

HBL

ASSET MANAGEMENT LTD.
ايسيت مينجمنت لميٲٲ

HBL MONEY MARKET FUND

HBL ENERGY FUND
(FORMERLY: PICIC ENERGY FUND)

HBL EQUITY FUND
(FORMERLY: PICIC STOCK FUND)

HBL CASH FUND
(FORMERLY: PICIC CASH FUND)

HBL INCOME FUND

HBL STOCK FUND

HBL MULTI ASSET FUND

HBL GOVERNMENT SECURITIES FUND
(FORMERLY: PICIC INCOME FUND)

Quarterly Report
March 31, 2017
(Un-Audited)

TABLE OF CONTENTS

Report of the Directors of the Management Company	03-05
HBL MONEY MARKET FUND	
Fund and Corporation Information	08
Statement of Assets and Liabilities	09
Income Statement	10
Distribution Statement	11
Statement of Movement in Unit Holders' Fund	12
Cash Flow Statement	13
Notes to the Financial Information	14-22
HBL INCOME FUND	
Fund and Corporation Information	24
Statement of Assets and Liabilities	25
Income Statement	26
Distribution Statement	27
Statement of Movement in Unit Holders' Fund	28
Cash Flow Statement	29
Notes to the Financial Information	30-42
HBL MULTI ASSET FUND	
Fund and Corporation Information	44
Statement of Assets and Liabilities	45
Income Statement	46
Distribution Statement	47
Statement of Movement in Unit Holders' Fund	48
Cash Flow Statement	49
Notes to the Financial Information	50-61
HBL STOCK FUND	
Fund and Corporation Information	64
Statement of Assets and Liabilities	65
Income Statement	66
Distribution Statement	67
Statement of Movement in Unit Holders' Fund	68
Cash Flow Statement	69
Notes to the Financial Information	70-80

TABLE OF CONTENTS

HBL Cash Fund (Formerly PICIC CASH FUND)

Fund and Corporation Information	82
Statement of Assets and Liabilities	83
Income Statement	84
Distribution Statement	85
Statement of Movement in Unit Holders' Fund	86
Cash Flow Statement	87
Notes to the Financial Information	88-96

HBL Government Securities Fund (Formerly PICIC INCOME FUND)

Fund and Corporation Information	98
Statement of Assets and Liabilities	99
Income Statement	100
Distribution Statement	101
Statement of Movement in Unit Holders' Fund	102
Cash Flow Statement	103
Notes to the Financial Information	104-113

HBL Equity Fund (Formerly PICIC STOCK FUND)

Fund and Corporation Information	116
Statement of Assets and Liabilities	117
Income Statement	118
Distribution Statement	119
Statement of Movement in Unit Holders' Fund	120
Cash Flow Statement	121
Notes to the Financial Information	122-132

HBL Energy Fund (Formerly PICIC ENERGY FUND)

Fund and Corporation Information	134
Statement of Assets and Liabilities	135
Income Statement	136
Distribution Statement	137
Statement of Movement in Unit Holders' Fund	138
Cash Flow Statement	139
Notes to the Financial Information	140-147

REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS ENDED MARCH 31, 2017

The Board of Directors of HBL Asset Management Limited, the Management Company of following Conventional Funds is pleased to submit herewith its Directors Review Report together with the unaudited condensed Interim Financial Statements for the Nine months ended March 31, 2017:

HBL Money Market Fund	HBL Cash Fund (Formerly PICIC Cash Fund)
HBL Income Fund	HBL Government Securities Fund (Formerly PICIC Income Fund)
HBL Multi Asset Fund	HBL Equity Fund(Formerly PICIC Stock Fund)
HBL Stock Fund	HBL Energy Fund (Formerly PICIC Energy Fund)

MARKET REVIEW

Economic & Money Market Review

Pakistan's economic performance in 9MFY17 continued to post an improvement compared to the year before, albeit at a slower pace. Large-scale manufacturing (LSM) growth came in at 3.5% (7MFY17) vs. 4.5% in the same period last year, mainly due to slower growth in the textile, petroleum products, and automobile sectors. CPI inflation, though historically still very low, has surged to 4.0% in 9MFY17 compared to 2.6% in the same period last year; higher fuel and food prices were the primary contributors to acceleration in inflation. Pakistan's fiscal deficit shown a marked deterioration in 1HFY17 where the fiscal deficit-to-GDP ratio has risen to 2.4% from 1.7% in the comparable period last year due to meager growth of 6.2% in tax revenues which could not keep pace with a 15.7% increase in development spending and 10.9% increase in defence spending. Concerns on the external accounts position have re-emerged as the current account deficit for 8MFY17 has increased to 2.6% of GDP vs. 1.3% in the same period last year on the back of falling textile exports, rising oil & machinery imports, and a decline in foreign remittance inflow especially from the Middle East. Foreign exchange reserves fell by 6.7% FY17TD; nevertheless, the SBP's foreign exchange reserves provide adequate import cover of 4.2 months, thus fending off any concerns of a major devaluation in the USD/PKR rate. Challenges posed by the twin-deficit situation are likely to linger, however, with adequate support from strategic regional economies, the Pakistani economy looks set to overcome these. With GDP growth expected to accelerate to 5.0% this year, inflation likely to remain comfortably in single-digits, and pro-growth policy action in the run-up to general elections next year, Pakistan's economic outlook is positive.

The yield curve has steepened during the period as secondary market yields on 3, 5 and 10-year PIBs have increased by 46, 53 and 73 bps respectively. Meanwhile, yields on the 3, 6 and 12-month T-Bills rose by 9, 15 and 12 bps respectively. The SBP raised PKR 773 billion through PIBs compared to the cumulative target of PKR 650 billion and maturities of PKR 1.90 trillion. All PIB auctions held during 2QFY17 were scrapped. However, following the release of below-expected CPI data for the month of December 2016, the market anticipated that there would be no major hike in the discount rate, and thus placed bids at appropriate levels. The 5 and 10-year PIB cutoffs declined by 1 and 8 bps respectively FY17TD whereas the 3-year PIB cutoff remained unchanged. The large maturity of PIBs resulted in a net retirement of PKR 194 billion of government borrowing from commercial banks in FY17 till 24 March 2017, while government borrowing from the SBP came in at PKR 933 billion during the period vs. a net retirement of PKR 492 billion in the same period last year. Through T-Bills, the SBP raised PKR 5.67 trillion compared to the cumulative target of PKR 5.21 trillion and maturities of PKR 4.73 trillion. Going forward, it seems that the SBP is likely to continue its status-quo stance on monetary policy for longer than the market had expected, which will keep the market divided as to the timing of the first change in the policy rate.

Stock Market Review

Driven by strong inflow of domestic liquidity, rising oil prices and higher policy rate expectations, the KSE100 Index surged by 27.5% in 9MFY17. However, most of the gains for the fiscal year were concentrated in the first half of the year and political turmoil and regulatory action stifled market performance in 3QFY17. Mutual funds emerged as the largest net buyers of USD 419 million, followed by insurance firms (USD 152 million) and companies (USD 131 million). This strong buying by local institutional investors was sufficient to absorb the steady selling of foreign investors, who offloaded USD 483 million of Pakistani equities. The rally was driven mainly by the banking sector, where investors expected that interest rates had bottomed-out, and selected scrips in the E&P, cement and fertilizer sectors which were expected to benefit from higher oil prices, strong growth in volumetric sales and new investment projects respectively. On the flip side, selected scrips in the textile and pharmaceutical sectors were the main drags on the KSE100 Index's performance. Furthermore, average daily trading volume shares posted a sizable improvement of 84% Y/Y in 9MFY17 to 369 million shares, while average turnover increased by 68% Y/Y to PKR 15.3 billion. M&A and IPO activity also remained robust in the period, particularly in the food & personal care, cement and automobile parts sectors. Going forward, we expect the market to continue its upward trajectory, given that Pakistan is still trading at a sizable discount to its Emerging Market peers in terms of P/E multiples and dividend yield. These attractive valuations should act as a catalyst for inflows from foreign investors, adding to the anticipated inflow from passive Emerging Market Index funds. The recent acquisition of a 40% stake in the PSX by Chinese investors should also pave the way for the introduction of new products and greater visibility of the Pakistani market on the global stage. Over the longer term, the gathering momentum of the China-Pakistan Economic Corridor (CPEC) projects are likely to stimulate investment-led GDP growth which bodes well for Pakistan's equity market as well.

FUND'S PERFORMANCE

HBL Money Market Fund

The total income and net income of the Fund was Rs. 198.45 million and Rs. 212.38 million respectively during the period ended March 31, 2017. The Net Asset Value (NAV) of the Fund Rs.106.4333per unit at March 31, 2017; there by giving an annualized return of 6.41%. During the same year the benchmark returns (70% 3M PKRV & 30% 3M DepositRate of 3 AA and above rated Banks) was 5.26%. The size of the Fund increased by Rs. 1.09 billion as at March 31, 2017.

HBL Income Fund

The total income and net income of the Fund was Rs. 295.11 million and Rs. 221.99 million respectively during the period ended March 31, 2017. The Net Asset Value (NAV) of the Fund Rs. 109.7181 per unit at March 31, 2017; there by giving an annualized return of 4.55%. During the same year the benchmark return (6 Month Kibor) was 6.08%. The size of the Fund decreased by Rs. 0.74 billion as at March 31, 2017.

HBL Multi Asset Fund

The total income and net income of the Fund was Rs. 123.98 million and Rs. 117.32 million respectively during the period ended March 31, 2017. The Net Asset Value (NAV) of the Fund Rs.116.0377 per unit at March 31, 2017; there by giving a return of 18.35%. During the same year the benchmark return (Weighted average daily return of KSE100 Index and 6M average PKRV rates based on the actual proportionof investment in Equity and Fixed Income/Money Market component) was 18.13%. The size of the Fund increased by Rs. 1.76 billion as at March 31, 2017.

HBL Stock Fund

The total income and net income of the Fund was Rs. 900.42 million and Rs. 818.39 million respectively during the period ended March 31, 2017. The Net Asset Value (NAV) of the Fund Rs. 129.5833 per unit at March 31, 2017; there by giving a return of 24.99%. During the same year the benchmark return (KSE 30 Index) was 25.86%. The size of the Fund increased by Rs. 1.83 billion as at March 31, 2017.

HBL Cash Fund (Formerly PICIC Cash Fund)

The total income and net income of the Fund was Rs. 234.82 million and Rs. 218.52 million respectively during the period ended March 31, 2017. The Net Asset Value (NAV) of the Fund Rs. 104.8061 per unit at March 31, 2017; there by giving an annualized return of 5.65%. During the same year the benchmark return (70% 3M PKRV & 30% 3M Deposit Rate of 3 AA and above rated Banks) was 4.92%. The size of the Fund increased by Rs. 3.28 billion as at March 31, 2017.

HBL Government Securities Fund (Formerly PICIC Income Fund)

The total income and net income of the Fund was Rs.90.556 million and Rs. 69.55 million respectively during the period ended March 31, 2017. The Net Asset Value (NAV) of the Fund Rs. 109.6119 per unit at March 31, 2017; there by giving an annualized return of 5.57%. During the same year the benchmark return (Average of 6 Month Kibor) was 5.83%. The size of the Fund decreased by Rs. 0.38 billion as at March 31, 2017.

HBL Equity Fund (Formerly PICIC Stock Fund)

The total income and net income of the Fund was Rs. 110.79 million and Rs. 101.35 million respectively during the period ended March 31, 2017. The Net Asset Value (NAV) of the Fund Rs. 138.2618 per unit at March 31, 2017; there by giving a return of 24.99%. During the same year the benchmark return (KSE 100 index) was 25.86%. The size of the Fund increased by Rs. 0.28 billion as at March 31, 2017.

HBL Energy Fund(Formerly PICIC Energy Fund)

The total income and net income of the Fund was Rs. 225.37 million and Rs. 227.81 million respectively during the period ended March 31, 2017. The Net Asset Value (NAV) of the Fund Rs. 16.2189 per unit at March 31, 2017; there by giving a return of 35.02%. During the same year the benchmark return (KSE 30 index) was 28.86%. The size of the Fund decreased by Rs. 0.08 billion as at March 31, 2017.

RATING UPDATE

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

ACKNOWLEDGEMENT

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

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

Karachi
Date: April 27, 2017

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

HBL

Money Market Fund

FUND AND CORPORATE INFORMATION

Management Company HBL Asset Management Limited.

