

**HBL**

**ASSET MANAGEMENT LTD.**  
ایسیٹ مینجمنٹ لمیٹڈ

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 Mustahekam Sarmaya Fund 1

**Quarterly Report**  
**September 30, 2016**  
(Un- Audited)

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## **REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENET COMPANY FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016**

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The Board of Directors of HBL Asset Management Limited, the Management Company of following Funds is pleased to submit herewith its Directors Review Report together along with the unaudited condensed Interim Financial Statements for the three months ended September 30, 2016:

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

### **MARKET REVIEW**

#### **Money Market Review**

After adopting a lax monetary policy in FY16, the State Bank of Pakistan took a more cautious approach in the quarter. 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, which was offset by rising foreign exchange reserves and increased foreign direct investment inflow. Expecting this to be the bottom of the interest rate easing cycle, money market participants have already started to incorporate higher interest rates, as indicated by the steepening of the yield curve. Secondary market yields for 6 and 12-month T-Bills increased by 5 basis points (bps) and 1 bp respectively, whereas the yield on 3-month T-Bill remained unchanged. Meanwhile, yields on the 3, 5 and 10-year PIBs increased by 24, 21 and 30 bps respectively.

CPI inflation for 1QFY17 clocked in at 3.86%, more than double the 1.66% witnessed in the same period last year, driven mainly by higher food prices. The current account deficit for 2MFY17 clocked in at 2.5% of GDP compared to 1.4% of GDP last year, mainly due to a larger trade deficit and a decline in remittance inflows. The country's foreign exchange reserves increased by 2.3% since June-end to USD 23.6 billion, driven by sizable inflows from the IMF and other lenders. The surge in foreign exchange reserves resulted in relative stability in the exchange rate with PKR appreciating by 0.28% against USD in the interbank market.

#### **Stock Market Review**

The KSE100 Index continued its upward journey in 1QFY17, notching up a 7.3% return for the quarter, outperforming MSCI Frontier Market Index return of 1.8%. The Index surged past the 40,000 level to close at its all-time high of 40,542, driven mainly by banking and automobile assembling sectors, which benefitted from the upgrade into MSCI Emerging Market Index and strong growth in volumetric sales, respectively. Selective stocks in the E&P and OMC sectors also contributed towards the gain in the market. The fertilizer sector was the main laggard because of the large pile-up of urea inventory combined with falling international urea prices which were expected to have a negative impact on their earnings; the sector also bore the brunt of net foreign selling (USD 38.5 million) during the quarter. Further downside pressure on the Index came from the cement sector, where a lack of clarity on the taxation structure for real estate transactions and a rapid surge in input costs dented the sector's performance. Furthermore, average daily trading volume in KSE100 Index shares posted a nominal improvement of 3.42% Q/Q to 136 million shares. Investor participation in the equity market remained skewed towards 2nd tier scrip's as indicated by the fact that the return of the KSE30 (total return) Index posted a gain of 4.75%, underperforming the KSE100 Index. In terms of market flows, mutual funds and NBFCs were the major buyers in the market whereas individuals and banks/DFIs were the major sellers.

### **FUND'S PERFORMANCE**

#### **HBL Money Market Fund**

The total income and net income of the Fund was Rs. 66.13 million and Rs. 51.78 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 102.7115 per unit as at September 30, 2016; there by giving an annualized return of 4.55%. During the same period the benchmark returns (50% 3M PKRV & 50% 3M Deposit) was 4.96%. The size of the Fund increased by Rs. 0.62 billion as at September 30, 2016.

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**HBL Income Fund**

The total income and net income of the Fund was Rs. 93.158 million and Rs. 61.685 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 106.9245 per unit as at September 30, 2016; there by giving an annualized return of 3.11%. During the same period the benchmark return (6 Month Kibor) was 6.03%. The size of the Fund decreased by Rs. 0.72 billion as at September 30, 2016.

**HBL Multi Asset Fund**

The total income and net income of the Fund was Rs. 42.28 million and Rs. 36.78 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 101.2865 per unit as at September 30, 2016; there by giving an annualized return of 9.84%. During the same period the benchmark return (50% KSE 100 & 50% 6 Month Kibor) was 14.09%. The size of the Fund increased by Rs. 0.03 billion as at September 30, 2016.

**HBL Mustahekum Sarmaya Fund**

The total income and net income of the Fund was Rs. 49.07 million and Rs. 41.80 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 103.5250 per unit as at September 30, 2016; there by giving an annualized return of 2.42%. During the same period 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 0.63%. The size of the Fund increased by Rs. 0.04 billion as at September 30, 2016.

**HBL Stock Fund**

The total income and net income of the Fund was Rs. 287.05 million and Rs. 255.521 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 110.6700 per unit as at September 30, 2016; there by giving an annualized return of 6.75%. During the same period the benchmark return (KSE 100 Index) was 7.03%. The size of the Fund increased by Rs. 0.31 billion as at September 30, 2016.

**PICIC Cash Fund**

The total income and net income of the Fund was Rs. 40.171 million and Rs. 34.459 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 101.8578 per unit as at September 30, 2016; there by giving an annualized return of 5.16%. During the same period the benchmark return (Average of 3M Deposit AA Rated Bank Deposit) was 4.23%. The size of the Fund increased by Rs.0.58 billion as at September 30, 2016.

**PICIC Income Fund**

The total income and net income of the Fund was Rs.34.327 million and Rs. 23.417 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 106.3940 per unit as at September 30, 2016; there by giving an annualized return of 4.47%. During the same period the benchmark return (Average of 6 Month Kibor) was 5.78%. The size of the Fund decreased by Rs. 0.01 billion as at September 30, 2016.

**PICIC Stock Fund**

The total income and net income of the Fund was Rs. 26.719 million and Rs. 23.373 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 114.7536 per unit as at September 30, 2016; there by giving an annualized return of 7.02%. During the same period the benchmark return (KSE 100 index) was 7.30%. The size of the Fund decreased by Rs. 0.18 billion as at September 30, 2016.

**PICIC Energy Fund**

The total income and net income of the Fund was Rs.85.872 million and Rs. 79.127 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 13.4660 per unit as at September 30, 2016; there by giving an annualized return of 12.10%. During the same period the benchmark return (KSE 100 index) was 7.30%. The size of the Fund decreased by Rs. 0.22 billion as at September 30, 2016.

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**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 the Funds are 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: **October 31, 2016**

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

**Not For Print**

**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)
	Mr. Ava A. 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  
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](http://www.hblasset.com)

Head Office

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

Registered Office

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

**HBL MONEY MARKET FUND**  
**Condensed Interim Statement of Assets And Liabilities**  
*As at September 30, 2016*

	Note	(Un-Audited) September 30, 2016 (Rupees in '000)	(Audited) June 30, 2016
<b>Assets</b>			
Bank balances		2,844,303	2,371,639
Investments	4	1,395,389	1,494,422
Accrued mark-up		16,070	1,588
<b>Total assets</b>		<b>4,255,762</b>	<b>3,867,649</b>
<b>Liabilities</b>			
Payable to Management Company		3,936	4,445
Payable to Trustee		310	371
Payable to Securities and Exchange Commission of Pakistan		746	3,444
Dividend payable		-	1,818
Accrued expenses and other liabilities	5	110,330	334,856
<b>Total liabilities</b>		<b>115,322</b>	<b>344,934</b>
<b>Net assets</b>		<b>4,140,440</b>	<b>3,522,715</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>4,140,440</b>	<b>3,522,715</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>40,311,341</b>	<b>34,690,544</b>
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<b>102.7115</b>	<b>101.5468</b>

The annexed notes 1 to 13 form an integral part of these financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL MONEY MARKET FUND**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	Note	Quarter ended September 30,	
		2016	2015
		(Rupees in '000)	
<b>Income</b>			
Mark-up / return on investments		42,321	24,256
Mark-up on deposits with banks & TDRs		18,120	70,434
(Loss) / Gain on sale of investments - net		(667)	902
		59,774	95,592
<b>Expenses</b>			
Remuneration of Management Company		11,239	17,372
Remuneration of Trustee		1,049	1,175
Annual fee of Securities and Exchange Commission of Pakistan		746	986
Allocation of expenses related to registrar services, accounting, operation and valuation services	5.2	995	-
Auditors' remuneration		126	122
Amortisation of preliminary expenses and floatation costs		-	8
Other expenses		189	84
		14,344	19,747
Net income from operating activities		45,430	75,845
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		6,352	5,983
Provision for Workers' Welfare Fund	5.3	-	-
<b>Net income for the period before taxation</b>		<b>51,782</b>	<b>81,828</b>
<b>Taxation</b>	8	-	-
<b>Net income for the period after taxation</b>		<b>51,782</b>	<b>81,828</b>
<b>Earning Per Unit</b>	9		

The annexed notes 1 to 13 form an integral part of these financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL MONEY MARKET FUND****Condensed Interim Statement of Comprehensive Income (Un-Audited)***For the quarter ended September 30, 2016*

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
Net income for the period	51,782	81,828
<b>Other comprehensive income for the period</b>		
<b>Items to be reclassified to income statement in subsequent periods:</b>		
Net unrealised (loss) / gain on re-measurement of investments classified as available for sale	(448)	1,970
<b>Total comprehensive income for the period</b>	<u>51,334</u>	<u>83,798</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL MONEY MARKET FUND**  
**Condensed Interim Distribution Statement (Un-Audited)**  
*For the quarter ended September 30, 2016*

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward - realised	24,925	27,368
Net income for the period	51,782	81,828
Element of income / (loss) and capital gains / (losses) included in the price of units issued less those in units redeemed, amount representing income / (loss) that form part of the unit holders' fund	444	173
Undistributed income carried forward - realised	<u>77,151</u>	<u>109,369</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

**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 quarter ended September 30, 2016*

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
<b>Net assets at beginning of the period</b>	<b>3,522,715</b>	<b>5,081,207</b>
Issue of 10,888,546 units (2015 : 20,767,227 units)	<b>1,111,259</b>	2,107,955
Redemption of 5,267,749 units (2015 : 19,005,037 units)	<b>(538,516)</b>	(1,933,787)
	<b>572,743</b>	174,168
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement	<b>(6,352)</b>	(5,983)
Net income for the period	<b>51,782</b>	81,828
Net unrealised (diminution) / appreciation on re-measurement of investments classified as available for sale	<b>(448)</b>	1,970
Total comprehensive income for the period	<b>51,334</b>	83,798
<b>Net assets at end of the period</b>	<b><u>4,140,440</u></b>	<b><u>5,333,190</u></b>

The annexed notes 1 to 13 form an integral part of these financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

**HBL MONEY MARKET FUND**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	51,782	81,828
<b>Adjustments</b>		
Amortisation 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	(6,352)	(5,983)
	<b>45,430</b>	<b>75,853</b>
<b>(Increase) / decrease in assets</b>		
Investments - net	<b>98,585</b>	(1,868,548)
Accrued mark-up	<b>(14,482)</b>	5,161
Advances, deposits and other receivables	-	407,416
	<b>84,103</b>	(1,455,971)
<b>Increase / (decrease) in assets</b>		
Payable to Management Company	<b>(509)</b>	115
Payable to Trustee	<b>(61)</b>	12
Payable to Securities and Exchange Commission of Pakistan	<b>(2,698)</b>	(6,028)
Accrued expenses and other liabilities	<b>(224,526)</b>	(8,122)
	<b>(227,794)</b>	(14,023)
<b>Net cash used in operating activities</b>	<b>(98,261)</b>	(1,394,141)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	<b>1,111,259</b>	2,107,955
Payment against redemption of units	<b>(538,516)</b>	(1,933,787)
Cash dividend paid	<b>(1,818)</b>	(4,215)
<b>Net cash generated from financing activities</b>	<b>570,925</b>	169,953
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>472,664</b>	(1,224,188)
Cash and cash equivalents at beginning of the period	<b>2,371,639</b>	3,816,462
<b>Cash and cash equivalents at end of the period</b>	<b>2,844,303</b>	2,592,274

The annexed notes 1 to 13 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## HBL MONEY MARKET FUND

### Notes to the Condensed Interim Financial Statements (Un-Audited)

For the quarter ended September 30, 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 authorised 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 NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24-C, Khayban 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. 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. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions 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 the 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.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

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 standards which became effective during the period.

4. INVESTMENTS	Note	(Un-Audited)	(Audited)
		September 30, 2016	June 30, 2016
(Rupees in '000)			
Available for sale			
- Government Securities	4.1	1,395,389	1,394,422
Loans and receivables			
- Certificate of investment	4.2	-	100,000
		<u>1,395,389</u>	<u>1,494,422</u>



**4.1 Investment in Government Securities - Available for sale**

Issue Date	Tenor	Face value			As at September 30, 2016	Market Value as at September 30, 2016	Market value as a percentage of	
		As at July 1, 2016	Purchases during the period	Sales / Matures during the period			Total Investments	Net Assets
----- (Rupees in '000) -----								
<b>Treasury bills</b>								
August 20, 2015	12 months	250,000	1,100,000	1,350,000	-	-	-	-
October 15, 2015	12 months	1,150,000	200,000	1,350,000	-	-	-	-
January 21, 2016	6 months	-	-	-	-	-	-	-
January 21, 2016	12 months	-	500,000	500,000	-	-	-	-
March 31, 2016	6 months	-	1,000,000	1,000,000	-	-	-	-
June 9, 2016	6 months	-	210,000	-	210,000	207,715	14.89%	5.02%
July 21, 2016	6 months	-	1,000,000	1,000,000	-	-	-	-
August 4, 2016	3 months	-	390,000	390,000	-	-	-	-
August 4, 2016	6 months	-	250,000	-	250,000	245,074	17.56%	5.92%
August 18, 2016	3 months	-	350,000	-	350,000	347,775	24.92%	8.40%
September 1, 2016	3 months	-	600,000	-	600,000	594,825	42.63%	14.37%
September 3, 2016	12 months	-	1,800,000	1,800,000	-	-	-	-
<b>Total</b>		<b>1,400,000</b>	<b>7,400,000</b>	<b>7,390,000</b>	<b>1,410,000</b>	<b>1,395,389</b>	<b>100.00%</b>	<b>33.71%</b>

Cost of investments at September 30, 2016

1,394,254

**4.2 Loans and receivables - Certificate of investment**

Name of Company	As at July 01, 2016	Placements made during the period	Matured during the period	As at September 30, 2016	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----						
PAIR Investment Company Limited	-	-	-	-	-	-
Pak Oman Investment Company Limited	-	-	-	-	-	-
Pak Brunai Investment Company Limited	100,000	-	100,000	-	-	-
	<b>100,000</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

**4.3 Unrealised (loss) / gain on re-measurement of investments classified as available for sale**

Note	2016	2015
	(Rupees in '000)	
Market value of investments	1,395,389	1,494,422
Less: Cost of investments	(1,395,669)	(1,494,254)
	<b>(280)</b>	<b>168</b>

**5 ACCRUED EXPENSES AND OTHER LIABILITIES**

Note	September 30, 2016	June 30, 2016
	(Rupees in '000)	
Auditors' remuneration	464	291
Brokerage payable	-	107
Withholding tax payable	-	19,857
Federal Excise Duty	41,211	41,211
Capital gain tax payable	507	13,051
Payable to unit holders against redemption	3,314	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	64,738	64,738
Other payable	96	325
	<b>110,330</b>	<b>334,856</b>

**5.1 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF**

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016.

Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 1.0223.

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

During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard, the Management Company has started charging these expenses effective from November 25, 2015.

**5.3 PROVISION FOR WORKERS' WELFARE FUND**

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016.

After the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1st July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Asset Value (NAV) per unit of the Fund as at September 30, 2016 would have been higher by Rs. 1.6060 per unit.

**6. TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 0.64% (0.08% representing Government Levies, and SECP Fee).

**7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at September 30, 2016.

**8. 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. 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.

**9. EARNINGS PER UNIT (EPU)**

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

## 10. 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 and directors of connected persons.

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 these financial statements are as follows:

	(Un-Audited) September 30,	
	2016	2015
	(Rupees in '000)	
<b>10.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	11,239	17,372
Allocation of expenses related to registrar services, accounting, operation and valuation services	995	-
Redemption of 1,661,185 units (2015: nil units)	170,000	-
Profit earned on units redeemed	2,246	-
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	11	7
Mark-up earned during the period	2,863	1,117
Mark-up received during the period	2,051	3,023
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	1,049	1,175
<b>Directors and Executives of the Management Company and their relatives</b>		
<b>Relatives of Directors</b>		
Redemption of nil units (2015: 40,458 units)	-	4,123
Profit earned on units redeemed	-	31
<b>Executives and their relatives</b>		
Redemption of 14,833 units (2015: 40,457 units)	1,516	4,123
Profit earned on units redeemed	-	613
<b>Directors of connected persons</b>		
Redemption of nil units (2015: 11,145 units)	-	1,134
Profit earned on units redeemed	-	9

<b>10.2 Amounts outstanding as at period end</b>	<b>(Un-Audited)</b>	<b>(Audited)</b>
	<b>September 30,</b>	<b>June 30,</b>
	<b>2016</b>	<b>2016</b>
	<b>(Rupees in '000)</b>	
<b>HBL Asset Management Limited - Management Company</b>		
Management Fee	3,318	3,521
Sindh Sales Tax	431	572
Allocation of expenses related to registrar services, accounting, operation and valuation services	187	352
Investment held in the Fund : 3,651,216 units (June 30, 2016: 5,312,401 units)	375,022	539,457
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund : 1,677,432 units (June 30, 2016: 1,677,432 units)	172,292	170,338
Bank balances	125,938	1,133,161
Mark-up receivable on deposits with bank	1,064	252
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	310	371
<b>Directors and Executives of the Management Company and their relatives</b>		
<b>Directors and their relatives</b>		
Investment held in the Fund : nil units (June 30, 2016: 195 units)	-	20
<b>Executives and their relatives</b>		
Investment held in the Fund : 21,575 units (June 30, 2016: 36,408 units)	2,216	3,697
<b>Directors of connected persons</b>		
Investment held in the Fund : 13,166 units (June 30, 2016: 13,166 units)	1,352	1,337

## **11. 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 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.

	September 30, 2016				Fair Value			Total
	Carrying amount			Total	Level 1	Level 2	Level 3	
	Available-for-sale	Loans and receivables	Other financial liabilities					
----- (Rupees in '000) -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Government Securities	1,395,389	-	-	1,395,389	-	1,395,389	-	1,395,389
	<u>1,395,389</u>	<u>-</u>	<u>-</u>	<u>1,395,389</u>	<u>-</u>	<u>1,395,389</u>	<u>-</u>	<u>1,395,389</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	2,844,303	-	2,844,303				
Investments								
Accrued mark-up	-	16,070	-	16,070				
Advances, deposits and other receivables								
	<u>-</u>	<u>2,860,373</u>	<u>-</u>	<u>2,860,373</u>				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	3,936	3,936				
Payable to Trustee	-	-	310	310				
Accrued expenses and other liabilities	-	-	3,874	3,874				
	<u>-</u>	<u>-</u>	<u>8,120</u>	<u>8,120</u>				
----- (Rupees in '000) -----								
June 30, 2016								
	Carrying amount			Total	Fair Value			Total
	Available-for-sale	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Government Securities	1,394,422	-	-	1,394,422	-	1,394,422	-	1,394,422
	<u>1,394,422</u>	<u>-</u>	<u>-</u>	<u>1,394,422</u>	<u>-</u>	<u>1,394,422</u>	<u>-</u>	<u>1,394,422</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	2,371,639	-	2,371,639				
Investment								
- Certificate of Investment	-	100,000	-	100,000				
Accrued mark-up	-	1,588	-	1,588				
Advances, deposits and other receivables								
	<u>-</u>	<u>2,473,227</u>	<u>-</u>	<u>2,473,227</u>				
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	4,445	4,445				
Payable to Trustee	-	-	371	371				
Accrued expenses and other liabilities	-	-	228,907	228,907				
	<u>-</u>	<u>-</u>	<u>233,723</u>	<u>233,723</u>				

11.1 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 frequently. Therefore, their carrying amounts are reasonable approximation of fair value.

