-
March 26, 2016	5 years	300,000	-	300,000	-	-	-	-
July 19, 2012	10 years	50,000	50,000	100,000	-	-	-	-
		350,000	250,000	600,000	-	-	-	-
Carrying value as at December 31, 2016					-			

5.3 At fair value through profit or loss - held-for-trading

Term finance certificates

	Number of Certificates				Market Value		
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at December 31, 2016	As at December 31, 2016	As a percentage of total investments	As a percentage of net assets
(Rupees in 000)							
Soneri Bank Limited	10,000	10,000	10,000	10,000	50,880	4.32%	2.58%
Bank Al Habib	-	20,000	-	20,000	101,171	8.59%	5.13%
	10,000	30,000	10,000	30,000	152,051	12.91%	7.71%
Carrying value as at December 31, 2016					149,923		

5.4 At fair value through profit or loss - held-for-trading

Corporate sukuk certificates

	Number of Certificates			Market Value			
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at December 31, 2016	As at December 31, 2016	As a percentage of total investments	As a percentage of net assets
	(Rupees in '000)						
Engro Fertilizer sukuk	12,000	12,000	12,000	12,000	55,860	4.74%	2.83%
	12,000	12,000	12,000	12,000	55,860	4.74%	2.83%
Carrying value as at December 31, 2016					55,515		

5.4.1 Significant terms and conditions of term finance certificates and Sukuk's outstanding as at December 31, 2016 are as follows

Name of Security	Remaining principal (per TFC)	Markup rate (per annum)	Issue Date	Maturity Date
Term finance certificates				
Soneri Bank Limited	4998	6 Months Kibor+1.35%	17-Mar-16	17-Mar-26
Bank Al Habib Limited	4999	6 Months Kibor+0.75%	8-Jul-16	8-Jul-24
Corporate sukuk certificates				
Engro Fertilizer Limited	4500	6 Months Kibor+1.75%	9-Jul-14	9-Jul-19

5.5 These receipts carry interest rate ranging from 6.25% to 7.10% per annum (2015: 6.50% per annum) having maturity of three months.

5.6 Certificate of investments

	Number of Certificates			Market Value		
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at December 31, 2016	Percentage of total value of investments	Percentage of Net Assets
	(Rupees in '000)					
Pak Brunei Investment Company Limited	50,000	165,000	50,000	165,000	14.02%	8.37%
	50,000	165,000	50,000	165,000	14.02%	8.37%

5.6.1 Pak Brunei Investment Company Limited carries markup at the rate of 6.25% per annum and shall mature on February 13, 2017.

6 ADVANCES AGAINST PURCHASE OF TERM FINANCE CERTIFICATES

These represent advances amounted to Rs.110 million and Rs. 125 million to JS Bank Limited and Bank of Punjab respectively. These are paid in relation to privately placed term finance certificates and initial public offering of term finance certificates respectively, having face value of Rs 5,000/ each.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
7 PAYABLE TO MANAGEMENT COMPANY			
Management fee	7.1	2,140	2,336
Sindh Sales Tax	7.2	320	327
Sales load payable		1,711	13
Allocation of expenses related to registrar services, accounting, operation and valuation services	10	170	187
		4,341	2,863

- 7.1 As per the offering document of the fund, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.50% of average annual net assets. The Management Company has charged its remuneration at the rate of 1.25% per annum (June 30, 2016: 1.50% per annum) of the average net assets for the current period subject to the guidelines as may be issued by the Commission from time to time. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.
- 7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
8 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	8.1	15,531	15,531
Provision for Sindh Workers' Welfare Fund	9	5,246	-
Provision for Workers' Welfare Fund	9	8,937	14,183
Payable to unit holders against redemption of units		2,494	8,306
Withholding tax payable		2,555	4,490
Auditors' remuneration		230	275
Others		249	291
		35,242	43,076

- 8.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

"While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision."

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 15.531 million.

Had the provision not been made, NAV per unit of the Fund as at December 31, 2016 would have been higher by Rs. 0.85 per unit (2016: 0.77 per unit)

9 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

As disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2016, the Fund had maintained provision of the Workers' Welfare Fund (WWF), which had been recognized till June 30, 2015, as the decision in the High Court of Sindh was pending with regard to applicability of WWF on Collective Investment

Schemes (CISs), although the High Court of Sindh, in other case, had provided the judgement considering levy of WWF lawful whereas the Lahore High Court had provided a different conclusion.

However, in the current period, the Supreme Court of Pakistan (SCP) passed a judgement on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgement, which is pending for hearing in the SCP.

Further, the Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014, and
- Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further clarification is received from the MUFAP.

As a result, the Management Company assessed that no further provision is required for SWWF and additional provision of WWF of Rs. 8.937 million should be carried forward till the matter is cleared.

Subsequent to the period ended December 31, 2016, in the wake of the above developments i.e. decision of the SCP and communications took place with regard to SWWF, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs), obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the following, effective from January 12, 2017:

- Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and
- As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017.

Considering the recommendation of the MUFAP, the Management Company, reversed the excess provision of WWF of Rs. 8.937 million on January 12, 2017. Had the excess provision of WWF been reversed as of December 31, 2016, as an adjusting event, the NAV per unit of the Fund would have been higher by Rs. 0.49.

10 ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining

to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

11 TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90% of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its 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 percent of net accounting income other than capital gains / losses to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

	December 31, 2016 (Un-Audited)	June 30, 2016 (Audited)
Note	(Rupees in '000)	

12 CASH AND CASH EQUIVALENT

Bank balances	4	517,542	992,954
Term deposits receipts	5.5	556,000	-
		1,073,542	992,954

13 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of the connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

As mentioned in note 1, PICIC Asset Management Company Limited merged with and into HBL Asset Management Limited, therefore PICIC Asset Management Company Limited remained related party till August 31, 2016.

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

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

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

13.1 Transactions during the period	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company **		
Remuneration of the Management Company	4,743	-
Sindh Sales Tax on remuneration of the Management Company	617	-
Sales load paid	3,178	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	712	-
Issue of 970,138 units (2015: Issue of Nil units)	104,000	-
Redemption of 3,094,251 units (2015: Issue of Nil units)	(330,786)	-
PICIC Asset Management Limited - Management Company *		
Remuneration of the Management Company	8,667	12,348
Sindh Sales Tax on remuneration of the Management Company	1,127	1,729
Sales load paid	28	839
Federal Excise Duty (FED) on remuneration of the Management company	-	2,252
Allocation of expenses related to registrar services, accounting, operation and valuation services	356	-
Sales load	-	764
Issue of Nil units (2015: 1,435,462 units)	-	149,586
Habib Bank Limited - Sponsor **		
Bank charges paid	3	-
Profit on bank deposits earned	1,260	-
Profit on bank deposits received	1,260	-
NIB Bank Limited - Connected person due to holding of 10% or more		
Issue of 9,374,177 units (2015: Nil units)	1,000,000	-
Redemption of 9,846,127 units (2015: Nil units)	(1,050,061)	-
Bank charges paid	-	38
Profit on bank deposits earned	-	6,301
NRSP Micro Finance Bank Limited - Connected person due to holding of 10% or more		
Issue of Nil units (2015: 3,645,897 units)	-	384,000
Redemption of Nil units (2015: 1,172,799 units)	-	124,000
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,515	1,446
Central Depository system charges	199	152
Executives of the Management Company		
Issue of Nil units (2015: Nil units)	-	-
Redemption of 15,075 units (2015: 7,802 units)	(1,610)	815

	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
13.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company **		
Remuneration of the Management Company	2,140	-
Sindh Sales Tax on remuneration of the Management Company	320	-
Sales Load payable	1,711	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	170	-
Investment held in the Fund: 733,807 units (2016 : Nil units)	79,032	-
PICIC Asset Management Limited - Management Company *		
Investment held in the Fund : Nil units (2016: 2,857,920 units)	-	300,681
Remuneration of the Management Company	-	2,336
Sindh Sales Tax on remuneration of the Management Company	-	327
Sales load payable	-	13
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	1,183
Habib Bank Limited - Sponsor **		
Bank balances	177,138	522
Pakistan Society for the welfare of mentally retarded children * - Connected person due to holding of 10% or more		
Investment held in the Fund: 1,868,086 units (2016: Nil units)	201,196	-
NIB Bank Limited - Connected person due to holding of 10% or more		
Investment held in the Fund: 4,645,700 units (2016: 5,117,650)	500,349	538,427
Bank Balances	1,451	238,946
Profit receivable	41	3,814
Dividend Payable	-	29,938
Executives of the Management Company		
Investment held in the Fund: 4,646 units (2016: 17,642 units)	500	1,856
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	249	259
CDC charges payable	31	30
Security deposit	100	100

* Current year transactions / balances of these parties have not been disclosed as they did not remain related parties during the period.