Board of Directors

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

Audit Committee

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

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	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
Zarai Taraqati Bank Limited

Legal Advisors

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

Website

www.hblasset.com

Head Office
Registered Office

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

HBL Money Market Fund
Condensed Interim Statement of Assets and Liabilities
As at March 31, 2017

	Note	(Un-Audited) March 31, 2017 (Rupees in '000)	(Audited) June 30, 2016
Assets			
Bank balances	4	4,202,458	2,371,639
Investments	5	520,000	1,494,422
Accrued mark-up		32,300	1,588
Total assets		4,754,758	3,867,649
Liabilities			
Payable to the Management Company	6	4,703	4,445
Payable to Central Depository Company of Pakistan Limited - Trustee		396	371
Payable to the Securities and Exchange Commission of Pakistan		2,286	3,444
Dividend payable		-	1,818
Accrued expenses and other liabilities	7	132,717	334,856
Total liabilities		140,102	344,934
Net assets		4,614,656	3,522,715
Unit holders' fund (as per statement attached)		4,614,656	3,522,715
(Number of units)			
Number of units in issue		43,357,294	34,690,544
(Rupees)			
Net assets value per unit		106.4333	101.5468

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Money Market Fund
Condensed Interim Income Statement and Statement of
Comprehensive Income (Un-Audited)
For the nine months and quarter ended March 31, 2017

	Nine months ended March 31,		Quarter ended March 31,	
	2017	2016	2017	2016
	Note ----- (Rupees in '000) -----			
Income				
Mark-up on deposits with banks	106,366	75,019	52,356	24,282
Mark-up / return on investments	82,945	157,117	17,452	43,137
Capital (loss) / gain on sale of investments - net	(948)	2,635	(152)	19
	188,363	234,771	69,656	67,438
Expenses				
Remuneration to the Management Company	34,440	46,115	12,615	13,598
Remuneration of Central Depository Company of Pakistan Limited - Trustee	3,185	3,683	1,122	1,099
Annual fee of the Securities and Exchange Commission of Pakistan	2,286	2,615	837	771
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,260	1,435	1,330	1,026
Settlement and bank charges	107	235	-	8
Auditors' remuneration	424	530	122	38
Amortization of preliminary expenses and floatation costs	-	12	-	4
Other expenses	472	159	91	8
	44,174	54,784	16,117	16,552
Net income from operating activities	144,189	179,987	53,539	50,886
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	10,091	(18,881)	(14,233)	2,347
Provision for Workers' Welfare Fund / Sindh Workers' Welfare Fund	58,108	-	58,108	-
Net income for the period before taxation	212,388	161,106	97,415	53,233
Taxation	-	-	-	-
Net income for the period after taxation	212,388	161,106	97,415	53,233
Other comprehensive income for the period				
Items that may be reclassified to income statement in subsequent periods				
Net unrealized (diminution) / appreciation on remeasurement of investments classified as available for sale	(168)	(2,922)	-	(2,751)
Total comprehensive income for the period	212,220	158,184	97,415	50,482

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Money Market Fund
Condensed Interim Distribution Statement (Un-Audited)
For the nine months ended March 31, 2017

	Nine months ended March 31,	
	2017	2016
	(Rupees in '000)	
Undistributed income brought forward - realized	24,925	27,368
Net income for the period	212,388	161,106
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	13,406	(5,181)
Undistributed income carried forward - realized	<u>250,719</u>	<u>183,293</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Money Market Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the nine months ended March 31, 2017

	Nine months ended March 31,	
	2017	2016
	(Rupees in '000)	
Net assets at beginning of the period	3,522,715	5,081,207
Issue of 76,448,657 units (2016: 75,185,214 units)	7,941,284	4,175,463
Redemption of 67,781,907 (2016: 90,713,008 units)	(7,051,472)	(5,154,731)
	889,812	(979,268)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- transferred to income statement and statement of comprehensive income	(10,091)	18,881
- transferred to distribution statement	(13,406)	5,181
	(23,497)	24,062
Net income for the period	212,388	161,106
Net unrealized diminution on remeasurement of investments classified as available for sale	(168)	(2,922)
Total comprehensive income for the period	212,220	158,184
Net element of gain and capital gain included in prices of units issued less those in units redeemed - transferred to distribution statement	13,406	(5,181)
Net assets at end of the period	4,614,656	4,279,004
Net asset value per unit at the beginning of the period	101.5468	101.1823
Net asset value per unit at the end of the period	106.4333	105.1086

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Money Market Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the nine months ended March 31, 2017

	Nine months ended March 31,	
	2017	2016
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	212,388	161,106
Adjustments for non-cash items:		
Amortization of preliminary expenses and floatation costs	-	8
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(10,091)	18,881
	202,297	179,995
(Increase) / decrease in assets		
Investments - net	974,254	(2,542,385)
Accrued mark-up	(30,712)	1,637
Advances, deposits and other receivables	-	407,416
	943,542	(2,133,332)
(Decrease) / increase in liabilities		
Payable to the Management Company	258	(312)
Payable to Central Depository Company of Pakistan Limited - Trustee	25	353
Payable to the Securities and Exchange Commission of Pakistan	(1,158)	(4,399)
Accrued expenses and other liabilities	(203,957)	(24,328)
	(204,832)	(28,686)
Net cash generated from / (used in) operating activities	941,007	(1,982,023)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	7,941,284	4,175,463
Payment against redemption of units	(7,051,472)	(5,154,731)
Net cash generated from / (used in) financing activities	889,812	(979,268)
Net increase / (decrease) in cash and cash equivalents	1,830,820	(2,961,291)
Cash and cash equivalents at beginning of the period	2,371,639	3,816,462
Cash and cash equivalents at end of the period	4,202,458	855,171
4		

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Money Market Fund
Notes to the Condensed Interim Financial Information (Un-Audited)
For the nine months ended March 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2017.

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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

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

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

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2016.

		(Un-Audited) March 31, 2017	(Audited) June 30, 2016
	Note	(Rupees in '000)	
4. BANK BALANCES			
Current account		-	1,460
PLS saving deposit accounts under mark-up arrangements	4.1	4,202,459	1,970,179
Term Deposit Receipts (TDRs)		-	400,000
		4,202,459	2,371,639

- 4.1 Mark-up on these accounts ranges between 4.00% - 6.60% per annum (June 30, 2016: 4.00% - 7.00% per annum).

		(Un-Audited) March 31, 2017	(Audited) June 30, 2016
	Note	(Rupees in '000)	
5. INVESTMENTS			
Available for sale			
- Government Securities		-	1,394,422
Loans and receivables			
- Term Deposit Receipts	5.1	520,000	-
- Certificate of investment	5.2	-	100,000
		520,000	1,494,422

				(Un-Audited) March 31, 2017	(Audited) June 30, 2016	
5.1 Term Deposit Receipts (TDR) - Loans and receivables						
	Note			(Rupees in '000)		
TDR with Sindh Bank Limited	5.1.1			220,000	-	
TDR with Zarai Taraquati Bank Limited	5.1.1			300,000	-	
				520,000	-	
5.1.1 Term Deposit Receipts carry interest rates ranging between 6.30% to 6.50% per annum and have original maturity period of six months.						
5.2 Certificate of Investment - loans and receivables						
Name of Company	As at July 01, 2016	Placements made during the year	Matured during the year	As at March 31, 2017	Percentage of total value of investments	Percentage of Net Assets
	----- (Rupees in '000) -----					
PAIR Investment Company Limited	-	200,000	200,000	-	-	-
Pak Brunai Investment Company Limited	100,000	245,000	345,000	-	-	-
	100,000	445,000	545,000	-	-	-
5.3 Net unrealized appreciation on remeasurement of investments classified as available for sale						
	Note			(Un-Audited) March 31, 2017	(Audited) June 30, 2016	
Market value of investments				-	1,494,422	
Cost of investments				-	(1,494,254)	
				-	168	
6. PAYABLE TO THE MANAGEMENT COMPANY						
Management fee	6.1			3,823	3,521	
Sindh Sales Tax	6.2			497	572	
Allocation of expenses related to registrar services, accounting, operation and valuation services	8			382	352	
				4,703	4,445	
6.1 Under the revised Non-Banking Finance Companies and Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding one percent of average annual net assets. The Management Company has charged its remuneration at the rate of one percent per annum (June 30, 2016: one percent per annum) for the current period.						
6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.						
7. ACCRUED EXPENSES AND OTHER LIABILITIES						
	Note			(Un-Audited) March 31, 2017	(Audited) June 30, 2016	
				(Rupees in '000)		
Auditors' remuneration				219	291	
Brokerage payable				86	107	
Withholding tax payable				-	19,857	
Federal Excise Duty	7.1			41,211	41,211	
Capital gain tax payable				762	13,051	
Payable to unit holders against redemption				2,378	3,374	
Payable to HBL Income Fund against conversion of units				-	191,502	
Payable to HBL Islamic Stock Fund against conversion of units				-	400	
Provision for Workers' Welfare Fund	9			-	64,738	
Provision for Sindh Workers' Welfare Fund	9			6,630	-	
Advance received against units to be issued				81,430	-	
Others				-	325	
				132,717	334,856	

-
-
- 7.1** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

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

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

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of the Management Company with effect from June 13, 2013, aggregating to Rs. 41.21 million. Had the provision not being made, the Net Asset Value per unit as at March 31, 2017 would have been higher by Rs. 0.9505 (June 30, 2016 : Rs. 1.1880)

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

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

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

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

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

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

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014 till March 31, 2017; and
- Provision computed for SWWF should be adjusted against provision of WWF and if any further provision is required, then it should be recognized in books of the Fund before December 31, 2016. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further clarification is received from the MUFAP.

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

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

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

Considering the recommendation of the MUFAP, the Management Company, reversed the excess provision of WWF amounting to Rs. 36.541 million on January 12, 2017.

As a matter of abundant caution, the Management Company has decided to retain the provision for SWWF amounting to Rs 6.63 million in these condensed interim financial statements.

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders in cash. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realized or unrealized) to its unit holders in the form of cash.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the nine months ended March 31, 2017 is 1.11% which includes 0.20% representing government levies and SECP fee.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	(Un-Audited)	
	Nine months ended March 31,	
	2017	2016
	(Rupees in '000)	
12.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee	34,440	46,115
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,260	1,435
Issue of units 621,997 (2016: Nil units)	65,000	-
Redemption of 5,934,397 units (2016: 19,034 units)	612,915	2,000
Habib Bank Limited - Sponsor		
Bank charges paid	150	116
Mark-up earned during the period	17,850	7,940
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	3,185	3,683
Directors & their relatives		
Issue of 141,144 units	14,500	-
Redemption of 4,740 units (2016: 40,458 units)	500	4,123
Executives & their relatives		
Issue of 10,175 units (2016: 16,968 units)	1,044	1,718
Redemption of 18,896 units (2016: 110,300 units)	1,933	11,230
Directors of connected persons		
Redemption of Nil units (2016: 11,115 units)	-	1,134
Profit earned on units redeemed	-	132
Associated companies		
Redemption of Nil units (2016: 2,968,675 units)	-	307,099
Profit earned on units redeemed	-	7,099
Persons holding 10% or more units		
Investment held in the Fund : 4,820,132 units (2015: Nil units)	500,000	-

	(Un-Audited) March 31, 2017	(Audited) June 30, 2016
	(Rupees in '000)	
12.2 Amounts outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management Fee	3,823	3,521
Sindh Sales Tax	497	572
Allocation of expenses related to registrar services, accounting, operation and valuation services	382	352
Investment held in the Fund : NIL units (June 30, 2016 : 5,312,401 units)	-	539,457
Habib Bank Limited - Sponsor		
Investment held in the Fund : 1,677,432 units (June 30, 2016: 1,677,432 units)	178,535	170,338
Bank balances	1,313,422	1,133,161
Mark-up receivable on deposits with bank	828	252
HBL Islamic Stock Fund - Associate		
Payable against conversion of units	-	400
HBL Income Fund - Associate		
Payable against conversion of units	-	191,502
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	350	326
Sindh Sales tax	46	45
Directors and their relatives		
Investment held in the Fund : 149,570 units (June 30, 2016: 195 units)	15,919	20
Executives and their relatives		
Investment held in the Fund : 968 units (June 30, 2016: 36,409 units)	103	3,697
Directors of Connected Persons		
Investment held in the Fund: NIL units (June 30, 2016: 13,166 units)	-	1,337
Persons holding 10% or more units		
Investment held in the Fund: 4,820,132 units (June 30, 2016: Nil)	501,228	-

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (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	March 31, 2017 (Un-Audited)							
	Carrying amount			Fair Value				
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets not measured at fair value	13.1							
Bank balances	-	4,202,458	-	4,202,459	-	-	-	-
Investments								
- Certificate of investment	-	-	-	-	-	-	-	-
- Term deposit receipts	-	520,000	-	520,000	-	-	-	-
Accrued mark-up	-	32,300	-	32,300	-	-	-	-
		4,754,758	-	4,754,758	-	-	-	-
Financial liabilities not measured at fair value	13.1							
Payable to the Management Company	-	-	4,703	4,703	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	396	396	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	-	2,286	2,286	-	-	-	-
Accrued expenses and other liabilities	-	-	84,114	84,114	-	-	-	-
Unit holders' fund	-	-	4,614,656	4,614,656	-	-	-	-
		-	4,706,156	4,706,156	-	-	-	-

June 30, 2016 (Audited)							
	Carrying amount			Fair Value			
	Available-for-sale	Loans and receivables	Other financial	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
- Government Securities	1,394,422	-	-	-	1,394,422	-	1,394,422
Financial assets not measured at fair value							
Bank balances	-	2,371,639	-	-	-	-	-
Investments							
- Certificate of investment	-	100,000	-	-	-	-	-
Accrued mark-up	-	1,588	-	-	-	-	-
	-	2,473,227	-	-	-	-	-
Financial liabilities not measured at fair value							
Payable to the Management Company	-	-	4,445	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	371	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	-	3,444	-	-	-	-
Accrued expenses and other liabilities	-	-	228,907	-	-	-	-
Unit holders' fund	-	-	3,522,715	-	-	-	-
	-	-	3,759,882	-	-	-	-

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

14. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue by the Board of Directors of the Management Company on April 27, 2017.