## 12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **October 31, 2016**.

## 13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL**  
**INCOME FUND**

## FUND AND CORPORATE INFORMATION

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### 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)
	Mr. Ava A. 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

Habib Bank Limited  
Bank Al-Habib Limited  
MCB Bank Limited  
Habib Metropolitan Bank Limited  
Bank Al Falah Limited  
Faysal Bank Limited  
Allied Bank Limited  
Soneri 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](http://www.hblasset.com)

#### Head Office

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

#### Registered Office

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

**HBL INCOME FUND**  
**Condensed Interim Statement of Assets And Liabilities**  
**As at September 30, 2016**

	Note	(Un-Audited) September 30, 2016 (Rupees in '000)	(Audited) June 30, 2016
<b>Assets</b>			
Bank balances		3,431,490	3,259,842
Investments	4	2,662,669	3,275,774
Accrued mark-up		24,268	36,410
Advances, deposits and other receivables		3,600	267,596
<b>Total assets</b>		<b>6,122,027</b>	<b>6,839,622</b>
<b>Liabilities</b>			
Payable to Management Company		12,223	15,388
Payable to Trustee		479	618
Payable to Securities and Exchange Commission of Pakistan		1,189	4,844
Accrued expenses and other liabilities	5	105,048	92,712
<b>Total liabilities</b>		<b>118,939</b>	<b>113,562</b>
<b>Net assets</b>		<b>6,003,088</b>	<b>6,726,060</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>6,003,088</b>	<b>6,726,060</b>
		(Number of units)	
<b>Number of units in issue</b>		<b>56,143,227</b>	<b>63,397,299</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>106.9245</b>	<b>106.0938</b>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**HBL INCOME FUND**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	<i>Note</i>	Quarter ended September 30,	
		2016	2015
		----- <i>(Rupees in '000)</i> -----	
<b>Income</b>			
Mark-up on deposits with banks		21,458	16,869
Mark-up / return on investments		81,736	83,362
Capital gain on sale of investments - net		(968)	36,478
		<u>102,226</u>	<u>136,709</u>
<b>Expenses</b>			
Remuneration of Management Company		26,871	19,318
Remuneration of Trustee		1,530	1,062
Annual fee to Securities and Exchange Commission of Pakistan		1,189	724
Allocation of expenses related to registrar services, accounting, operation and valuation services	5.2	1,585	-
Settlement and bank charges		130	-
Auditors' remuneration		130	123
Other expenses		38	64
		<u>31,473</u>	<u>21,291</u>
<b>Net income from operating activities</b>		<u>70,753</u>	<u>115,418</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(9,068)	35,470
Provision for Workers' Welfare Fund	5.3	-	-
<b>Net income for the period before taxation</b>		<u>61,685</u>	<u>150,888</u>
<b>Taxation</b>	8	-	-
<b>Net income for the period after taxation</b>		<u><u>61,685</u></u>	<u><u>150,888</u></u>
<b>Earnings per unit</b>	9		

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL INCOME FUND****Condensed Interim Statement of Comprehensive Income (Un-Audited)***For the quarter ended September 30, 2016*

	Quarter ended September 30,	
	2016	2015
	----- (Rupees in '000) -----	
Net income for the period	61,685	150,888
<b>Other comprehensive income for the period</b>		
<i>Items to be reclassified to income statement in subsequent periods:</i>		
Net unrealised (diminution) on remeasurement of investments classified as available for sale	(1,264)	(17,375)
<b>Total comprehensive income for the period</b>	<u>60,421</u>	<u>133,513</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL INCOME FUND**  
**Condensed Interim Distribution Statement (Un-Audited)**  
*For the quarter ended September 30, 2016*

	<b>2016</b>	<b>Quarter ended September 30, 2015</b>
	<b>(Rupees in '000)</b>	
Undistributed income brought forward - realised	<b>240,413</b>	70,588
Net income for the period	<b>61,685</b>	150,888
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	<b>(27,509)</b>	3,680
Undistributed income carried forward - realised	<u><b>274,589</b></u>	<u>225,156</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

**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 quarter ended September 30, 2016**

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
<b>Net assets at beginning of the period</b>	6,726,060	3,376,281
Issue of 2,584,601 units (2015: 22,463,861 units)	273,112	2,389,313
Redemption of 9,838,673 units (2015: 3,620,918 units)	(1,065,573)	(385,415)
	(792,461)	2,003,898
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement-net	9,068	(35,470)
Net income for the period	61,685	150,888
Net unrealised (diminution) on remeasurement of investments classified as available for sale	(1,264)	(17,375)
Total comprehensive income for the period	60,421	133,513
<b>Net assets at end of the period</b>	<b>6,003,088</b>	<b>5,478,222</b>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL INCOME FUND**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	61,685	150,888
<b>Adjustments</b>		
Provision against non-performing Term Finance Certificates and Sukuk bonds	-	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	9,068	(35,470)
	<u>70,753</u>	<u>115,418</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	611,841	(2,230,375)
Accrued mark-up	12,142	(531)
Advances, deposits, and other receivables	263,996	7
	<u>887,979</u>	<u>(2,230,899)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	(3,165)	279
Payable to Trustee	(139)	85
Payable to Securities and Exchange Commission of Pakistan	(3,655)	(1,772)
Accrued expenses and other liabilities	12,336	(401,531)
	<u>5,377</u>	<u>(402,939)</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>964,109</u>	<u>(2,518,420)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	273,112	2,389,313
Payment against redemption of units	(1,065,573)	(385,415)
<b>Net cash (used in) / generated from financing activities</b>	<u>(792,461)</u>	<u>2,003,898</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>171,648</u>	<u>(514,522)</u>
Cash and cash equivalents at beginning of the period	3,259,842	1,099,072
<b>Cash and cash equivalents at end of the period</b>	<u>3,431,490</u>	<u>584,550</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## HBL INCOME FUND

### Notes to the Condensed Interim Financial Statements (Un-Audited)

For the quarter ended September 30, 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 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. 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. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions 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 the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

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.

4. INVESTMENTS	Note	(Un-Audited)	(Audited)
		September 30, 2016	June 30, 2016
(Rupees in '000)			
Available for sale			
- Term Finance Certificates - Listed	4.1.1	-	-
- Term Finance Certificates and Sukuk bonds - Unlisted	4.1.2	891,555	666,527
- Government Securities	4.2	1,681,585	2,359,247
- Investment in Equity Securities	4.3	89,529	-
- Loans and receivables - Placements	4.4	-	250,000
		<u>2,662,669</u>	<u>3,275,774</u>

Name of the Investee Company	Number of certificates			As at September 30, 2016	Market value/ Carrying value* as at September 30, 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
<b>4.1 Available for sale investments</b>							
All Term Finance Certificates and Sukuk bonds have a face value of Rs. 5,000 each unless stated otherwise.							
<b>4.1.1 Term Finance Certificates - Listed</b>							
(Rupees in '000)							
<b>Financial Services</b>							
Saudi Pak Leasing Company Limited - (Note 4.1.3)	2,000	-	-	2,000	-	-	-
	2,000	-	-	2,000	-	-	-
<b>Fixed Line Telecommunication</b>							
World Call Telecom Limited - (Note 4.1.4)	23,750	-	-	23,750	-	-	-
	23,750	-	-	23,750	-	-	-
	<b>25,750</b>	<b>-</b>	<b>-</b>	<b>25,750</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cost of investments at September 30, 2016</b>					<b>53,318</b>		
<b>4.1.2 Term Finance Certificates and Sukuk bonds - Unlisted</b>							
(Rupees in '000)							
<b>Commercial Banks</b>							
Habib Bank Limited	-	35,000	-	35,000	174,805	6.57%	2.91%
Standard Chartered Bank (Pakistan) Limited	8,000	10,000	-	18,000	90,389	3.39%	1.51%
	8,000	10,000	-	53,000	265,194	9.96%	4.42%
<b>Chemicals</b>							
Agritech Limited - (Note 4.1.5)	2,000	-	-	2,000	-	-	-
Engro Fertilizers Limited - Sukuk	86,000	-	-	86,000	430,000	10.29%	7.16%
	88,000	-	-	88,000	430,000	10.29%	7.16%
<b>Multitilities</b>							
WAPDA TFC	50,000	-	-	50,000	196,361	7.37%	3.27%
	50,000	-	-	50,000	196,361	7.37%	3.27%
<b>Others</b>							
New Allied Electronics Industries (Pvt) Limited - (Note 4.1.5)	9,000	-	-	9,000	-	-	-
New Allied Electronics Industries (Pvt) Limited -Sukuk - (Note 4.1.5)	9,000	-	-	9,000	-	-	-
	18,000	-	-	18,000	-	-	-
	<b>164,000</b>	<b>10,000</b>	<b>-</b>	<b>209,000</b>	<b>891,555</b>	<b>27.63%</b>	<b>14.85%</b>
<b>Cost of investments at September 30, 2016</b>					<b>963,454</b>		
* 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.							
<b>4.1.3 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.</b>							
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 thereafter 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. A provision of Rs. 5.550 million equivalent to 100% of the amount outstanding has been made.							

4.1.4 Worldcall Telecom Limited TFC's were classified by MUFAP as non-performing on November 8, 2012 after default of instalment due on October 7, 2012 (earlier default on April 7, 2012) for the second time. A restructuring agreement was signed on December 26, 2012. The restructuring included the extension of repayment period by 2 years, deferral of principal instalments till October 7, 2014 and payment of regular mark-up during the restructuring period. The issuer defaulted again in payment of principal instalment due on October 7, 2014. In accordance with Circular No. 33 of 2012 dated October 24, 2012, a provision of Rs. 47.767 million equivalent to 100% of the amount outstanding has been made.

4.1.5 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided.

4.1.6 The Term Finance Certificates and Sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the issuer.

4.1.7 Instalments amounting to Rs. 1,998 thousand have become due for payment of the following TFCs / sukuks and are reflected in note 7.

	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
Agritech Limited	1,998	1,998
	<u>1,998</u>	<u>1,998</u>

4.2 Investment in Government Securities - Available for sale

Issue Date	Tenor	Face value			Market Value as at September 30, 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)							
<b>Treasury bill</b>							
October 29, 2015	3 months	250,000	-	250,000	-	-	-
January 21, 2016	1 year	439,500	-	300,000	139,500	137,060	5.15%
January 21, 2016	6 months	50,000	-	50,000	-	-	-
January 21, 2016	3 months	50,000	-	50,000	-	-	-
March 3, 2016	1 year	200,000	500,000	500,000	200,000	195,198	7.33%
May 26, 2016	3 months	250,000	-	250,000	-	-	-
July 21, 2016	6 months	-	250,000	250,000	-	-	-
July 21, 2016	1 year	-	600,000	600,000	-	-	-
August 18, 2016	3 months	-	100,000	-	100,000	99,364	3.73%
September 1, 2016	3 months	-	800,000	250,000	550,000	545,256	20.48%
		<u>1,239,500</u>	<u>2,250,000</u>	<u>2,500,000</u>	<u>989,500</u>	<u>976,878</u>	<u>36.69%</u>
<b>Pakistan Investment Bonds</b>							
July 19, 2012	10 years	-	150,000	150,000	-	-	-
July 17, 2014	5 years	100,000	-	100,000	-	-	-
April 21, 2016	3 years	-	250,000	250,000	-	-	-
April 21, 2016	5 years	385,000	575,000	950,000	10,000	10,411	0.39%
April 21, 2016	10 years	-	385,000	385,000	-	-	-
March 26, 2015	5 years	50,000	600,000	250,000	400,000	434,720	16.33%
March 26, 2015	3 years	550,000	-	300,000	250,000	259,576	9.75%
		<u>1,085,000</u>	<u>1,960,000</u>	<u>2,385,000</u>	<u>660,000</u>	<u>704,707</u>	<u>26.47%</u>
<b>Grand total</b>		<u>2,324,500</u>	<u>4,210,000</u>	<u>4,885,000</u>	<u>1,649,500</u>	<u>1,681,585</u>	<u>63.15%</u>
<b>Cost of investments at September 30, 2016</b>					<u>1,645,970</u>		



#### 4.3 Listed equity securities - 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				As at September 30, 2016	Market value as at September 30, 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)									
<b>Cement</b>									
D. G. Khan Cement Limited	-	27,500	-	-	27,500	5,112	0.11%	0.11%	0.01%
Maple Leaf Cement Factory Limited	-	9,500	-	-	9,500	910	0.02%	0.02%	0.00%
	-	37,000	-	-	37,000	6,022	0.13%	0.13%	
<b>Oil and Gas</b>									
Oil and Gas Development Company Limited	-	197,500	-	-	197,500	27,892	0.61%	0.58%	-
Pakistan State Oil Company Limited	-	77,000	-	-	77,000	31,889	0.69%	0.66%	0.03%
	-	274,500	-	-	274,500	59,781	1.30%	1.24%	
<b>Fertilizers</b>									
Fatima Fertilizer Company Limited	-	3,000	-	-	3,000	312	0.00	0.00	0.00%
	-	3,000	-	-	3,000	312	0.01%	0.01%	
<b>Food &amp; Personal Care Products</b>									
Engro Foods Limited	-	5,000	-	-	5,000	732	0.02%	0.02%	-
	-	5,000	-	-	5,000	732	0.02%	0.02%	
<b>Cable and Electric Goods</b>									
Pak Elektron Limited	-	320,500	-	-	320,500	22,682	0.49%	0.47%	0.08%
	-	320,500	-	-	320,500	22,682	0.49%	0.47%	
	-	640,000	-	-	640,000	89,529	1.95%	1.86%	
Cost of investments at September 30, 2016						89,002			

These equity shares are bought in ready market and simultaneously sold in future market in order to gain spread margins.

#### 4.4 Loans and receivables - Certificate of investment

Name of Bank	As at July 1, 2016	Placements made during the period	Matured during the period	As at September 30, 2016	Percentage of total value of investments	Percentage of Net Assets
(Rupees in '000)						
PAIR Investment Company Limited	-	100,000	100,000	-	-	-

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

	Note	September 30, 2016	June 30, 2016
(Rupees in '000)			
Market value of investments	4.1.1, 4.1.2, 4.2 & 4.3	2,662,669	2,674,837
Cost of investments	4.1.1, 4.1.2, 4.2 & 4.3	2,751,744	2,762,648
Provision against non-performing TFCs and Sukuk bonds	4.5	(124,484)	(124,484)
		2,627,260	2,638,164
		35,409	36,673

	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
<b>4.6 Movement in provision against investments</b>		
Opening balance	126,482	122,682
Add: Charge for the period / year	-	6,896
Less: Reversals / write-offs for the period / year	-	3,094
Net charge	-	3,802
Closing balance	<u>126,482</u>	<u>126,484</u>
Classified under investments	124,484	124,484
Classified under other receivables	1,998	1,998
	<u>126,482</u>	<u>126,482</u>
<b>5. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<i>Note</i>	
	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
Auditors' remuneration	413	324
Brokerage payable	116	15
Payable to unit holders against redemption of units	-	7,151
Federal Excise Duty payable	5.1 27,578	27,578
Payable to HBL Stock Fund against conversion of units	-	483
Capital gain tax payable	-	4,878
Withholding tax payable	-	23,986
Payable against Purchase of Investments	48,639	-
Provision for Workers' Welfare Fund	5.3 28,170	28,170
Other payables	132	127
	<u>105,048</u>	<u>92,712</u>
<b>5.1 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF</b>		
There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016.		
Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.		
In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.4912.		
<b>5.2 ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES</b>		
During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard, the Management Company has started charging these expenses effective from November 25, 2015.		

### 5.3 PROVISION FOR WORKERS' WELFARE FUND

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016.

However, after the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1st July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Asset Value (NAV) per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.5018 per unit.

### 6. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.50% (0.07% representing Government Levies, and SECP Fee).

### 7. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2016.

### 8. 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. 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.

### 9. EARNINGS PER UNIT (EPU)

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

### 10. 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.

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:

	(Un-Audited) Quarter ended September 30,	
10.1 Transactions during the period	2016	2015
	(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	26,871	19,318
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,585	-
<b>Habib Bank Limited - Sponsor</b>		
Profit on bank deposits earned including TDRs	2,124	1,732
Profit received on bank deposits	1,511	1,377

<b>Amer Tex (Pvt) Ltd - Associated company</b>		
Redemption of 784,818 units (2015: Nil units)	83,496	-
Profit earned on units redeemed	232	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	1,530	1,062
<b>Directors and Executives of the Management Company and their relatives</b>		
<b>Executives and their relatives</b>		
Issue of Nil units (2015: 20,661 units)	-	2,208
Redemption of 9,360 units (2015: 2,796 units)	1,000	300
Profit earned on units redeemed	-	43
<b>Directors of connected persons</b>		
Units redeemed (2015:190,219 units )	-	20,000
Profit earned on units redeemed	-	45
<b>10.2 Balances outstanding as at period end</b>	<b>(Un-Audited)</b>	<b>(Audited)</b>
	<b>September 30,</b>	<b>June 30,</b>
	<b>2016</b>	<b>2016</b>
	<b>(Rupees in '000)</b>	
<b>HBL Asset Management Limited - Management Company</b>		
Investment held by the management company in the fund: 377,025 units (2016: 377,025)	40,313	40,000
Management fee	7,439	8,802
Sindh Sales Tax	967	1,430
Sales Load payable	3,257	4,569
Allocation of expenses related to registrar services, accounting, operation and valuation services	560	587
<b>Habib Bank Limited - Sponsor</b>		
Investment held by HBL in the Fund: 13,402,498 units (June 30, 2016: 13,402,498 units)	1,433,055	1,421,922
Bank balances with HBL	23,766	1,010,685
Mark-up receivable on deposits with bank	613	-
<b>Amer Tex (Pvt) Ltd - Associated company</b>		
Investment held by HBL in the Fund: Nil units (June 30,2016: 784,816 units)	-	83,264
<b>SFL Ltd (Listed ) - Associated company</b>		
Investment held by HBL in the Fund: 197,114 units (June 30,2016: 197,114 units)	21,076	20,913
<b>Sapphire Finishing Mills Ltd - Associated company</b>		
Investment held by HBL in the Fund: 598,293 units (June 30,2016: 598,293 units)	63,972	63,475
<b>Directors and Executives of the Management Company and their relatives</b>		
<b>Directors and their relatives</b>		
Investment held in the Fund: 24,205 units (June 30, 2016: 24,205 units)	2,588	2,568
<b>Executives and their relatives</b>		
Investment held in the Fund: 102,420 units (2016: 111,780 units)	10,951	12,162
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	479	618
Security deposit	100	100
35		

## 11. 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 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.

	September 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)								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Term Finance Certificates and Sukuk bonds- Unlisted	461,555	-	-	461,555	461,555	-	-	461,555
- Government securities	1,681,585	-	-	1,681,585	1,681,585	-	-	1,681,585
- Investment in Equity securities	89,529	-	-	89,529	89,529	-	-	89,529
	<u>2,232,669</u>	<u>-</u>	<u>-</u>	<u>2,232,669</u>	<u>2,232,669</u>	<u>-</u>	<u>-</u>	<u>2,232,669</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	3,431,490	-	3,431,490	-	-	-	-
Investments								
- Term Finance Certificates and 'Sukuk bonds- Unlisted	430,000	-	-	430,000	-	-	-	-
Accrued mark-up	-	24,268	-	24,268	-	-	-	-
Advances, deposits and other receivables	-	3,600	-	3,600	-	-	-	-
	<u>430,000</u>	<u>3,459,358</u>	<u>-</u>	<u>3,889,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	12,223	12,223	-	-	-	-
Payable to Trustee	-	-	479	479	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan	-	-	1,189	1,189	-	-	-	-
Accrued expenses and other liabilities	-	-	49,300	49,300	-	-	-	-
	<u>-</u>	<u>-</u>	<u>63,191</u>	<u>63,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	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) -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
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
	<u>2,359,247</u>	<u>-</u>	<u>-</u>	<u>2,595,774</u>	<u>2,595,774</u>	<u>-</u>	<u>-</u>	<u>2,595,774</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	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, prepayments and other receivables	-	267,496	-	267,496	-	-	-	-
	<u>430,000</u>	<u>3,813,748</u>	<u>-</u>	<u>4,243,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	15,388	15,388	-	-	-	-
Payable to Trustee	-	-	618	618	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan	-	-	4,844	4,844	-	-	-	-
Accrued expenses and other liabilities	-	-	36,964	36,964	-	-	-	-
	<u>-</u>	<u>-</u>	<u>57,814</u>	<u>57,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

11.1 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.

## 12. 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 16 of 2010 dated July 07, 2010 required all Asset Management Companies to made disclosure in the financial statement of the collective investment scheme regarding any non-compliant investment held in portfolio of the collective investment scheme which are non-compliant either with the investment policy or the minimum investment criteria. As at September 30, 2016, all the investment held in the fund portfolio are compliant except for the following which are non-compliant due to not meeting minimum rating requirement.

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) -----						
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	-	-	-
Worldcall Telecom Limited	TFC	47,768	47,768	-	-	-

**13. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **October 31, 2016**.

**14. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**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)
	Mr. Ava A. 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  
 Habib Bank Limited  
 NIB Bank Limited  
 MCB 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

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

Registered Office

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

**HBL MULTI ASSET FUND**  
**Condensed Interim Statement of Assets And Liabilities**  
*As at September 30, 2016*

	Note	(Un-Audited) September 30, 2016 (Rupees in '000)	(Audited) June 30, 2016
<b>Assets</b>			
Bank balances		97,736	21,075
Investments	4	714,110	741,283
Dividend receivable and accrued mark-up		16,591	5,677
Advances, deposits and other receivables		3,234	18,257
<b>Total assets</b>		<b>831,671</b>	<b>786,292</b>
<b>Liabilities</b>			
Payable to Management Company		1,554	1,527
Payable to Trustee		131	146
Payable to Securities and Exchange Commission of Pakistan		170	629
Accrued expenses and other liabilities	5	31,159	18,484
<b>Total liabilities</b>		<b>33,014</b>	<b>20,786</b>
<b>Net assets</b>		<b>798,657</b>	<b>765,506</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>798,657</b>	<b>765,506</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>7,885,129</b>	<b>7,807,513</b>
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<b>101.2865</b>	<b>98.0472</b>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL MULTI ASSET FUND**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	Note	September 30,	
		2016	2015
		----- (Rupees in '000) -----	
<b>Income</b>			
Dividend income		2,538	4,479
Mark-up on deposits with banks & Term deposit		390	583
Mark-up / return on investments - net		4,423	4,680
Capital gain on sale of investments - net		34,715	30,272
Other Income		15	14
		<b>42,081</b>	40,028
Impairment loss on equity securities classified as available for sale - net		-	(3,176)
		<b>42,081</b>	36,852
<b>Expenses</b>			
Remuneration of Management Company		4,515	5,060
Remuneration of Trustee		456	436
Annual fee of Securities and Exchange Commission of Pakistan		170	163
Allocation of expenses related to registrar services, accounting, operation and valuation services	5.2	193	-
Auditors' remuneration		95	98
Settlement and bank charges		8	90
Other expenses		57	89
		<b>5,494</b>	5,936
<b>Net income from operating activities</b>		<b>36,587</b>	30,916
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		194	(420)
Provision for Workers' Welfare Fund	5.3	-	-
<b>Net income for the period before taxation</b>		<b>36,781</b>	30,496
<b>Taxation</b>	8	-	-
<b>Net income for the period after taxation</b>		<b>36,781</b>	30,496
<b>Earning per unit</b>	9		
The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.			
<b>For HBL Asset Management Limited</b>			
<b>(Management Company)</b>			
_____ Chief Executive		_____ Director	

**HBL MULTI ASSET FUND**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the quarter ended September 30, 2016*

	September 30,	
	2016	2015
	----- (Rupees in '000) -----	
Net income for the period	36,781	30,496
<b>Other comprehensive income for the period</b>		
<b>Items to be reclassified to income statement in subsequent periods:</b>		
Net unrealised (diminution) on remeasurement of investments classified as available for sale	(11,267)	(45,133)
<b>Total comprehensive income for the period</b>	<u>25,514</u>	<u>(14,637)</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL MULTI ASSET FUND**  
**Condensed Interim Distribution Statement (Un-Audited)**  
*For the quarter ended September 30, 2016*

	September 30,	
	2016	2015
	(Rupees in '000)	
Accumulated loss brought forward - realised	(96,050)	(128,856)
Net income for the period	36,781	30,496
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	(939)	5,235
Accumulated loss carried forward - realised	<u>(60,208)</u>	<u>(93,125)</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

**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 quarter ended September 30, 2016**

	September 30,	
	2016	2015
	(Rupees in '000)	
<b>Net assets at beginning of the period</b>	765,506	767,249
Issue of 126,707 units (2015: 35,472 units)	12,819	3,445
Redemption of 49,091 units (2015: 343,401 units)	(4,988)	(33,809)
	7,831	(30,364)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	(194)	420
Net income for the period	36,781	30,496
Net unrealised (diminution) on remeasurement of investments classified as available for sale	(11,267)	(45,133)
Total comprehensive income for the period	25,514	(14,637)
<b>Net assets at end of the period</b>	<b>798,657</b>	<b>722,668</b>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL MULTI ASSET FUND**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	September 30,	
	2016	2015
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	36,781	30,496
<b>Adjustments</b>		
Impairment loss on equity securities classified as available for sale	-	3,176
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(194)	420
	<u>36,587</u>	<u>34,092</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	15,906	57,750
Dividend receivable and accrued mark-up	(10,914)	(6,918)
Advances, deposits and other receivables	15,023	(36,054)
	<u>20,015</u>	<u>14,778</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	27	(61)
Payable to Trustee	(15)	12
Payable to Securities and Exchange Commission of Pakistan	(459)	(483)
Accrued expenses and other liabilities	12,675	(46,170)
	<u>12,228</u>	<u>(46,702)</u>
<b>Net cash generated from operating activities</b>	<u>68,830</u>	<u>2,168</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	12,819	3,445
Payment against redemption of units	(4,988)	(33,809)
<b>Net cash generated from / (used in) financing activities</b>	<u>7,831</u>	<u>(30,364)</u>
<b>Net increase / (decrease) cash and cash equivalents</b>	<u>76,661</u>	<u>(28,196)</u>
Cash and cash equivalents at beginning of the period	21,075	54,885
<b>Cash and cash equivalents at end of the period</b>	<u>97,736</u>	<u>26,689</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## HBL MULTI ASSET FUND

### Notes to the Condensed Interim Financial Statements (Un-Audited)

For the quarter ended September 30, 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 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.