** Comparative transactions / balances of these parties have not been disclosed as these parties were not related parties in last period

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	December 31, 2016							
	Carrying amount				Fair value			
	Fair value through profit or loss held for	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
Term finance certificates	152,051	-	-	152,051	-	152,051	-	152,051
Sukuk certificates	55,860	-	-	55,860	-	55,860	-	55,860
Market treasury bills	48,388	-	-	48,388	-	48,388	-	48,388
	256,299	-	-	256,299	-	256,299	-	256,299
Financial assets not measured at fair value 14.1								
Bank balances	-	517,542	-	517,542	-	-	-	-
Certificate of investment	-	165,000	-	165,000	-	-	-	-
Term deposit receipts	-	756,000	-	756,000	-	-	-	-
Receivable against margin trading system	-	59,295	-	59,295	-	-	-	-
Profit receivable	-	21,520	-	21,520	-	-	-	-
Deposits	-	350	-	350	-	-	-	-
Advance against purchase of term finance certificates	-	235,000	-	235,000	-	-	-	-
	-	1,754,707	-	1,754,707	-	-	-	-

		December 31, 2016							
		Carrying amount				Fair value			
	Note	Fair value through profit and loss- for-trading	Loans and Held- receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
Financial liabilities not measured at fair value									
14.1									
Payable to Management Company		-	-	4,341	4,341	-	-	-	-
Payable to Trustee		-	-	280	280	-	-	-	-
Accrued expenses and other liabilities		-	-	2,973	2,973	-	-	-	-
		-	-	7,594	7,594	-	-	-	-
		June 30, 2016							
		Carrying amount				Fair Value			
		Fair value through profit and loss- for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
Term finance certificates		49,136	-	-	49,136	-	49,136	-	49,136
Sukuk certificates		57,516	-	-	57,516	-	57,516	-	57,516
Government securities		446,755	-	-	446,755	-	54,815	-	54,815
		553,407	-	-	553,407	-	161,467	-	161,467
Financial assets not measured at fair value									
14.1									
Bank balances		-	992,954	-	992,954	-	-	-	-
Short term corporate sukuk certificate		-	139,000	-	139,000	-	-	-	-
Term deposits certificate (TDR)		-	175,000	-	175,000	-	-	-	-
Certificate of investment		-	50,000	-	50,000	-	-	-	-
Receivable against margin trading system		-	260,108	-	260,108	-	-	-	-
Profit receivable		-	20,820	-	20,820	-	-	-	-
Deposits		-	350	-	350	-	-	-	-
		-	1,638,232	-	1,638,232	-	-	-	-
Financial liabilities not measured at fair value									
14.1									
Payable to Management Company		-	-	2,863	2,863	-	-	-	-
Payable to Trustee		-	-	289	289	-	-	-	-
Dividend payable		-	-	30,012	30,012	-	-	-	-
Accrued expenses and other liabilities		-	-	8,872	8,872	-	-	-	-
		-	-	42,036	42,036	-	-	-	-

14.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

15 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2016 is 0.98 % (YTD)

which includes 0.13 % representing government levy and SECP fee.

16 DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **February 24, 2017**.

17 GENERAL

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

17.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

17.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim statement of income and other comprehensive income for the quarter ended December 31, 2016 have not been reviewed.

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

Chief Executive

Director

PICIC

Stock Fund

FUND AND CORPORATE INFORMATION

Management Company HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
Member of Deloitte Touch Tohmastu Limited
Cavish Court, A-35, block 7 & 8 KCHSU,
Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
Progressive Plaza, Beamont Road, 75530,
Karachi, Pakistan.

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House,99- B, Block "B" ,S.M.C.H.S, Main Shahra-e-Faisal, Karachi

Bankers

NIB Bank limited
Soneri Bank Limited

Legal Advisors

Mandviwalla & Zafar,Advocates and Legal Consultants,
Mandviwalla Chambers,C-15,Block 2,Clifton,Karachi.

Website

www.hblasset.com

Head Office Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.
24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

TRUSTEE REPORT TO THE UNIT HOLDERS PICIC STOCK FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of **PICIC Stock Fund** (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 28, 2017

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **PICIC Stock Fund** (the Fund) as at December 31, 2016, and the related condensed interim income statement and other comprehensive income, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and notes to the accounts for the half year ended December 31, 2016 (here-in-after referred to as the 'interim financial information'). HBL Asset Management Limited (the Management Company) is responsible for the preparation and presentation of this interim financial information in accordance with the 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. The figures of the condensed interim income statement and other comprehensive income for the quarter ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The interim financial information of the Fund for the half year ended December 31, 2015 and the annual financial statements of the Fund for the year ended June 30, 2016 were reviewed and audited respectively by another firm of Chartered Accountants whose report dated February 19, 2016 and September 27, 2016 expressed an unqualified conclusion and opinion thereon respectively.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 24, 2017

Place: Karachi

PICIC STOCK FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2016

	December 31, 2016 (Un-Audited)	June 30, 2016 (Audited)
Note	(Rupees in '000)	
Assets		
Bank balances	4	41,775
Investments	5	150,088
Dividend and profit receivable	989	348
Preliminary expenses and floatation costs	-	54
Receivable against sale of investments	12,210	1,871
Deposits and prepayments	2,626	2,683
Total assets	425,337	196,819
Liabilities		
Payable to Management Company	6	769
Payable to Central Depository Company of Pakistan Limited - Trustee	79	67
Payable to the Securities and Exchange Commission of Pakistan	162	291
Payable against purchase of investment	8,064	8,594
Accrued expenses and other liabilities	7	13,590
Total liabilities	20,923	23,311
Net assets	404,414	173,508
Unit holders' fund (as per statement attached)	404,414	173,508
----- Number of units -----		
Number of units in issue	3,033,728	1,618,100
----- Rupees -----		
Net assets value per unit	133.3060	107.2297

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC STOCK FUND
CONDENSED INTERIM INCOME STATEMENT AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended		Quarter ended	
	December 31, 2015		December 31, 2016	
	2016	2015	2016	2015
	------(Rupees in '000)-----			
Income				
Capital gain on sale of investments - net	26,684	6,726	16,281	462
Dividend income	8,258	8,401	5,565	5,072
Profit on bank deposits	981	1,400	293	518
	35,923	16,527	22,139	6,052
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit and loss - held-for-trading - net	43,966	(10,557)	40,561	(3,736)
	79,889	5,970	62,700	2,316
Expenses				
Remuneration of Management Company	3,854	6,501	2,188	3,491
Remuneration of Central Depository Company of Pakistan Limited - Trustee	421	406	219	205
Annual fee to the Securities and Exchange Commission of Pakistan	162	156	92	84
Allocation of expenses related to registrar services, accounting, operation and valuation services	176	-	96	-
Amortisation of preliminary expenses and floatation costs	54	114	-	57
Securities transaction costs	1,902	628	1,115	317
Auditors' remuneration	342	246	210	121
Other expenses	499	506	143	290
	7,410	8,557	4,063	4,565
Net income / (loss) from operating activities	72,479	(2,587)	58,637	(2,249)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	6,630	3,736	(2,900)	1,305
Reversal of Workers' Welfare Fund	-	-	-	42
Net income for the period before taxation	79,109	1,149	55,737	(902)
Taxation	-	-	-	-
Net income for the period after taxation	79,109	1,149	55,737	(902)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	79,109	1,149	55,737	(902)