15. GENERAL

15.1 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

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)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

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

Human Resource Committee

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

Risk Management Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

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

Internal Auditors

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

Trustee

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

Bankers

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

Legal Advisors

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

Website

www.hblasset.com

Head Office Registered Office

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

HBL Income Fund
Condensed Interim Statement of Assets and Liabilities
As at March 31, 2017

		March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
	Note	(Rupees in '000)	
ASSETS			
Bank balances	4	4,679,473	3,259,842
Investments	5	2,279,321	3,275,774
Accrued mark-up		50,017	36,410
Advances, deposits and other receivables	6	58,785	267,596
Total assets		7,067,596	6,839,622
LIABILITIES			
Payable to the Management Company	7	7,513	15,388
Payable to Central Depository Company of Pakistan Limited - Trustee		478	618
Payable to the Securities and Exchange Commission of Pakistan		3,162	4,844
Accrued expenses and other liabilities	8	404,131	92,712
Total liabilities		415,284	113,562
Net assets		6,652,312	6,726,060
Unit holders' fund (as per statement attached)		6,652,312	6,726,060
		(Number of units)	
Number of units in issue		60,630,957	63,397,299
		(Rupees)	
Net assets value per unit		109.7181	106.0938

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Income Fund
Condensed Interim Income Statement and Statement of
Comprehensive Income (Un- Audited)
For the nine months and quarter ended March 31, 2017

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2017	2016	2017	2016
Note	----- (Rupees in '000) -----			
INCOME				
Mark-up on deposits with banks	85,276	80,437	39,211	35,883
Mark-up / return on investments	176,240	261,017	33,558	100,527
Dividend income	8,372	-	676	-
Unrealized diminution on equity securities - listed (spread transactions)	(2,688)	-	(2,477)	-
Capital (loss) / gain on sale of investments - net	8,532	66,919	10,433	19,031
	275,732	408,373	81,401	155,441
EXPENSES				
Remuneration to the Management Company	71,676	90,712	20,505	36,264
Remuneration of Central Depository Company of Pakistan Limited - Trustee	4,304	4,958	1,396	1,827
Annual fee to the Securities and Exchange Commission of Pakistan	3,159	3,430	907	1,355
Allocation of expenses related to registrar services, accounting, operation and valuation services	4,209	2,592	1,210	2,011
Settlement and bank charges	225	111	63	-
Auditors' remuneration	258	333	86	111
Legal and Professional Charges	22	-	-	-
Printing and Stationery	183	-	8	-
Other expenses	235	129	171	24
	84,271	102,265	24,346	41,592
Net income from operating activities	191,461	306,108	57,055	113,849
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	19,380	92,899	32,470	5,361
Provision for Workers' Welfare Fund / Sindh Workers' Welfare Fund	11,155	-	11,155	-
Net income for the period before taxation	221,996	399,007	100,680	119,210
Taxation	-	-	-	-
Net income for the period after taxation	221,996	399,007	100,680	119,210
Other comprehensive income for the period				
Items that may be reclassified to income statement in subsequent periods				
Net unrealised diminution on remeasurement of investments classified as available for sale	(9,496)	(31,756)	4,686	1,772
Total comprehensive income for the period	212,500	367,251	105,366	120,982

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Income Fund
Condensed Interim Distribution Statement (Un- Audited)
For the nine months ended March 31, 2017

	2017	2016
	(Rupees in '000)	
Undistributed income brought forward - realised	240,413	70,558
Net income for the period	221,996	399,007
Element of (loss) / income and (losses) / capital gains included in the prices of units issued less those in units redeemed - amount representing (loss) / income that form part of unit holders' fund	(43,186)	85,922
Undistributed income carried forward - realised	<u>419,223</u>	<u>555,487</u>
Undistributed income carried forward comprising of:		
- realised income	421,911	555,487
- unrealised loss	(2,688)	-
	<u>419,223</u>	<u>555,487</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Income Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un- Audited)
For the nine months ended March 31, 2017

	2017	2016
	(Rupees in '000)	
Net assets at beginning of the period	6,726,060	3,376,281
Issue of 18,739,338 units (2016: 47,871,448 units)	2,046,197	6,923,209
Redemption of 21,505,680 units (2016: 12,507,722 units)	(2,313,065)	(2,721,737)
	(266,868)	4,201,472
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		
- transferred to income statement and statement of comprehensive income	(19,380)	(92,899)
- transferred to distribution statement	43,186	(85,922)
	23,806	(178,821)
Net income for the period	221,996	399,007
Net unrealised diminution on remeasurement of investments classified as available for sale	(9,496)	(31,756)
Total comprehensive income for the period	212,500	367,251
Net element of (loss) / income and capital (losses) / gain included in prices of units issued less those in units redeemed - transferred to distribution statement	(43,186)	85,922
Net assets at end of the period	6,652,312	7,852,105
Net asset value per unit at the beginning of the period	106.0938	104.9087
Net asset value per unit at the end of the period	109.7181	110.0134

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Income Fund
Condensed Interim Cash Flow Statement (Un- Audited)
For the nine months ended March 31, 2017

	2017	2016
Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	221,996	399,007
Adjustments		
Unrealized diminution on equity securities - listed (spread transactions)	2,688	-
Element of (income) / loss and (gains) / capital losses included in prices of units issued less those in units redeemed - net	<u>(19,380)</u>	<u>(92,899)</u>
	205,304	306,108
(Increase) / decrease in assets		
Investments - net	<u>984,269</u>	<u>(3,605,988)</u>
Accrued mark-up	<u>(13,607)</u>	<u>9,392</u>
Advances, deposits and other receivables	<u>208,811</u>	<u>7</u>
	1,179,473	(3,596,589)
Increase / (decrease) in liabilities		
Payable to the Management Company	<u>(7,875)</u>	<u>20,872</u>
Payable to Central Depository Company of Pakistan Limited - Trustee	<u>(140)</u>	<u>846</u>
Payable to the Securities and Exchange Commission of Pakistan	<u>(1,682)</u>	<u>934</u>
Accrued expenses and other liabilities	<u>311,419</u>	<u>(391,304)</u>
	301,722	(368,652)
Net cash generated from / (used in) operating activities	<u>1,686,499</u>	<u>(3,659,133)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	<u>2,046,197</u>	<u>6,923,209</u>
Payment against redemption of units	<u>(2,313,065)</u>	<u>(2,721,737)</u>
Net cash (used in) / generated from financing activities	<u>(266,868)</u>	<u>4,201,472</u>
Net increase in cash and cash equivalents	<u>1,419,631</u>	<u>542,339</u>
Cash and cash equivalents at beginning of the period	<u>3,259,842</u>	<u>1,099,072</u>
Cash and cash equivalents at end of the period	<u>4,679,473</u>	<u>1,641,411</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Income Fund
Notes to the Condensed Interim Financial Information (Un-Audited)
For the nine months ended March 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

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

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

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

- 3.1.2** During the period, the fund has entered into spread transactions (ready-future transaction), which involves purchase of an equity security in a ready market and simultaneous sale of the same security in the future market. The security purchased in the ready market is classified as financial assets at fair value through profit and loss - held for trading and carried on the statement of assets and liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the income statement. The forward sale of the security in the futures market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to income statement in accordance with the requirements of International accounting Standards (IAS) 39 - "Financial Instruments: Recognition and Measurement".
- 3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts
- 3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.
- 3.4** Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5** The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2016.

		March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
	Note	(Rupees in '000)	
4. BANK BALANCES			
Current account		-	60
Savings accounts	4.1	3,994,473	3,259,782
Term Deposit Receipts	4.2	685,000	-
		4,679,473	3,259,842

- 4.1** Mark-up rates on these accounts range between 3.65% - 6.7% (June 30, 2016: 4% - 7.5%) per annum.
- 4.2** Mark-up rates on Term Deposit Receipts ranges from 6.25% - 7% per annum, with having original maturity of less than 90 days.

		March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
	Note	(Rupees in '000)	
5. INVESTMENTS			
Available for sale			
- Term Finance Certificates - Listed	5.1.1	254,534	-
- Term Finance Certificates and Sukuk bonds - Unlisted	5.1.2	1,352,952	666,527
- Government securities	5.2	102,681	2,359,247
Loans and Receivables			
- Placements	5.3	37,794	250,000
- Term Deposit Receipts	5.5	-	-
At fair value through profit or loss - held for trading			
- Listed equity securities (spread transactions)	5.4	531,360	-
		2,279,321	3,275,774

- 5.1 Available for sale investments**
All Term Finance Certificates and Sukuk bonds have a face value of Rs. 5,000 each unless stated otherwise.

5.1.1 Term Finance Certificates - Listed

Name of the Investee Company	Number of certificates			As at March 31, 2017	Market value as at March 31, 2017 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
Financial Services							
Saudi Pak Leasing Company Limited - (Note 5.1.3)	2,000	-	(2,000)	-	-	-	-
Commercial Banks							
NIB Bank Limited	-	43,200	-	43,200	218,697	9.59%	3.29%
Bank Alfalah Limited	-	26,000	(19,000)	7,000	35,837	1.57%	0.54%
	-	69,200	(19,000)	50,200	254,534	11.17%	3.83%
Fixed Line Telecommunication							
World Call Telecom Limited - (Note 5.1.4)	23,750	-	(23,750)	-	-	-	-
	25,750	69,200	(44,750)	50,200	254,534	11.17%	3.83%
Cost of investments at March 31, 2017					254,391		

5.1.2 Term Finance Certificates and Sukuk bonds - Unlisted

Name of the Investee Company	Number of certificates			As at March 31, 2017	Market value / Carrying value* as at March 31, 2017 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
Commercial Banks							
Standard Chartered Bank (Pakistan) Limited	8,000	10,000	-	18,000	90,045	3.95%	1.35%
Bank Al Habib Limited	-	22,228	-	22,228	112,379	4.93%	1.69%
Habib Bank Limited*	-	2,750	-	2,750	270,621	11.87%	4.07%
Bank of Punjab*	-	2,400	-	2,400	242,731	10.65%	3.65%
JS Bank Limited	-	46,000	-	46,000	231,392	10.15%	3.48%
	8,000	83,378	-	91,378	947,167	41.55%	14.24%
Chemicals							
Agritech Limited - (Note 5.1.5)	2,000	-	-	2,000	-	-	-
Fatima Fertilizers Sukuk	-	24,517	(7,000)	17,517	90,638	3.98%	1.36%
Engro Fertilizer Limited - Sukuk	86,000	-	(86,000)	-	-	-	-
	88,000	-	(93,000)	19,517	90,638	-	1.36%
Multiutilities							
Water and Power Development Authority	50,000	69,400	(59,200)	60,200	195,147	12.13%	2.97%
	50,000	69,400	(59,200)	60,200	195,147	12.13%	2.97%
Others							
New Allied Electronics Industries (Pvt) Limited - (Note 5.1.5)	9,000	-	-	9,000	-	-	-
New Allied Electronics Industries (Pvt) Limited - Sukuk (Note 5.1.5)	9,000	-	-	9,000	-	-	-
Ghani Glass Limited	-	1,200	-	1,200	120,000	5.26%	1.80%
	18,000	1,200	-	19,200	120,000	5.26%	1.80%
Cost of investments at March 31, 2017	164,000	153,978	(152,200)	190,295	1,352,952	55.38%	19.01%
					1,345,780		

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

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

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

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

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

5.2 Investment in Government Securities - Available for sale

Issue Date	Tenure	Face value			Market value		Market Value as a percentage of	
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at March 31, 2017	as at March 31, 2017	Total Investments	Net Assets
----- (Rupees in '000) -----								
Treasury bill								
January 21, 2016	1 year	439,500	500,000	939,500	-	-	-	-
January 21, 2016	6 months	50,000	-	50,000	-	-	-	-
March 3, 2016	6 months	50,000	500,000	550,000	-	-	-	-
March 3, 2016	1 year	200,000	-	200,000	-	-	-	-
May 26, 2016	3 months	250,000	-	250,000	-	-	-	-
October 29, 2015	1 year	250,000	-	250,000	-	-	-	-
September 1, 2016	3 months	-	800,000	800,000	-	-	-	-
August 18, 2016	3 months	-	100,000	100,000	-	-	-	-
July 21, 2016	6 months	-	250,000	250,000	-	-	-	-
July 21, 2016	1 year	-	600,000	600,000	-	-	-	-
January 19, 2017	3 months	-	500,000	500,000	-	-	-	-
February 2, 2017	6 months	-	250,000	250,000	-	-	-	-
		<u>1,239,500</u>	<u>3,500,000</u>	<u>4,739,500</u>	-	-	-	-
Pakistan Investment Bonds								
July 17, 2014	5 years	100,000	-	100,000	-	-	-	-
March 26, 2015	3 years	550,000	-	550,000	-	-	-	-
March 26, 2015	5 years	50,000	1,600,000	1,650,000	-	-	-	-
April 21, 2016	5 years	385,000	1,375,000	1,660,000	100,000	102,681	-	-
July 19, 2012	10 years	-	150,000	150,000	-	-	-	-
April 21, 2016	3 years	-	550,000	550,000	-	-	-	-
April 21, 2016	10 years	-	350,000	350,000	-	-	-	-
December 29, 2016	3 years	-	1,550,000	1,550,000	-	-	-	-
		<u>1,085,000</u>	<u>5,575,000</u>	<u>6,560,000</u>	<u>100,000</u>	<u>102,681</u>	-	-
Grand total		<u>2,324,500</u>	<u>9,075,000</u>	<u>11,299,500</u>	<u>100,000</u>	<u>102,681</u>	-	-
Cost of investments at March 31, 2017					<u>102,671</u>			

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

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

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

Name of the Investee Company	Number of shares				Market value as at March 31, 2017	Market value as at March 31, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Refinery									
Attock Refinery Limited	-	815,000	-	529,000	286,000	128,360	5.63%	1.93%	0.9555%
Fertilizers									
Engro Fertilizers Limited	-	687,500	-	41,500	646,000	40,478	1.78%	0.61%	0.0517%
Engro Corporation Limited	-	316,500	-	186,500	130,000	47,843	2.10%	0.72%	0.0604%
Fatima Fertilizer Company Limited	-	1,776,500	-	1,776,500	-	-	-	-	-
Fuji Fertilizers Bin Qasim Limited	-	20,000	-	-	20,000	1,045	0.05%	0.02%	0.0010%
Fuji Fertilizer Company Limited	-	127,000	-	76,500	50,500	5,232	0.23%	0.08%	0.0100%
	-	<u>2,927,500</u>	-	<u>2,081,000</u>	<u>846,500</u>	<u>94,597</u>	<u>4.14%</u>	<u>1.43%</u>	