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. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions 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 the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

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.

		(Un-Audited) September 30, 2016	(Audited) June 30, 2016
<b>4. INVESTMENTS</b>	Note	<b>(Rupees in '000)</b>	
Available for sale			
- Listed equity securities	4.1	472,156	521,029
- Unlisted equity securities	4.2	1,555	1,555
- Term Finance Certificates - Listed	4.3	-	-
- Government Securities	4.4	240,399	179,960
Loans and receivables - Commercial papers	4.5	-	38,739
		<u>714,110</u>	<u>741,283</u>



4.1 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 September 30, 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)								
<b>Commercial Banks</b>								
Habib Bank Limited	313,571	-	-	205,800	107,771	23,797	3.33%	2.98%
MCB Bank Limited	265,600	-	-	163,500	102,100	22,544	3.16%	2.82%
	579,171	-	-	369,300	209,871	46,341	6.49%	5.80%
<b>Personal Goods (Textile)</b>								
Nishat Mills Limited	30,500	97,400	-	-	127,900	18,021	-	-
	30,500	97,400	-	-	127,900	18,021	-	-
<b>Construction and Materials</b>								
D.G.Khan Cement Company Limited	152,900	-	-	24,600	128,300	23,848	3.34%	2.99%
Kohat Cement Limited	34,700	-	-	34,700	-	-	-	-
Lucky Cement Limited	66,800	-	-	27,350	39,450	26,718	3.74%	3.35%
Cherat Cement Company Limited	152,500	-	-	40,400	112,100	14,423	2.02%	1.81%
Pioneer Cement Company Limited	230,000	-	-	136,200	93,800	9,914	1.39%	1.24%
Maple Leaf Cement Factory Limited	-	100,000	-	100,000	-	-	-	-
	636,900	100,000	-	363,250	373,650	74,903	10.49%	9.39%
<b>Electricity</b>								
The Hub Power Company Limited	297,200	-	-	102,000	195,200	23,262	3.26%	2.91%
K-Electric Limited (Rs. 3.5 each)	2,800,000	-	-	2,800,000	-	-	-	-
Kot Addu Power Company Limited	90,500	117,500	-	-	208,000	17,407	2.44%	2.18%
	3,187,700	117,500	-	2,902,000	403,200	40,669	5.70%	5.09%
<b>Oil and Gas</b>								
Attock Petroleum Limited	23,650	-	-	23,650	-	-	-	-
Mari Petroleum Limited	7,700	9,200	-	-	16,900	16,132	2.26%	2.02%
Pakistan Oilfields Limited	-	25,000	-	-	25,000	10,033	-	-
Oil & Gas Development Company Limited	213,000	40,900	-	39,500	214,400	30,280	4.24%	3.79%
Pakistan Petroleum Limited	105,500	-	-	-	105,500	17,267	2.42%	2.16%
Pakistan State Oil Company Limited	91,300	-	-	42,300	49,000	20,293	2.84%	2.54%
	441,150	75,100	-	105,450	410,800	94,005	11.76%	10.51%
<b>Foods Producers</b>								
Engro Foods Limited	-	82,600	-	-	82,600	12,085	-	-
	-	82,600	-	-	82,600	12,085	-	-
<b>Chemicals</b>								
Engro Corporation Limited	113,800	-	-	28,500	85,300	24,844	3.48%	3.11%
Fauji Fertilizer Bin Qasim Limited	100,000	-	-	100,000	-	-	-	-
	213,800	-	-	128,500	85,300	24,844	3.48%	3.11%
<b>Household Goods</b>								
Pak Elektron Limited	234,000	-	-	-	234,000	16,560	2.32%	2.07%
	234,000	-	-	-	234,000	16,560	2.32%	2.07%
<b>General Industrials</b>								
Packages Limited	24,250	11,900	-	-	36,150	24,192	3.39%	3.03%
	24,250	11,900	-	-	36,150	24,192	3.39%	3.03%
<b>Pharma and Bio Tech</b>								
GlaxoSmithKline Limited	83,600	-	-	-	83,600	18,049	2.53%	2.26%
The Searle Company Limited	33,450	-	-	29,700	3,750	2,151	0.30%	0.27%
	117,050	-	-	29,700	87,350	20,200	2.83%	2.53%
<b>Automobile Assemblers</b>								
Honda Atlas Car Limited	-	32,200	-	16,100	16,100	9,850	1.38%	1.23%
	-	32,200	-	16,100	16,100	9,850	1.38%	1.23%
<b>Engineering</b>								
Mughal Iron & Steel Limited	2,500	-	-	-	2,500	214	0.03%	0.03%
Crescent Steel & Allied Products limited	-	4,600	-	-	4,600	580	0.08%	0.07%
Amreli Steels Limited	-	115,000	-	-	115,000	8,198	1.15%	1.03%
	2,500	119,600	-	-	122,100	8,992	1.26%	1.13%

	Number of shares				Market value as at September 30, 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)							
<b>Leather and Tanneries</b>								
Service Industries Limited	-	23,600	-	2,250	21,350	27,292	3.82%	3.42%
	-	23,600	-	2,250	21,350	27,292	3.82%	3.42%
<b>Transport</b>								
Pakistan International Bulk Terminal Private Ltd	-	726,000	-	-	726,000	22,644	3.17%	2.84%
	-	726,000	-	-	726,000	22,644	3.17%	2.84%
<b>Glass and Ceramics</b>								
Tariq Glass Limited	-	158,000	-	-	158,000	15,132	2.12%	1.89%
	-	158,000	-	-	158,000	15,132	2.12%	1.89%
<b>Automobile Parts &amp; accessories</b>								
Thall Limited	-	44,000	-	26,100	17,900	7,261	1.02%	0.91%
	-	44,000	-	26,100	17,900	7,261	1.02%	0.91%
<b>Miscellaneous</b>								
Tri-Pack Films Limited	-	32,500	-	-	32,500	9,164	1.28%	1.15%
	-	32,500	-	-	32,500	9,164	1.28%	1.15%
	-	-	-	-	-	-	0.00%	0.00%
	-	-	-	-	-	-	0.00%	0.00%
	<b>5,467,021</b>	<b>680,300</b>	<b>-</b>	<b>3,940,400</b>	<b>3,144,771</b>	<b>472,156</b>	<b>50.12%</b>	<b>44.80%</b>
<b>Cost of investments at September 30, 2016</b>						<b>434,091</b>		

4.1.1 Investments include shares having market value aggregating to Rs. 43,7533 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.

4.2 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 September 30, 2016	Carrying value as a percentage of		
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets	
	(Rupees in '000)							
<b>Pharma &amp; Bio Tech</b>								
GlaxoSmithKline Consumer Healthcare Pakistan Limited (Note 4.2.1)	25,080	-	-	-	25,080	1,555	0.22%	0.19%
	25,080	-	-	-	25,080	1,555	0.22%	0.19%
	<b>25,080</b>				<b>25,080</b>	<b>1,555</b>	<b>0.22%</b>	<b>0.19%</b>
<b>Cost of investments at September 30, 2016</b>						<b>-</b>		

4.2.1 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. 62.00 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.

4.3 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.

4.3.1 Term Finance Certificates - Listed

Name of the Investee Company	Number of certificates				Market value / Carrying value <sup>a</sup> as at September 30, 2016	Market value as a percentage of	
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at September 30, 2016		Total Investments	Net Assets
	(Rupees in '000)						
<b>Financial Services</b>							
Saudi Pak Leasing Company Limited - (Note 4.3.2)	6,000	-	-	-	6,000	-	-
	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,000</b>	<b>-</b>	<b>-</b>
<b>Cost of investments at September 30, 2016</b>						<b>15,197</b>	

<sup>a</sup> 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.

**4.3.2** 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 thereafter 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.

**4.4 Investment in Government Securities - Available for sale**

Issue Date	Tenor	Face value			As at September 30, 2016	Market Value as at September 30, 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) -----								
<b>Treasury bills</b>								
September 15, 2016	3 months	-	26,000	-	26,000	25,717	3.60%	3.22%
July 21, 2016	3 months	-	12,300	-	12,300	12,277	1.72%	1.54%
May 26, 2016	3 months	35,000	-	35,000	-	-	-	-
June 23, 2016	3 months	26,000	-	26,000	-	-	-	-
August 4, 2016	3 months	-	36,000	-	36,000	35,849	-	-
May 12, 2016	6 months	-	35,000	-	35,000	34,777	4.87%	4.35%
January 21, 2016	12 months	29,500	-	-	29,500	28,984	4.06%	3.63%
July 21, 2016	12 months	-	14,800	-	14,800	14,130	-	-
August 4, 2016	12 months	-	38,000	-	38,000	36,204	-	-
		<b>90,500</b>	<b>162,100</b>	<b>61,000</b>	<b>191,600</b>	<b>187,938</b>	<b>14.25%</b>	<b>12.74%</b>
<b>Pakistan Investment Bonds</b>								
July 17, 2014	3 years	36,000	-	36,000	-	-	-	-
March 26, 2015	3 years	20,000	-	-	20,000	20,766	2.91%	2.60%
July 17, 2014	5 years	28,000	-	-	28,000	31,695	4.44%	3.97%
		<b>84,000</b>	<b>-</b>	<b>36,000</b>	<b>48,000</b>	<b>52,461</b>	<b>7.35%</b>	<b>6.57%</b>
		<b>174,500</b>	<b>162,100</b>	<b>97,000</b>	<b>239,600</b>	<b>240,399</b>	<b>21.60%</b>	<b>19.31%</b>
<b>Cost of investments at September 30, 2016</b>					<b>238,683</b>			

**4.5 Investment in Commercial papers - Loans and receivables**

Name of Investee Company	Carrying Value July 01, 2016	Income Accrued	Matured during the period	As at September 30, 2016	Percentage of total value of investments	Percentage of Net Assets
Pak Elektron Limited	<b>36,482</b>	<b>2,518</b>	<b>39,000</b>	-	-	-

4.6	Note	September 30, 2016	June 30, 2016
(Rupees in '000)			
<b>of investments classified as available for sale</b>			
Market value of investments	4.1, 4.2 & 4.4	714,110	741,283
Cost of investments	4.1, 4.2 & 4.4	687,971	703,877
Provision against equity securities		(2,478)	(2,478)
Provision against Term Finance Certificates		(15,197)	(15,197)
		<u>670,296</u>	<u>686,202</u>
		<u>43,814</u>	<u>55,081</u>
<b>4.6.1 Movement in provision against investments</b>			
Opening balance		17,675	15,694
Add: Charge for the period / year		-	3,177
Less: Reversals made during the period / year		-	(1,196)
Net charge / (reversal)		-	1,981
Closing balance		<u>17,675</u>	<u>17,675</u>
<b>5. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
		September 30, 2016	June 30, 2016
(Rupees in '000)			
Auditors' remuneration		426	328
Federal Excise Duty	5.1	6,610	6,610
Other payables		26	25
Payable against redemption of units		-	1,302
Withholding tax payable		-	304
Payable against purchase of investment -Net		13,907	-
Payable to brokers		695	420
Provision for Workers' Welfare Fund	5.3	9,495	9,495
		<u>31,159</u>	<u>18,484</u>
<b>5.1 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF</b>			
There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016.			
Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.			
In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.8999 .			
<b>5.2 ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES</b>			
During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management			

companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard, the Management Company has started charging these expenses effective from November 25, 2015.

### **5.3 PROVISION FOR WORKERS' WELFARE FUND**

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016.

After the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1st July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Asset Value (NAV) per unit of the Fund as at September 30, 2016 would have been higher by Rs. 1.2042 per unit.

### **6. TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 0.67% (0.09% representing Government Levies, and SECP Fee).

### **7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at September 30, 2016.

### **8. 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. 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.

### **9. EARNINGS PER UNIT (EPU)**

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

### **10. 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.

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:

	(Un-Audited) Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
<b>10.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	4,515	5,060
Allocation of expenses related to registrar services, accounting, operation and valuation services	193	-
<b>Habib Bank Limited - Sponsor</b>		
Mark-up earned during the period	148	189
Mark-up received during the period	142	66
Dividend income earned during the period	377	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	456	436
<b>10.2 Transactions involving shares of connected persons:</b>		
<b>Habib Bank Limited - Sponsor</b>		
Sale of 205,800 shares (2015: 18,800 shares)	44,742	4,087
Gain on sale of shares	7,069	1,166
<b>10.3 Amounts outstanding as at period end</b>	(Un-Audited)	(Audited)
	September 30,	June 30,
	2016	2016
	(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	1,306	1,249
Sindh Sales Tax	170	203
Sales load payable	13	13
Allocation of expenses related to registrar services, accounting, operation and valuation services	65	62
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 6,755,856 units (June 30, 2016: 6,755,856 units)	684,277	662,394
Bank balances	6,549	13,959
Mark-up receivable on deposits with bank	30	24
Dividend Income receivable	377	-
Ordinary shares held in Habib Bank Limited 107,771 shares (June 30, 2016: 313,571 shares)	23,797	61,949
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	131	146
<b>Transaction with Associate</b>		
Investment held in the Fund: 69,245 units (June 30, 2016: 69,245 units)	7,013	6,789
<b>11. DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME</b>		
<p>The Securities and Exchange Commission of Pakistan vide circular 16 of 2010 dated July 07, 2010 required all Asset Management Companies to made disclosure in the financial statement of the collective investment scheme regarding any non-compliant investment held in portfolio of the collective investment scheme which are non-compliant either with the investment policy or the minimum investment criteria. As at September 30, 2016, all the investment held in the fund portfolio are compliant except for the following which are non-compliant due to not meeting minimum rating requirement.</p>		

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	-	-	-

## 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 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 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	September 30, 2016				Fair Value			
	Carrying amount			Total	Level 1	Level 2	Level 3	Total
	Available-for-sale	Loans and receivables	Other financial liabilities					
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	472,156	-	-	472,156	472,156	-	-	472,156
- Government securities	240,399	-	-	240,399	240,399	-	-	240,399
	<u>712,555</u>	<u>-</u>	<u>-</u>	<u>712,555</u>	<u>712,555</u>	<u>-</u>	<u>-</u>	<u>712,555</u>
Financial assets not measured at fair value								
Bank balances	-	97,736	-	97,736	-	-	-	-
Investments								
- Un-Listed equity securities	1,555	-	-	1,555	-	-	-	-
Dividend receivable and accrued mark-up	-	16,591	-	16,591	-	-	-	-
Advances, deposits and other receivables	-	3,234	-	3,234	-	-	-	-
	<u>1,555</u>	<u>117,560</u>	<u>-</u>	<u>119,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	1,554	1,554	-	-	-	-
Payable to Trustee	-	-	131	131	-	-	-	-
Accrued expenses and other liabilities	-	-	31,159	31,159	-	-	-	-
	<u>-</u>	<u>-</u>	<u>32,844</u>	<u>32,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	June 30, 2016							
	Carrying amount			Fair Value				
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	(Rupees in '000) -----							
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	521,029	-	-	521,029	521,029	-	-	521,029
- Government securities	179,960	-	-	179,960	179,960	-	-	179,960
	<b>700,989</b>	-	-	<b>700,989</b>	<b>700,989</b>	-	-	<b>700,989</b>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	21,075	-	21,075	-	-	-	-
Investments								
- Un-Listed equity securities	1,555	-	-	1,555	-	-	-	-
- Loans and receivables - Placements	-	38,739	-	38,739	-	-	-	-
Dividend receivable and accrued mark-up	-	5,677	-	5,677	-	-	-	-
Advances, deposits, prepayments and other receivables	-	18,089	-	18,089	-	-	-	-
	<b>1,555</b>	<b>83,580</b>	-	<b>85,135</b>	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	1,527	1,527	-	-	-	-
Payable to Trustee	-	-	146	146	-	-	-	-
Accrued expenses and other liabilities	-	-	2,379	2,379	-	-	-	-
	-	-	<b>4,052</b>	<b>4,052</b>	-	-	-	-

### 13. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **October 31, 2016**.

### 14. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**



**Not For Print**

**HBL**

**Mustahekam Sarmaya Fund 1**

## 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)
	Mr. Ava A. 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

Habib Bank Limited  
 Allied Bank Limited

Legal Advisors

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

Website

www.hblasset.com

Head Office

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

Registered Office

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

**HBL MUSTAHEKUM SARMAVA FUND 1**  
**Condensed Interim Statement of Assets And Liabilities**  
**As at September 30, 2016**

	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
<b>Assets</b>		
Bank balances	38,827	61,074
Investments	1,878,551	1,849,839
Dividend receivable and accrued mark-up	44,034	11,487
Preliminary expenses and floatation costs	276	408
Advances, deposits and other receivables	2,600	2,600
<b>Total assets</b>	<b>1,964,288</b>	<b>1,925,408</b>
<b>Liabilities</b>		
Payable to Management Company	1,986	1,996
Payable to Trustee	207	234
Payable to Securities and Exchange Commission of Pakistan	364	1,452
Accrued expenses and other liabilities	15,090	16,078
<b>Total liabilities</b>	<b>17,647</b>	<b>19,760</b>
<b>Net assets</b>	<b>1,946,641</b>	<b>1,905,648</b>
<b>Unit holders' fund (as per statement attached)</b>	<b>1,946,641</b>	<b>1,905,648</b>
	(Number of units)	
<b>Number of units in issue</b>	<b>18,803,583</b>	<b>18,852,653</b>
	(Rupees)	
<b>Net assets value per unit</b>	<b>103.5250</b>	<b>101.0812</b>
The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.		
<b>For HBL Asset Management Limited</b> (Management Company)		
_____ Chief Executive	_____ Director	

**HBL MUSTAHEKUM SARMAVA FUND 1**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	Note	2016	Quarter ended September 30, 2015 (Rupees in '000)
<b>Income</b>			
Dividend income		1,537	1,370
Mark-up on deposits with banks including TDRs		31,457	33,182
Capital loss on sale of investments - net		16,136	685
		<b>49,130</b>	<b>35,237</b>
<b>Expenses</b>			
Remuneration of Management Company		5,487	9,700
Remuneration of Trustee		720	636
Annual fee of Securities and Exchange Commission of Pakistan		364	367
Allocation of expenses related to registrar services, accounting, operation and valuation services	5.2	486	-
Auditors' remuneration		208	227
Settlement and bank charges		-	2
Amortisation of preliminary expenses and floatation costs		-	135
Other expenses		9	17
		<b>7,274</b>	<b>11,084</b>
<b>Net income from operating activities</b>		<b>41,856</b>	<b>24,153</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(61)	(49)
Provision for Workers' Welfare Fund	5.3	-	-
<b>Net income for the period before taxation</b>		<b>41,795</b>	<b>24,104</b>
<b>Taxation</b>	8	-	-
<b>Net income for the period after taxation</b>		<b>41,795</b>	<b>24,104</b>
<b>Earning per unit</b>	9		

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

**HBL MUSTAHEKUM SARMAVA FUND 1**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the quarter ended September 30, 2016*

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
Net income for the period	41,795	24,104
<b>Other comprehensive income for the period</b>		
<i>Items to be reclassified to income statement in subsequent periods:</i>		
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	3,986	(5,805)
<b>Total comprehensive income for the period</b>	<u>45,781</u>	<u>18,299</u>

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL MUSTAHEKUM SARMAVA FUND 1**  
**Condensed Interim Distribution Statement (Un-Audited)**  
*For the quarter ended September 30, 2016*

	<b>Quarter ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000)</b>	
Undistributed income brought forward - realised	<b>10,133</b>	1,927
Net income for the period	<b>41,795</b>	24,104
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	<b>(26)</b>	(9)
Accumulated income carried forward - realised	<u><b>51,902</b></u>	<u>26,022</u>

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

**HBL MUSTAHEKUM SARMAVA FUND 1**  
**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)**  
**For the quarter ended September 30, 2016**

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
<b>Net assets at beginning of the period</b>	1,905,648	1,933,769
Redemption of 49,070 units (2015 : 86,658 units)	(4,849)	(8,429)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	61	49
Net income for the period	41,795	24,104
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	3,986	(5,805)
Total comprehensive income for the period	45,781	18,299
<b>Net assets at end of the period</b>	<b>1,946,641</b>	<b>1,943,688</b>

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**



**HBL MUSTAHEKUM SARMAVA FUND 1**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	<b>Quarter ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	41,795	24,104
<b>Adjustments</b>		
Amortisation of preliminary expenses and floatation costs	132	135
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	61	49
	<b>41,988</b>	<b>24,288</b>
<b>(Increase) / decrease in assets</b>		
Investments - net	(24,726)	(35,212)
Dividend receivable and accrued mark-up	(32,547)	(34,286)
Preliminary expenses and floatation costs	-	-
Advances, deposits and other receivables	-	(23)
	<b>(57,273)</b>	<b>(69,521)</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	(10)	(18)
Payable to Trustee	(27)	(61)
Payable to Securities and Exchange Commission of Pakistan	(1,088)	(9)
Accrued expenses and other liabilities	(988)	(1,187)
	<b>(2,113)</b>	<b>(1,275)</b>
<b>Net cash (used in) operating activities</b>	<b>(17,398)</b>	<b>(46,508)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment against redemption of units	(4,849)	(8,429)
<b>Net cash (used in) financing activities</b>	<b>(4,849)</b>	<b>(8,429)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(22,247)</b>	<b>(54,937)</b>
Cash and cash equivalents at beginning of the period	61,074	101,022
<b>Cash and cash equivalents at end of the period</b>	<b>38,827</b>	<b>46,085</b>

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL MUSTAHEKUM SARMAVA FUND 1**  
**Notes to the Condensed Interim Financial Statements (Un-Audited)**  
**For the quarter ended September 30, 2016**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

HBL Mustahekam Sarmaya Fund 1 Fund (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 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.