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC STOCK FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward comprising of:		
Realised income	12,132	39,301
Unrealised income / (loss)	(431)	14,320
	11,701	53,621
Net income for the period	79,109	1,149
Element of income and capital gain included in the price of units issued less those in units redeemed - transferred to Distribution Statement - net	10,234	14,390
Undistributed income carried forward	101,044	69,160
Undistributed income carried forward comprising of:		
Realised income	57,078	79,717
Unrealised income	43,966	(10,557)
	101,044	69,160

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC STOCK FUND
CONDENSED INTERIM STATEMENT OF
MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended	
	December 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	173,508	269,694
Issue of 3,712,375 units (2015: 1,684,187 units)	440,806	216,724
Redemption of 2,296,747 units (2015: 1,104,286 units)	(282,379)	(140,608)
	158,427	76,116
Element of income and capital gains included in prices of units issued less those in units redeemed:		
- transferred to the Income Statement and Other Comprehensive Income	(6,630)	(3,736)
- transferred to the Distribution Statement	(10,234)	(14,390)
	(16,864)	(18,126)
Total comprehensive income for the period	79,109	1,149
Element of income and capital gain included in prices of units issued less those in units redeemed - transferred to the Distribution Statement	10,234	14,390
Net assets at end of the period	404,414	343,223
Net assets value per unit at the beginning of the period	107.2297	124.8151
Net assets value per unit at the end of the period	133.3060	125.2343

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC STOCK FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended December 31,	
	2016	2015
Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	79,109	1,149
Adjustments		
Dividend Income	(8,258)	(8,401)
Profit on bank deposits	(981)	(1,400)
Amortisation of preliminary expenses and floatation costs	54	114
Unrealised (appreciation) / diminution on re-measurement of investments at fair value through profit or loss held-for-trading - net	(43,966)	10,557
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(6,630)	(3,736)
	19,328	(1,717)
(Increase) / decrease in assets		
Investments - net	(209,311)	(155,862)
Receivable against sale of investments	(10,339)	31,236
Deposits and prepayments	57	(123)
	(219,593)	(124,749)
Increase / (decrease) in liabilities		
Payable to Management Company	80	190
Payable to Central Depository Company of Pakistan Limited - Trustee	12	12
Payable to the Securities and Exchange Commission of Pakistan	(129)	(220)
Payable against purchase of investment	(530)	2,661
Payable against redemption of units	-	(3,500)
Accrued expenses and other liabilities	(1,821)	786
	(2,388)	(71)
Net cash used in operations	(202,653)	(126,537)
Dividend received	7,582	1,652
Profit received on bank deposits	1,016	8,507
	8,598	10,159
Net cash used in operating activities	(194,055)	(116,378)
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	440,806	216,724
Payment against redemption of units	(282,379)	(140,608)
Net cash generated from financing activities	158,427	76,116
Net decrease in cash and cash equivalents	(35,628)	(40,262)
Cash and cash equivalents at beginning of the period	41,775	52,855
Cash and cash equivalents at end of the period	6,147	12,593

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC STOCK FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

PICIC Stock Fund ("the Fund") was established under a trust deed executed between PICIC Asset Management Company Limited (Now, HBL Asset Management Limited) and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/NBFC-II/PSF/249/2011 dated June 1, 2011 and the Trust Deed was executed on June 14, 2011.

During the period, the Securities and Exchange Commission of Pakistan (SECP) approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited, a wholly owned subsidiary of Habib Bank Limited. Consequently, HBL Asset Management Limited became Management Company of the Fund effective from September 1, 2016.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 24-C, Khayban-e- Hafiz, Phase VI, D.H.A Karachi, Pakistan.

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered to the public for subscription at par value of Rs 100 per unit from September 24, 2011 to September 26, 2011. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferrable and redeemable by surrendering them to the Fund.

The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of the Collective Investment Schemes (CISs).

The investment objective of the Fund is to provide investors a diversified equity portfolio with a primary objective of maximizing risk-adjusted returns over longer investment horizon through a combination of capital gains and dividend income.

Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2' to the Management Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non- Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

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

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2016.

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.

3.4 "Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information."

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended December 31, 2016.

	December 31, 2016 (Un-Audited)	June 30, 2016 (Audited)
Note	(Rupees in '000)	

4 BANK BALANCES

In saving accounts	4.1	6,147	41,775
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4.1 Mark-up rates on these accounts range between 5.00% - 6.00% per annum (June 30, 2016: 5.00% - 6.00% per annum).

December 31, June 30,
2016 2016
(Un-Audited) (Audited)
Note (Rupees in '000)

5 INVESTMENTS

Financial assets at fair value through profit or loss - held for trading

- Listed equity securities	5.1	402,973	149,696
- Unlisted equity securities	5.2	392	392
		403,365	150,088

5.1 Financial assets at fair value through profit or loss - held-for-trading - listed equity securities

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of Shares				Market Value			Par value as a percentage of issued capital of the investee company	
	As at July 1, 2016	Purchases during the year	Bonus / right issues	Sales during the period	As at December 31, 2016	As at December 31, 2016 (Rupees in '000)	As a percentage of total investments		As a percentage of net assets
FERTILIZER									
Dawood Hercules Corporation Limited	-	50,000	-	-	50,000	7,217	1.79%	1.78%	0.01%
Engro Corporation Limited	18,400	73,000	-	41,900	49,500	15,646	3.88%	3.87%	0.01%
Engro Fertilizers Limited	-	190,000	-	95,000	95,000	6,458	1.60%	1.60%	0.01%
Fauji Fertilizer Bin Qasim Limited	256,000	185,000	-	305,000	136,000	6,966	1.73%	1.72%	0.01%
Fauji Fertilizer Co Limited	-	158,700	-	68,700	90,000	9,393	2.33%	2.32%	0.01%
						45,680	11.33%	11.29%	
OIL & GAS MARKETING COMPANIES									
Attock Petroleum Limited	22,000	-	-	10,000	12,000	8,215	2.04%	2.03%	0.01%
Hascol Petroleum Limited	-	23,500	-	23,500	-	-	-	-	-
Hi-Tech Lubricants Limited	-	60,000	-	60,000	-	-	-	-	-
Pakistan State Oil Company Limited	34,400	35,000	-	38,500	30,900	13,417	3.33%	3.32%	0.01%
Sui Northern Gas Pipeline Limited	-	125,000	-	45,000	80,000	6,526	1.62%	1.61%	0.01%
Sui Southern Gas Co Limited	-	315,000	-	195,000	120,000	4,362	1.08%	1.08%	0.01%
						32,520	8.07%	8.04%	
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	-	4,450	-	400	4,050	5,568	1.38%	1.38%	-
Oil & Gas Development Co Limited	14,400	109,000	-	15,000	108,400	17,924	4.44%	4.43%	-
Pakistan Oilfields Limited	3,500	35,000	-	19,500	19,000	10,158	2.52%	2.51%	0.01%
Pakistan Petroleum Limited	-	98,100	-	15,000	83,100	15,639	3.88%	3.87%	-
						49,289	12.22%	12.19%	
ENGINEERING									
Aisha Steel Mills Limited - Pref. Shares	20,000	-	-	-	20,000	324	0.08%	0.08%	0.03%
Aisha Steel Mills Limited - Conv. Cum. Pref. Shares	10,000	-	-	-	10,000	294	0.07%	0.07%	0.01%
Amrell Steels Limited	186,500	115,000	-	211,500	90,000	5,993	1.48%	1.48%	0.03%
Crescent Steel & Allied Products Limited	10,400	104,500	-	65,900	49,000	7,555	1.87%	1.87%	0.06%
International Steels Limited	-	25,000	-	25,000	-	-	-	-	-
Mughal Iron & Steel Industries Limited	124,500	20,000	-	144,500	-	-	-	-	-
						14,166	3.50%	3.50%	