Name of the Investee Company	Number of shares				Market value as at March 31, 2017	Market value as a percentage of		issued capital percentage of the investee	
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets		
(Rupees in '000)									
Textile									
Nishat (Chunian) Limited	-	1,133,500	-	1,060,500	73,000	4,422	0.19%	0.07%	0.4719%
Nishat Mills Limited	-	139,000	-	58,500	80,500	13,299	0.58%	0.20%	0.0579%
	-	1,272,500	-	1,119,000	153,500	17,720	0.78%	0.27%	
Commercial Banks									
Askari Bank Limited	-	573,500	-	573,500	-	-	-	-	0.2387%
Habib Bank Limited	-	86,000	-	86,000	-	-	-	-	0.0358%
Muslim Commercial Bank Limited	-	7,000	-	7,000	-	-	-	-	0.0029%
National Bank of Pakistan	-	1,337,000	-	541,000	796,000	59,437	2.61%	0.89%	0.5566%
United Bank Limited	-	100,000	-	100,000	-	-	-	-	0.0416%
	-	2,103,500	-	1,307,500	796,000	59,437	2.61%	0.89%	
Cable & Electrical Goods									
Pakistan Elektron Limited	-	1,461,000	-	134,000	1,327,000	122,217	5.36%	1.84%	0.2936%
	-	1,461,000	-	134,000	1,327,000	122,217	5.36%	1.84%	
Food & Personal Care Products									
Engro Foods Limited	-	187,000	-	29,500	157,500	25,584	1.12%	0.38%	0.0244%
	-	187,000	-	29,500	157,500	25,584	1.12%	0.38%	
Engineering									
International Steels Limited	-	831,000	-	413,000	418,000	53,897	2.36%	0.81%	0.3459%
Amreli Steel Limited	-	130,500	-	130,500	-	-	-	-	-
	-	961,500	-	543,500	418,000	53,897	2.36%	0.81%	
Power Generation & Distribution									
K-Electric	-	1,007,500	-	833,500	174,000	1,423	0.06%	0.02%	0.0104%
Hub Power Company Limited	-	53,000	-	53,000	-	-	-	-	-
	-	1,060,500	-	886,500	174,000	1,423	0.06%	0.02%	
Cement									
D.G. Khan Cement Company Limited	-	733,000	-	687,000	46,000	10,690	0.47%	0.16%	0.1673%
Pioneer Cement Limited	-	75,500	-	75,500	-	-	-	-	-
Fauji Cement Company Limited	-	604,500	-	537,000	67,500	2,881	0.13%	0.04%	0.2661%
Maple Leaf Cement Factory Limited	-	336,000	-	238,500	97,500	12,096	0.53%	0.18%	0.0637%
	-	1,749,000	-	1,538,000	211,000	25,667	1.13%	0.38%	
Oil and Gas Exploration									
Oil and Gas Development Company Limited	-	890,000	-	882,000	8,000	1,186	0.05%	0.02%	0.0207%
Pakistan Petroleum Limited	-	14,000	-	14,000	-	-	-	-	-
	-	904,000	-	896,000	8,000	1,186	0.052%	0.02%	
Oil and Marketing									
Pakistan State Oil Company Limited	-	349,500	-	346,500	3,000	1,271	0.06%	0.02%	0.1286%
	-	13,791,000	-	9,410,500	4,380,500	531,360	23.30%	7.99%	
Cost of investments at March 31, 2017						534,503			

5.3.1 Investments include shares having market value aggregating to Rs. 38.598 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

		March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
	Note	(Rupees in '000)	
5.4 Net unrealised appreciation on remeasurement of investments classified as available for sale			
Market value / carrying value of investments	5.1.1, 5.1.2	1,710,220	3,275,774
Cost of investments	5.1.1, 5.1.2	1,827,380	3,383,438
Provision against non-performing TFCs and Sukuk bonds		(124,486)	(124,486)
		<u>1,702,894</u>	<u>3,258,952</u>
		<u>7,326</u>	<u>16,822</u>
5.5 Movement in provision against investments			
Opening balance		126,484	126,484
Add: Charge for the period / year		-	-
Less: Reversals / write-offs for the period / year		-	-
Net charge		-	-
Closing balance		<u>126,484</u>	<u>126,484</u>
Classified under investments		124,486	124,486
Classified under other receivables	6	<u>1,998</u>	<u>1,998</u>
		<u>126,484</u>	<u>126,484</u>
		March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
		(Rupees in '000)	
6. ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Security deposit with National Clearing Company of Pakistan Limited		36,059	3,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Receivable against investments of Term Finance Certificates and Sukuk bonds		1,998	1,998
Receivable against issuance of units from the Management Company		-	40,520
Receivable from HBL Funds against conversion of units	6.1	-	193,429
Receivable against Pre-call Term Finance Certificate / TFC Coupem		21,500	29,946
Prepaid expenses		95	100
Others		1,031	1
		<u>60,783</u>	<u>269,594</u>
Less: Provision against overdue installments of Term Finance Certificates and Sukuk bonds		<u>1,998</u>	<u>1,998</u>
		<u>58,785</u>	<u>267,596</u>
6.1 The amount represents receivable against conversion of units from the following Funds:			
HBL Money market Fund		-	191,502
HBL Islamic Stock Fund		-	1,927
		<u>-</u>	<u>193,429</u>
		March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
		(Rupees in '000)	
7. PAYABLE TO THE MANAGEMENT COMPANY			
Management fee	7.1	5,970	8,802
Sindh Sales Tax	7.2	776	1,430
Sales load payable		369	4,569
Allocation of expenses related to registrar services, accounting, operation and valuation services		<u>398</u>	<u>587</u>
		<u>7,513</u>	<u>15,388</u>

- 7.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding one and half percent of average annual net assets. The Management Company has charged its remuneration at the rate of one and a half percent per annum (June 30, 2016: one and a half percent per annum) of the average net assets for the current period.
- 7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

	March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
Note	(Rupees in '000)	
8. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	277	324
Brokerage payable	1,221	15
Federal Excise Duty payable	27,578	27,578
Payable against purchase of shares	356,612	-
Payable to HBL Stock Fund against conversion of units	-	483
Capital gain tax payable	49	4,878
Withholding tax payable	25	23,986
Advance against units to be issued	1,180	-
Payable to unit holders against redemption of units	-	7,151
Provision for Workers' Welfare Fund	8.2	28,170
Provision for Sindh Workers' Welfare Fund	8.2	-
Others	176	127
	<u>404,131</u>	<u>92,712</u>

- 8.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

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

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

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

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

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

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

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014, and

Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the remaining provision of WWF should be carried forward unless further clarification is received from the MUFAP.

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

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

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

Considering the recommendation of the MUFAP, the Management Company, reversed the excess provision of WWF of Rs. 12.945 million on January 12, 2017.

As a matter of abundant caution, the Management Company has decided to retain the provision for SWWF amounting to Rs 17.013 million in these condensed interim financial statements.

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

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

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders in cash. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

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

The fund has filed a reply to the show cause stating that the assessment cannot be reopened as the period of 5 years has already been lapsed. The contention that bonus units donot result in increase in capital is not correct and the distribution was in accordance with Clause 99, Part I of the Second Schedule. The clause 99 of Part I of the Second Schedule has only been amended vide Finance Act 2014 and therefore is applicable for the tax year 2015.

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

11. TOTAL EXPENSE RATIO

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

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	Nine months ended	
	March 31,	
	2017	2016
	(Un-Audited)	(Un-Audited)
	(Rupees in '000)	
12.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee inclusive of sales tax	71,676	54,448
Allocation of expenses related to registrar services, accounting, operation and valuation services	4,209	727
Redemption of 377,025 units (2015: Nil units)	40,513	-
Habib Bank Limited - Sponsor		
Bank charges paid	51	47
Mark-up earned during the period	2,209	3,615
CDC Trustee - HBL Government Securities Fund		
Sale of Bank Alfalah Ltd TFC	11,579	-
Jubilee General Insurance Company - Associated company		
Issue of Nil units (2015: 1,848,255 units)	-	200,000
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	4,304	3,131
CDC charges	6	3
Executives and their relatives		
Issue of Nil units (2015: 27,474 units)	-	2,932
Redemption of 9,681 units (2015: 9,094 units)	1,035	968

12.2 Balances outstanding as at period / year end	March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
HBL Asset Management Limited - Management Company		
Management fee	5,970	8,802
Sindh Sales Tax	776	1,430
Sales Load payable	369	4,569
Allocation of expenses related to registrar services, accounting, operation and valuation services	398	587
Investment held by Management Company in funds:		
Nil units (June 2016: 377,025 units)	-	40,000
Receivable against issuance of Nil units (June 30, 2016: 377,025 units)	-	40,520
Habib Bank Limited - Sponsor		
Investment held by HBL in the Fund: 13,402,498 units (June 30, 2016: 13,402,498 units)	1,449,752	1,421,922
Bank balances with HBL	45,003	1,010,685
HBL Money Market Fund - Associate		
Receivable against conversion of units	-	191,502
HBL Stock Fund - Associate		
Payable against conversion of units	-	483
HBL Islamic Stock Fund - Associate		
Receivable against conversion of units	-	1,927
Sapphire Fibres Limited - Associated company		
Investment held in the Fund: 197,114 units (June 30, 2016: 197,114 units)	21,322	20,913
Amer Tex (Pvt) Limited		
Investment held in the Fund: 784,816 units (June 30, 2016: 784,816 units)	84,894	83,264
Neelum Textile Mills (Pvt) Limited		
Investment held in the Fund: 623,419 units (June 30, 2016: 623,419 units)	67,435	66,141
Directors and Executives of the Management Company and their relatives		
Directors and their relatives		
Investment held in the Fund: 66,043 units (June 30, 2016: 24,205 units)	7,144	2,568
Executives and their relatives		
Investment held in the Fund: 20,813 units (June 30, 2016: 114,635 units)	2,251	12,162
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	419	542
Sindh Sales tax	59	76
Security deposit	100	100
Directors of connected persons		
Investment held in the Fund: 250,917 units (June 30, 2016: Nil units)	27,142	-

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		March 31, 2017 (Un-Audited)								
		Carrying amount				Fair Value				
	Note	Available-for-sale	Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
- Term Finance Certificates - Listed		254,534	-	-	-	254,534	-	254,534	-	254,534
- Term Finance Certificates and Sukuk bonds - Unlisted		1,122,952	-	-	-	1,122,952	-	1,122,952	-	1,122,952
- Government Securities		102,681	-	-	-	102,681	-	102,681	-	102,681
- Listed Securities		-	531,360	-	-	531,360	531,360	-	-	531,360
		<u>1,480,167</u>	<u>531,360</u>	<u>-</u>	<u>-</u>	<u>2,011,527</u>	<u>-</u>	<u>1,480,167</u>	<u>-</u>	<u>2,011,527</u>
Financial assets not measured at fair value										
	13.1									
Bank balances										
		-	-	4,679,473	-	4,679,473	-	-	-	-
Investments										
- Term Finance Certificates and Sukuk bonds - Unlisted		230,000	-	-	-	230,000	-	-	-	-
- Term Deposit Receipts		-	-	500,000	-	500,000	-	-	-	-
Accrued mark-up		-	-	50,017	-	50,017	-	-	-	-
Advances, deposits and other receivables		-	-	740,676	-	740,676	-	-	-	-
		<u>230,000</u>	<u>-</u>	<u>5,970,166</u>	<u>-</u>	<u>6,200,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value										
	13.1									
Payable to the Management Company		-	-	-	7,513	7,513	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	478	478	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	-	-	3,162	3,162	-	-	-	-
Accrued expenses and other liabilities		-	-	-	358,360	358,360	-	-	-	-
Unit holders' fund		-	-	-	6,652,312	6,652,312	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>7,021,825</u>	<u>7,021,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

		June 30, 2016 (Audited)								
		Carrying amount				Fair Value				
		Available-for-sale	Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments		(Rupees in '000)								
Financial assets measured at fair value										
	Note									
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>2,595,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,595,774</u>	<u>-</u>	<u>2,595,774</u>	<u>-</u>	<u>2,595,774</u>
Financial assets not measured at fair value										
	13.1									
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 and other receivables		-	-	267,496	-	267,496	-	-	-	-
		<u>430,000</u>	<u>-</u>	<u>3,813,748</u>	<u>-</u>	<u>4,243,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value										
	13.1									
Payable to the Management Company		-	-	-	15,388	15,388	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	618	618	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	-	-	4,844	4,844	-	-	-	-
Accrued expenses and other liabilities		-	-	-	36,964	36,964	-	-	-	-
Unit holders' fund		-	-	-	6,726,060	6,726,060	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>6,783,874</u>	<u>6,783,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Income Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at March 31, 2017, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Name of Non-Complaint Investment	Type of Investment	Value of Investment before provision	Provision held	Value of Investment after provision	% 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	-	-
World Call Telecom Limited	TFC	47,768	47,768	-	-

The above securities have ratings lower than investment grade.

March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
(Rupees in '000)	

15. COMMITMENTS

Sale of future stock contracts

80,227	-
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This represents investment in future stock contracts with settlement date of January 30, 2017.

16. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **April 27, 2017**.