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.

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. STATEMENT OF COMPLIANCE**

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions 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 the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016.

**3. SIGNIFICANT ACCOUNTING POLICIES**

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.

<b>4. INVESTMENTS</b>	<i>Note</i>	<b>(Un-Audited) September 30, 2016</b>	<b>(Audited) June 30, 2016</b>
<b>(Rupees in '000)</b>			
Available for sale			
- Listed equity securities	4.1	<b>178,049</b>	149,337
- Unlisted equity securities	4.2	<b>502</b>	502
Loans and receivables	4.3	<b>1,700,000</b>	1,700,000
		<b><u>1,878,551</u></b>	<u>1,849,839</u>

#### 4.1 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				As at September 30, 2016	Market value as at September 30, 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)									
<b>Commercial Banks</b>									
MCB Bank Limited	44,500	-	-	44,500	-	-	-	-	-
Habib Bank Limited	80,000	-	-	80,000	-	-	-	-	-
United Bank Limited	50,000	-	-	50,000	-	-	-	-	-
	<u>174,500</u>	<u>-</u>	<u>-</u>	<u>174,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cement</b>									
D.G.Khan Cement Company Limited	-	27,500	-	27,500	-	-	-	-	-
Lucky Cement Company Limited	13,500	-	-	5,000	8,500	5,757	0.31%	0.30%	0.00%
Pioneer Cement Limited	-	43,600	-	43,600	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	36,000	-	36,000	-	-	-	-	-
Thatta Cement Company Limited	-	147,000	-	-	147,000	5,652	0.30%	0.29%	0.00%
	<u>13,500</u>	<u>254,100</u>	<u>-</u>	<u>112,100</u>	<u>155,500</u>	<u>11,409</u>	<u>0.61%</u>	<u>0.59%</u>	<u>-</u>
<b>Cable and Electrical Goods</b>									
Pak Elektron Company Limited	118,500	-	-	118,500	-	-	-	-	-
	<u>118,500</u>	<u>-</u>	<u>-</u>	<u>118,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Textile Composite</b>									
Nishat Mills Limited	-	126,300	-	-	126,300	17,796	0.95%	0.91%	0.00%
	<u>-</u>	<u>126,300</u>	<u>-</u>	<u>-</u>	<u>126,300</u>	<u>17,796</u>	<u>0.95%</u>	<u>0.91%</u>	<u>-</u>
<b>Power Generation &amp; Distribution</b>									
K-Electric Limited (Rs. 3.5 each)	1,230,000	400,000	-	1,630,000	-	-	-	-	-
Hub Power Company Limited	50,000	21,000	-	71,000	-	-	-	-	-
	<u>1,280,000</u>	<u>421,000</u>	<u>-</u>	<u>1,701,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Oil and Gas</b>									
Oil and Gas Development Company	63,700	-	-	63,700	-	-	-	-	-
Pakistan Oilfields Limited	-	24,200	-	-	24,200	9,712	0.52%	0.50%	-
Pakistan State Oil Company Limited	36,200	-	-	36,200	-	-	-	-	-
Pakistan Petroleum Limited	40,000	-	-	40,000	-	-	-	-	-
Mari Petroleum Company Limited	4,000	5,000	-	4,000	5,000	4,773	0.25%	0.25%	0.00%
	<u>143,900</u>	<u>29,200</u>	<u>-</u>	<u>143,900</u>	<u>29,200</u>	<u>14,485</u>	<u>0.77%</u>	<u>0.75%</u>	<u>-</u>
<b>Foods Producers</b>									
Engro Foods Limited	-	40,000	-	40,000	-	-	-	-	-
	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fertilizers</b>									
Engro Corporation Limited	40,000	-	-	-	40,000	11,650	0.62%	0.60%	0.01%
Engro Fertilizer Limited	-	50,000	-	50,000	-	-	-	-	-
	<u>40,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>40,000</u>	<u>11,650</u>	<u>0.62%</u>	<u>0.60%</u>	<u>-</u>
<b>Automobile Assembler</b>									
Honda Atlas Cars Pakistan Limited	27,000	10,000	-	27,000	10,000	6,118	0.33%	0.31%	0.08%
	<u>27,000</u>	<u>10,000</u>	<u>-</u>	<u>27,000</u>	<u>10,000</u>	<u>6,118</u>	<u>0.33%</u>	<u>0.31%</u>	<u>-</u>

Name of the Investee Company	Number of shares				As at September 30, 2016	Market value as at September 30, 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	
<b>Leather &amp; Tanneries</b>									
Service Industries Limited	-	18,700	-	-	18,700	23,905	1.27%	1.23%	0.00%
	-	18,700	-	-	18,700	23,905	1.27%	1.23%	
<b>Automobile Parts &amp; Accessories</b>									
Thal Limited	-	53,000	-	-	53,000	21,499	1.14%	1.10%	0.01%
	-	53,000	-	-	53,000	21,499	1.14%	1.10%	
<b>Engineering</b>									
Amreli Steels Limited	110,000	115,000	-	-	225,000	16,040	0.85%	0.82%	0.29%
Crescent Steel & Allied Products Limited	36,000	73,100	-	-	109,100	13,748	0.73%	0.71%	0.14%
	146,000	188,100	-	-	334,100	29,788	1.59%	1.53%	
<b>Pharmaceuticals</b>									
Seal Company Limited	12,000	-	-	10,000	2,000	1,147	0.06%	0.06%	0.00%
GlavoSmithKinc Limited	24,000	-	-	22,000	2,000	432	0.02%	0.02%	0.00%
	36,000	-	-	32,000	4,000	1,579	0.08%	0.08%	
<b>Paper &amp; Board</b>									
Packages Limited	-	35,450	-	-	35,450	23,725	1.26%	1.22%	0.01%
	-	35,450	-	-	35,450	23,725	1.26%	1.22%	
<b>Glass &amp; Ceramics</b>									
Tariq Glass Limited	-	50,000	-	-	50,000	4,788	0.25%	0.25%	0.00%
	-	50,000	-	-	50,000	4,788	0.25%	0.25%	
<b>Miscellaneous</b>									
Tri-Pack Films Limited	-	40,100	-	-	40,100	11,307	0.60%	0.58%	0.00%
	-	40,100	-	-	40,100	11,307	0.60%	0.58%	
<b>Transport</b>									
Pakistan National Shipping Corporation Limited	70,700	-	-	70,700	-	-	-	-	-
	70,700	-	-	70,700	-	-	-	-	-
	<b>2,050,100</b>	<b>1,315,950</b>	<b>-</b>	<b>2,469,700</b>	<b>896,350</b>	<b>178,049</b>	<b>9.48%</b>	<b>9.15%</b>	
Cost of investments at September 30, 2016						<u>168,658</u>			

4.1.1 Investments include shares having market value aggregating to Rs. 25.20 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.

#### 4.2 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				As at September 30, 2016	Carrying value as at September 30, 2016 (Rupees in '000)	Carrying value as a percentage of Total Investments	Carrying value as a percentage of Net Assets
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period				
Pharma & Bio Tech GlaxoSmithKline Consumer Healthcare Pakistan Limited (Note 4.2.1)	8,100	-	-	-	8,100	502	0.03%	0.03%
	8,100	-	-	-	8,100	502	0.03%	0.03%
	8,100	-	-	-	8,100	502	0.03%	0.03%

4.2.1 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. 62.00 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.

#### 4.3 Loans and receivables - Placements

Name of Bank	As at July 1, 2016	Placements made during the period	Matured during the period	As at September 30, 2016	Percentage of total value of investments	Percentage of Net Assets
Habib Bank Limited	1,700,000	-	-	1,700,000	90.50%	87.33%

4.3.1 The placement carries mark-up at the rate of 7.55% per annum and matures on March 27, 2017.

4.4 Net unrealised appreciation on remeasurement of investments classified as available for sale	Note	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
		(Rupees in '000)	
Market value of investments	4.1 & 4.2	178,551	149,839
Cost of investments		(168,658)	(143,932)
		9,893	5,907

5. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
		(Rupees in '000)	
Auditors' remuneration		371	309
Federal Excise Duty	5.1	5,696	5,696
Withholding tax payable		-	8,956
Provision for Workers' Welfare Fund	5.3	605	605
Payable against purchase of investments		8,418	-
Payable to brokers		-	512
		15,090	16,078

**5.1 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF**

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016.

Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.3029.

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

During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard, the Management Company has started charging these expenses effective from November 25, 2015.

**5.3 PROVISION FOR WORKERS' WELFARE FUND**

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016.

However, after the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1st July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Asset Value (NAV) per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.0322 per unit.

**6. TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 0.36% (0.05% representing Government Levies, and SECP Fee).

**7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at September 30, 2016.

**8. 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. 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.

**9. EARNINGS PER UNIT (EPU)**

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

## 10. 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.

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:

	(Un-Audited) Quarter ended September 30	
	2016	2015
	(Rupees in '000)	
<b>10.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	5,487	9,700
Allocation of expenses related to registrar services, accounting, operation and valuation services	486	-
<b>Habib Bank Limited - Sponsor</b>		
Profit on bank deposits on investment	31,457	33,053
Profit received on bank deposits on investments	-	786
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	720	636
<b>10.2 Amounts outstanding as at period end</b>	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	1,593	1,576
Sindh Sales tax	207	256
Allocation of expenses related to registrar services, accounting, operation and valuation services	180	158
Sales load payable	6	6
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 5,306,024 units (June 30, 2016 : 5,306,024 units)	549,306	536,339
Bank balances including TDRs	1,701,618	1,704,131
Profit receivable on bank deposits and investments	42,336	10,879
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	207	234

## 11. 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 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.

	September 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) -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	178,049	-	-	178,049	178,049	-	-	178,049
	<u>178,049</u>	<u>-</u>	<u>-</u>	<u>178,049</u>	<u>178,049</u>	<u>-</u>	<u>-</u>	<u>178,049</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	38,827	-	38,827	-	-	-	-
Investments								
- Placements	-	1,700,000	-	1,700,000	-	-	-	-
- Unlisted equity securities	502	-	-	502	-	-	-	-
Dividend receivable and accrued mark-up	-	44,034	-	44,034	-	-	-	-
Advances, deposits and other receivables	-	2,600	-	2,600	-	-	-	-
	<u>502</u>	<u>1,785,461</u>	<u>-</u>	<u>1,785,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	1,986	1,986	-	-	-	-
Payable to Trustee	-	-	207	207	-	-	-	-
Accrued expenses and other liabilities	-	-	8,789	8,789	-	-	-	-
	<u>-</u>	<u>-</u>	<u>10,982</u>	<u>10,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



	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) -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	149,337	-	-	149,337	149,337	-	-	149,337
	<u>149,337</u>	<u>-</u>	<u>-</u>	<u>149,337</u>	<u>149,337</u>	<u>-</u>	<u>-</u>	<u>149,337</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	61,074	-	61,074	-	-	-	-
Investments								
- Placements	-	1,700,000	-	1,700,000	-	-	-	-
- Unlisted equity securities	502	-	-	502	-	-	-	-
Dividend receivable and accrued mark-up	-	11,487	-	11,487	-	-	-	-
Advances, deposits and other receivables	-	2,600	-	2,600	-	-	-	-
	<u>502</u>	<u>1,775,161</u>	<u>-</u>	<u>1,775,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	1,996	1,996	-	-	-	-
Payable to Trustee	-	-	234	234	-	-	-	-
Accrued expenses and other liabilities	-	-	16,078	9,777	-	-	-	-
	<u>-</u>	<u>-</u>	<u>18,308</u>	<u>12,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

11.1 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.

## 12. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **October 31, 2016**.

## 13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

**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. Rehan N. Shaikh	(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)
	Mr. Ava A. Cowasjee	(Independent Non-Executive Director)

### Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Rehan N. Shaikh	(Executive Director & CEO)

### Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Rehan N. Shaikh	(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

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

Legal Advisors

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

Website

www.hblasst.com

Head Office

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

Registered Office

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

**HBL STOCK FUND****Condensed Interim Statement of Assets And Liabilities***As At September 30, 2016*

	<i>Note</i>	<b>(Un-Audited) September 30, 2016</b>	<b>(Audited) June 30, 2016</b>
<b>(Rupees in '000)</b>			
<b>Assets</b>			
Bank balances		<b>438,631</b>	38,406
Investments	4	<b>4,588,936</b>	4,584,258
Dividend receivable and accrued mark-up		<b>8,251</b>	6,280
Advance, deposits and other receivables		<b>5,073</b>	5,163
<b>Total assets</b>		<b>5,040,891</b>	4,634,107
<b>Liabilities</b>			
Payable to Management Company		<b>9,637</b>	9,079
Payable to Trustee		<b>478</b>	516
Payable to Securities and Exchange Commission of Pakistan		<b>1,145</b>	4,110
Accrued expenses and other liabilities	5	<b>197,385</b>	101,161
<b>Total liabilities</b>		<b>208,645</b>	114,866
<b>Net assets</b>		<b>4,832,246</b>	4,519,241
<b>Unit holders' fund (as per statement attached)</b>		<b>4,832,246</b>	4,519,241
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>43,663,543</b>	43,589,869
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<b>110.6700</b>	103.6764

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL STOCK FUND**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	Quarter ended September 30,	
	2016	2015
	----- (Rupees in '000) -----	
<b>Income</b>		
Dividend income	28,751	43,518
Mark-up on deposits with banks	3,629	10,397
Mark-up on government securities	2,549	-
Capital gain on sale of investments - net	251,757	179,460
	286,686	233,375
Impairment loss on equity securities classified as available for sale	-	(29,584)
	286,686	203,791
<b>Expenses</b>		
Remuneration of Management Company	27,236	29,490
Remuneration of Trustee	1,661	1,372
Annual fee to Securities and Exchange Commission of Pakistan	1,145	1,064
Allocation of expenses related to registrar services, accounting, operation and valuation services	5.2 1,205	-
Auditors' remuneration	235	243
Other expenses	51	162
	31,533	32,331
<b>Net income from operating activities</b>	255,153	171,460
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	368	79
Provision for Workers' Welfare Fund	5.3 -	-
<b>Net income for the period before taxation</b>	255,521	171,539
<b>Taxation</b>	8 -	-
<b>Net income for the period after taxation</b>	255,521	171,539
<b>Earning per unit</b>	9	

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL STOCK FUND****Condensed Interim Statement of Comprehensive Income (Un-Audited)***For the quarter ended September 30, 2016*

	Quarter ended September 30,	
	2016	2015
	----- (Rupees in '000) -----	
Net income for the period	255,521	171,539
<b>Other comprehensive income for the period</b>		
<i>Items to be reclassified to income statement in subsequent periods</i>		
Net unrealised appreciation /(diminution) on remeasurement of investments classified as available for sale	49,566	(374,035)
<b>Total comprehensive income / (loss) for the period</b>	<u>305,087</u>	<u>(202,496)</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL STOCK FUND****Condensed Interim Distribution Statement (Un-Audited)***For the quarter ended September 30, 2016*

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
Accumulated loss brought forward - realised	(872,245)	(968,425)
Net income for the period	255,521	171,539
Element of income / (loss) and capital gains / (losses) included in the price of units issued less those in units redeemed - amount representing income / (loss) that form part of the unit holders' fund	(1,474)	107
Accumulated loss carried forward - realised	<u>(618,198)</u>	<u>(796,779)</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

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 quarter ended September 30, 2016*

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
<b>Net assets at beginning of the period</b>	<b>4,519,241</b>	<b>4,385,904</b>
Issue of 922,850 units (2015: 111,772 units)	<b>102,002</b>	11,405
Redemption of 849,176 units (2015: 62,486 units)	<b>(93,716)</b>	(6,607)
	<b>8,286</b>	4,798
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	<b>(368)</b>	(79)
Net income for the period	<b>255,521</b>	171,539
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	<b>49,566</b>	(374,035)
Total comprehensive income for the period	<b>305,087</b>	(202,496)
<b>Net assets at end of the period</b>	<b>4,832,246</b>	<b>4,188,127</b>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**HBL STOCK FUND**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	255,521	171,539
<b>Adjustments</b>		
Impairment loss on available for sale investments	-	29,584
Impairment reversal on available for sale investments	-	
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(368)	(79)
	<u>255,153</u>	<u>201,044</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	44,888	58,421
Dividend receivable and accrued mark-up	(1,971)	(24,342)
Advances, deposits, prepayments and other receivables	90	(194,214)
	<u>43,007</u>	<u>(160,135)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	558	66
Payable to Trustee	(38)	(15)
Payable to Securities and Exchange Commission of Pakistan	(2,965)	(2,943)
Accrued expenses and other liabilities	96,224	(24,747)
	<u>93,779</u>	<u>(27,639)</u>
<b>Net cash generated from operating activities</b>	<u>391,939</u>	<u>13,270</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	102,002	11,405
Payment against redemption of units	(93,716)	(6,607)
<b>Net cash generated from financing activities</b>	<u>8,286</u>	<u>4,798</u>
<b>Net increase in cash and cash equivalents</b>	<u>400,225</u>	<u>18,068</u>
Cash and cash equivalents at beginning of the period	38,406	310,736
<b>Cash and cash equivalents at end of the period</b>	<u>438,631</u>	<u>328,804</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## HBL STOCK FUND

### Notes to the Condensed Interim Financial Statements (Un-Audited)

For the quarter ended September 30, 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 as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan 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 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. The units of the Fund were initially offered for public subscription at par 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. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions 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 the 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.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

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 standards which became effective during the period.

4. INVESTMENTS	Note	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
(Rupees in '000)			
Available for sale			
- Unlisted equity securities	4.1	7,966	97,966
- Listed equity securities	4.2	4,411,681	4,314,238
- Investment in government securities	4.3	169,289	172,054
		<u>4,588,936</u>	<u>4,584,258</u>

#### 4.1 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				As at September 30, 2016	Carrying value	Carrying value as a percentage of	
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period		as at September 30, 2016	Total Investments	Net Assets
(Rupees in '000)								
<b>Pharma &amp; Bio Tech</b>								
GlaxoSmithKline Consumer Healthcare Pakistan Limited (Note 4.1.1)	128,490	-	-	-	128,490	7,966	0.17%	0.16%
	128,490	-	-	-	128,490	7,966	0.17%	0.16%
	<b>128,490</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,490</b>	<b>7,966</b>	<b>0.17%</b>	<b>0.16%</b>

Cost of investments at September 30, 2016

-

4.1.1 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.