Name of the Investee Company	Number of Shares				Market Value			Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the year	Bonus / right issues	Sales during the period	As at December 31, 2016	As at December 31, 2016 (Rupees in '000)	As a percentage of total investments	
CEMENT								
Bestway Cement Limited	-	4,500	-	4,500	-	-	-	-
Cherat Cement Company Limited.	38,000	17,500	-	55,500	-	-	-	-
D G Khan Cement Co. Limited.	-	59,500	-	18,000	41,500	9,202	2.28%	2.28%
Dewan Cement Limited	-	108,000	-	108,000	-	-	-	-
Fauji Cement Company Limited	-	175,000	-	25,000	150,000	6,762	1.68%	1.67%
Fecfo Cement Limited	-	31,600	-	31,600	-	-	-	-
Lucky Cement Limited	12,000	27,050	-	17,750	21,300	18,451	4.57%	4.56%
Maple Leaf Cement Factory Limited	-	115,500	-	73,000	42,500	5,423	1.34%	1.34%
Pioneer Cement Limited	60,000	48,000	-	50,000	58,000	8,241	2.04%	2.04%
Power Cement Limited	-	201,000	-	201,000	-	-	-	-
						48,079	11.91%	11.89%
AUTOMOBILE ASSEMBLER								
Millat Tractors Limited	-	5,000	-	-	5,000	4,523	1.12%	1.12%
Pak Suzuki Motor Company Limited	7,600	12,500	-	7,100	13,000	7,967	1.98%	1.97%
						12,490	3.10%	3.09%
AUTOMOBILE PARTS & ACCESSORIES								
Exide Pakistan Limited	-	4,500	-	-	4,500	4,500	1.12%	1.11%
General Tyre & Rubber Co of Pakistan Limited	-	29,500	-	29,500	-	-	-	-
Thal Limited	-	17,500	-	9,000	8,500	4,323	1.07%	1.07%
						8,823	2.19%	2.18%
FOOD & PERSONAL CARE PRODUCTS								
Treet Corporation Limited	-	75,000	-	75,000	-	-	-	-
						-	-	-
TEXTILE COMPOSITE								
GulAhmed Textile Mills Limited	-	102,000	-	-	102,000	5,219	1.29%	1.29%
Nishat (Chunian) Limited	-	280,000	-	210,000	70,000	4,370	1.08%	1.08%
Nishat Mills Limited	10,000	114,300	-	79,000	45,300	6,898	1.71%	1.71%
						16,487	4.08%	4.08%
PHARMACEUTICALS								
Abbott Laboratories (Pak) Limited	800	4,500	-	800	4,500	4,307	1.07%	1.06%
GlaxoSmithKline Pakistan Limited	6,100	57,300	-	31,400	32,000	7,466	1.85%	1.85%
The Searle Company Limited	6,000	27,200	-	22,000	11,200	7,322	1.82%	1.81%
Wyeth Pakistan Limited	2,460	-	-	2,460	-	-	-	-
						19,095	4.74%	4.72%
TECHNOLOGY & COMMUNICATION								
Avanceon Limited	-	223,000	-	223,000	-	-	-	-
Pakistan Telecommunication Co Limited	-	40,000	-	40,000	-	-	-	-
Systems Limited (Note. 5.1.2)	200,500	53,000	-	160,000	93,500	7,910	1.96%	1.96%
						7,910	1.96%	1.96%
POWER GENERATION & DISTRIBUTION								
Hub Power Company Limited	-	153,000	-	30,000	123,000	15,188	3.77%	3.76%
K-Electric Limited	101,000	1,420,000	-	1,521,000	-	-	-	-
KotAddu Power Company Limited	-	206,500	-	130,500	75,000	5,910	1.47%	1.46%
						21,098	5.24%	5.22%

Name of the Investee Company	Number of Shares				Market Value			Par value as a percentage of issued capital of the investee company	
	As at July 1, 2016	Purchases during the year	Bonus / right issues	Sales during the period	As at December 31, 2016	As at December 31, 2016 (Rupees in '000)	As a percentage of total investments		As a percentage of net assets
COMMERCIAL BANKS									
Askari Bank Limited	-	175,000	-	-	175,000	4,366	1.08%	1.08%	0.01%
BankAl-Falah Limited	347,500	100,000	-	240,000	207,500	7,877	1.95%	1.95%	0.01%
Habib Bank Limited	69,100	85,000	-	45,100	109,000	29,784	7.38%	7.36%	0.01%
Habib Metropolitan Bank Limited	-	120,000	-	-	120,000	4,440	1.10%	1.10%	0.01%
MCB Bank Limited	62,900	113,000	-	99,900	76,000	18,074	4.48%	4.47%	0.01%
National Bank of Pakistan	-	109,000	-	109,000	-	-	-	-	-
United Bank Limited	1,000	145,800	-	68,000	78,800	18,825	4.67%	4.65%	0.01%
						<u>83,366</u>	<u>20.66%</u>	<u>20.61%</u>	
INSURANCE									
Adamjee Insurance Co Limited	-	236,500	-	180,500	56,000	4,152	1.03%	1.03%	0.02%
IGI Insurance Limited	-	15,000	-	-	15,000	4,618	1.14%	1.14%	0.01%
TPL Direct Insurance Limited	55,894	-	-	55,894	-	-	-	-	-
						<u>8,770</u>	<u>2.17%</u>	<u>2.17%</u>	
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	49,000	302,500	-	246,500	105,000	7,484	1.86%	1.85%	0.02%
						<u>7,484</u>	<u>1.86%</u>	<u>1.85%</u>	
TEXTILE SPINNING									
Hira Textile Mills Limited	-	124,000	-	124,000	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	
TRANSPORT									
Pakistan International Bulk Terminal Limited	-	167,500	-	167,500	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	
PAPER & BOARD									
Century Paper & Board Mills Limited	-	72,000	-	72,000	-	-	-	-	-
Packages Limited	-	5,300	-	-	5,300	4,505	1.12%	1.11%	0.01%
						<u>4,505</u>	<u>1.12%</u>	<u>1.11%</u>	
GLASS & CERAMICS									
Ghani Global Glass Limited	-	150,000	-	150,000	-	-	-	-	-
	-	29,500	-	29,500	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	
MISCELLANEOUS									
Synthetic Products Enterprises Limited	-	71,500	-	71,500	-	-	-	-	-
Tri-Pack Films Limited	-	24,000	-	24,000	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	
REFINERY									
Attock Refinery Limited	-	16,000	-	16,000	-	-	-	-	-
Byco Petroleum Pakistan Limited	-	100,000	-	100,000	-	-	-	-	-
National Refinery Limited	-	7,500	-	-	7,500	4,283	1.06%	1.06%	0.01%
Pakistan Refinery Limited	-	95,000	-	-	95,000	4,145	1.03%	1.02%	0.03%
						<u>8,428</u>	<u>2.09%</u>	<u>2.08%</u>	