17. GENERAL

17.1 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)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

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

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	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
Askari Bank Limited
NIB Bank Limited
MCB Bank Limited
JS 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 March 31, 2017

		(Un-Audited) March 31, 2017	(Audited) June 30, 2016
	Note	(Rupees in '000)	
Assets			
Bank balances	4	179,834	21,075
Investments	5	766,520	741,283
Dividend receivable and accrued mark-up		6,124	5,677
Advances, deposits and other receivables	6	3,530	18,257
Total assets		956,008	786,292
Liabilities			
Payable to the Management Company	7	2,142	1,527
Payable to Central Depository Company of Pakistan Limited - Trustee		203	146
Payable to the Securities and Exchange Commission of Pakistan		543	629
Accrued expenses and other liabilities	8	11,687	18,484
Total liabilities		14,575	20,786
Net assets		941,433	765,506
Unit holders' fund (as per statement attached)		941,433	765,506
		(Number of units)	
Number of units in issue		8,113,153	7,807,513
		(Rupees)	
Net assets value per unit		116.0377	98.0474

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Multi Asset Fund
Condensed Interim Income Statement and
Statement of Comprehensive Income (Un-Audited)
For the nine months and quarter ended March 31, 2017

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2017	2016	2017	2016
----- (Rupees in '000) -----					
Income					
Dividend income		16,578	14,982	4,575	4,509
Mark-up on deposits with banks		2,544	1,581	658	412
Mark-up / return on investments - net		11,561	14,888	3,969	5,849
Capital gain on sale of investments - net		93,292	29,754	34,620	(19,775)
		123,975	61,205	43,822	(9,005)
Impairment loss on equity securities classified as available for sale - net		-	(3,177)	-	-
		123,975	58,028	43,822	(9,005)
Expenses					
Remuneration to the Management Company		14,410	14,637	5,185	4,686
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,448	1,259	525	403
Annual fee of the Securities and Exchange Commission of Pakistan		543	471	196	150
Allocation of expenses related to registrar services, accounting, operation and valuation services	9	628	251	223	177
Auditors' remuneration		292	321	96	97
Settlement and bank charges		305	347	90	75
Other expenses		539	149	205	11
		18,165	17,435	6,520	5,599
Net income from operating activities		105,810	40,593	37,302	(14,604)
Element of loss and losses included in prices of units issued less those in units redeemed - net		6,170	(869)	6,527	(257)
Provision for Federal Workers' Welfare Fund / Sindh Workers' Welfare fund	8.2	5,343	-	5,343	-
Net income for the period before taxation		117,323	39,724	49,172	(14,861)
Taxation	10	-	-	-	-
Net income for the period after taxation		117,323	39,724	49,172	(14,861)
Other comprehensive income for the period					
Items that may be reclassified subsequently to income statement					
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale		27,385	(48,127)	-	9,737
		144,708	(8,403)	49,172	(5,124)

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Multi Asset Fund
Condensed Interim Distribution Statement (Un-Audited)
For the nine months ended March 31, 2017

	2017	2016
	(Rupees in '000)	
Accumulated loss brought forward - realised	(96,050)	(128,856)
Net income for the period	117,323	39,724
Element of income and capital gains included in the prices of units issued less those in units redeemed - amount representing gain that form part of unit holders' fund	(597)	6,546
Accumulated loss carried forward - realised	<u>20,676</u>	<u>(82,586)</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Multi Asset Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the nine months ended March 31, 2017

	2017	2016
	(Rupees in '000)	
Net assets at beginning of the period	765,506	767,249
Issue of 154,587 units (2016: 35,470 units)	56,061	3,481
Redemption of 179,503 units (2016: 420,984 units)	(18,672)	(41,177)
	37,389	(37,696)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- transferred to income statement and statement of comprehensive income	(6,170)	869
- transferred to distribution statement	597	(6,546)
	(5,573)	(5,677)
Net income for the period	117,323	39,724
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	27,385	(48,127)
Total comprehensive income for the period	144,708	(8,403)
Net element of income and capital gain included in price of units issued less those in units redeemed - transferred to the distribution statement	(597)	6,546
Net assets at end of the period	941,433	722,019
Net Assets value per unit at the beginning of the period	98.0474	94.9833
Net Assets value per unit at the end of the period	116.0377	93.8635

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Multi Asset Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the nine months ended March 31, 2017

	2017	2016
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	117,323	39,724
Adjustments		
Impairment loss on equity securities classified as available for sale	-	3,177
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	(6,170)	869
	<u>111,153</u>	<u>43,770</u>
(Increase) / decrease in assets		
Investments - net	2,148	(8,099)
Dividend receivable and accrued mark-up	(447)	(1,558)
Advances, deposits and other receivables	14,727	112
	<u>16,428</u>	<u>(9,545)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	615	130
Payable to Central Depository Company of Pakistan Limited - Trustee	57	135
Payable to the Securities and Exchange Commission of Pakistan	(86)	(175)
Accrued expenses and other liabilities	(6,797)	(46,941)
	<u>(6,211)</u>	<u>(46,851)</u>
Net cash generated from operating activities	<u>121,370</u>	<u>(12,626)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	56,061	3,481
Payment against redemption of units	(18,672)	(41,177)
Net cash used in financing activities	<u>37,389</u>	<u>(37,696)</u>
Net increase / (decrease) in cash and cash equivalents	<u>158,759</u>	<u>(50,322)</u>
Cash and cash equivalents at beginning of the period	21,075	54,885
Cash and cash equivalents at end of the period	<u>4</u> <u>179,834</u>	<u>4,563</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Multi Asset Fund
Notes to the Condensed Interim Financial Information (Un-Audited)
For the nine months ended March 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

JCR-VIS Credit Rating Agency (JCR-VIS) has assigned management quality rating of 'AM2-' to the Management Company and one year fund performance ranking at 'MFR 2-Star' and three year fund performance ranking at 'MFR 3-Star' to the Fund.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

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

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

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

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2016.

	Note	(Un-Audited) March 31, 2017	(Audited) June 30, 2016
(Rupees in '000)			
4. BANK BALANCES			
PLS saving deposit account under mark-up arrangements	4.1	129,834	21,025
Term Deposit Receipt	4.2	50,000	-
Current account		-	50
		<u>179,834</u>	<u>21,075</u>
4.1	Mark-up rates on these accounts range between 3.75% - 6.1% per anum (June 30, 2016: 4.00% - 6.5% per anum).		
4.2	Term Deposit Receipt carries mark-up at the rate of 7% per anum and will mature on January 26, 2017.		
5. INVESTMENTS			
Available for sale			
- Listed equity securities	5.1	636,332	521,029
- Unlisted equity securities		-	1,555
- Term Finance Certificates	5.2.1	130,188	-
- Government Securities	5.3	-	179,960
Loans and receivables			
- Commercial papers	5.4	-	38,739
		<u>766,520</u>	<u>741,283</u>

5.1 Listed equity securities - Available for sale

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

Name of the Investee Company	Number of shares				As at March 31, 2017	Market value as at March 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
Commercial Banks									
Bank Alfalah Limited	-	460,500	-	460,500	-	-	-	-	-
Bank AlHabib Limited	-	199,500	-	-	199,500	10,683	1.39%	1.13%	0.02%
Habib Bank Limited	313,571	78,700	-	261,300	130,971	35,311	4.61%	3.75%	0.01%
MCB Bank Limited	265,600	32,800	-	188,500	109,900	24,991	3.26%	2.65%	0.01%
United Bank Limited	-	172,300	-	52,000	120,300	27,384	3.57%	2.91%	0.01%
	579,171	943,800	-	962,300	560,671	98,369	12.83%	10.44%	
Personal Goods									
Gul Ahmed Textile Mills Limited	-	142,500	-	142,500	-	-	-	-	-
Nishat Chunian Limited	-	320,500	-	320,500	-	-	-	-	-
Nishat Mills Limited	30,500	231,100	-	132,300	129,300	21,360	2.79%	2.27%	0.04%
	30,500	694,100	-	595,300	129,300	21,360	2.79%	2.27%	
Construction and Materials									
D.G.Khan Cement Company Limited	152,900	-	-	50,900	102,000	23,705	3.09%	2.52%	0.02%
Kohat Cement Limited	34,700	-	-	34,700	-	-	-	-	-
Lucky Cement Limited	66,800	-	-	33,150	33,650	28,178	3.68%	2.99%	0.01%
Pioneer Cement Company Limited	230,000	63,500	-	230,000	63,500	9,081	1.18%	0.96%	0.03%
Fauji Cement Company Limited	-	186,500	-	-	186,500	7,960	1.04%	0.85%	0.01%
Maple Leaf Cement Factory Limited	-	160,000	-	100,000	60,000	7,444	0.97%	0.79%	0.01%
Cherat Cement Company Limited	152,500	52,000	-	152,500	52,000	9,943	1.30%	1.06%	0.03%
	636,900	462,000	-	601,250	497,650	86,311	11.26%	9.17%	
Electricity									
The Hub Power Company Limited	297,200	-	-	152,200	145,000	19,004	2.48%	2.02%	0.01%
Pak Elektron Ltd	-	141,000	-	-	141,000	12,986	1.69%	1.38%	0.03%
K-Electric Limited (paid up share of Rs. 3.5 each)	2,800,000	1,381,000	-	2,800,000	1,381,000	11,297	1.47%	1.20%	0.01%
Kot Addu Power Company Limited	90,500	257,500	-	-	289,500	58,500	4.69%	0.61%	0.01%
	3,187,700	1,779,500	-	3,241,700	1,725,500	47,979	6.25%	5.10%	
Oil and Gas									
Attock Petroleum Limited	23,650	12,300	-	35,950	-	-	-	-	-
Mari Petroleum Limited	7,700	14,200	-	2,500	19,400	29,497	3.85%	3.13%	0.02%
Oil and Gas Development Company Limited	213,000	53,900	-	117,200	149,700	22,202	2.90%	2.36%	0.01%
Hascal Petroleum Ltd	-	44,500	-	-	44,500	13,346	1.74%	1.42%	0.04%
Hi-Tech Lubricants Limited	-	173,000	-	173,000	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	280,500	-	143,000	137,500	19,631	2.56%	2.09%	0.02%
Sui Southern Gas Company Limited	-	302,500	-	302,500	-	-	-	-	-
Pakistan Oilfields Limited	-	43,300	-	18,300	25,000	11,126	1.45%	1.18%	0.01%
Pakistan Petroleum Limited	105,500	53,000	-	53,200	105,300	16,312	2.13%	1.73%	0.01%
Pakistan State Oil Company Limited	91,300	8,000	-	68,200	31,100	13,171	1.72%	1.40%	0.01%
	441,150	985,200	-	913,850	512,500	125,285	16.35%	13.31%	
Foods Producers									
Engro Foods Limited	-	82,600	-	82,600	-	-	-	-	-
	-	82,600	-	82,600	-	-	-	-	-
Chemicals									
Fauji Fertilizer Bin Qasim Limited	100,000	175,500.0	-	100,000	175,500	9,166	1.20%	0.97%	0.02%
Engro Corporation Limited	113,800	-	-	50,700	63,100	23,222	3.03%	2.47%	0.01%
Engro Fertilizer Limited	-	130,000	-	130,000	-	-	-	-	-
I.C.I Pakistan Limited	-	43,600	-	34,700	8,900	9,931	1.30%	1.05%	0.01%
Fauji Fertilizer Company Limited	-	158,300	-	95,600	62,700	6,496	0.85%	0.69%	0.00%
	213,800	331,900	-	311,000	310,200	48,815	5.18%	4.21%	
Refinery									
National Refinery Limited	-	6,400	-	-	6,400	4,563	0.60%	0.48%	0.01%
Attock Refinery Limited	-	22,100	-	3,000	19,100	8,572	1.12%	0.91%	0.02%
	-	22,100	-	3,000	25,500	13,135	1.12%	0.91%	
Transport									
Pakistan National Shipping Corporation	-	40,000	-	-	40,000	7,014	0.92%	0.75%	0.03%
Pakistan Int Bulk Terminal Limited	-	726,000	-	726,000	-	-	-	-	-
	-	766,000	-	726,000	40,000	7,014	0.92%	0.75%	
Technology and communication									
Avanceon Limited	-	228,000	-	228,000	-	-	-	-	-
	-	228,000	-	228,000	-	-	-	-	-
Fertilizers									
Dawood Hercules Limited	-	76,300	-	25,000	51,300	6,798	0.89%	0.72%	0.01%
	-	76,300	-	25,000	51,300	6,798	0.89%	0.72%	
Sugar and Allied Industries									
Faran Sugar Industries Limited	-	57,100	-	-	57,100	7,972	1.04%	0.85%	0.23%
	-	57,100	-	-	57,100	7,972	1.04%	0.85%	
Household Goods									
Pak Elektron Limited	234,000	-	-	234,000	-	-	-	-	-
Tariq Glass Industries Limited	-	158,000	-	-	158,000	-	-	-	-
	234,000	158,000	-	392,000	-	-	-	-	-

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 March 31, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets	
(Rupees in '000)								
General Industries								
Service Industries Limited	-	23,600	-	17,700	5,900	8,656	1.13%	0.92%
Packages Limited	24,250	11,900	-	4,000	32,150	27,905	3.64%	2.96%
	24,250	35,500	-	21,700	38,050	36,561	4.77%	3.88%
Media								
Tri-Pack Films Limited	-	32,500	-	32,500	-	-	-	-
Pharma and Bio Tech								
GlaxoSmithKline Limited	83,600	-	-	83,600	-	-	-	-
GlaxoSmithKline Consumer Healthcare								
Pakistan Limited	25,080	-	-	-	25,080	2,183	0.28%	0.23%
Abbott Lab (Pakistan) Ltd.	-	8,300	-	-	8,300	7,798	1.02%	0.83%
The Searle Company Limited	33,450	15,100	2,462	29,700	21,312	13,467	1.76%	1.43%
	142,130	23,400	2,462	113,300	54,692	23,448	3.06%	2.49%
Automobile Assemblers								
Atlas Honda Limited	-	20,500	-	20,500	-	-	-	-
Millat Tractors Limited	-	35,700	-	35,700	-	-	-	-
Indus Motor Company Ltd.	-	5,340	-	-	5,340	8,499	1.11%	0.90%
General Tyre and Rubber Company Limited	-	51,200	-	51,200	-	-	-	-
Loads Limited	-	384,500	-	384,500	-	-	-	-
Thal Limited	-	61,000	-	44,000	17,000	9,010	-	-
Honda Atlas Car Limited	-	47,550	-	24,100	23,450	17,632	2.30%	1.87%
Pak Suzuki Motor Company Limited	-	26,500	-	-	26,500	16,429	2.14%	1.75%
	-	632,290	-	560,000	72,290	51,570	5.55%	4.52%
Engineering								
Mughal Iron and Steel Industries Limited	2,500	-	-	-	2,500	353	0.05%	0.04%
International Industries Limited	-	46,500	-	-	46,500	11,276	1.47%	1.20%
International Steel Limited	-	179,000	-	107,500	71,500	9,219	1.20%	0.98%
Crescent Steel and Allied Products Limited	-	105,000	-	33,300	71,700	17,947	2.34%	1.91%
Alpha Steel Limited	-	500	-	500	-	-	-	-
Amrill Steels Limited	-	340,500	-	238,500	102,000	9,685	1.26%	1.03%
	2,500	671,500	-	379,800	294,200	48,480	6.32%	5.16%
Non Life Insurance								
Adamjee Insurance Company Limited	-	175,000	-	-	175,000	13,235	1.73%	1.41%
	-	175,000	-	-	175,000	13,235	1.73%	1.41%
	5,492,101	7,007,290	2,462	8,207,300	4,543,953	636,332	79.04%	64.13%

Cost of investments at March 31, 2017

554,079

5.1.1 Investments include shares having market value aggregating to Rs. 55.11 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

5.2 Term Finance Certificates - Available for sale

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

5.2.1 Term Finance Certificates

Name of the Investee Company	Number of certificates			Market value / Carrying value* as at March 31, 2017	Market value as a percentage of	
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period		Total Investments	Net Assets
(Rupees in '000)						
Financial Services						
Saudi Pak Leasing Company Limited - (Note 5.3.2)	6,000	-	-	6,000	-	-
Banks						
The Bank of Punjab (face value of Rs. 100,000 each)	-	610	430	180	18,205	-
JS Bank Limited	-	10,000	-	10,000	50,303	-
Bank Al Habib Limited	-	12,200	-	12,200	61,680	-
	-	22,810	430	22,380	130,188	-
Fertilizers						
Fatima Fertilizers Limited	-	4,169	4,169	-	-	-
Total	6,000	26,979	4,599	28,380	130,188	-
Cost of investment as at March 31, 2017					145,172	

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

5.2.2 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.