#### 4.2 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 September 30, 2016	Market value	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 September 30, 2016	Total Investments	Net Assets	
(Rupees in '000)									
<b>Commercial Banks</b>									
Habib Bank Limited	1,742,119	-	-	652,500	1,089,619	240,599	5.24%	4.98%	0.07%
MCB Bank Limited	1,343,900	-	-	226,600	1,117,300	246,700	5.38%	5.11%	0.10%
	3,086,019	-	-	879,100	2,206,919	487,299	10.62%	10.09%	
<b>Textile Composite</b>									
Nishat Mills Limited	-	717,200	-	-	717,200	101,053	0.02	2.09%	0.20%
	-	717,200	-	-	717,200	101,053	2.20%	2.09%	
<b>Cement</b>									
D. G. Khan Cement Limited	1,178,900	408,200	-	499,000	1,088,100	202,256	4.41%	4.19%	0.25%
Cheer Cement Limited	999,500	-	-	146,400	853,100	109,760	2.39%	2.27%	0.19%
Kohat Cement Limited	575,600	-	-	373,400	202,200	52,000	1.13%	1.08%	0.13%
Lucky Cement Limited	382,200	22,000	-	68,700	335,500	227,221	4.95%	4.70%	0.10%
Maple Leaf Cement Factory Limited	-	1,218,000	-	366,000	852,000	81,622	1.78%	1.69%	0.16%
Pioneer Cement Limited	1,180,000	-	-	181,900	998,100	105,489	2.30%	2.18%	0.44%
	4,316,200	1,648,200	-	1,635,400	4,329,000	778,348	16.96%	16.11%	
<b>Power Generation &amp; Distribution</b>									
The Hub Power Company Limited	2,105,700	-	-	222,900	1,882,800	224,373	4.89%	4.64%	0.16%
K-Electric Limited (Rs. 3.5 each)	14,515,000	-	-	14,515,000	-	-	0.00%	0.00%	0.00%
Kot Addu Power Company Limited	1,533,500	665,000	-	-	2,198,500	183,992	4.01%	3.81%	0.25%
	18,154,200	665,000	-	14,737,900	4,081,300	408,365	8.90%	8.45%	
<b>Oil and Gas</b>									
Attock Petroleum Limited	209,200	-	-	300	208,900	108,629	2.37%	2.25%	0.25%
Oil and Gas Development Company Limited	1,654,800	-	-	-	1,654,800	233,707	5.09%	4.84%	-
Pakistan Oilfields Limited	-	150,000	-	-	150,000	60,197	0.01	0.01	-
Pakistan Petroleum Limited	948,000	174,500	-	120,000	1,002,500	164,079	3.58%	3.40%	-
Pakistan State Oil Company Limited	636,000	-	-	154,200	481,800	199,533	4.35%	4.13%	0.18%
Mari Petroleum Limited	127,150	-	-	-	127,150	121,368	2.64%	2.51%	0.12%
	3,575,150	324,500	-	274,300	3,625,150	887,513	19.34%	18.37%	
<b>Automobile Assembler</b>									
Pak Suzuki Motor Company Limited	154,100	-	-	154,100	-	-	-	-	-
Honda Atlas Cars Pakistan Limited	384,300	41,900	-	276,900	149,300	91,345	1.99%	1.89%	0.00%
	538,400	41,900	-	431,000	149,300	91,345	1.99%	1.89%	

Name of the Investee Company	Number of shares				As at September 30, 2016	Market value as at September 30, 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	
<b>Fertilizers</b>									
Engro Corporation Limited	725,600	-	-	-	725,600	211,331	4.61%	4.37%	0.14%
Fauji Fertilizer Bin Qasim Limited	999,000	-	-	999,000	-	-	-	-	0.00%
	<u>1,724,600</u>	<u>-</u>	<u>-</u>	<u>999,000</u>	<u>725,600</u>	<u>211,331</u>	<u>4.61%</u>	<u>4.37%</u>	
<b>Food &amp; Personal Care Products</b>									
Engro Foods Limited	-	846,600	-	-	846,600	123,866	2.70%	2.56%	-
	<u>-</u>	<u>846,600</u>	<u>-</u>	<u>-</u>	<u>846,600</u>	<u>123,866</u>	<u>2.70%</u>	<u>2.56%</u>	
<b>Cable and Electric Goods</b>									
Pak Elektron Limited	1,813,000	678,000	-	-	2,491,000	176,288	3.84%	3.65%	0.63%
	<u>1,813,000</u>	<u>678,000</u>	<u>-</u>	<u>-</u>	<u>2,491,000</u>	<u>176,288</u>	<u>3.84%</u>	<u>3.65%</u>	
<b>Pharmaceuticals</b>									
Searle Company Limited	266,166	-	-	235,700	30,466	17,472	0.38%	0.36%	0.03%
GlaxoSmithKline Limited	428,300	95,200	-	-	523,500	113,024	2.46%	2.34%	0.16%
	<u>694,466</u>	<u>95,200</u>	<u>-</u>	<u>235,700</u>	<u>553,966</u>	<u>130,496</u>	<u>2.84%</u>	<u>2.70%</u>	
<b>Automobile Parts and Accessories</b>									
General Tyre & Rubber Company Limited	565,400	-	-	565,400	-	-	-	-	0.00%
	<u>565,400</u>	<u>-</u>	<u>-</u>	<u>565,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Engineering</b>									
Mughal Iron and Steel Limited	1,938,635	-	-	1,040,000	898,635	76,843	1.67%	1.59%	0.71%
Amreli Steels Limited	1,999,500	-	-	-	1,999,500	142,544	3.11%	2.95%	0.67%
Crescent Steel and Allied Products Limited	1,357,800	-	-	-	1,357,800	171,096	3.73%	3.54%	
	<u>5,295,935</u>	<u>-</u>	<u>-</u>	<u>1,040,000</u>	<u>4,255,935</u>	<u>390,483</u>	<u>8.50%</u>	<u>8.08%</u>	
<b>Paper and Board</b>									
Packages Limited	245,850	55,000	-	-	300,850	201,350	4.39%	4.17%	0.34%
	<u>245,850</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>300,850</u>	<u>201,350</u>	<u>4.39%</u>	<u>4.17%</u>	
<b>Miscellaneous</b>									
TPL Properties Limited	7,200,000	600,000	-	-	7,800,000	80,340	1.75%	1.66%	0.00%
	<u>7,200,000</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>7,800,000</u>	<u>80,340</u>	<u>1.75%</u>	<u>1.66%</u>	
<b>Transport</b>									
Pakistan International Bulk Terminal Limited	-	3,665,000	-	-	3,665,000	114,311	2.49%	2.37%	0.00%
	<u>-</u>	<u>3,665,000</u>	<u>-</u>	<u>-</u>	<u>3,665,000</u>	<u>114,311</u>	<u>2.49%</u>	<u>2.37%</u>	
<b>Glass and Ceramics</b>									
Tariq Glass Limited	-	1,137,500	-	-	1,137,500	108,939	2.37%	2.25%	0.00%
	<u>-</u>	<u>1,137,500</u>	<u>-</u>	<u>-</u>	<u>1,137,500</u>	<u>108,939</u>	<u>2.37%</u>	<u>2.25%</u>	
<b>Leather and Tanneries</b>									
Services Industries Limited	-	94,150	-	-	94,150	120,354	2.62%	2.49%	0.00%
	<u>-</u>	<u>94,150</u>	<u>-</u>	<u>-</u>	<u>94,150</u>	<u>120,354</u>	<u>2.62%</u>	<u>2.49%</u>	
	<u>47,209,220</u>	<u>10,568,250</u>	<u>-</u>	<u>20,798,000</u>	<u>36,979,470</u>	<u>4,411,681</u>	<u>96.13%</u>	<u>91.30%</u>	
Cost of investments at September 30, 2016					<u>4,006,962</u>				

4.2.1 Investments include shares having market value aggregating to Rs. 305.02 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.

4.3 Investment in government securities - Available for sale

Issue Date	Tenor	Face value				Market Value as at September 30, 2016	Market value as a percentage of	
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at September 30, 2016		Total Investments	Net Assets
----- (Rupees in '000) -----								
<b>Treasury bills</b>								
May 12, 2016	03 months	173,000	-	173,000	-	-	-	-
August 4, 2016	03 months	170,000	-	-	170,000	169,289	3.69%	3.50%
		<u>343,000</u>	<u>-</u>	<u>173,000</u>	<u>170,000</u>	<u>169,289</u>	<u>3.69%</u>	<u>3.50%</u>
Cost of investments at September 30, 2016					<u>169,300</u>			

4.3.1 Investment in government securities carries mark-up rate of 5.87% p.a. maturing on October 27, 2016.

<b>4.4 Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale</b>	<i>Note</i>	<b>September 30, 2016</b>	<b>June 30, 2016</b>
<b>(Rupees in '000)</b>			
Market value of investments	4.1, 4.2 & 4.3	<b>4,588,936</b>	4,584,258
Cost of investments	4.1, 4.2 & 4.3	<b>4,257,535</b>	4,302,423
Provision against equity securities	4.4.1	<b>(81,273)</b>	(81,273)
		<b>4,176,262</b>	4,221,150
		<b>412,674</b>	<b>363,108</b>
<b>4.4.1 Movement in impairment against investments</b>			
Opening balance		<b>81,273</b>	29,975
Add: Charge for the period / year		-	102,657
Less: Reversals made during the period / year (capital gain)		-	(51,359)
Net charge / (reversal)		-	51,298
Closing balance		<b>81,273</b>	<b>81,273</b>
		<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>5. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		<b>September 30, 2016</b>	<b>June 30, 2016</b>
<b>(Rupees in '000)</b>			
Auditors' remuneration		<b>755</b>	520
Payable on redemption of units		-	6
Payable against purchase of investments		<b>95,992</b>	-
Federal Excise Duty	5.1	<b>37,838</b>	37,838
Provision for Workers' Welfare Fund	5.3	<b>56,825</b>	56,825
Payable to brokers		<b>5,936</b>	4,404
Withholding tax payable		<b>16</b>	1,473
Other payables		<b>23</b>	95
		<b>197,385</b>	<b>101,161</b>
<b>5.1 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF</b>			
There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016.			
Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.			
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In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.9307.

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

During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard, the Management Company has started charging these expenses effective from November 25, 2015.

**5.3 PROVISION FOR WORKERS' WELFARE FUND**

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016.

After the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1st July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Asset Value (NAV) per unit of the Fund as at September 30, 2016 would have been higher by Rs. 1.3014 per unit.

**6. TOTAL EXPENSE RATIO**

The Scheme has maintained Total Expense Ratio (TER) 0.64% (0.08% representing Government Levies, and SECP Fee).

**7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at September 30, 2016.

**8. 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. 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.

**9. EARNINGS PER UNIT (EPU)**

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

**10. 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.

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:

	(Un-Audited) Quarter ended September 30,	
10.1 Transactions during the period	2016	2015
	(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>		
Management Fee	27,236	29,490
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,205	-
<b>Habib Bank Limited - Sponsor</b>		
Profit on bank deposits earned	1,361	1,476
Profit on bank deposits received	1,028	923
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	1,661	1,372
10.2 Transactions involving shares of connected persons:		
<b>Habib Bank Limited - Sponsor</b>		
Sale of 652,500 shares (2015: nil shares)	141,896	-
Gain on sale of shares	27,871	-
	(Un-Audited)	(Audited)
	September 30,	June 30,
	2016	2016
	(Rupees in '000)	
10.3 Balances outstanding as at period end		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	7,911	7,417
Sindh Sales Tax	1,028	1,205
Sales load payable	251	86
Allocation of expenses related to registrar services, accounting, operation and valuation services	447	371
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 35,698,175 units (June 30, 2016: 35,698,175 units)	3,950,718	3,701,058
Bank balances	120,348	21,250
Mark-up accrued on deposits with bank	333	-
<b>Directors and Executives of the Management Company and their relatives</b>		
<b>Directors and their relatives</b>		
Investment held in the Fund: nil units (June 30, 2016: 692 units)	-	72
<b>Executives and their relatives</b>		
Investment held in the Fund : 10,848 units (June 30, 2016: 10,848 units)	1,201	1,125
<b>HBL Employees Provident Fund - Associated Entity</b>		
Investment held in the Fund: 6,737,264 units (June 30, 2016: 6,737,264 units)	745,613	698,495
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	478	516
Security deposit	100	100
<b>Shares held in associated undertakings</b>		
<b>Habib Bank Limited</b>		
Shares held: 1,089,619 ordinary shares (June 30, 2016: 1,742,119 ordinary shares)	240,599	344,173

## 11. 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 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)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 2)

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

	September 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)								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	4,411,681	-	-	4,411,681	4,411,681	-	-	4,411,681
- Government securities	169,289	-	-	169,289	169,289	-	-	169,289
	<b>4,580,970</b>	-	-	<b>4,580,970</b>	<b>4,580,970</b>	-	-	<b>4,580,970</b>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	438,631	-	438,631	-	-	-	-
Investments								
- Un-Listed equity securities	7,966	-	-	7,966	-	-	-	-
Dividend receivable and accrued mark-up	-	8,251	-	8,251	-	-	-	-
Advances, deposits and other receivables	-	5,073	-	5,073	-	-	-	-
	<b>7,966</b>	<b>451,955</b>	-	<b>459,921</b>	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	9,637	9,637	-	-	-	-
Payable to Trustee	-	-	478	478	-	-	-	-
Accrued expenses and other liabilities	-	-	102,706	102,706	-	-	-	-
	-	-	<b>112,821</b>	<b>112,821</b>	-	-	-	-



	June 30, 2016							
	Carrying amount				Fair Value			
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	4,314,238	-	-	4,314,238	4,314,238	-	-	4,314,238
- Government securities	172,054	-	-	172,054	172,054	-	-	172,054
	<u>172,054</u>	<u>-</u>	<u>-</u>	<u>4,486,292</u>	<u>4,486,292</u>	<u>-</u>	<u>-</u>	<u>4,486,292</u>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	38,406	-	38,406	-	-	-	-
Investments	-	-	-	-	-	-	-	-
- Un-Listed equity securities	97,966	-	-	97,966	-	-	-	-
Dividend receivable and accrued mark-up	-	6,280	-	6,280	-	-	-	-
Advances, deposits, prepayments and other receivables	-	5,163	-	5,163	-	-	-	-
	<u>97,966</u>	<u>49,849</u>	<u>-</u>	<u>147,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>								
Payable to Management Company	-	-	9,079	9,079	-	-	-	-
Payable to Trustee	-	-	516	516	-	-	-	-
Accrued expenses and other liabilities	-	-	6,498	6,498	-	-	-	-
	<u>-</u>	<u>-</u>	<u>16,093</u>	<u>16,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

11.1 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.

**12. 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 16 of 2010 dated July 07, 2010 required all Asset Management Companies to made disclosure in the financial statements of the collective investment scheme regarding any non-compliant investment held in the portfolio of the collective investment scheme which are non-compliant either with the investment policy or the minimum investment criteria. As at September 30, 2016, all the investment held in the fund portfolio are compliant except for the following which are non-compliant due to not meeting minimum rating requirement.

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	-	-	-

**13. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **October 31, 2016**.

**14. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

**Not For Print**

**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)
	Mr. Ava A. 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  
 United Bank Limited

Legal Advisors

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

Website

www.hblasset.com

Head Office

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

Registered Office

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

**PICIC CASH FUND****Condensed Interim Statement of Assets And Liabilities***As At Septemeber 30, 2016*

	Note	Un-audited September 30, 2016 (Rupees in '000)	(Audited) June 30, 2016
<b>ASSETS</b>			
Bank balances	4	508,634	1,624,223
Investments	5	2,194,644	527,691
Profit Receivable		6,022	5,551
Security deposits		100	100
Prepayments and advances		67	88
<b>Total Assets</b>		<b>2,709,467</b>	<b>2,157,653</b>
<b>LIABILITIES</b>			
Payable to the Management Company		1,160	1,198
Payable to Trustee		241	242
Payable to Securities and Exchange Commission of Pakistan		469	2,462
Dividend payable		-	490
Payable against redemption of units		-	28
Accrued expenses and other liabilities	6	24,241	49,277
<b>Total Liabilities</b>		<b>26,111</b>	<b>53,697</b>
<b>NET ASSETS</b>		<b>2,683,356</b>	<b>2,103,956</b>
<b>Unit Holders' Funds ( As per statement attached )</b>		<b>2,683,356</b>	<b>2,103,956</b>
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	8	Number of units	
<b>Number of units in issue</b>		<b>26,344,158</b>	<b>20,920,392</b>
		(Rupees)	
<b>Net asset value per unit</b>		<b>101.8578</b>	<b>100.5696</b>
The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.			
<b>For HBL Asset Management Limited (Management Company)</b>			
_____ Chief Executive		_____ Director	

**PICIC CASH FUND**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	Note	Three months ended September	
		2016	2015
-----Rupees in '000'-----			
<b>INCOME</b>			
Capital gain / (loss) on sale of investments-net		66	296
Income from government securities		16,029	48,036
Income from money market transaction		6,598	11,024
Profit on bank deposits		15,890	2,848
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.1	(778)	1,652
<b>Total Income</b>		<b>37,805</b>	<b>63,856</b>
<b>EXPENSES</b>			
Remuneration of the Management Company		3,125	4,357
Sindh Sales Tax on remuneration of Management Company		406	610
Federal excise duty and additional sales tax on management fee	6.2	-	795
Remuneration of the Trustee		743	961
Annual fee to the Securities and Exchange Commission of Pakistan		469	654
Fund operation, accounting and related costs	6.3	631	-
Amortisation of preliminary expenses and flotation costs		-	50
Auditors' remuneration		131	125
Fees and subscription		76	59
Securities transaction cost		11	55
Bank charges		32	63
Printing charges		88	88
<b>Total Expenses</b>		<b>5,712</b>	<b>7,817</b>
<b>Net income from operating activities</b>		<b>32,093</b>	<b>56,039</b>
Element of gain / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		2,366	(3,533)
<b>Net income for the period before taxation and WWF Expense</b>		<b>34,459</b>	<b>52,506</b>
Provision for Workers' Welfare Fund	6.1	-	(1,050)
<b>Net income for the period before taxation</b>		<b>34,459</b>	<b>51,456</b>
Taxation	9	-	-
<b>Net Income for the Period after taxation</b>		<b>34,459</b>	<b>51,456</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>34,459</b>	<b>51,456</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

**PICIC CASH FUND**  
**Condensed Interim Distribution Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	<b>Three months ended September 30, 2016      2015 (Rupees in '000)</b>	
<b>Undistributed income brought forward</b>		
-Realised income	11,901	11,053
-Unrealised income / (loss)	17	(527)
	11,918	10,526
Net element of Gain \ (loss) and capital Gain \ (losses) included in prices of units issued less those in units redeemed- amount transferred to distribution statement	3,045	(117)
<b>Net income for the period after taxation</b>	34,459	51,456
Cash distribution of Re 0.02 per unit for the year ended June 30, 2016 declared on August 26, 2016 (2015: Nil)	(490)	-
<b>Undistributed income carried forward</b>	48,932	61,865
<b>Undistributed income comprising:</b>		
-Realised income	49,710	60,213
-Unrealised (loss) / income	(778)	1,652
	48,932	61,865

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

**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 quarter ended September 30, 2016*

	<b>Three months ended September 30, 2016      2015 (Rupees in '000')</b>	
<b>Net assets at the beginning of the period</b>	2,103,956	3,249,017
Issue of 9,962,680 units (2015: 15,110,653)	1,006,905	1,504,741
Redemption 4,538,913 units (2015: 15,487,568 units)	(459,108)	(1,546,081)
	547,797	(41,340)
Element of income and capital gain included in prices of units issued less those in units redeemed - net		
- transferred to the Income Statement	(2,366)	3,533
- transferred to the Distribution Statement	(3,045)	117
	(5,411)	3,650
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(778)	1,652
Capital gain / (loss) on sale of investments-net	66	296
Other net income for the period after taxation	35,171	49,508
	34,459	51,456
Cash distribution of Re 0.02 per unit for the year ended June 30, 2016 declared on August 26, 2016 (2015: Nil)	(490)	-
Net element of (loss) / income and capital (losses) / gain included in prices of units issued less those in units redeemed- amount	3,045	(117)
<b>Net assets at the end of the period</b>	<b>2,683,356</b>	<b>3,262,666</b>
<b>Net asset value per unit at the beginning of the period</b>	<b>100.5696</b>	<b>100.3250</b>
<b>Net asset value per unit at the end of the period</b>	<b>101.8578</b>	<b>101.9328</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

**PICIC CASH FUND****Condensed Interim Cash Flow Statement (Un-Audited)***For the quarter ended September 30, 2016*

	<b>Three months ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	34,459	51,456
<b>Adjustments</b>		
Capital loss on sale of investments-net	(66)	(296)
Amortisation of preliminary expenses and flotation costs	-	50
Element of income and capital gain included in prices of units issued less those in units redeemed - net	(2,366)	3,533
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	778	(1,652)
<b>Operating cash inflow before working capital changes</b>	<u>32,805</u>	<u>53,091</u>
<b>Decrease / (increase) in assets</b>		
Investments - net	(1,227,665)	373,874
Profit Receivable	(471)	20,029
Prepayments and advances	21	35
	(1,228,115)	393,938
<b>(Decrease) / (increase) in liabilities</b>		
Payable to the Management Company	(38)	341
Payable to Trustee	(1)	88
Payable to Securities and Exchange Commission of Pakistan	(1,993)	(2,531)
Dividend payable	(490)	-
Accrued expenses and other liabilities	(25,036)	2,743
Payable against redemption of units	(28)	(148,104)
	(27,586)	(147,463)
<b>Net cash generated from / (used in ) operating activities</b>	<u>(1,222,896)</u>	<u>299,566</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	1,006,905	1,504,741
Payments on redemption of units	(459,108)	(1,546,081)
Dividend paid	(490)	-
Net payments from issuance and redemptions of units	547,307	(41,340)
<b>Net cash (used in) financing activities</b>	<u>547,307</u>	<u>(41,340)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(675,589)</u>	<u>258,226</u>
Cash and cash equivalents at the beginning of the period	1,624,223	942,130
<b>Cash and cash equivalents at the end of the period</b>	<u>948,634</u>	<u>1,200,356</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

**For HBL Asset Management Limited  
(Management Company)**\_\_\_\_\_  
**Chief Executive**\_\_\_\_\_  
**Director**

## **PICIC CASH FUND**

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

*For the quarter ended September 30, 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.

The Fund is an open-ended money market scheme and is listed on Islamabad Stock Exchange Limited which has been merged into Pakistan Stock Exchange Limited subsequent to the period end. 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.

During the year, 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 Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company 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 situated at 3rd floor, PNSC Building, M.T. Khan Road, Karachi, Pakistan.

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.

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

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.