Name of the Investee Company	Number of Shares					Market Value			Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the year	Bonus / right issues	Sales during the period	As at December 31, 2016	As at December 31, 2016 (Rupees in '000)	As a percentage of total investments	As a percentage of net assets	
CHEMICAL									
Agritech Limited	-	400,000	-	50,000	350,000	4,438	1.10%	1.10%	0.09%
Akzo Nobel Pakistan Limited	-	19,500	-	-	19,500	4,563	1.13%	1.13%	0.04%
Engro Polymer & Chemicals Limited	-	415,000	-	415,000	-	-	-	-	-
Ghani Gases Limited	-	50,000	-	50,000	-	-	-	-	-
ICI Pakistan Limited	-	5,000	-	5,000	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	695,000	-	-	695,000	5,782	1.43%	1.43%	0.05%
						14,783	3.66%	3.66%	
						402,973	99.90%	99.64%	
						359,007		43,966	

5.1.1 The above investments include shares with market value aggregating to Rs. 32.302 million (June 2016: Rs. 22.377 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.18 million at December 31, 2016 (June 30, 2016: Rs. 0.122 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.2 Unlisted equity securities

Name of the Investee Company	Number of Shares					Carrying Value		
	As at July 1, 2016	Purchases during the year	Bonus / right issues	Sales during the period	As at December 31, 2016	As at December 31, 2016 (Rupees in '000)	As a percentage of total investments	As a percentage of net Assets
PHARMACEUTICALS								
GlaxoSmithKline Consumer Healthcare Pakistan Limited	6,330	-	-	-	6,330	392	0.10%	0.10%
						392	0.10%	0.10%
						-		

5.2.1 This represents shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited, a subsidiary of GlaxoSmithKline plc, which were received due to demerger of GlaxoSmithKline Pakistan Limited on April 01, 2016. These are stated at Rs. 62/- per share as trading in shares has not yet commenced. The company has submitted its listing application with the Pakistan Stock Exchange Limited which is currently pending.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 Audited
6. PAYABLE TO MANAGEMENT COMPANY			
Management fee	6.1	696	397
Sales tax on Management fee	6.2	90	56
Sales load payable		28	296
Allocation of expenses related to registrar services, accounting, operation and valuation services	10	35	20
		849	769

6.1 As per the offering document of the fund, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 3.00% of average annual net assets. The Management Company has charged its remuneration at the rate of 2.00% per annum (June 30, 2016: 2.00% per annum) of the average net assets for the current period subject to the guidelines as may be issued by the Commission from time to time. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	7.1	5,685	5,685
Provision for Workers' Welfare Fund	8	2,640	4,892
Provision for Sindh Workers' Welfare Fund	8	2,252	-
Brokerage payable		381	503
Auditor's remuneration		242	450
Withholding tax payable		337	1,848
Printing cost		204	175
Others		28	37
		11,769	13,590

7.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 5.685 million. Had the provision not been made, NAV per unit of the Fund as at December 31, 2016 would have been higher by Rs. 1.87 per unit (June 30, 2016: 3.51 per unit).

8. WORKERS' WELFARE FUND AND SINDH WORKER'S WELFARE FUND

As disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2016, the Fund had maintained provision of the Workers' Welfare Fund (WWF), which had been recognized till June 30, 2015, as the decision in the High Court of Sindh was pending with regard to applicability of WWF on Collective Investment Schemes (CISs), although the High Court of Sindh, in other case, had provided the judgement considering levy of WWF lawful whereas the Lahore High Court had provided a different conclusion.

However, in the current period, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

Further, the Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter .

Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014, and
- Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further clarification is received from the MUFAP.

As a result, the Management Company assessed that no further provision is required for SWWF and additional provision of WWF of Rs. 2.640 million should be carried forward till the matter is cleared.

Subsequent to the period ended December 31, 2016, in the wake of the above developments i.e. decision of the SCP and communications took place with regard to SWWF, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs), obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the

following, effective from January 12, 2017:

- Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and
- As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017.

Considering the recommendation of the MUFAP, the Management Company, reversed the excess provision of WWF of Rs. 2.640 million on January 12, 2017. Had the excess provision of WWF been reversed as of December 31, 2016, as an adjusting event, the NAV per unit of the Fund would have been higher by Rs. 0.8706.

9. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its 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 percent of net accounting income other than capital gains / losses to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

10. ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

As mentioned in note 1, PICIC Asset Management Company Limited merged with and into HBL Asset Management Limited; therefore, PICIC Asset Management Company Limited remained related party till August 31, 2016.

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

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

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
11.1 Transactions during the period		
PICIC Asset Management Company Limited - Management Company *		
Remuneration of the Management Company	893	4,916
Sindh Sales Tax on remuneration of the Management Company	116	688
Allocation of expenses related to registrar services, accounting, operation and valuation services	59	-
Sales load paid	382	897
HBL Asset Management Limited - Management Company **		
Remuneration of the Management Company	2,518	-
Sindh Sales Tax on remuneration of the Management Company	327	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	117	-
Sales load paid	226	-
NIB Bank Limited - connected person holding 10% or more units		
Bank charges	3	11
Profit on bank deposits	981	1,400
Issue of 2,143,391 units (2015: nil units)	260,000	-
Redemption of 1,145,555 units (2015: nil units)	149,245	-
Executives of the Management Company		
Issue of 24,686 units (2015: 856 units)	2,896	110
Redemption of 3,511 units (2015: 772 units)	441	100
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	-	406
Central Depository Service charges	56	22
Habib Bank Limited - associated company **		
Purchase of 85,000 shares (2015: Nil shares)	19,059	-
Sale of 45,100 shares (2015: Nil shares)	10,426	-
Gain on sale of shares	1,260	-

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
International Steels Limited - associated company **		
Purchase of 25,000 shares (2015: Nil shares)	1,110	-
Sale of 25,000 shares (2015: Nil shares)	1,173	-
Gain on sale of shares	63	-
Packages Limited - associated company **		
Purchase of 5,300 shares (2015: Nil shares)	3,782	-
	December 31,	June 30,
	2016	2016
	(Un-Audited)	(Audited)
	(Rupees in '000)	
11.3 Balances outstanding as at period / year end		
PICIC Asset Management Limited - Management Company *		
Units held: Nil units (June 30, 2016: 750,314)	-	80,456
Remuneration payable to the Management Company	-	397
Sindh sales tax on remuneration of the Management Company	-	56
Sales load payable	-	296
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	20
HBL Asset Management Limited - Management Company **		
Units held: 750,315 units (June 30, 2016: Nil)	100,021	-
Remuneration payable to the Management Company	696	-
Sindh sales tax on remuneration of the Management Company	90	-
Sales load payable	28	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	35	-
NIB Bank Limited - connected person holding 10% or more units		
Bank balances	6,147	41,775
Units held: 997,836 units (June 30, 2016: Nil)	133,018	-
Executives of the Management Company		
Units held in the Fund: 21,174 units (June 30, 2016: 933 units)	2,823	100

	December 31, 2016 (Un-Audited)	June 30, 2016 (Audited)
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	79	67
CDS Charges payable	1	1
Security deposit	100	100

Habib Bank Limited - associated company **

Shares held: 109,000 ordinary shares (June 30, 2016: 69,100 ordinary shares)	23,544	12,310
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Packages Limited - associated company **

Shares held: 5,300 ordinary shares (June 30, 2016: Nil ordinary shares)	3,782	-
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* Current year transactions / balances of these parties have not been disclosed as they did not remain related parties during the period.