5.3 Investment in Government Securities - Available for sale

Issue Date	Tenure	Face value			Market value as a percentage of		
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at March 31, 2017	Market Value as at March 31, 2017	Total Investment
----- (Rupees in '000) -----							
Treasury bills							
January 21, 2016	12 months	29,500	-	29,500	-	-	-
May 26, 2016	3 months	35,000	-	35,000	-	-	-
June 23, 2016	3 months	26,000	-	26,000	-	-	-
October 27, 2016	3 months	-	100,000	100,000	-	-	-
November 24, 2016	3 months	-	50,000	50,000	-	-	-
January 19, 2007	3 months	-	100,000	100,000	-	-	-
February 16, 2017	3 months	-	50,000	50,000	-	-	-
		90,500	300,000	390,500	-	-	-
Pakistan Investment Bonds							
July 17, 2014	3 years	36,000	-	36,000	-	-	-
July 17, 2014	5 years	28,000	-	28,000	-	-	-
March 26, 2015	3 years	20,000	-	20,000	-	-	-
		84,000	-	84,000	-	-	-
		174,500	300,000	474,500	-	-	-

5.4 Investment in Commercial papers - Loans and receivables

Name of Investee Company	Placements made during the period	Income accrued	Matured during the period	As at March 31, 2017	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----						
Pak Elektron Limited (5.4.1)	38,739	-	38,739	-	-	0.00%

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

	Note	(Un-Audited)	(Audited)
		March 31, 2017	June 30, 2016
----- (Rupees in '000) -----			
5.5 Net unrealised appreciation on remeasurement of investments classified as available for sale			
Market value / carrying value of investments	5.1, 5.2, 5.3 & 5.4	766,520	741,283
Cost of investments	5.1, 5.2, 5.3 & 5.4	699,251	703,877
Provision against equity securities	5.5.1	-	(2,478)
Provision against term finance certificates	5.5.1	(15,197)	(15,197)
		684,054	686,202
		82,466	55,081

5.5.1 Movement in provision against investments

Opening balance	17,675	15,694
Add: Charge for the period / year	-	3,177
Less: Reversals made during the period / year	(2,478)	(1,196)
Net charge	(2,478)	1,981
Closing balance	15,197	17,675

6. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit with National Clearing Company of Pakistan Limited		3,016	3,016
Security deposit with Central Depository Company of Pakistan Limited		100	100
Advance against subscription of Term Finance Certificates (TFC)	6.1	25,000	25,000
Receivables against Pre-call TFC		-	14,973
Prepaid annual rating and listing fee		414	168
Provision in respect of advance against subscription		28,530	43,257
of term finance certificates	6.1	(25,000)	(25,000)
		3,530	18,257

- 6.1 The Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer as at March 31, 2017. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at March 31, 2017, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.

		(Un-Audited) March 31, 2017	(Audited) June 30, 2016
7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	(Rupees in '000)	
Management fee	7.1	1,610	1,249
Sindh Sales Tax	7.2	209	203
Sales load payable		242	13
Allocation of expenses related to registrar services, accounting, operation and valuation services		81	62
		2,142	1,527

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

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

		(Un-Audited) March 31, 2017	(Audited) June 30, 2016
8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Rupees in '000)	
Auditors' remuneration		548	328
Federal Excise Duty	8.1	6,610	6,610
Payable against redemption of units		-	1,302
Withholding tax payable		-	304
Payable to brokers		498	420
Provision for Federal Workers' Welfare Fund	8.2	-	9,495
Provision for Sindh Workers' Welfare Fund	8.2	3,854	-
Other payables		177	25
		11,687	18,484

-
-
- 8.1** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

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

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

However, since the appeal is pending in Supreme Court of Pakistan, the management company, as a matter of abundant caution, has made a provision on FED on remuneration of Management Company with effect from June 13, 2013 aggregating to Rs. 6.61 million. Had the provision not being made, the Net Asset Value per unit as at December 31, 2016 would have been higher by Rs. 0.8147 (June 30, 2016: Rs. 0.8466) per unit.

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

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

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

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

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

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014 till March 31, 2017; and
- Provision computed for SWWF should be adjusted against provision of WWF and if any further provision is required, then it should be recognized in books of the Fund before December 31, 2016. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further clarification is received from the MUFAP.

As a result, the Management Company assessed that no further provision is required for SWWF net of provision already made for WWF, and additional provision of WWF of Rs.6.33 million should be carried forward till the matter is cleared.

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

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

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

Considering the recommendation of the MUFAP, the Management Company on January 12, 2017, reversed the excess provision of WWF amounting to Rs. 6.33 million and make a provision from January 12, 2017 onwards.

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

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

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders in cash. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realized or unrealized) to its unit holders in the form of cash.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the nine months ended March 31, 2017 is 1.54%, which includes 0.26% representing government levy, Worker's Welfare Fund and SECP fee.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

12.1 Transactions during the period

	Nine Month ended	
	March 31,	
	2017	2016
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee inclusive of sales tax and others	14,410	14,637
Allocation of expenses related to registrar services, accounting, operation and valuation services	628	251
Habib Bank Limited - Sponsor		
Bank charges paid	15	21
Mark-up earned during the period	397	672
Dividend income earned during the period	1,419	718

	Nine Month ended March 31,	
	2017	2016
	(Rupees in '000)	
CDC Trustee - HBL Government Securities Fund		
Purchase of Bank of Punjab TFC	44,087	-
Purchase of JS Bank TFC	20,520	-
Purchase of Bank Alfalah TFC	63,564	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,448	1,259
Central Depository service charges	78	75
Transactions involving shares of connected persons:		
Habib Bank Limited - Sponsor		
Purchase of 78,700 shares (2016: 102,500 shares)	18,899	20,450
Sale of 261,300 shares (2016: 99,300 shares)	59,404	18,682
Gain on sale of shares	10,520	1,969
	(Un-Audited)	(Audited)
	March 31,	June 30,
	2017	2016
	(Rupees in '000)	
12.2 Amounts outstanding as at period end		
HBL Asset Management Limited - Management Company		
Management fee	1,610	1,249
Sindh Sales Tax	209	203
Sales load payable	242	13
Allocation of expenses related to registrar services, accounting, operation and valuation services	81	62
Habib Bank Limited - Sponsor		
Investment held in the Fund: 6,755,856 units (June 2016: 6,755,856 units)	783,934	662,394
Bank balances	6,654	13,959
Mark-up receivable on deposits with bank	41	24
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	181	128
Sindh Sales Tax	22	18
Shares held in Habib Bank Limited - Sponsor		
Ordinary shares held in Habib Bank Limited: 130,971 ordinary shares (June 2016: 313,571 ordinary shares)	35,311	61,949

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		March 31, 2017							
		Carrying amount			Fair Value				
Note		Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments - Listed equity securities	636,332	-	-	636,332	636,332	-	-	636,332
		636,332	-	-	636,332	636,332	-	-	636,332
Financial assets not measured at fair value									
	Bank balances	-	179,834	-	179,834	-	-	-	-
	Investments	-	-	-	-	-	-	-	-
	- Term Deposit Receipt	-	50,000	-	50,000	-	-	-	-
	- Un-listed equity	1,555	-	-	1,555	-	-	-	-
	Dividend receivable and accrued mark-up	-	6,124	-	6,124	-	-	-	-
	Advances, deposits and other receivables	-	3,432	-	3,432	-	-	-	-
		1,555	239,390	-	240,945	-	-	-	-
Financial liabilities not measured at fair value									
	Payable to the Management Company	-	-	2,142	2,142	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	203	203	-	-	-	-
	Payable to Securities and Exchange Commission of Pakistan	-	-	543	543	-	-	-	-
	Accrued expenses and other liabilities	-	-	1,223	1,223	-	-	-	-
	Unit holders' fund	-	-	941,433	941,433	-	-	-	-
		-	-	945,544	945,544	-	-	-	-

								June 30, 2016							
								Carrying amount		Fair Value					
								Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
								(Rupees in '000)							
On-balance sheet financial instruments															
Financial assets measured at fair value															
Investments															
- Listed equity securities								521,029	-	-	521,029	521,029	-	-	521,029
- Government Securities								179,960	-	-	179,960	-	179,960	-	179,960
								700,989	-	-	700,989	521,029	179,960	-	700,989
Financial assets not measured at fair value															
13.1															
Bank balances								-	21,075	-	21,075	-	-	-	-
Investment															
- Un-Listed equity securities								1,555	-	-	1,555				
- Loans and receivables - Commercial Paper								-	38,739	-	38,739				
Dividend receivable and accrued mark-up								-	5,677	-	5,677	-	-	-	-
Advances, deposits and other receivables								-	18,089	-	18,089	-	-	-	-
								1,555	83,580	-	85,135	-	-	-	-
Financial liabilities not measured at fair value															
13.1															
Payable to the Management Company								-	-	1,527	1,527	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee								-	-	146	146	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan								-	-	629	629	-	-	-	-
Accrued expenses and other liabilities								-	-	2,379	2,379	-	-	-	-
Unit holders' fund								-	-	765,506	765,506	-	-	-	-
								-	-	770,187	770,187	-	-	-	-

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

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

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Balanced Scheme' in accordance with the said circular. As at March 31, 2017, the Fund is compliant with all the requirements of the said circular except for clause 2 (iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

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

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

15. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **April 27, 2017**.

16. GENERAL

16.1 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. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

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

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	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
Habib Bank Limited
MCB Bank Limited
NIB Bank Limited
JS Bank Limited

Legal Advisors

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

Website

www.hblasset.com

Head Office Registered Office

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

HBL Stock Fund
Condensed Interim Statement of Assets and Liabilities
As at March 31, 2017

	(Un-Audited) March 31, 2017	(Audited) June 30, 2016
Note	(Rupees in '000)	
Assets		
Bank balances	453,235	38,406
Investments	5,921,797	4,586,338
Dividend receivable and accrued mark-up	34,324	6,280
Advances, deposits, prepayments and other receivables	34,398	3,083
Total assets	6,443,754	4,634,107
Liabilities		
Payable to the Management Company	15,360	9,079
Payable to the Trustee	717	516
Payable to the Securities and Exchange Commission of Pakistan	3,864	4,110
Accrued expenses and other liabilities	70,807	101,161
Total liabilities	90,748	114,866
Net assets	6,353,006	4,519,241
Unit holders' fund (as per statement attached)	6,353,006	4,519,241
	(Number of units)	
Number of units in issue	49,026,448	43,589,869
	(Rupees)	
Net assets value per unit	129.5833	103.6764

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Stock Fund
Condensed Interim Income Statement and
Statement of Comprehensive Income (Un-Audited)
For the Nine Months and Quarter Ended March 31, 2017

	Nine Months ended March 31,		Quarter ended March 31,	
	2017	2016	2017	2016
	------(Rupees in '000)-----			
Income				
Dividend income	158,769	136,796	45,364	41,897
Mark-up on deposits with banks	12,150	13,464	5,827	4,800
Mark-up / return on investments - net	3,626	2,565	-	2,565
Capital gain on sale of investments - net	590,700	163,830	206,601	(155,863)
	765,245	316,655	257,792	(106,601)
Impairment loss on equity securities classified as available for sale	-	(77,042)	-	-
	765,245	239,613	257,792	(106,601)
Expenses				
Remuneration to the Management Company	91,928	86,365	35,453	28,410
Remuneration of the Trustee	5,462	4,638	2,069	1,597
Annual fee to the Securities and Exchange Commission of Pakistan	3,864	3,064	1,490	971
Allocation of expenses related to registrar services, accounting, operation and valuation services	4,098	1,450	1,729	1,024
Selling and marketing expenses	2,200	-	2,200	-
Securities transaction costs	69	-	50	-
Auditors' remuneration	512	340	185	32
Settlement and bank charges	1,384	1,628	558	855
Other expenses	460	283	103	125
	109,977	97,768	43,837	33,014
Net income from operating activities	655,268	141,845	213,955	(139,615)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	135,174	92	78,931	(70)
Provision for Workers' Welfare Fund and Sindh Workers' Welfare Fund	27,947	-	27,947	-
Net income for the period before taxation	818,389	141,937	320,833	(139,685)
Taxation	-	-	-	-
Net income for the period after taxation	818,389	141,937	320,833	(139,685)
Other comprehensive income for the period				
Items that may be reclassified to income statement in subsequent periods				
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	450,858	(336,518)	(158,138)	123,121
Total comprehensive income for the period	1,269,247	(194,581)	162,695	(16,564)

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Stock Fund
Condensed Interim Distribution Statement (Un-Audited)
For the Nine Months and Quarter Ended March 31, 2017

	2017	2016
	(Rupees in '000)	
Accumulated loss brought forward - realised	(872,245)	(968,425)
Net income for the period	818,389	141,937
Element of income and capital gains included in the price of units issued less those in units redeemed - amount representing income that form part of the unit holders' fund	20,040	(3,735)
Accumulated loss carried forward - realised	<u>(33,816)</u>	<u>(830,223)</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Stock Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the Nine Months and Quarter Ended March 31, 2017