#### **2 BASIS OF PREPARATION**

##### **2.1 STATEMENT OF COMPLIANCE**

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

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the 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 financial statements of the Fund for the year ended June 30, 2016.

This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2016.

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

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

**2.3 Standards, interpretations and amendments to published approved accounting standards, that are not yet effective**

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

	Note	Un-audited September 30, 2016	(Audited) June 30, 2016
<b>4 BANK BALANCES</b>			
In savings accounts	4.1	508,634	1,624,223
<b>4.1</b>	These accounts carry mark-up at rates ranging between 3.75% and 6.50% (2015: 3.75% and 6.70%) per annum.		
<b>4.2 CASH AND CASH EQUIVALENTS</b>			
Bank Balance		508,634	1,624,223
Term deposit receipts	5.2	440,000	-
		<u>948,634</u>	<u>1,624,223</u>
<b>5 INVESTMENTS</b>			
<b>Financial assets at fair value through profit or loss :</b>			
Market Treasury Bills	5.1	1,574,644	97,691
		<u>1,574,644</u>	<u>97,691</u>
Loans and receivables	5.2	620,000	430,000
		<u>2,194,644</u>	<u>527,691</u>

**5.1 Financial assets at fair value through profit or loss**

Issue date	Tenor	Notes	As at July 1, 2016	Purchases during the period	Sales / matured during the period	As at September 30, 2016	Balance as at September 30, 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-----											
<b>Market Treasury Bills</b>											
September 1, 2016	3 months	5.1.1	-	300,000	-	300,000	297,435	297,365	(70.00)	11.08%	13.55%
May 26, 2016	6 months		100,000	-	-	100,000	99,146	99,122	(24.00)	3.69%	4.52%
July 11, 2016	6 months	5.1.2	-	250,000	250,000	-	-	-	-	0.00%	0.00%
July 21, 2016	6 months		-	1,100,000	-	1,100,000	1,081,230	1,080,578	(652)	40.27%	49.24%
September 1, 2016	6 months		-	100,000	-	100,000	97,611	97,579	(32)	3.64%	4.45%
<b>Total - As at September 30, 2016</b>			<u>100,000</u>	<u>1,750,000</u>	<u>250,000</u>	<u>1,600,000</u>	<u>1,575,422</u>	<u>1,574,644</u>	<u>(778)</u>	<u>58.68%</u>	<u>71.76%</u>
<b>Total - June 30, 2016</b>			<u>1,949,500</u>	<u>7,065,200</u>	<u>8,914,700</u>	<u>100,000</u>	<u>97,674</u>	<u>97,691</u>	<u>17</u>	<u>-</u>	<u>-</u>

5.1.1 The effective yield on market treasury bills at the rate of 5.88% (June 30, 2016: Nil).

5.1.2 The effective yield on market treasury bills is ranging between 5.88% to 5.92% (June 30, 2016: 6.38%).

	Note	Un-audited September 30, 2016	(Audited) June 30, 2016
<b>5.2 Loans and receivables</b>			
Term Deposit Receipts	5.2.2	440,000	-
Certificates of investment	5.2.1	180,000	430,000
		<u>620,000</u>	<u>430,000</u>

5.2.1 Certificates of investments carry returns at rate 6.40% (June 2016 : 6.30% to 6.80%) per annum .

5.2.2 Term deposit receipt carries return at ranging between 6.25% to 6.35% (2016: 6.72% to 7.35%).

	Note	Un-audited September 30, 2016	(Audited) June 30, 2016
Rupees in '000'			
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Workers' Welfare Fund	6.1	15,093	15,093
Provision for Federal Excise Duty and additional sales tax on management fee	6.2	7,528	7,528
Withholding tax payable		530	25,982
Auditors' remuneration		107	275
Printing charges		263	175
Brokerage payable		3	25
Fund operations, accounting and related cost payable	6.3	717	201
Sales load payable to the NIB Bank Limited		-	-
		<b>24,241</b>	<b>49,277</b>

**6.1 Provision for Workers' Welfare Fund**

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016

After the exclusion of the mutual Funds from federal status on Workers Welfare Fund from July 1st 2015, the Fund has discontinued making the provision in this regards. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2016 would be higher by Re. 0.5729 (June 30, 2016: Re 0.721) per unit.

**6.2 Provision for federal excise duty and additional sales tax**

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016

Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Re. 0.28.

**6.3 Fund operations, accounting and related costs**

During the year year Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 date November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard the Management Company has started charging these expenses effective from December 1, 2015.

**7 Total Expense Ratio**

The Scheme has maintained Total expense ratio (TER) 0.23% (0.04% of TER representing Government Levies, WWF and SECP Fee).

**8 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at September 30, 2016 and June 30, 2016.

**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. 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.

**10 TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the holding company of the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, other associated companies of the Management Company and directors and officers of the Management Company.

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

Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Offering Document respectively.

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

Details of transactions carried out by the Fund with connected persons and balances with them other than those disclosed elsewhere in these condensed interim financial statements, as at period end, are as follows:

	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Un-Audited)</b>	
	<b>Rupees in '000'</b>	
<b>10.1 Transaction during the period</b>		
<b>Management Company</b>		
Issue of nil units (2015: 1,993 units )	-	200
Redemption of nil units (2015: 1,975,831 units)	-	200,000
Cash Dividend 1,033 units (2015: nil units)	105	-
Remuneration of management company	3,125	4,357
Sindh Sales Tax on remuneration of management company	406	610
Sales load accrued to the management company	21	30
<b>Central Depository Company Of Pakistan Limited - Trustee</b>		
Remuneration	743	961
CDS connection charges	2	1
<b>Habib Bank Limited - Associated Company</b>		
Return on deposit accounts	7,602	4
<b>Directors and Executives of the Management Company</b>		
Issue of 14,886 units (2015: nil units)	1,500	-
Cash Dividend 8 units	1	-

	<b>Three months ended September 30, 2016                      2015 (Un-Audited) Rupees in '000'</b>	
<b>Jubilee General Insurance Company Limited - Associated Company</b>		
Issue of nil (2015: 397,865) units	-	40,000
<b>Barrett Hodgson Pakistan (Pvt.) Limited - Connected person due to holding more than 10% units</b>		
Issue of 4,816,641 (2015: Nil) units	493,615	-
Redemption of 4,682,038 (2015: Nil) units	490,724	-
Cash Dividend 462 units	47	-
<b>Fauji Oil Terminal &amp; Distribution Company Ltd - Connected person due to holding more than 10% units</b>		
Issue of 3,700,378 (2015: 6,816,741) units	371,985	700,464
Redemption of 3,553,580 (2015: 4,643,002) units	377,002	502,509
Cash Dividend 548 units	56	-
	<b>Un-audited                      Audited September 30,                      June 30, 2016                      2016 Rupees in '000'</b>	
<b>10.2 Balances outstanding at the period end</b>		
<b>Management Company</b>		
Outstanding 6,981,354 units (June 2016: 6,981,354 units)	701,960	701,960
Payable to the Management Company	1,140	1,183
Sales load payable	20	15
Fund operation, accounting and related costs payable	671	-
<b>Habib Bank Limited - Associated Company</b>		
Bank balances	2,042	350,041
<b>Central Depository Company Of Pakistan Limited - Trustee</b>		
Trustee fee payable	241	242
Security deposit held	100	100
<b>Directors and Executives of the Management Company</b>		
44,143 units held (June 2016: 27,889 units)	4,496	2,940
<b>Barrett Hodgson Pakistan (Pvt.) Limited - Connected person due to holding more than 10% units</b>		
3,124,687 units held (June 2016: 3,124,244 units)	318,250	314,134
<b>Fauji Oil Terminal &amp; Distribution Company Ltd - Connected person due to holding more than 10% units</b>		
3,700,924 units held (June 2016: 3,700,377 units)	376,940	372,065

## 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

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

Financial assets which are traded in an open market are revalued at the market prices prevailing at the close of trading on the reporting date. The estimated fair value of all other financial assets and liabilities is not considered to be significantly different from book values as the items are either short-term in nature or periodically repriced.

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) (level 3).

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

		September 30, 2016								
		Carrying amount			Fair Value					
Note	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		
----- (Rupees in '000) -----										
<b>On-balance sheet financial instruments</b>										
<b>Financial assets measured at fair value</b>										
	Investments in Market Treasury Bills	5.1	1,575,422	-	-	1,575,422	1,575,422	-	-	1,575,422
			<u>1,575,422</u>	<u>-</u>	<u>-</u>	<u>1,575,422</u>	<u>1,575,422</u>	<u>-</u>	<u>-</u>	<u>1,575,422</u>
<b>Financial assets not measured at fair value</b>										
	Bank balances	4	-	508,634	-	508,634	-	-	-	-
	Profit receivable		-	6,022	-	6,022	-	-	-	-
			<u>-</u>	<u>514,656</u>	<u>-</u>	<u>514,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>										
	Payable to the Management Company		-	-	1,160	1,160	-	-	-	-
	Payable to the Trustee		-	-	241	241	-	-	-	-
	Accrued expenses and other liabilities		-	-	674	674	-	-	-	-
			<u>-</u>	<u>-</u>	<u>2,075</u>	<u>2,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



								<b>June 30, 2016</b>					
								<b>Carrying amount</b>			<b>Fair Value</b>		
	Note	<b>Fair value through profit and loss</b>	<b>Loans and receivables</b>	<b>Other financial liabilities</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>				
<b>On-balance sheet financial instruments</b>								----- (Rupees in '000) -----					
<b>Financial assets measured at fair value</b>													
Investments in Market Treasury Bills	5.1	97,674	-	-	97,674	97,674	-	-	97,674				
		<b>97,674</b>	<b>-</b>	<b>-</b>	<b>97,674</b>	<b>97,674</b>	<b>-</b>	<b>-</b>	<b>97,674</b>				
<b>Financial assets not measured at fair value</b>													
Bank balances	4	-	1,624,223	-	1,624,223	-	-	-	-				
Profit receivable		-	5,551	-	5,551	-	-	-	-				
		<b>-</b>	<b>1,629,774</b>	<b>-</b>	<b>1,629,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				
<b>Financial liabilities not measured at fair value</b>													
Payable to the Management Company		-	-	1,198	1,198	-	-	-	-				
Payable to the Trustee		-	-	242	242	-	-	-	-				
Accrued expenses and other liabilities		-	-	674	674	-	-	-	-				
Payable against redemption of units		-	-	28	28	-	-	-	-				
		<b>-</b>	<b>-</b>	<b>2,142</b>	<b>2,142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				
<p><b>11.2</b> The company 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.</p>													
<p><b>12 DATE OF AUTHORIZATION FOR ISSUE</b></p> <p>This condensed interim financial information was authorized for issue on October 31, 2016 by the board of directors of the Management company.</p>													
<p><b>13 GENERAL</b></p> <p>Figures have been rounded off to the nearest thousand rupees.</p>													
<p><b>For HBL Asset Management Limited</b> <b>(Management Company)</b></p>													
<p>_____ <b>Chief Executive</b></p>					<p>_____ <b>Director</b></p>								
<p>104</p>													

**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)
	Mr. Ava A. 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  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
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](http://www.hblasset.com)

Head Office

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

Registered Office

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



**PICIC INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
*For the quarter ended September 30, 2016*

	Note	Three months ended September 30,	
		2016	2015
----- (Rupees in 000's) -----			
<b>INCOME</b>			
Capital (loss) /gain on sale of investments - net		(1,913)	411
Income from Government Securities		15,646	24,348
Income from money market placements		8,870	2,360
Income from Margin Trading System		6,569	3,609
Profit on bank deposits		6,034	2,677
Unrealised (diminution) /appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss-net		(156)	8,467
		-	-
		35,052	41,872
<b>EXPENSES</b>			
Remuneration of the Management Company		6,939	5,211
Sindh sales tax on remuneration of the Management Company		902	730
Federal excise duty and additional sales tax on management fee		-	950
Remuneration of the Trustee		775	648
Annual fee to the Securities and Exchange Commission of Pakistan		416	313
Fund operations, accounting and related costs		563	-
Amortisation of preliminary expenses and floatation costs		-	12
Auditors' remuneration		145	125
Fees and subscription		78	56
Securities transaction cost		973	508
Bank charges		31	28
Printing charges		88	159
		10,910	8,740
Net income from operating activities		24,142	33,132
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		(725)	4,026
Provision for Workers' Welfare Fund	6.1	-	(743)
Net income for the period before taxation		23,417	36,415
Taxation	9	-	-
Net income for the period after taxation		23,417	36,415
Other comprehensive income		-	-
Total comprehensive income for the period		23,417	36,415

The annexed notes from 1 to 13 form an integral part of this 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 quarter ended September 30, 2016*

	<b>Three months ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	----- (Rupees in 000's) -----	
Undistributed income at the beginning of the period		
Realised income	94,185	15,338
Unrealised gain	10,510	22,741
	<u>104,695</u>	<u>38,079</u>
Net income for the period after taxation	23,417	36,415
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - transferred to the Distribution Statement - net	(1,671)	14,925
Undistributed income at the end of the period	<u>126,441</u>	<u>89,419</u>
Undistributed income comprising of:		
Realised income	126,597	80,952
Unrealised gain	(156)	8,467
	<u>126,441</u>	<u>89,419</u>

The annexed notes from 1 to 13 form an integral part of this 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 quarter ended September 30, 2016*

	<b>Three months ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>----- (Rupees in 000's) -----</b>	
Net assets at the beginning of the period	2,114,271	1,324,011
Issue of 11,071,159 (2015: 8,455,920) units	1,169,395	879,634
Redemption of 11,391,985 (2015: 3,416,063) units	(1,203,874)	(356,697)
	(34,479)	522,937
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net transferred to the Statement of Comprehensive Income	725	(4,026)
transferred to the Distribution Statement	1,671	(14,925)
	2,396	(18,951)
Total comprehensive income for the period	23,417	36,415
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to the Distribution Statement - net	(1,671)	14,925
Net assets at end of the period	<u>2,103,934</u>	<u>1,879,337</u>
Net assets value per unit at the beginning of the period	<u>105.2098</u>	<u>102.9612</u>
Net assets value per unit at the end of the period	<u>106.3940</u>	<u>104.9957</u>

The annexed notes from 1 to 13 form an integral part of this 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 quarter ended September 30, 2016**

	Three months ended September 30,	
	2016	2015
Note	(Rupees in 000's)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	23,417	36,415
<b>Adjustments for:</b>		
Capital gain on sale of investments - net	1,913	(411)
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss-net	156	(8,467)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net costs	725	(4,026)
	-	12
	2,794	(12,892)
	26,211	23,523
<b>(Increase) / decrease in assets</b>		
Investments - net	156,318	(271,096)
Receivable against Marginal Trading System	182,177	(150,354)
Profit receivable	7,200	27,714
Deposits, prepayments and other receivables	80	94
	345,775	(393,642)
<b>(Decrease) / increase in liabilities</b>		
Payable to Management Company	(189)	(127)
Payable to the Trustee	(11)	(41)
Payable to Securities and Exchange Commission of Pakistan	(1,182)	(1,861)
Accrued expenses and other liabilities	(3,809)	(5,648)
	(5,191)	(7,677)
Net cash (used in) / generated from operating activities	366,795	(377,796)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	1,169,395	522,937
Payment on redemption of units	(1,212,180)	(77,409)
Distributions paid	(30,012)	(46,565)
Net cash generated from / (used in) financing activities	(72,797)	398,963
Net increase / (decrease) in cash and cash equivalents	293,998	21,167
Cash and cash equivalents at the beginning of the period	992,954	354,679
Cash and cash equivalents at the end of the period	4.2 1,286,952	375,846
<b>CASH AND CASH EQUIVALENTS</b>		
Bank balances	641,951	375,846
Term deposit receipt	645,000	-
	1,286,952	375,846

The annexed notes from 1 to 13 form an integral part of this 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 quarter ended September 30, 2016*

#### **1 LEGAL STATUS AND NATURE OF BUSINESS**

The PICIC Income 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 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. NBFC-II/DD/PICICIF/199 dated March 10, 2010 and the Trust Deed was executed on March 17, 2010.

The Fund has been categorised as an income scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs) and is listed on the Islamabad Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

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, Khayban-e-Hafiz, Phase VI, D.H.A Karachi, Pakistan.

During the year, 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 Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The investment objective of the Fund is to provide competitive returns to its investors through active investments in a blend of short, medium and long term debt instruments, both within and outside Pakistan (for making investments outside Pakistan, it shall obtain prior approval of the Commission). The Fund will aim to preserve capital while maximizing returns through efficient utilisation of investment and liquidity management tools.

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

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

#### **2 BASIS OF PREPARATION**

##### **2.1 Statement of Compliance**

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

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the 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 financial statements of the Fund for the year ended June 30, 2016.

This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2016.

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

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

**2.3 Standards, interpretations and amendments to published approved accounting standards, that are not yet effective**

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

		September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	Note	----- (Rupees in '000) -----	
<b>4 BANK BALANCES</b>			
PLS savings accounts	4.1	641,951	992,954
4.1 Profit rates on these savings accounts range between 4.0% to 6.15% per annum (June 30, 2016: 3.75% to 6.50% per annum).			
<b>4.2 Cash and cash equivalents</b>			
Bank balances		641,951	992,954
Term deposit receipts		645,000	175,000
		<u>1,286,951</u>	<u>1,167,954</u>
<b>5 INVESTMENTS</b>			
Financial assets at 'fair value through profit or loss'			
Investments in Government securities:			
Market Treasury Bills	5.1	238,658	54,815
Pakistan Investment Bonds	5.2	224,983	391,940
		463,641	446,755
Corporate Sukuk Certificates	5.3	56,066	57,516
Term Finance Certificate	5.4	50,313	49,136
		570,020	553,407
Loans and receivables	5.5	834,000	364,000
		<u>1,404,020</u>	<u>917,407</u>

5.1 Investment in Government securities - 'at fair value through profit or loss'

Issue date	Tenor	Face value				Balance as at September 30, 2016				Market value as a percentage of total investments
		As at July 1, 2016	Purchases during the period	Sales / matured during the period	As at September 30, 2016	Carrying value	Market value	Appreciation / (diminution)	Market value as a percentage of net assets	
<b>Market Treasury Bills</b>										
July 11, 2015	03 months	-	250,000	250,000	-	-	-	-	-	-
January 21, 2016	06 months	55,000	-	55,000	-	-	-	-	-	-
July 21, 2016	06 months	-	150,000	150,000	-	-	-	-	-	-
July 21, 2016	12 months	-	250,000	-	250,000	238,962	238,658	(304)	11.34%	17.00%
<b>Total - As at September 30, 2016</b>		<b>55,000</b>	<b>650,000</b>	<b>455,000</b>	<b>250,000</b>	<b>238,962</b>	<b>238,658</b>	<b>(304)</b>	<b>11.34%</b>	<b>17.00%</b>
Total - As at June 30, 2016					55,000	54,819	54,815	(4)	2.59%	5.97%

5.1.1 T-Bills with face value aggregating to Rs. 50 million (June 30, 2016: Rs. 50 million) have been pledged with the National Clearing Company of Pakistan (NCCPL) as collateral against trading facility in Margin Trading System (MTS).

5.1.2 The effective yield on market treasury bills is 5.82% to 5.85% (June 30, 2016: 5.88%).

5.2 Pakistan Investment Bonds

April 21, 2016	05 years	-	200,000	200,000	-	-	-	-	-	-
March 26, 2015	05 years	300,000	-	150,000	150,000	163,813	163,022	(791)	7.75%	11.61%
July 19, 2012	10 years	50,000	50,000	(50,000)	50,000	62,239	61,962	(277)	2.95%	4.41%
<b>Total - As at September 30, 2016</b>		<b>350,000</b>	<b>250,000</b>	<b>300,000</b>	<b>200,000</b>	<b>226,052</b>	<b>224,984</b>	<b>(1,068)</b>	<b>10.69%</b>	<b>16.02%</b>
Total - As at June 30, 2015					350,000	381,352	391,940	10,588	18.54%	42.72%

5.2.1 The effective yield on Pakistan Investment bonds range from 6.27% to 6.83% (June 30, 2016: 6.26% to 6.87%).

**5.3 Corporate Sukuk Certificates:**

Issuer	Tenor	No. of Certificate				Balance as at September 30, 2016				Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2016	Purchases during the period	Sales / matured during the period	As at September 30, 2016	Carrying value	Market value	Appreciation / (diminution)			
Engro Fertilizer Limited	5 Years	12,000	-	-	12,000	55,994	56,066	72	2.66%	3.99%	
<b>Total - As at September 30, 2016</b>		12,000	-	-	12,000	55,994	56,066	72	2.66%	3.99%	
Total - As at June 30, 2016		12,000	-	-	12,000	56,736	57,516	780	2.72%	6.27%	

------(Rupees in '000)-----

5.3.1 This carries semi annual coupon at the rate of 7.81% per annum (June 30, 2016: 8.21%)

**5.4 Term Finance Certificate:**

Soneri Bank Limited	5 Years	-	10,000	-	10,000	49,169	50,313	1,145	2.39%	3.58%
<b>Total - As at September 30, 2016</b>		-	10,000	-	10,000	49,169	50,313	1,145	2.39%	3.58%
Total - As at June 30, 2016		-	10,000	-	10,000	49,990	49,136	(854)	2.32%	5.36%

5.4.1 This carries semi annual coupon at the rate of 7.41% per annum (June 30, 2016: 7.83%).

		September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	Note	----- (Rupees in '000) -----	
<b>5.5 Loans and receivables</b>			
Short term corporate Sukuk Certificate	5.5.1	139,000	139,000
Term deposit receipt (TDR)		645,000	175,000
Certificate of investment		50,000	50,000
		<u>834,000</u>	<u>364,000</u>
5.5.1 This term deposit receipt carries a profit rate of 7.25% (June 30, 2016: nil) per annum with maturity on May 25, 2016 (June 30, 2016: nil).			
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Workers' Welfare Fund	6.1	14,183	14,183
Provision for Federal Excise Duty and additional sales tax on management fee	6.2	15,531	15,531
Withholding tax		446	4,490
Auditors' remuneration		115	275
Printing charges		263	175
Fund operations, accounting and related cost payable		527	187
Others		83	116
		<u>31,148</u>	<u>34,957</u>
<b>6.1 Provision for workers' welfare fund</b>			
There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016			
After the exclusion of the mutual Funds from federal status on Workers Welfare Fund from July 1st 2015, the Fund has discontinued making the provision in this regards. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2016 would be higher by Re. 0.7172 (June 30, 2016: Re 0.7058) per unit.			
<b>6.2 Provision for federal excise duty and additional sales tax</b>			
There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016			
Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.			
In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.7854.			
<b>6.3 Fund operations, accounting and related costs</b>			
During the year year Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 date November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard the Management Company has started charging these expenses effective from December 1, 2015.			