** Comparative transactions / balances of these parties have not been disclosed as these parties were not related parties in last period.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements: Disclosures' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		December 31, 2016							
		Carrying amount			Fair Value				
	Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Note	(Rupees in '000)								
On-balance sheet financial instruments									
Financial assets measured at fair value									
At fair value through profit or loss - held for trading									
	- Listed equity securities	402,973	-	-	402,973	402,973	-	-	402,973
		402,973	-	-	402,973	402,973	-	-	402,973
Financial assets not measured at fair value 12.1									
At fair value through profit or loss - held for trading									
	- Unlisted equity securities	392	-	-	392	-	-	-	-
	Bank balances	-	6,147	-	6,147	-	-	-	-
	Dividend and profit receivable	-	989	-	989	-	-	-	-
	Receivable against sale of investments	-	12,210	-	12,210	-	-	-	-
	Deposits	-	2,600	-	2,600	-	-	-	-
		392	21,946	-	22,338	-	-	-	-
Financial liabilities not measured at fair value 12.1									
	Payable to Management Company	-	-	849	849	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	-	-	-	-
	Payable against purchase of investments	-	-	8,064	8,064	-	-	-	-
	Accrued expenses and other liabilities	-	-	855	855	-	-	-	-
		-	-	9,768	9,768	-	-	-	-
		June 30, 2016							
		Carrying amount			Fair Value				
	Held for Trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Note	(Rupees in '000)								
On-balance sheet financial instruments									
Financial assets measured at fair value									
At fair value through profit or loss - held for trading									
	- Listed equity securities	149,696	-	-	149,696	149,696	-	-	149,696
		149,696	-	-	149,696	149,696	-	-	149,696
Financial assets not measured at fair value 12.1									
At fair value through profit or loss - held for trading									
	- Unlisted equity securities	392	-	-	392	-	-	-	-
	Bank balances	-	41,775	-	41,775	-	-	-	-
	Dividend receivable and accrued mark-up	-	348	-	348	-	-	-	-
	Receivable against sale of investments	-	1,871	-	1,871	-	-	-	-
	Deposits	-	2,600	-	2,600	-	-	-	-
		392	46,594	-	46,986	-	-	-	-

		June 30, 2016							
		Carrying amount			Fair Value				
		Held for Trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)							
Financial liabilities not measured at fair value	12.1								
		-	-	769	769	-	-	-	-
		-	-	-	-	-	-	-	-
		-	-	8,594	8,594	-	-	-	-
		-	-	1,165	1,165	-	-	-	-
		-	-	10,528	10,528	-	-	-	-

12.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2016 is 2.19% which includes 0.28% representing government levy, and SECP fee.

14. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **February 24, 2017**.

15. GENERAL

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

15.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

15.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 have not been reviewed.

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

Chief Executive

Director

PICIC

Energy Fund

FUND AND CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary &
Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
Member of Deloitte Touch Tohmastu Limited
Cavish Court, A-35, block 7 & 8 KCHSU,
Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
Progressive Plaza, Beamont Road, 75530,
Karachi, Pakistan.

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House,99- B, Block "B", S.M.C.H.S, Main Shahra-e-Faisal, Karachi

Bankers

Allied Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
Askari Bank Limited

Legal Advisors

Mandviwalla & Zafar, Advocates and Legal Consultants,
Mandviwalla Chambers, C-15, Block 2, Clifton, Karachi.

Website

www.hblasset.com

Head Office
Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.
24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

**TRUSTEE REPORT TO THE UNIT HOLDERS
PICIC ENERGY FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of **PICIC Energy Fund** (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 28, 2017

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **PICIC Energy Fund** (the Fund) as at December 31, 2016, and the related condensed interim income statement and other comprehensive income, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and notes to the accounts for the half year ended December 31, 2016 (here-in-after referred to as the 'interim financial information'). HBL Asset Management Limited (the Management Company) is responsible for the preparation and presentation of this interim financial information in accordance with the 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. The figures of the condensed interim income statement and other comprehensive income for the quarter ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The interim financial information of the Fund for the half year ended December 31, 2015 and the annual financial statements of the Fund for the year ended June 30, 2016 were reviewed and audited respectively by another firm of Chartered Accountants whose report dated February 10, 2016 and August 26, 2016 expressed an unqualified conclusion and opinion thereon respectively.

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 24, 2017

Place: Karachi

PICIC ENERGY FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2016

	December 31, 2016 (Un-Audited)	June 30, 2016 (Audited)
Note	(Rupees in '000)	
Assets		
Bank balances	4	45,805
Investments	5	835,338
Dividend and profit receivable		3,039
Receivable against sale of investments		25,433
Deposits and prepayments		2,894
Total assets		912,509
Liabilities		
Payable to Management Company	6	1,919
Payable to Central Depository Company of Pakistan Limited - Trustee		159
Payable to the Securities and Exchange Commission of Pakistan		383
Payable against purchase of investments		15,554
Accrued expenses and other liabilities	7	45,431
Unclaimed dividend		5,423
Total liabilities		68,869
Net assets		843,640
Unit holders' fund (as per statement attached)		843,640
(Number of units)		
Number of units in issue		53,847,339
(Rupees)		
Net assets value per unit		15.6673

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC ENERGY FUND
CONDENSED INTERIM INCOME STATEMENT AND OTHER
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	Un-Audited	
Note	(Rupees in '000)			
Income				
Capital gain on sale of investments - net	46,070	4,571	30,633	-
Dividend income	28,678	41,582	15,243	30,716
Profit on bank deposits	1,580	2,282	774	1,239
	76,328	48,435	46,650	31,955
Unrealised appreciation / (diminution) on re-measurement of investments at "fair value through profit or loss - held-for-trading" - net	146,938	(104,984)	79,453	(12,034)
	223,266	(56,549)	126,103	19,921
Expenses				
Remuneration of Management Company	9,101	13,350	4,444	6,547
Remuneration of Central Depository Company of Pakistan Limited- Trustee	910	1,141	444	564
Annual fee to the Securities and Exchange Commission of Pakistan	383	480	187	236
Allocation of expenses related to registrar services, accounting, operation and valuation services	403	-	197	-
Securities transaction costs	1,459	225	695	115
Auditors' remuneration	267	319	122	194
Settlement and bank charges	208	145	116	75
Other expenses	458	443	239	247
	13,189	16,103	6,444	7,978
Net income / (loss) from operating activities	210,077	(72,652)	119,659	11,943
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(13,265)	416	(1,974)	786
Provision for Workers' Welfare Fund / Sindh Workers' Welfare Fund	-	-	-	-
Net income / (loss) for the period before taxation	196,812	(72,236)	117,685	12,729
Taxation	-	-	-	-
Net income / (loss) for the period after taxation	196,812	(72,236)	117,685	12,729
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	196,812	(72,236)	117,685	12,729

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC ENERGY FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward comprising of:		
Realised income	235,804	93,678
Unrealised income	(75,960)	109,011
	159,844	202,689
Net income / (loss) for the period	196,812	(72,236)
Element of loss and capital losses included in the price of units issued less those in units redeemed - transferred to Distribution Statement	(51,491)	(6,841)
Undistributed income carried forward	305,165	123,612
Undistributed income carried forward comprising of:		
Realised income	158,227	228,596
Unrealised income	146,938	(104,984)
	305,165	123,612

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC ENERGY FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN
UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended	
	December 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	954,213	1,059,614
Issue of units 16,399,907 (2015: 902,971 units)	227,942	11,213
Redemption of units 41,989,365 (2015: 3,392,638 units)	(548,592)	(46,561)
	(320,650)	(35,348)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed:		
- transferred to Income Statement and Other Comprehensive Income	13,265	(416)
- transferred to Distribution Statement	51,491	6,841
	64,756	6,425
Net comprehensive income / (loss) for the period	196,812	(72,236)
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to Distribution Statement	(51,491)	(6,841)
Net assets at end of the period	843,640	951,614
Net assets value per unit at the beginning of the period	12.0122	12.3654
Net assets value per unit at the end of the period	15.6673	11.4929