	2017	2016
	(Rupees in '000)	
Net assets at beginning of the period	4,519,241	4,385,904
Issue of 7,609,213 units (2016: 305,980 units)	954,850	39,147
Redemption of 2,172,634 units (2016: 141,020 units)	(255,158)	(20,832)
	699,692	18,314
Element of income and capital gains included in prices of units issued less those in units redeemed		
- transferred to income statement and statement of comprehensive income	(135,174)	(92)
- transferred to distribution statement	(20,040)	3,735
	(155,214)	3,643
Net income for the period	818,389	141,937
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	450,858	(336,518)
Total comprehensive income for the period	1,269,247	(194,581)
Net element of income and capital gain included in prices of units issued less those in units redeemed - transferred to the distribution statement	20,040	(3,735)
Net assets at end of the period	6,353,006	4,209,545
Net asset value per unit at the beginning of the period	103.6764	101.1099
Net asset value per unit at the end of the period	129.5833	98.0518

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Stock Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the Nine Months and Quarter Ended March 31, 2017

	2017	2016
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	818,389	141,937
Adjustments for non-cash items:		
Impairment loss on investments classified as available for sale	-	77,042
Element of income and capital gains included in prices of units issued less those in units redeemed - net	<u>(135,174)</u>	<u>(92)</u>
	683,215	218,887
(Increase) / decrease in assets		
Investments - net	<u>(884,601)</u>	<u>(485,349)</u>
Dividend receivable and accrued mark-up	<u>(28,044)</u>	<u>(37,576)</u>
Advances, deposits, prepayments and other receivables	<u>(31,315)</u>	<u>(8,289)</u>
	(943,960)	(531,214)
Increase / (decrease) in liabilities		
Payable to the Management Company	<u>6,281</u>	<u>640</u>
Payable to Central Depository Company of Pakistan Limited - Trustee	<u>201</u>	<u>475</u>
Payable to the Securities and Exchange Commission of Pakistan	<u>(246)</u>	<u>(943)</u>
Accrued expenses and other liabilities	<u>(30,354)</u>	<u>(10,000)</u>
	(24,118)	(9,828)
Net cash used in operating activities	<u>(284,863)</u>	<u>(322,156)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	<u>954,850</u>	<u>39,147</u>
Payment against redemption of units	<u>(255,158)</u>	<u>(20,832)</u>
Net cash generated from financing activities	<u>699,692</u>	<u>18,315</u>
Net increase / (decrease) in cash and cash equivalents	<u>414,829</u>	<u>(303,841)</u>
Cash and cash equivalents at beginning of the period	<u>38,406</u>	<u>310,736</u>
Cash and cash equivalents at end of the period	<u>453,235</u>	<u>6,895</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL Stock Fund
Notes to the Condensed Interim Financial Information (Un-Audited)
For the Nine Months and Quarter Ended March 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2017.

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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

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

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

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2016.

4. BANK BALANCES	Note	(Un-Audited)	(Audited)
		March 31, 2017	June 30, 2016
(Rupees in '000)			
Balances with Banks in:			
PLS saving deposit accounts under mark-up arrangements	4.1	453,235	38,356
Current account		-	50
		<u>453,235</u>	<u>38,406</u>

- 4.1 This represent bank accounts held with different banks. Mark-up rates on these accounts range between 3.75% - 7.15% (June 30, 2016: 4.00% - 6.50%) per annum.

5. INVESTMENTS	Note	(Un-Audited)	(Audited)
		March 31, 2017	June 30, 2016
(Rupees in '000)			
Available for sale			
- Unlisted equity securities		-	97,966
- Listed equity securities	5.1	5,921,797	4,316,318
- Government securities	5.2	-	172,054
		<u>5,921,797</u>	<u>4,586,338</u>

5.1 Listed equity securities - Available for sale

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

Name of the Investee Company	Number of shares-----					Carrying value as at March 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2017		Total Investments	Net Assets	
Miscellaneous									
TPL Properties Limited	7,200,000	600,000	-	7,800,000	-	-	-	-	-
	<u>7,200,000</u>	<u>600,000</u>	<u>-</u>	<u>7,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pharma and Bio Tech									
GlaxoSmithKline Consumer Healthcare Limited	128,490	-	-	-	128,490	11,182	0.19%	0.18%	13.45%
	<u>128,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,490</u>	<u>11,182</u>	<u>0.19%</u>	<u>0.18%</u>	
Commercial Banks									
Bank Alfalah Limited	-	1,564,000	-	1,564,000	-	-	-	-	0.00%
Habib Bank Limited	1,742,119	931,600	-	1,077,300	1,596,419	430,411	7.27%	6.77%	0.11%
MCB Bank Limited	1,343,900	701,500	-	567,500	1,477,900	236,074	5.68%	5.29%	0.13%
United Bank Limited	-	1,631,700	-	103,800	1,527,900	347,796	5.87%	5.48%	0.12%
	<u>3,086,019</u>	<u>4,828,800</u>	<u>-</u>	<u>3,312,600</u>	<u>4,602,219</u>	<u>1,114,281</u>	<u>18.82%</u>	<u>17.54%</u>	
Textile Composite									
Gul Ahmed Textile Mills Limited	-	1,071,000	-	1,071,000	-	-	-	-	-
Nishat Mills Limited	-	2,001,200	-	872,000	1,129,200	186,544	3.15%	2.93%	0.32%
	<u>-</u>	<u>3,072,200</u>	<u>-</u>	<u>1,943,000</u>	<u>1,129,200</u>	<u>186,544</u>	<u>3.15%</u>	<u>2.93%</u>	
Insurance									
Adamjee Insurance Company Limited	-	1,499,000	-	-	1,499,000	113,369	1.91%	1.78%	0.43%
	<u>-</u>	<u>1,499,000</u>	<u>-</u>	<u>-</u>	<u>1,499,000</u>	<u>113,369</u>	<u>1.91%</u>	<u>1.78%</u>	
Construction and Materials									
D. G. Khan Cement Limited	1,178,900	538,200	-	680,000	1,037,100	241,022	4.07%	3.79%	0.24%
Kohat Cement Limited	575,600	-	-	575,600	-	-	-	-	-
Lucky Cement Limited	382,200	163,200	-	76,700	468,700	392,485	6.63%	6.18%	0.14%
Maple Leaf Cement Factory Limited	-	1,987,500	-	1,344,000	643,500	79,833	1.35%	1.26%	0.12%
Pioneer Cement Limited	1,180,000	904,300	-	1,317,100	767,200	109,710	1.85%	1.73%	0.34%
Cherat Cement Limited	999,500	359,600	-	999,500	359,600	68,759	1.16%	1.08%	0.20%
Fauji Cement Company Limited	-	1,100,000	-	-	1,100,000	46,948	0.79%	0.74%	7.97%
	<u>4,316,200</u>	<u>5,052,800</u>	<u>-</u>	<u>4,992,900</u>	<u>4,376,100</u>	<u>938,756</u>	<u>15.85%</u>	<u>14.78%</u>	
Electricity									
The Hub Power Company Limited	2,105,700	707,300	-	489,300	2,323,700	304,544	5.14%	4.79%	0.20%
K-Electric Limited (paid up share of Rs. 3.5 each)	14,515,000	11,316,000	-	14,515,000	11,316,000	92,565	1.56%	1.46%	1.17%
Kot Addu Power Company Limited	1,533,500	751,500	-	2,285,000	-	-	-	-	-
Nishat Chunian Power Limited	-	1,842,500	-	1,842,500	-	-	-	-	-
	<u>18,154,200</u>	<u>14,617,300</u>	<u>-</u>	<u>19,131,800</u>	<u>13,639,700</u>	<u>397,109</u>	<u>6.71%</u>	<u>6.25%</u>	
Oil and Gas									
Attock Petroleum Limited	209,200	-	-	209,200	-	-	-	-	-
Oil and Gas Development Company Limited	1,654,800	695,300	-	296,900	2,053,200	304,510	5.14%	4.79%	0.05%
Pakistan Oilfields Limited	-	443,500	-	87,400	356,100	158,482	2.68%	2.49%	0.15%
Pakistan Petroleum Limited	948,000	762,400	-	589,400	1,121,000	173,654	2.93%	2.73%	0.06%
Pakistan State Oil Company Limited	636,000	120,000	-	369,200	386,800	163,818	2.77%	2.58%	0.14%
Hi-Tech Lubricants Limited	-	605,500	-	605,500	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	2,692,500	-	1,341,500	1,351,000	192,882	3.26%	3.04%	0.21%
Sui Southern Gas Company Limited	-	1,400,000	-	1,400,000	-	-	-	-	-
Hascol petroleum Limited	-	390,000	-	-	390,000	116,961	1.98%	1.84%	0.06%
Mari Petroleum Limited	127,150	68,090	-	11,600	183,640	279,219	4.72%	4.40%	0.17%
	<u>3,575,150</u>	<u>7,177,290</u>	<u>-</u>	<u>4,910,700</u>	<u>5,841,740</u>	<u>1,389,526</u>	<u>23.46%</u>	<u>21.88%</u>	
Automobile Assembler									
Pak Suzuki Motor Company Limited	154,100	184,850	-	154,100	184,850	114,601	1.94%	1.80%	0.22%
Millat Tractors Limited	-	81,400	-	81,400	-	-	-	-	-
Honda Atlas Cars Pakistan Limited	384,300	131,400	-	315,900	199,800	150,234	2.53%	2.36%	0.14%
	<u>538,400</u>	<u>397,650</u>	<u>-</u>	<u>551,400</u>	<u>384,650</u>	<u>264,835</u>	<u>4.47%</u>	<u>4.17%</u>	
Chemicals									
Engro Corporation Limited	725,600	388,600	-	262,000	852,200	313,627	5.30%	4.94%	0.16%
Engro Fertilizers Limited	-	3,041,500	-	1,519,000	1,522,500	95,400	1.61%	1.50%	0.11%
Fauji Fertilizer Bin Qasim Limited	999,000	1,788,500	-	1,292,000	1,495,500	78,110	1.32%	1.23%	0.16%
Fauji Fertilizer Company Limited	-	1,303,300	-	383,500	919,800	95,291	1.61%	1.50%	0.07%
Dawood Hercules Corporation Limited	-	829,500	-	152,900	676,600	89,656	1.51%	1.41%	0.14%
	<u>1,724,600</u>	<u>7,351,400</u>	<u>-</u>	<u>3,609,400</u>	<u>5,466,600</u>	<u>672,084</u>	<u>11.35%</u>	<u>10.57%</u>	
Food Producers									
Engro Foods Limited	-	846,600	-	846,600	-	-	-	-	-
	<u>-</u>	<u>846,600</u>	<u>-</u>	<u>846,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Name of the investee Company	Number of shares					Market value as at March 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2017		Total Investments	Net Assets	
Cable and Electrical Goods									
Pak Elektron Limited	1,813,000	1,249,500	-	1,609,500	1,453,000	133,821	2.26%	2.11%	0.29%
	1,813,000	1,249,500	-	1,609,500	1,453,000	133,821	2.26%	2.11%	
Pharma and Bio Tech									
Searl Company Limited (Note 5.2.2)	267,770	53,000	13,234	237,800	96,204	60,793	1.03%	0.96%	0.07%
Glaxosmithkline Pakistan Limited	428,300	95,200	-	523,500	-	-	-	-	-
	696,070	148,200	13,234	761,300	96,204	60,793	1.03%	0.96%	
Automobile Parts and Accessories									
General Tyre and Rubber Company of Pakistan	565,400	338,700	-	904,100	-	-	-	-	-
	565,400	338,700	-	904,100	-	-	-	-	-
General Industrials									
Packages Limited	245,850	80,000	-	52,050	273,800	237,653	4.01%	3.74%	0.31%
	245,850	80,000	-	52,050	273,800	237,653	4.01%	3.74%	
Engineering									
Mughal Iron and Steel Industries Limited (Note 5.2.2)	1,956,800	-	-	1,938,635	18,165	2,562	0.04%	0.04%	0.01%
Crescent Steel and Allied Products Limited	1,357,800	-	-	920,100	437,700	109,556	1.85%	1.72%	0.56%
International Industries Limited	-	476,000	-	-	476,000	115,425	1.95%	1.82%	39.70%
International Steels Limited	-	821,000	-	215,000	606,000	78,138	1.32%	1.23%	13.93%
Amreli Steels Limited	1,999,500	-	-	1,999,500	-	-	-	-	-
	5,314,100	1,297,000	-	5,073,235	1,537,865	305,681	5.16%	4.81%	
Leather and Tanneries									
Service Industries Limited	-	94,150	-	53,350	40,800	59,860	1.01%	0.94%	0.34%
	-	94,150	-	53,350	40,800	59,860	1.01%	0.94%	
Refinery									
Attock Refinery Limited	-	65,000	-	-	65,000	29,173	0.49%	0.46%	7.62%
National Refinery Limited	-	10,000	-	-	10,000	7,130	0.12%	0.11%	1.25%
	-	75,000	-	-	75,000	36,302	0.61%	0.57%	
Transport									
Pakistan Int Bulk Terminal Ltd	-	3,665,000	-	3,665,000	-	-	-	-	-
Pakistan National Shipping Corporation	-	-	-	-	-	-	-	-	-
	-	3,665,000	-	3,665,000	-	-	-	-	-
Glass and Ceramics									
Tariq Glass Industries Limited	-	1,137,500	-	1,137,500	-	-	-	-	-
	-	1,137,500	-	1,137,500	-	-	-	-	-
Total	40,157,479	52,928,090	13,234	52,554,435	40,544,368	5,921,797	100.00%	93.22%	
Cost of investments at March 31, 2017						5,141,009			

5.1.1 Investments include shares having market value aggregating to Rs. 386.13 million (June 30, 2016: Rs. 283.48 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 2.79 million at December 31, 2016 (June 30, 2016: Rs. 2.08 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.2 Investment in government securities- available for sale

Issue Date	Tenure	Face value				Market value as at March 31, 2017	Market value as a percentage of	
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at March 31, 2017		Total Investments	Net Assets
(Rupees in '000)								
Treasury bill								
May 12, 2016	3 months	173,000	-	173,000	-	-	-	-
Cost of investment at March 31, 2017						-		

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

	Note	(Un-Audited) March 31, 2017	(Audited) June 30, 2016
(Rupees in '000)			
Market value of investments	5.1 & 5.2	5,921,797	4,586,338
Cost of investments	5.1, 5.2 & 5.3	5,141,009	4,302,423
Provision against equity securities	5.3.1	(35,258)	(81,273)
		5,105,751	4,221,150
		816,046	365,188

5.3.1 Movement in impairment against equity securities

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

6. PAYABLE TO THE MANAGEMENT COMPANY

	Note	(Un-Audited) March 31, 2017	(Audited) June 30, 2016
(Rupees in '000)			
Management fee	6.1	10,993	7,417
Sindh Sales Tax	6.2	1,429	1,205
Allocation of expenses related to registrar services, accounting, operation and valuation services	8	550	371
Sales load payable		188	86
Sales and Marketing Expenses Payable		2,200	-
		15,360	9,079

6.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2016: two percent per annum) of the average annual net assets of the Fund for the current period.