**7 TOTAL EXPENSE RATIO**

The Scheme has maintained Total expense ratio (TER) 0.50%. (0.07 % of TER representing Government Levies, WWF and SECP Fee).

**8 CONTINGENCIES AND COMMITMENTS**

There were no contingencies outstanding as at September 30, 2016 and June 30, 2016.

	<b>September 30, 2016 (Unaudited)</b>	<b>June 30, 2016 (Audited)</b>
	----- <b>(Rupees in '000)</b> -----	
<b>8.1 Commitments</b>		
Payable against MTS investments	(11,338)	(183,711)
Receivable from MTS release including profit	22,189	47,875
	<u>10,851</u>	<u>(135,836)</u>

**9 TAXATION**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the period, as reduced by capital gains, is distributed amongst the certificate holders. The Fund has not recorded provision for taxation as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year as reduced by capital gains, to its certificate holders.

**10 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS**

Connected persons include Habib Asset Management Limited being the Management Company, Habib Bank Limited being the holding company of the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, other associated companies of the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and term determined in accordance with the market rates.

Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

Details of transactions carried out by the Fund with connected persons and balances with them other than those disclosed elsewhere in these financial statements, as at year end, are as follows:

	<b>Three month ended September</b>	
	<b>2016 (Unaudited)</b>	<b>2015</b>
	(Rupees in 000's)	
<b>10.1 Transactions during the period</b>		
<b>10.1.1 Transaction relating to units of the fund</b>		
<b>Management Company Limited</b>		
Issue of 236,331 units (2015: 1,435,462 units)	<u>25,000</u>	<u>149,586</u>
<b>Directors and executives of the Management Company</b>		
Redemption of nil (2015: 3,887) units	<u>-</u>	<u>400</u>

	<b>Three month ended September</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	
	<b>(Rupees in 000's)</b>	
<b>10.2.1 Other transaction during the period</b>		
<b>Management Company Limited</b>		
Remuneration to the Management Company	6,939	5,211
Sindh sales tax on remuneration	902	730
Sales load accrued	15	727
<b>Habib Bank Limited - Associated Company</b>		
Profit on bank deposits	6	1
<b>NIB Bank Limited - Connected person due to holding more than 10% units</b>		
Issue of 4,728,477 units (2015: Nil units)	500,000	-
Redemption 5,117,650 units (2015: Nil units)	541,152	-
Profit on bank deposits	2,759	3,555
Bank charges	23	5
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	775	648
CDS charges	128	79
	<b>September 30 2016</b>	<b>June 30, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>----- (Rupees in '000) -----</b>	
<b>10.2 Amounts outstanding as at period / year end</b>		
<b>PICIC Asset Management Company Limited</b>		
3,094,251 units held (June 30, 2016: 2,857,920 units)	329,210	300,681
Remuneration payable	2,196	2,450
Sindh sales tax payable remuneration of Management Company	285	368
Reimbursement of fund operations, accounting related costs payable	600	-
Sales load payable	6	-
<b>Habib Bank Limited - Associated Company</b>		
Bank balances	73	522
<b>NIB Bank Limited - Connected person due to holding more than 10% units</b>		
4,728,477 units held (June 30, 2016: 5,117,650 units)	503,082	538,427
Bank balances	176,291	238,946
Profit receivable	427	3,814
Dividend payable	-	29,938
118		

	September 30 2016 (Unaudited)	June 30, 2016 (Audited)
	------(Rupees in '000)-----	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration and CDS connection fee payable	278	289
Security deposit	100	100
<b>Directors and executives of the Management Company</b>		
14,967 units held (June 30, 2016: 7,802)	1,592	1,856

## 11 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 prices used for financial assets held by the company 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 (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	September 30, 2016							
		Carrying amount			Fair Value				
		Fair value	Loans and	Other	Total	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
<b>Investments</b>									
Market Treasury Bills	5.1	238,658	-	-	238,658	-	238,658	-	238,658
Pakistan Investment Bonds	5.2	224,983	-	-	224,983	-	224,983	-	224,983
Corporate Sukuk Certificates	5.3	56,066	-	-	56,066	-	56,066	-	56,066
Term Finance Certificate	5.4	50,313	-	-	50,313	-	50,313	-	50,313
		570,020	-	-	570,020	-	570,020	-	570,020



		September 30, 2016							
		Carrying amount				Fair Value			
		Fair value	Loans and	Other	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
<b>Financial assets not measured at fair value</b>									
	<i>11.1</i>								
Bank balances	<i>4</i>	-	641,951	-	641,951	-	-	-	-
Short term corporate Sukuk Certificate	<i>5.5</i>	-	139,000	-	139,000	-	-	-	-
Term deposit receipt (TDR)		-	645,000	-	645,000	-	-	-	-
Certificate of Investment		-	50,000	-	50,000	-	-	-	-
Receivable against Margin Trading System		-	77,931	-	77,931	-	-	-	-
Profit receivable		-	13,620	-	13,620	-	-	-	-
		-	1,567,502	-	1,567,502	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
	<i>11.1</i>								
Payable to the Management Company		-	-	2,487	2,487	-	-	-	-
Payable to the Trustee		-	-	278	278	-	-	-	-
Payable against redemption of units		-	-	-	-	-	-	-	-
Dividend payable		-	-	-	-	-	-	-	-
Accrued expenses and other liabilities		-	-	988	988	-	-	-	-
		-	-	3,753	3,753	-	-	-	-
		June 30, 2016							
		Carrying amount				Fair Value			
		Fair value	Loans and	Other	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments									
Market Treasury Bills	<i>5.1</i>	54,815	-	-	54,815	-	54,815	-	54,815
Pakistan Investment Bonds	<i>5.2</i>	391,940	-	-	391,940	-	391,940	-	391,940
Corporate Sukuk Certificates	<i>5.3</i>	57,516	-	-	57,516	-	57,516	-	57,516
Term Finance Certificate	<i>5.4</i>	49,136	-	-	49,136	-	49,136	-	49,136
		553,407	-	-	553,407	-	553,407	-	553,407
<b>Financial assets not measured at fair value</b>									
	<i>10.1</i>								
Bank balances	<i>4</i>	-	992,954	-	992,954	-	-	-	-
Short term corporate Sukuk Certificate		-	139,000	-	139,000	-	-	-	-
Term deposit receipt (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	-	-	-	-
		-	1,637,882	-	1,637,882	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
	<i>11.1</i>								
Payable to the Management Company		-	-	2,676	2,676	-	-	-	-
Payable to the Trustee		-	-	289	289	-	-	-	-
Payable against redemption of units		-	-	8,306	8,306	-	-	-	-
Dividend payable		-	-	30,012	30,012	-	-	-	-
Accrued expenses and other liabilities		-	-	753	753	-	-	-	-
		-	-	42,036	42,036	-	-	-	-

11.1 The company 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.

**12 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information were authorised for issue on October, 31-2016 by the Board of Directors of the Management Company.

**13 GENERAL**

Figures have been rounded off to the nearest thousand Rupees.

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

Chief Executive	Director
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**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)
	Mr. Ava A. 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

Legal Advisors

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

Website

www.hblasset.com

Head Office

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

Registered Office

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

**PICIC STOCK FUND**  
**Condensed Interim Statement of Assets And Liabilities (Un-Audited)**  
**As At Septemeber 30, 2016**

	Note	Unaudited September 30, 2016	Audited June 30, 2016
<b>(Rupees in '000')</b>			
<b>ASSETS</b>			
Balances with banks		40,419	41,775
Investments	4	344,622	150,088
Dividend and profit receivable		2,786	348
Deposits and prepayments and Other receivable		2,692	2,683
Receivable against sale of investments		23,516	1,871
Preliminary expenses and flotation costs		-	54
<b>Total assets</b>		<b>414,035</b>	<b>196,819</b>
<b>LIABILITIES</b>			
Payable to the Management Company		656	749
Payable to the Trustee		67	67
Payable to Securities and Exchange Commission of Pakistan		70	291
Accrued expenses and other liabilities	5	11,584	13,610
Payable against redemption of units		-	8,594
Payable against purchase of Investment		45,178	-
<b>Total liabilities</b>		<b>57,555</b>	<b>23,311</b>
<b>NET ASSETS</b>		<b>356,480</b>	<b>173,508</b>
<b>Unit Holders' Funds ( As per statement attached )</b>		<b>356,480</b>	<b>173,508</b>
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	7	<b>Number of units</b>	
<b>Number of units in issue</b>		<b>3,106,481</b>	<b>1,618,100</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>114.7536</b>	<b>107.2297</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

**PICIC STOCK FUND**  
**Condensed Interim Income Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	Note	Three months ended September 30, 2016    2015 (Rupees in '000')	
<b>INCOME</b>			
Capital gain on sale of investments - net		10,403	6,264
Dividend income		2,693	3,329
Profit on bank deposits		688	882
Net unrealised appreciation/(diminution) on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	4	3,405	(6,821)
<b>Total income</b>		17,189	3,654
<b>EXPENSES</b>			
Remuneration to Management Company		1,474	2,276
Sindh Sales Tax on remuneration of management company		192	319
Provision for Federal Excise Duty and additional sales tax on the Management Fee	5.2	-	415
Remuneration to Trustee		202	201
Annual fee - Securities and Exchange Commission of Pakistan		70	72
Fund Operation, Accounting and related costs		80	-
Amortization of preliminary expenses and floatation costs		54	57
Auditors' Remuneration		132	125
Securities transaction costs, settlement charges and bank charges		989	391
Fees and Subscription		65	47
Printing and postage expenses		88	89
<b>Total expenses</b>		3,346	3,992
<b>Net income from operating activities</b>		13,843	(338)
Element of income and capital gains included in prices of units issued less those in units redeemed - net		9,530	2,431
Provision for Workers' Welfare Fund	5.1	-	(42)
<b>Net income for the period before taxation</b>		23,373	2,051
Taxation	8	-	-
<b>Net income for the period after taxation</b>		23,373	2,051
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		23,373	2,051
The annexed notes 1 to 13 form an integral part of this condensed interim financial information.			
<b>For HBL Asset Management Limited (Management Company)</b>			
_____ Chief Executive		_____ Director	

**PICIC STOCK FUND**  
**Condensed Interim Distribution Statement (Un-Audited)**  
*For the quarter ended September 30, 2016*

	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000')</b>	
<b>Undistributed income brought forward</b>		
-realised income	72,572	39,301
-unrealised (Loss)/ income	<u>(6,821)</u>	<u>14,320</u>
	65,751	53,621
Net element of income and capital gains included in prices of units issued less those in units redeemed- amount transferred to distribution statement	10,761	10,079
Net income for the period	23,373	2,051
<b>Undistributed income carried forward</b>	<u>99,885</u>	<u>65,751</u>
<b>Undistributed income comprising</b>		
-realised income	96,480	72,572
-unrealised income/ (loss)	<u>3,405</u>	<u>(6,821)</u>
	<u>99,885</u>	<u>65,751</u>

The annexed notes 1 to 13 form an integral part of this 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 quarter ended September 30, 2016**

	<b>Three months ended September 30, 2016    2015 (Rupees in '000')</b>	
Net assets at the beginning of the period	<b>173,508</b>	269,694
Issue of 2,236,949 (2015: 1,132,643) units	253,439	147,202
Redemption of 748,568 (2015: 726,487) units	(84,310)	(94,077)
	<b>169,129</b>	53,125
Element of income and capital gain included in prices of units issued less those in units redeemed		
- transferred to the Income Statement	(9,530)	(2,431)
- transferred to the Distribution Statement	(10,761)	(10,079)
	(20,291)	(12,510)
Net income for the period	23,373	2,051
Net element of income and capital gains included in prices of units issued less those in units redeemed- amount transferred to distribution statement	10,761	10,079
Net assets at the end of the period	<b>356,480</b>	<b>322,439</b>
Net asset value per unit at the beginning of the period	<b>107.2297</b>	<b>124.8151</b>
Net asset value per unit at the end of the period	<b>114.7536</b>	<b>125.6139</b>

The annexed notes 1 to 13 form an integral part of this 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 quarter ended September 30, 2016**

	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000')</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	23,373	2,051
<b>Adjustments</b>		
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	(3,405)	6,821
Amortisation of preliminary expenses and flotation costs	54	57
Capital gain on sale of investments - net	(10,403)	(6,264)
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed - amount transferred to income statement	(9,530)	(2,431)
<b>Operating cash inflows before working capital changes</b>	<b>89</b>	<b>234</b>
<b>(Increase) / decrease in assets</b>		
Investments	(180,726)	(91,154)
Dividend and profit receivable	(2,438)	(2,002)
Deposits and prepayments	(9)	28
Receivable against sale of investments	(21,645)	34,451
	(204,818)	(58,677)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(93)	75
Payable to the Trustee	-	10
Payable to Securities and Exchange Commission of Pakistan	(221)	(303)
Accrued expenses and other liabilities	(2,026)	450
Payable against redemption of units	(8,594)	(3,500)
Payable against purchase of investments	45,178	9,805
	34,244	6,537
<b>Net cash used in operating activities</b>	<b>(170,485)</b>	<b>(51,906)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash received from issuance of units	253,439	147,202
Cash paid on redemption of units	(84,310)	(94,077)
Dividend paid	-	-
<b>Net cash inflow from financing activities</b>	<b>169,129</b>	<b>53,125</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>(1,356)</b>	<b>1,219</b>
Cash and cash equivalents at the beginning of the period	41,775	52,855
<b>Cash and cash equivalents at the end of the period</b>	<b>40,419</b>	<b>54,074</b>

The annexed notes 1 to 13 form an integral part of this 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 quarter ended September 30, 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.

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 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.

During the year, 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 become Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

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**

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

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the 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 financial statements of the Fund for the year ended June 30, 2016.

This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2016.

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

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

**2.3 Standards, interpretations and amendments to published approved accounting standards, that are not yet effective**

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

4 INVESTMENTS	Note	(Unaudited)	(Audited)
		September 30, 2016	June 30, 2016
Financial assets 'at fair value through profit or loss'			
Listed equity securities	4.1	344,230	150,088
Un listed equity securities	4.2	392	392
		<u>344,622</u>	<u>150,480</u>

Name of Investee Company	Number of shares				Balance as at September 30, 2016			Percentage in relation to			
	As at July 01, 2016	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2016	Carrying value	Market value	Appreciation/ (diminution)	Net assets of the Fund	Investor paid up capital	Total Investments
<b>FERTILIZER</b>											
Engro Corporation Limited	18,400	60,500	-	19,900	59,000	19,629	17,184	(2,445)	4.82%	0.01%	4.99%
Engro Fertilizers Limited	-	95,000	-	42,500	52,500	3,567	3,237	(330)	0.91%	0.00%	0.94%
Fauji Fertilizer Bin Qasim Limited	256,000	85,000	-	150,000	191,000	10,189	9,813	(376)	2.75%	0.02%	2.85%
Fauji Fertilizer Co Limited	-	68,700	-	37,500	31,200	3,496	3,244	(252)	0.91%	0.00%	0.94%
					36,881	33,478	(3,403)	9.39%			9.71%
<b>OIL AND GAS EXPLORATION COMPANY</b>											
Oil and Gas Development Company Limited	14,400	79,000	-	-	93,400	13,239	13,191	(48)	3.70%	0.00%	3.83%
Pakistan Oilfields Limited	3,500	30,000	-	6,000	27,500	10,803	11,036	233	3.10%	0.01%	3.20%
Pakistan Petroleum Limited	-	55,500	-	-	55,500	9,145	9,084	(61)	2.55%	0.00%	2.64%
					33,187	33,311	124	9.35%			9.67%
<b>OIL AND GAS MARKETING COMPANY</b>											
Attock Petroleum Limited	22,000	-	-	3,500	18,500	8,094	9,620	1,526	2.70%	0.02%	2.79%
Pakistan State Oil Company Limited	34,400	26,500	-	20,000	40,900	16,030	16,938	908	4.75%	0.02%	4.91%
Sui Southern Gas Co Ltd	-	40,000	-	40,000	-	-	-	-	-	-	7.70%
					24,124	26,558	2,434	7.45%			
<b>ENGINEERING</b>											
Aisha Steel Mills Limited - Preference Shares	20,000	-	-	-	20,000	141	224	83	0.06%	0.03%	0.06%
Aisha Steel Mills Limited - Conv. Cum. Pref. Share	10,000	-	-	-	10,000	135	227	92	0.06%	0.01%	0.07%
Anorel Steels Limited	186,500	25,000	-	157,500	54,000	2,702	3,850	1,148	1.08%	0.02%	1.12%
Crescent Steel & Allied Product Ltd	10,400	104,500	-	6,400	108,500	13,614	13,672	58	3.84%	0.14%	3.97%
International Steels Limited	-	25,000	-	25,000	-	-	-	-	-	-	
Mughal Iron & Steel Indus Ltd	124,500	20,000	-	126,500	18,000	1,226	1,539	313	0.43%	0.01%	0.45%
					17,818	19,312	1,494	5.47%			5.67%
<b>CEMENT</b>											
Cherat Cement Limited	38,000	17,500	-	25,500	30,000	3,636	3,860	224	1.08%	0.02%	1.12%
D G Khan Cement Co.Ltd	-	44,500	-	2,500	42,000	8,522	7,807	(715)	2.19%	0.01%	2.27%
Fauji Cement Company Ltd	-	125,000	-	4,400	125,000	4,751	4,409	(342)	1.24%	0.01%	1.28%
Lucky Cement Limited	12,000	20,550	-	8,500	24,050	16,367	16,288	(79)	4.57%	0.01%	4.73%
Muple Leaf Cement Limited	-	95,500	-	15,500	80,000	8,467	7,664	(803)	2.15%	0.02%	2.22%
Pioneer Cement Limited	60,000	28,000	-	-	88,000	9,626	9,402	(224)	2.61%	0.04%	2.70%
					51,369	49,330	(2,039)	13.84%			14.32%
<b>AUTOMOBILE PARTS &amp; ACCESSOR</b>											
General Tyre & Rubber Co of Pakistan Ltd	-	24,500	-	16,000	8,500	1,959	2,605	646	0.73%	0.01%	0.76%
Thal Limited	-	9,000	-	8,500	500	196	203	7	0.06%	0.00%	0.06%
					2,155	2,808	653	0.79%			0.82%
<b>AUTOMOBILE ASSEMBLER</b>											
Pak Suzuki Motor Company Limited	7,600	12,500	-	7,100	13,000	6,971	7,526	555	2.11%	0.02%	2.18%
					6,971	7,526	555	2.11%			2.18%
<b>TEXTILE COMPOSITE</b>											
Nishat (Chunian) Ltd	-	160,000	-	5,000	155,000	6,818	7,108	290	1.99%	0.06%	2.06%
Nishat Mills Ltd	10,000	69,000	-	77,500	1,500	181	211	30	0.06%	0.00%	0.06%
					6,999	7,319	320	2.05%			2.12%



4.1.1 The above investments include shares with market value aggregating to Rs 23,523 million (June 30, 2016: Rs 22,377 million) which have been pledged with the National Clearing Company of Pakistan (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, which are as follows:

- Habib Bank Limited(40,000 Shares)
- Cherat Cement Limited (25,000 shares)
- MCB Bank Limited(40,000 Shares)
- Pioneer Cement Limited (25,000 shares)

4.2 Shares of Un Listed Companies

Name of Investee Company	Number of shares-----				Balance as at September 30, 2016		Percentage in relation to			
	As at July 01, 2016	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2016	Carrying value	Market value	Net assets of the Fund	Investee paid up capital	Total investments
<b>PHARMACEUTICALS</b>										
GlaxoSmithKline Consumer Healthcare Pakistan Ltd	6,330	-	-	-	6,330	392	392	0.11%	0.01%	0.11%
<b>As at September 30, 2016</b>						<u>392</u>	<u>392</u>	<u>0.11%</u>		<u>0.11%</u>
<b>As at June 30, 2016</b>						<u>392</u>	<u>392</u>	<u>0.11%</u>		<u>0.11%</u>

4.2.1 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. 62.00 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	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Unaudited)	(Audited)
			September 30, 2016	June 30, 2016
			Rupees in '000'	
	Provision for Workers' Welfare Fund	5.1	4,892	4,892
	Provision for federal excise duty and additional sales tax on Management Fee	5.2	5,685	5,685
	Fund operations, accounting and related cost payable		-	20
	Brokerage payable		253	503
	Auditors' remuneration		365	450
	Printing and other related costs		263	175
	Other payables		126	1,885
	<b>Total</b>		<b>11,584</b>	<b>13,610</b>

#### 5.1 PROVISION FOR WORKERS' WELFARE FUND

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016

After the exclusion of the mutual Funds from federal status on Workers Welfare Fund from July 1st 2015, the Fund has discontinued making the provision in this regards. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2016 would be higher by Re. 1.5748 (June 30, 2016: Re 3.0233) per unit.

#### 5.2 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016

Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 1.8300.

#### 5.3 FUND OPERATIONS, ACCOUNTING AND RELATED COSTS

During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard, the Management Company has started charging these expenses effective from December 1, 2015.

#### 6. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 1.14% (0.15% of TER representing Government Levies, and SECP Fee).