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC ENERGY FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended December 31,	
	2016	2015
Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	196,812	(72,236)
Adjustments		
Dividend income	(28,678)	(41,582)
Profit on bank deposits	(1,580)	(2,282)
Unrealised (appreciation) / diminution on remeasurement of investments at fair value through profit or loss- held-for-trading - net	(146,938)	104,984
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	13,265	(416)
	32,881	(11,532)
(Increase) / decrease in assets		
Investments - net	236,571	(25,081)
Receivable against sale of investments	(25,433)	16,150
Deposits and prepayments	(46)	(170)
	211,092	(9,101)
Increase / (decrease) in liabilities		
Payable to Management Company	57	(333)
Payable to Central Depository Company of Pakistan Limited - Trustee	(20)	9
Payable to Securities and Exchange Commission of Pakistan	(533)	(631)
Payable against purchase of investments	15,554	-
Accrued expenses and other liabilities	533	1,538
Unclaimed dividend	(8)	(14)
	15,583	569
Net cash generated from operations	259,556	(20,064)
Dividend received	26,126	41,678
Profit received on bank deposit	1,644	2,412
	27,770	44,090
Net cash generated from operating activities	287,326	24,026
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	227,942	11,213
Payment against redemption of units	(548,592)	(46,561)
Net cash used in financing activities	(320,650)	(35,348)
Net decrease in cash and cash equivalents	(33,324)	(11,322)
Cash and cash equivalents at beginning of the period	79,129	55,145
Cash and cash equivalents at end of the period	45,805	43,823

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC ENERGY FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

PICIC Energy Fund ("the Fund") was established in 2006 as a closed-end scheme under a Trust Deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

In accordance with clause 65(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a meeting of the certificate holders of the Fund was held on January 31, 2013 whereby the conversion of the Fund into an open-end scheme was duly approved through a resolution passed by the majority of the certificate holders present in the meeting who were entitled to vote. The Securities and Exchange Commission of Pakistan accorded its final approval for conversion of the Fund into an open-end scheme through its letter dated May 3, 2013. The second supplemental Trust Deed and replacement Offering Document were approved by SECP vide its letter no SCD/PRDD/AMCW/PEF/567/2013 dated May 31, 2013 and letter no SCD/PRDD/AMCW/PEF/606/2013 dated June 24, 2013 respectively. The conversion of the Fund from a closed end fund to an open-end fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/PRDD/AMCW/PEF/607/2013 dated June 24, 2013. The Fund converted into an open end scheme on the effective date i.e. June 25, 2013. The certificates of the closed-end fund were cancelled on the effective date and were exchanged with the units of the open-end scheme in the swap ratio of 1:1. Each certificate holder was allotted units according to their respective holdings as at that date on the basis of a ratio of 1 certificate to 1 unit. Accordingly 100,000,000 units were issued on the date of conversion.

Since the effective date of conversion, the certificates of the closed-end scheme were de-listed from Pakistan Stock Exchange. Units of the open-end scheme are listed on the Pakistan Stock Exchange Limited. The units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

During the period, the Securities and Exchange Commission of Pakistan approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited, a wholly owned subsidiary of Habib Bank Limited. Consequently, HBL Asset Management Limited became Management Company of the Fund effective from September 1, 2016.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, Karachi, Pakistan.

The core objective of the Fund is to invest in securities of the energy sector in Pakistan so as to provide investors an access to high quality blue chip stocks in the energy sector. The eligible stocks comprise of investment in shares of companies engaged in the following activities:

- Oil and Gas Exploration
- Oil and Gas Marketing
- Oil Refining
- Power Generation and Distribution

JCR-VIS Credit Rating Company has assigned an asset management rating of 'AM2' to the Management Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued

PICIC ENERGY FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2016.

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended December 31, 2016.

PICIC ENERGY FUND
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	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
4 BANK BALANCES			
In saving accounts	4.1	<u>45,805</u>	<u>79,129</u>

4.1 Mark-up rates on these accounts range between 5.35% to 6.00% per annum (June 30, 2016: 3.75% to 6.00% per annum).

5 INVESTMENTS

Financial assets 'at fair value through profit or loss' - held-for-trading

Listed equity securities	5.1	<u>835,338</u>	<u>924,971</u>
		<u>835,338</u>	<u>924,971</u>

5.1 Investment in listed equity securities - financial assets 'at fair value through profit or loss' - held-for-trading

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares				Market value				
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2016	As at December 31, 2016 (Rupees in '000)	As a percentage of total Investments	As a percentage of net Assets	Par value as a percentage of issued capital of the investee company
POWER GENERATION & DISTRIBUTION									
The Hub Power Company Limited	-	608,500	-	-	608,500	75,138	8.9949%	8.9064%	0.0500%
Kot Addu Power Company Limited	1,900,000	-	-	(1,132,000)	768,000	60,518	7.2447%	7.1734%	0.0900%
K-Electric Limited	5,150,000	450,000	-	(1,800,000)	3,800,000	35,606	4.2625%	4.2265%	0.0100%
Nisat Chunian Power Limited	1,744,000	-	-	(944,000)	800,000	44,384	5.3133%	5.2610%	0.2200%
Nisat Power Limited	1,309,500	-	-	(596,000)	713,500	45,728	5.4742%	5.4203%	0.2000%
Engro Powergen Qadirpur Limited	177	-	-	-	177	6	0.0007%	0.0007%	0.0000%
Lahor Power Limited	5,000,000	-	-	(5,000,000)	-	-	-	-	-
	<u>15,103,677</u>	<u>1,058,500</u>	-	<u>(9,472,000)</u>	<u>6,690,177</u>	<u>261,380</u>			
OIL & GAS EXPLORATION COMPANIES									
Pakistan Oilfields Limited	222,345	20,000	-	(97,000)	145,345	77,704	9.3021%	9.2106%	0.0600%
Oil and Gas Development Company Limited	487,100	100,000	-	(10,000)	577,100	95,423	11.4233%	11.3109%	0.0100%
Pakistan Petroleum Limited	418,950	188,600	-	(252,200)	355,350	66,870	8.0051%	7.9264%	0.0200%
Mari Petroleum Company Limited	-	27,500	-	-	27,500	37,810	4.5263%	4.4818%	0.0200%
	<u>1,128,395</u>	<u>336,100</u>	-	<u>(359,200)</u>	<u>1,105,295</u>	<u>277,807</u>			
OIL & GAS MARKETING COMPANIES									
Pakistan State Oil Company Limited	90,000	91,500	-	(15,200)	166,300	72,209	8.6443%	8.5592%	0.0600%
Shell Pakistan Limited	335,250	-	-	(191,250)	144,000	74,491	8.9175%	8.8297%	0.1300%
Sui Northern Gas Pipeline Limited	-	396,000	-	-	396,000	32,302	3.8669%	3.8289%	0.0600%
Sui Southern Gas Company Limited	-	455,000	-	(455,000)	-	-	-	-	-
Attock Petroleum Limited	244,588	-	-	(142,488)	102,100	69,900	8.3679%	8.2855%	0.1200%
Hi-Tech Lubricants Limited	-	150,000	-	(146,000)	4,000	460	0.0551%	0.0545%	0.0000%
	<u>669,838</u>	<u>1,092,500</u>	-	<u>(949,938)</u>	<u>812,400</u>	<u>249,362</u>			