#### 7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2016.

**8 TAXATION**

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, 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. 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.

**9 EARNINGS PER UNIT**

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

**10 TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons include HBL Asset Management Company Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, HBL Group Being the Holding Group, other collective investment schemes managed by the Management Company, other associated companies of the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and term determined in accordance with the market rates.

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

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

Details of transactions carried out by the Fund with connected persons and balances with them other than those disclosed elsewhere in these condensed interim financial statements, as at period end, are as follows:

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000)</b>	
<b>10.1 Transaction during the period</b>		
<b>Management Company</b>		
Issue of Nil (2015: 221,916) units	-	27,972
Remuneration of Management Company	1,474	2,276
Sindh Sales tax on remuneration of the Management Company	192	319
Sales load accrued to the Management Company	104	694
<b>Habib Bank Limited - Associated Company</b>		
Purchase of 60,000 ordinary shares (2015: 12,500 ordinary shares)	13,204	2,605
Sales of 29,100 ordinary shares (2015: 8,000 ordinary shares)	6,485	1,797
Dividend income	207	88

	(Unaudited) Three months ended September 30, 2016      2015 (Rupees in '000)	
<b>NIB BANK LIMITED</b>		
<b>Connected Person due to holding more than 10% Certificate</b>		
Issuance of 1,145,555 units (2015: Nil)	1,30,000	-
Return on bank deposit accounts	90	882
Bank Charges	1	9
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	202	201
CDS Charges	30	11
<b>Directors and Executives of the Management Company</b>		
Issue of 3,511 units (2015: 856) units	400	110
Redemption of 933 units (2015: 772) units	107	100
	(Unaudited)      (Audited)	
	September 30,      June 30,	
	2016      2016	
	Rupees in '000'	
<b>10.2 Amounts outstanding at the period end</b>		
<b>Management Company</b>		
Units held: 750,314 units (June 30, 2016: 750,314) units	86,101	80,456
Remuneration payable to the Management Company	581	397
Sales tax on remuneration of the Management Company	75	56
Payable for funds operation, accounting & related costs	-	-
Sales load payable	26	296
<b>Habib Bank Limited - Associated Company</b>		
Shares held: 100,000 (2016: 69,100)	22,081	12,310
<b>NIB BANK Limited</b>		
<b>Connected Person due to holding more than 10% Certificate</b>		
Bank balance in savings account	40,419	41,775
Profit receivable	2,696	126
Units held: 1,145,555 units (2016: Nil) units	131,456	0
<b>Central Depository Company Of Pakistan Limited - Trustee</b>		
Trustee fee payable	67	66
CDS charges payable	1	1
Security deposit kept	100	100
<b>Directors and Executives of the Management Company</b>		
Units held: 3,511 (June 30, 2016: 933) units	403	100
<b>11 FAIR VALUE OF FINANCIAL INSTRUMENTS</b>		
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 prices used for financial assets held by the company 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 (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.

		September 30, 2016								
		Carrying amount			Fair Value					
Note	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		
<b>On-balance sheet financial instruments</b>										
<b>Financial assets measured at fair value</b>										
Investments										
-	Listed equity securities	4	344,230	-	-	344,230	344,230	-	-	344,230
			<u>344,230</u>	-	-	<u>344,230</u>	<u>344,230</u>	-	-	<u>344,230</u>
<b>Financial assets not measured at fair value</b>										
	Bank balances	11.1	-	40,419	-	40,419	-	-	-	-
	Dividend and profit receivable		-	2,786	-	2,786	-	-	-	-
	Receivable from equity settlement		-	23,516	-	23,516	-	-	-	-
			-	<u>66,721</u>	-	<u>66,721</u>	-	-	-	-
<b>Financial liabilities not measured at fair value</b>										
	Payable to the Management Company	11.1	-	-	656	656	-	-	-	-
	Payable to the Trustee		-	-	67	67	-	-	-	-
	Accrued expenses and other liabilities		-	-	938	938	-	-	-	-
	Payable for equity settlement		-	-	45,178	45,178	-	-	-	-
			-	-	<u>46,839</u>	<u>46,839</u>	-	-	-	-

		June 30, 2016							
		Carrying amount				Fair Value			
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b> 4									
Investments									
- Listed equity securities									
		150,088	-	-	150,088	150,088	-	-	150,088
		<u>150,088</u>	<u>-</u>	<u>-</u>	<u>150,088</u>	<u>150,088</u>	<u>-</u>	<u>-</u>	<u>150,088</u>
<b>Financial assets not measured at fair value</b> 11.1									
Bank balances									
		-	41,775	-	41,775	-	-	-	-
Dividend and profit receivable									
		-	348	-	348	-	-	-	-
Receivable from equity settlement									
		-	1,871	-	1,871	-	-	-	-
		<u>-</u>	<u>43,994</u>	<u>-</u>	<u>43,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b> 11.1									
Payable to the Management Company									
		-	-	749	749	-	-	-	-
Payable to the Trustee									
		-	-	67	67	-	-	-	-
Accrued expenses and other liabilities									
		-	-	1,179	1,179	-	-	-	-
		<u>-</u>	<u>-</u>	<u>1,995</u>	<u>1,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

11.1 The company 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.

## 12 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 31, 2016 by the board of directors of the Management company.

## 13 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**Not For Print**

**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)
	Mr. Ava A. 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

Legal Advisors

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

Website

[www.hblasset.com](http://www.hblasset.com)

Head Office

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

Registered Office

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

**PICIC ENERGY FUND**  
**Condensed Interim Statement of Assets And Liabilities**  
**As at Septemeber 30, 2016**

	Note	Unaudited September 30, 2016	Audited June 30, 2016
----- Rupees in '000 -----			
<b>ASSETS</b>			
Bank balances		56,844	79,129
Investments	4	720,403	924,971
Dividend and profit receivable		10,518	551
Receivable against sale of investments		6,598	-
Deposits and prepayments		2,843	2,848
<b>Total assets</b>		<b>797,206</b>	<b>1,007,499</b>
<b>LIABILITIES</b>			
Payable to the Management Company		1,333	1,783
Payable to the Trustee		134	179
Payable to the Securities and Exchange Commission of Pakistan		196	916
Payable agains purchase of investments		11,939	-
Payable against redemption of units		-	3
Accrued expenses and other liabilities	5	45,196	44,973
Unclaimed dividend		5,430	5,431
<b>Total liabilities</b>		<b>64,228</b>	<b>53,285</b>
<b>NET ASSETS</b>		<b>732,978</b>	<b>954,214</b>
<b>Unit holders' fund (As per statement attached)</b>		<b>732,978</b>	<b>954,214</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7.		
		(Number of units)	
<b>Number of units in issue</b>		<b>54,431,931</b>	<b>79,436,797</b>
<b>Net assets value per unit</b>		<b>13.4660</b>	<b>12.0122</b>

The annexed notes 1 to 13 form an integral part of these financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

**PICIC ENERGY FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
*For the quarter ended September 30, 2016*

	Note	Three months ended September 30,	
		2016	2015
----- Rupees in '000 -----			
<b>INCOME</b>			
Capital gain on sale of investments - net		15,437	4,571
Dividend income		13,435	10,866
Income from back-end load		-	-
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	4.1	67,485	(92,950)
Profit on bank deposits		806	1,043
<b>Total income</b>		<b>97,163</b>	<b>(76,470)</b>
<b>EXPENSES</b>			
Remuneration of the Management Company		4,121	5,146
Sindh sales tax on remuneration of the Management Company		536	720
Federal excise duty and additional sales tax on management fee	5.2	-	937
Remuneration of the Trustee		466	577
Annual fee to the Securities and Exchange Commission of Pakistan		196	244
Fund operations, accounting and related costs		238	-
Securities transaction costs		764	175
Auditors' remuneration		145	125
Bank charges		4	5
Printing charges		126	126
Fees and subscription		61	70
Other expenses		88	-
<b>Total expenses</b>		<b>6,745</b>	<b>8,125</b>
<b>Net income from operating activities</b>		<b>90,418</b>	<b>(84,595)</b>
Net element of loss and capital losses included in prices of units issued less those in units redeemed		(11,291)	(370)
Provision for Workers' Welfare Fund	5.1	-	-
<b>Net income / (loss) for the period before taxation</b>		<b>79,127</b>	<b>(84,965)</b>
Taxation	8	-	-
<b>Net income / (loss) for the period after taxation</b>		<b>79,127</b>	<b>(84,965)</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>79,127</b>	<b>(84,965)</b>
----- Rupees -----			
<b>Earnings per unit</b>	9	-	-
The annexed notes 1 to 13 form an integral part of these financial statements.			
<b>For HBL Asset Management Limited</b>			
<b>(Management Company)</b>			
_____ Chief Executive		_____ Director	

**PICIC ENERGY FUND**  
**Condensed Interim Distribution Statement (Un-Audited)**  
*For the quarter ended September 30, 2016*

	<b>Three months ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>----- Rupees in '000 -----</b>	
<b>Unappropriated profit / (accumulated loss) brought forward</b>		
- Realised income	235,804	93,678
- Unrealised (loss) / income	<u>(75,960)</u>	<u>109,011</u>
	159,844	202,689
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to the distribution statement	(50,315)	(4,317)
Net income for the period after taxation	79,127	(84,965)
<b>Undistributed income carried forward</b>	<u>188,656</u>	<u>113,407</u>
<b>Represented by:</b>		
- Realised income	121,171	206,357
- Unrealised income / (loss)	<u>67,485</u>	<u>(92,950)</u>
	<u>188,656</u>	<u>113,407</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

**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 quarter ended September 30, 2016*

	Note	Three months ended September 30,	
		2016	2015
----- Rupees in '000 -----			
<b>Net assets at the beginning of the period</b>		954,214	1,059,614
Issue of 8,017,504 (2015: 499,623) units		100,546	5,778
Redemption of 33,022,370 (2015: 61,869,437) units		(412,200)	(28,714)
		(311,654)	(22,936)
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed			
- transferred to the Income Statement		11,291	370
- transferred to the Distribution Statement		50,315	4,317
		61,606	4,687
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net		67,485	(92,950)
Capital (loss) / gain on sale of investments - net		15,437	4,571
Other income (net of expenses) for the period		(3,795)	3,414
		79,127	(84,965)
Issues of bonus units during the period		-	-
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to the Distribution Statement		(50,315)	(4,317)
<b>Net assets at the end of the period</b>		<u>732,978</u>	<u>952,083</u>
<b>Net asset value per unit at the beginning of the period</b>		<u>12.0122</u>	<u>12.3654</u>
<b>Net asset value per unit at the end of the period</b>		<u>13.4660</u>	<u>11.3523</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**PICIC ENERGY FUND**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the quarter ended September 30, 2016**

	Note	Three months ended September 30,	
		2016	2015
----- Rupees in '000 -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period before taxation		79,127	(84,965)
<b>Adjustments for:</b>			
Capital gain on sale of investments - net		(15,437)	(4,571)
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net		(67,485)	92,950
Net element of loss and capital losses included in prices of units issued less those in units redeemed		11,291	370
		7,496	3,784
<b>(Increase) / decrease in assets</b>			
Investments - net		287,490	42,450
Dividend and profit receivable		(9,967)	(10,646)
Receivable against sale of investments		(6,598)	16,150
Deposits and prepayments		5	(190)
		270,930	47,764
<b>Increase / (decrease) in liabilities</b>			
Payable to the Management Company		(450)	(336)
Payable to the Trustee		(45)	68
Payable to the Securities and Exchange Commission of Pakistan		(720)	(928)
Payable against purchase of investments		11,939	614
Accrued expenses and other liabilities		223	1,166
		10,947	584
<b>Net cash inflow from operating activities</b>		289,373	52,132
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts on issuance of units		100,546	-
Payments on redemption of units		(412,200)	(22,936)
Dividend paid		(1)	-
<b>Net cash (used in) financing activities</b>		(311,655)	(22,936)
<b>Net increase in cash and cash equivalents</b>		(22,282)	29,196
Cash and cash equivalents at the beginning of the period		79,129	55,145
<b>Cash and cash equivalents at the end of the period</b>		56,844	84,341

The annexed notes 1 to 13 form an integral part of these financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

## **PICIC ENERGY FUND**

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

*For the quarter ended September 30, 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 (now HBL Asset Management 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 : 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 Karachi, Lahore and Islamabad Stock Exchanges. Units of the open-end scheme are listed on the Islamabad Stock Exchange (Guarantee) 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.

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.

During the year, 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 Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

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-VIC Credit rating Company has assigned an asset manager rating of 'AM2' (stable outlook) to the Management Company.

#### **2 BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International

Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the 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 financial statements of the Fund for the year ended June 30, 2016.

This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2016.

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

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

**2.3 Standards, interpretations and amendments to published approved accounting standards, that are not yet effective**

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

<b>4 INVESTMENTS</b>	<b>Unaudited September 30, 2016</b>	<b>Audited June 30, 2016</b>
	<b>Note</b>	<b>----- Rupees in '000 -----</b>
<b>Financial assets 'at fair value through profit or loss' - held for trading</b>		
Listed equity securities	4.1	720,403
		<u>720,403</u>
		<u>924,971</u>

#### 4.1 Investment in listed equity securities - financial assets 'at fair value through profit or loss'

Shares of Listed Companies - Fully paid up ordinary shares of Rupees 10 each unless stated otherwise

Name of the Investee Company	Number of shares				As at September 30, 2016			Percentage in relation to			
	As at July 1, 2016	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at September 30, 2016	Carrying value	Market value	Unrealised Appreciation / (diminution)	Total investments	Net assets of the Fund	Investee paid up capital
<b>POWER GENERATION &amp; DISTRIBUTION</b>											
Engro Powergen Qadirpur Ltd	177	-	-	-	177	5	6	0	0.00%	0.00%	0.00%
Hub Power Company Ltd	-	100,000	-	-	100,000	11,938	11,917	(21)	1.65%	1.63%	0.01%
K-Electric Limited	5,150,000	450,000	-	1,600,000	4,000,000	32,272	36,840	4,568	5.11%	5.03%	0.01%
Kot Addu Power Company Ltd	1,900,000	-	-	570,500	1,329,500	118,658	111,266	(7,392)	15.44%	15.18%	0.15%
Lalpir Power Limited	5,000,000	-	-	3,950,000	1,050,000	22,785	23,279	494	3.23%	3.18%	0.28%
Nishat Chumian Power Ltd	1,744,000	-	-	579,000	1,165,000	61,232	64,949	3,716	9.02%	8.86%	0.32%
Nishat Power Limited	1,309,500	-	-	485,000	824,500	41,645	46,378	4,733	6.44%	6.33%	0.23%
						288,537	294,634	6,097	40.90%	40.20%	0.00%
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>											
Oil & Gas Development Co Ltd	487,100	-	-	-	487,100	67,254	68,793	1,539	9.55%	9.39%	0.01%
Pakistan Oilfields Ltd	222,345	-	-	87,000	135,345	47,030	54,315	7,286	7.54%	7.41%	0.06%
Pakistan Petroleum Ltd	418,950	-	-	242,200	176,750	27,405	28,929	1,524	4.02%	3.93%	0.01%
						141,689	152,037	10,348	21.10%	20.74%	
<b>OIL &amp; GAS MARKETING COMPANIES</b>											
Attock Petroleum Ltd	244,588	-	-	57,588	187,000	81,820	97,240	15,420	13.50%	13.27%	0.23%
Pakistan State Oil Company Ltd	90,000	54,000	-	15,200	128,800	50,080	53,341	3,261	7.40%	7.28%	0.05%
Shell Pakistan Ltd	335,250	-	-	72,000	263,250	76,398	107,948	31,551	14.98%	14.73%	0.25%
Sui Southern Gas Co Ltd	-	375,000.00	-	-	375,000	14,395	15,203	807	2.11%	2.07%	0.04%
						222,693	273,732	51,039	38%	37.35%	
<b>TOTAL - As at September 30, 2016</b>						<b>652,918</b>	<b>720,403</b>	<b>67,485</b>			
<b>TOTAL - As at June 30, 2016</b>						1,000,931	924,971	(75,960)			

\* Associated company due to common directorship

4.1.1 Shares with market value aggregating to Rs 83.690 million (2015: Rs 94.750 million) of the following companies have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the Stock Exchange:

- 1,000,000 shares of Kot Addu Power Company Ltd;

5 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Unaudited)	(Audited)
		September 30, 2016	June 30, 2016
		----- Rupees in '000 -----	
Provision for Workers' Welfare Fund	5.1	28,085	28,085
Auditors' remuneration		121	275
Brokerage		138	53
Legal and professional charges		-	-
Others		2,123	2,007
Federal excise duty and additional sales tax on remuneration of the Management Company	5.2	13,920	13,920
Conversion expenses payable		-	-
Zakat payable (dividend)		159	155
Printing expenses		526	400
Fund operations, accounting and related cost payable	5.3	124	78
		<b>45,196</b>	<b>44,973</b>

#### 5.1 Provision for Workers' Welfare Fund

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016.

After the exclusion of the mutual Funds from federal status on Workers Welfare Fund from July 1st 2015, the Fund has discontinued making the provision in this regards. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2016 would be higher by Re. 0.5160 (June 30, 2016: Re 0.3536) per unit.

**5.2 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF**

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2016

Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.2557.

**5.3 Fund operations, accounting and related costs**

During the year year Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 date November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard the Management Company has started charging these expenses effective from December 1, 2015.

**6. Total Expense Ratio**

The Scheme has maintained Total Expense Ratio (TER) 0.83%. (0.12% of TER representing Government Levies, and SECP Fee).

**7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments outstanding as at September 30, 2016.

**8. 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. 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.

**9. EARNINGS PER UNIT**

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

**10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the holding company of the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, other associated companies of the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and term determined in accordance with the market rates.

Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

Details of transactions carried out by the Fund with connected persons and balances with them other than those disclosed elsewhere in these financial statements, as at year end, are as follows:

	----- (Unaudited) -----	
	Three months ended	
	September 30	
	2016	2015
	----- Rupees in '000' -----	
<b>10.1 Transactions during the year</b>		
<b>Management Company Limited</b>		
Remuneration of the Management Company	4,121	5,146
Sindh sales tax on remuneration of the Management Company	536	720
Reimbursement of fund operations, accounting and related costs	-	-
Sales load accrued to the Management Company	4	31
<b>NIB Bank Limited - Connected person due to holding more than 10% units</b>		
Profit on bank deposit	806	1,043
Bank charges	4	5
Issue of 7,974,164 units (2015: Nil units)	100,000	-
Redemption of 31,825,782 units (2015: Nil units)	397,030	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	466	577
Central Depository System charges	17	2
Annual eligibility fee paid	19	-
	(Unaudited)	(Audited)
	September 30,	June 30,
	2016	2016
	----- Rupees in '000' -----	
<b>10.2 Amount outstanding as at year end</b>		
<b>Management Company Limited</b>		
Management fee payable	1,180	1,537
Sindh Sales Tax on Management Company's remuneration	153	246
Reimbursement of fund operations, accounting and related costs payable	124	-
Sales load payable	5	-
Outstanding 9,668,299 units (2016: 9,668,299 units)	130,193	116,138
<b>NIB Bank Limited - Connected person due to holding more than 10% units</b>		
Bank balances	56,844	79,129
Profit receivable on bank deposits	135	295
Outstanding 7,974,164 units (2016: 31,825,782 units)	107,380	382,298
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	133	178
Security deposit	300	300
CDS charges payable	1	1
<b>Directors and Executives of the Management Company</b>		
Outstanding 1,248 units (2016: 1,248 units)	17	15
<b>11. FAIR VALUE OF FINANCIAL INSTRUMENTS</b>		
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		
150		

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 prices used for financial assets held by the company 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 (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	September 30, 2016							
		Carrying amount			Fair Value				
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments									
- Listed equity securities	4	720,403	-	-	720,403	720,403	-	-	720,403
		<u>720,403</u>	<u>-</u>	<u>-</u>	<u>720,403</u>	<u>720,403</u>	<u>-</u>	<u>-</u>	<u>720,403</u>
<b>Financial assets not measured at fair value</b>									
Bank balances									
		-	56,844	-	56,844	-	-	-	-
Dividend and profit receivable									
		-	10,518	-	10,518	-	-	-	-
Receivable from equity settlement									
		-	6,598	-	6,598	-	-	-	-
		<u>-</u>	<u>73,960</u>	<u>-</u>	<u>73,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value 11.1</b>									
Payable to the Management Company									
		-	-	1,333	1,333	-	-	-	-
Payable to the Trustee									
		-	-	134	134	-	-	-	-
Accrued expenses and other liabilities									
		-	-	45,196	45,196	-	-	-	-
		<u>-</u>	<u>-</u>	<u>46,663</u>	<u>46,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



	Note	June 30, 2016								
		Carrying amount			Fair Value					
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
<b>On-balance sheet financial instruments</b>		----- (Rupees in '000) -----								
<b>Financial assets measured at fair value</b>										
Investments										
	- Listed equity securities	4	924,971	-	-	924,971	924,971	-	-	924,971
			924,971	-	-	924,971	924,971	-	-	924,971
<b>Financial assets not measured at fair value</b>										
	Bank balances		-	79,129	-	79,129	-	-	-	-
	Dividend and profit receivable		-	551	-	551	-	-	-	-
	Receivable from equity settlement		-	-	-	-	-	-	-	-
			-	79,680	-	79,680	-	-	-	-
<b>Financial liabilities not measured at fair value</b>		11.1								
	Payable to the Management Company		-	-	1,783	1,783	-	-	-	-
	Payable to the Trustee		-	-	179	179	-	-	-	-
	Accrued expenses and other liabilities		-	-	44,973	44,973	-	-	-	-
			-	-	46,935	46,935	-	-	-	-

11.1 The company 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.

**12 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information were authorised for issue on October 31, 2016 by the Board of Directors of the Management Company.

**13 GENERAL**

Figures have been rounded off to the nearest thousand Rupees.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

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