PICIC ENERGY FUND
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Name of the Investee Company	Number of shares				Market value				
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2016	As at December 31, 2016 (Rupees in '000)	As a percentage of total Investments	As a percentage of net Assets	Par value as a percentage of issued capital of the investee company
REFINERY									
Attock Refinery Limited	-	61,000	-	-	61,000	25,943	3.1057%	3.0751%	0.0700%
National Refinery Limited	-	36,500	-	-	36,500	20,846	2.4955%	2.4710%	0.0500%
	-	97,500	-	-	97,500	46,789			
Total December 31, 2016	16,901,910	2,584,600	-	(10,781,138)	8,705,372	835,338			
Carrying value of investment at December 31, 2016						688,400			

5.2 Investments include shares having market value aggregating to Rs. 55.16 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
6 PAYABLE TO MANAGEMENT COMPANY			
Management fee	6.1	1,403	1,537
Sindh Sales Tax	6.2	182	246
Sales load payable		231	1
Allocation of expenses related to registrar services, accounting, operation and valuation services	10	103	78
		1,919	1,862

6.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2016: 2%) of the average net assets of the Fund for the current period. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

	Note	December 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	8	13,920	13,920
Provision for Workers' Welfare Fund	9	22,513	28,085
Provision for Sindh Workers' Welfare Fund	9	5,572	-
Auditors' remuneration		221	275
Payable on redemption of units		-	3
Payable to brokers		264	53
Withholding tax payable		157	27
Printing charges payable		504	400
Others		2,280	2,135
		45,431	44,898

PICIC ENERGY FUND
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8. PROVISION FOR FEDERAL EXCISE DUTY

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 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, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

"However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 13.920 million."

Had the provision not been made, NAV per unit of the Fund as at December 31, 2016 would have been higher by Rs. 0.26 per unit (June 30, 2016: 0.18 per unit).

9. PROVISION WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

As disclosed in the annual audited financial of the Fund for the year ended June 30, 2016, the Fund had maintained provision of the Workers' Welfare Fund (WWF), which had been recognized till June 30, 2015, as the decision in the High Court of Sindh was pending with regard to applicability of WWF on Collective Investment Schemes (CISs), although the High Court of Sindh, in other case, had provided the judgement considering levy of WWF lawful whereas the Lahore High Court had provided different conclusion.

However, in the current period, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

Further, the Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

"Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:"

As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014, and

Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further clarification is received from the MUFAP.

As a result, the Management Company assessed that no further provision is required for SWWF and additional provision of WWF of Rs. 22.513 million should be carried forward till the matter is cleared.

"Subsequent to the period ended December 31, 2016, in the wake of the above developments i.e. decision of the SCP and communications took place with regard to SWWF, the MUFAP also, on behalf of Asset Management Companies

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(AMCs) and Collective Investment Schemes (CISs), obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the following, effective from January 12, 2017."

Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and

As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017.

Considering the recommendation of the MUFAP, the Management Company, reversed the excess provision of WWF of Rs. 22.513 million on January 12, 2017. Had the excess provision of WWF been reversed as of December 31, 2016, as an adjusting event, the NAV per unit of the Fund would have been higher by Rs. 0.42.

10. ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

11. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its 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 percent of net accounting income other than capital gains/loss to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited, being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

As mentioned in note 1, PICIC Asset Management Company Limited merged with and into HBL Asset Management Limited, therefore PICIC Asset Management Company Limited remained related party till August 31, 2016.

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

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

Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in the condensed interim financial information are as follows:

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	Half year ended December 31,	
	2016	2015
	(Rupees in '000)	
12.1 Transactions during the period		
HBL Asset Management Limited - Management Company **		
Remuneration of the Management Company	5,113	-
Sindh Sales Tax on remuneration of the Management Company	665	-
Sales load paid to the Management Company	63	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	256	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	910	1,141
Central Depository Service charges	33	7
PICIC Asset Management Company Limited - Management Company *		
Remuneration of the Management Company	2,941	10,096
Sindh Sales Tax on remuneration of the Management Company	382	1,413
FED on management fee	-	1,841
Sales load paid to the Management Company	5	71
Allocation of expenses related to registrar services, accounting, operation and valuation services	147	-
NIB Bank Limited - connected person holding 10% or more units		
Issue of 14,492,261 units (2015: Nil units)	200,000	-
Redemption of 39,799,946 units (2015: Nil units)	519,368	-
Profit on bank deposits	1,580	2,282
Bank charges	7	10
Directors of the Management Company		
Issue of 175,052 units (2015: Nil units)	2,500	-
	December 31,	June 30,
	2016	2016
	(Un-audited)	(Audited)
	(Rupees in '000)	

12.2 Balances outstanding as at period / year end

HBL Asset Management Limited - Management Company **		
Management fee	1,403	-
Sindh Sales Tax	182	-
Sales load payable	231	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	103	-
Investment held in the Fund: 9,668,299 units (June 30, 2016: Nil units)	151,476	-

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	December 31, 2016 (Un-audited) (Rupees in '000)	June 30, 2016 (Audited)
PICIC Asset Management Company Limited - Management Company *		
Management fee	-	1,537
Sindh Sales tax on management fee	-	246
Sales load payable	-	1
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	78
Investment in the Fund Nil units (June 30, 2016: 9,698,998 units)	-	116,138
NIB Bank Limited - connected person holding 10% or more units		
Bank balances	45,784	79,129
Profit receivable bank deposits	231	295
Investment in the Fund 6,518,097 units (June 30, 2016: 31,825,782 units)	102,121	382,298
Directors of the Management Company		
Investment in the Fund 175,052 units (June 30, 2016 Nil units)	2,743	-
Executives of the Management Company		
Investment in the Fund 2,178 units (June 30, 2016 1,248 units)	34	15
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	159	178
CDC charges payable	1	1
Security deposit	300	300

* Current year transactions / balances of these parties have not been disclosed as they did not remain related parties during the period.

** Comparative transactions / balances of these parties have not been disclosed as these parties were not related parties in last period

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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IFRS 13, 'Fair Value Measurements: Disclosures' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Note	December 31, 2016				December 31, 2016			
	Carrying amount				Fair Value			
	Fair value through profit or loss- held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities								
	835,338	-	-	835,338	835,338	-	-	835,338
	835,338	-	-	835,338	835,338	-	-	835,338
Financial assets not measured at fair value								
13.1				-				
	-	45,805	-	45,805	-	-	-	-
	-	3,039	-	3,039	-	-	-	-
	-	25,433	-	25,433	-	-	-	-
	-	2,800	-	2,800	-	-	-	-
	-	77,077	-	77,077	-	-	-	-
Financial liabilities not measured at fair value								
13.1								
	-	-	1,919	1,919	-	-	-	-
	-	-	159	159	-	-	-	-
	-	-	15,554	15,554	-	-	-	-
	-	-	3,269	3,269	-	-	-	-
	-	-	20,901	20,901	-	-	-	-
June 30, 2016								
	Carrying amount				Fair Value			
	Fair value through profit or loss- held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities								
	1,001	-	-	1,001	924,971	-	-	924,971
	1,001	-	-	1,001	924,971	-	-	924,971
Financial assets not measured at fair value								
13.1								
	-	79,129	-	79,129	-	-	-	-
	-	551	-	551	-	-	-	-
	-	2,800	-	2,800	-	-	-	-
	-	82,480	-	82,480	-	-	-	-
Financial liabilities not measured at fair value								
13.1								
	-	-	1,862	1,862	-	-	-	-
	-	-	179	179	-	-	-	-
	-	-	2,866	2,866	-	-	-	-
	-	-	4,907	4,907	-	-	-	-

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13.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

14. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2016 is 1.65% which includes 0.22% representing government levy and SECP fee.

15. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **February 24, 2017**.

16. GENERAL

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

16.2 Corresponding figures have been rearranged and reclassified, wherever necessary for better presentation and disclosure.

16.2 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim statement of income and other comprehensive income for the quarter ended December 31, 2016 have not been reviewed.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

www.jamapunji.pk















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