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

7. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-Audited)	(Audited)
		March 31, 2017	June 30, 2016
		(Rupees in '000)	
Auditors' remuneration		472	520
Payable on redemption of units		-	6
Federal Excise Duty	7.1	37,838	37,838
Provision for Workers' Welfare Fund	9	-	56,825
Provision for Sindh Workers' Welfare Fund	9	28,878	-
Withholding tax payable		138	1,473
Payable to brokers		2,914	4,404
Other payables		567	95
		70,807	101,161

- 7.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

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

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

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of the Management Company with effect from June 13, 2013 till June 30, 2016, aggregating to Rs. 37,838 million. Had the provision not being made, the Net Asset Value per unit as at March 31, 2017 would have been higher by Rs. 0.7718 (June 30, 2016: Rs. 0.868) per unit.

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

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

9. SELLING AND MARKETING EXPENSE

The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. SCD/PRDD/Circular/361/2016 dated December 30, 2016 has allowed Asset Management Companies (AMCs) to charge selling and marketing expenses to open end equity, asset allocation and index funds subject to a maximum cap of 0.4% per annum of net assets of fund or actual expenses whichever is lower.

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

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

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

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

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014 till March 31, 2017; and
- Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that

if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the remaining provision of WWF should be carried forward unless further clarification is received from the MUFAP. Subsequent to the period end December 31, 2016, in the wake of the above developments i.e. decision of the SCP and communications took place with regard to SWWF, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs), obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the following, effective from January 12, 2017:

- Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and
- As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015. MUFAP also communicated the above-mentioned decisions to the Securities and Exchange Commission (SECP) through its letter dated January 12, 2017, which was also endorsed by the SECP through its letter dated February 1, 2017.

Considering the recommendation of the MUFAP, the Management Company, reversed the excess provision of WWF of Rs. 36.542 million on January 12, 2017. "

As a matter of abundant caution, the Management Company has decided to retain the provision for SWWF amounting to Rs. 28.878 million in these condensed interim financial statements.

11. TAXATION

11.1 The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders in cash. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gain / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realised and unrealised) to unit holders in the form of cash.

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

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

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

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

12. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the nine months ended March 31, 2017 is 2.16%, which includes 0.49% representing government levy and SECP fee.

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

13.1 Transactions during the period	(Un-Audited) Nine Months ended March 31,	
	2017	2016
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee inclusive of sales tax	91,928	86,365
Allocation of expenses related to registrar services, accounting, operation and valuation services	4,098	1,450
Selling and Marketing Expenses	2,200	-
Habib Bank Limited - Sponsor		
Bank charges paid	9	8
Profit on bank deposits earned	1,796	1,192
Dividend income earned	14,608	4,111
Purchase of 931,600 shares (2016: 820,400 shares)	228,544	159,339
Sale of 1,077,300 shares (2016: 352,000 shares)	254,339	62,466
Capital gain on sale of shares	55,483	4,585
Directors & their relatives		
Issuance of 18,239 units (2016: Nil units)	2,000	-
Executives & their relatives		
Redemption of 1770 units (2016: 1,015 units)	200	100
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	5,462	4,638
Central Depository Service charges	385	608
Packages Limited - Common Directorship		
Purchase of 80,000 shares (2016: Nil shares)	60,027	-
Sale of 52,050 shares (2016: Nil shares)	43,442	-
Capital gain on sale of shares	13,395	-

13.2 Balances outstanding as at period / year end	(Un-Audited) March 31, 2017	(Audited) June 30, 2016
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	10,993	7,417
Sindh Sales Tax	1,429	1,205
Sales load payable	188	86
Allocation of expenses related to registrar services, accounting, operation and valuation services	550	371
Sales and Marketing Expenses Payable	2,200	-
Habib Bank Limited - Sponsor		
Investment held in the Fund: 35,698,175 units (June 30, 2016: 35,698,175 units)	4,625,889	3,701,058
Bank balances	5,787	21,250
Ordinary shares held: 1,596,419 shares (June 30, 2016: 1,742,119 shares)	430,411	344,173
Packages Limited - Common Directorship		
Ordinary shares held: 273,800 shares (June 30, 2016: 245,850 shares)	237,653	135,943
HBL Income Fund - Associate		
Receivable from HBL Income Fund against conversion of units	-	483
Directors and Executives of the Management Company		
Directors		
Investment held in the Fund: 18,239 units (June 30, 2016: 692 units)	2,363	72
Executives		
Investment held in the Fund : 9,078 units (June 30, 2016: 10,848 units)	1,176	1,125
HBL Employees Provident Fund - Associated Entity		
Investment held in the Fund: 6,737,264 units (June 30, 2016: 6,737,264 units)	873,037	698,495
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including sales tax thereon	717	516
Security deposit	100	100

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets 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.

		March 31, 2017 (Un-Audited)							
		Carrying amount				Fair Value			
	Note	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
		5,921,797	-	-	5,921,797	5,921,797	-	-	5,921,797
		5,921,797	-	-	5,921,797	5,921,797	-	-	5,921,797
Financial assets not measured at fair value									
	14.1	-	453,235	-	453,235	-	-	-	-
Bank balances									
Investments									
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
		-	34,324	-	34,324	-	-	-	-
		-	34,398	-	34,398	-	-	-	-
		-	521,957	-	521,957	-	-	-	-
Financial liabilities not measured at fair value									
	14.1	-	-	15,360	15,360	-	-	-	-
Payable to the Management Company									
Payable to Central Depository Company of Pakistan Limited - Trustee									
		-	-	717	717	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan									
		-	-	3,864	3,864	-	-	-	-
Accrued expenses and other liabilities									
		-	-	3,953	3,953	-	-	-	-
		-	-	6,353,006	6,353,006	-	-	-	-
		-	-	6,376,900	6,376,900	-	-	-	-
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
		4,316,318	-	-	4,316,318	4,316,318	-	-	4,316,318
		172,054	-	-	172,054	-	172,054	-	172,054
		4,488,372	-	-	4,488,372	4,316,318	172,054	-	4,488,372
Financial assets not measured at fair value									
Bank balances									
		-	38,406	-	38,406	-	-	-	-
Investments									
		97,966	-	-	97,966	-	-	-	-
		-	6,280	-	6,280	-	-	-	-
		-	3,083	-	3,083	-	-	-	-
		97,966	47,769	-	145,735	-	-	-	-
Financial liabilities not measured at fair value									
Payable to the Management Company									
		-	-	9,079	9,079	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee									
		-	-	516	516	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan									
		-	-	4,110	4,110	-	-	-	-
Accrued expenses and other liabilities									
		-	-	5,025	5,025	-	-	-	-
		-	-	4,519,241	4,519,241	-	-	-	-
		-	-	4,537,971	4,537,971	-	-	-	-

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

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

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

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

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

16. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **April 27, 2017**.

17. GENERAL

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

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

Chief Executive

Director

**HBL CASH FUND
(FORMERLY: 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)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

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

Human Resource Committee

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

Risk Management Committee

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

**Company Secretary &
Chief Financial Officer**

Mr. Noman Qurban

External Auditors

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

Internal Auditors

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

Trustee

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

Bankers

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

Legal Advisors

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

Website

www.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 CASH FUND (FORMERLY: PICIC CASH FUND)
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2017

		March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
	Note	(Rupees in '000)	
Assets			
Bank balances	4	4,649,741	1,624,223
Investments	5	710,000	527,691
Accrued markup on bank balances and investments		43,207	5,551
Deposits and prepayments		269	188
Total assets		5,403,217	2,157,653
Liabilities			
Payable to Management Company	6	3,650	1,399
Payable to Central Depository Company of Pakistan Limited - Trustee		456	242
Payable to the Securities and Exchange Commission of Pakistan		2,206	2,462
Dividend payable		-	490
Accrued expenses and other liabilities	7	16,344	49,104
Total liabilities		22,656	53,697
Net assets		5,380,561	2,103,956
Unit holders' fund (as per statement attached)		5,380,561	2,103,956
		(Number of units)	
Number of units in issue		51,338,214	20,920,392
		(Rupees)	
Net assets value per unit		104.8061	100.5696

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL CASH FUND (FORMERLY: PICIC CASH FUND)
CONDENSED INTERIM INCOME STATEMENT AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

	Nine Months ended March 31,		Quarter ended March 31,	
	2017	2016	2017	2016
	Note -----(Rupees in '000)-----			
Income				
Capital (loss) / gain on sale of investments - net	(579)	1,384	(259)	51
Income from government securities	38,686	116,154	18,390	32,877
Income from money market placements	44,818	41,292	17,664	11,369
Profit on bank deposits	98,896	16,488	42,369	8,552
	181,821	175,318	78,164	52,849
Unrealized (diminution) on re-measurement of investment classified as ' financial assets at fair value through profit or loss - held-for-trading - net	-	(440)	-	(245)
	181,821	174,878	78,164	52,604
Expenses				
Remuneration of the Management Company	16,616	16,964	7,136	5,386
Remuneration of Central Depository Company of Pakistan Limited - Trustee	3,129	2,838	1,280	909
Annual fee to the Securities and Exchange Commission of Pakistan	2,205	1,924	947	611
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,946	853	1,263	818
Amortization of preliminary expenses and floatation cost	-	90	-	-
Auditors remuneration	352	365	114	119
Fee & Subscription charges	228	255	189	25
Settlement and bank charges	205	317	(13)	91
Printing Expense	263	286	87	90
Total operating expense	25,944	23,892	11,003	8,049
Net income for the period from operating activities	155,877	150,986	67,161	44,555
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	52,998	(26,006)	21,387	(35,540)
Provision / Reversal for workers welfare fund / Sindh workers welfare fund	9,646	-	9,646	-
Net income for the period before taxation	218,521	124,980	98,194	9,015
Taxation	-	-	-	-
Net income for the period after taxation	218,521	124,980	98,194	9,015
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	218,521	124,980	98,194	9,015

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL CASH FUND (FORMERLY: PICIC CASH FUND)
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Nine Months Ended	
	March 31,	
	2017	2016
	(Rupees in '000)	
Undistributed income brought forward comprising of:		
Realised income	11,901	11,053
Unrealised income / (loss)	17	(527)
	11,918	10,526
Net income for the period		
	218,521	124,980
Cash distribution of Re 0.02 per unit for the year ended June 30, 2016 declared on August 26, 2016 (2015: Nil)	(490)	-
Element of income / (loss) and capital gains / (losses) included in the price of units issued less those in units redeemed - transferred to Distribution Statement - net	16,781	(1,574)
Undistributed income carried forward	246,730	133,932
Undistributed income carried forward comprising of:		
Realised income	246,730	134,372
Unrealised loss	-	(440)
	246,730	133,932

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL CASH FUND (FORMERLY: PICIC CASH FUND)
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Nine Months ended	
	March 31,	
	2017	2016
	(Rupees in '000)	
Net assets at beginning of the period	2,103,956	3,249,017
Issue of 63,808,342 units (2016: 43,761,770 units)	6,550,173	4,459,987
Redemption of 33,390,520 units (2016: 48,619,246 units)	(3,439,091)	(4,973,314)
	3,111,082	(513,327)
	5,215,038	2,735,690
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed:		
- transferred to Income Statement and Other Comprehensive Income	(52,998)	26,006
- transferred to Distribution Statement	(16,781)	1,574
	(69,779)	27,580
Total comprehensive income for the period	218,521	124,980
Element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed - transferred to the Distribution Statement	16,781	(1,574)
Net assets at end of the period	5,380,561	2,886,676
Net asset value per unit at the beginning of the period	100.5696	100.3250
Net asset value per unit at the end of the period	104.8061	104.8654

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL CASH FUND (FORMERLY: PICIC CASH FUND)
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Note	Nine Month ended March 31,	
		2017	2016
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		218,521	124,980
Adjustments			
Income from government securities		(38,686)	(116,154)
Income from money market placements		(44,818)	(41,292)
Profit on bank deposits		(98,896)	(16,488)
Amortisation of preliminary expenses and flotation cost		-	90
Unrealised diminution on re-measurement of investment classified as financial asset at fair value through profit or loss - held-for-trading - net		-	440
Element of income / (loss) included in prices of units issued less those in units redeemed - net		(52,998)	26,006
		(16,877)	(22,418)
(Increase) / Decrease in assets			
Investments - net		527,691	194,430
Deposits and prepayments		(81)	(78)
		527,610	194,352
Increase / (Decrease) in liabilities			
Payable to Management Company		2,251	285
Payable to Central Depository Company of Pakistan Limited - Trustee		214	78
Payable to the Securities and Exchange Commission of Pakistan		(256)	(1,261)
Dividend payable		(490)	-
Redemption Payable		-	(148,104)
Accrued expenses and other liabilities		(32,760)	3,524
		(31,041)	(145,478)
Cash used in operations		479,692	26,456
Income received from government securities		38,686	105,862
Income received from money market placement		26,324	61,967
Profit received from bank deposits		79,734	17,960
		144,744	185,789
Net cash used in operating activities		624,436	212,245
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received from issuance of units		6,550,173	4,459,987
Payment against redemption of units		(3,439,091)	(4,973,314)
Net cash generated from financing activities		3,111,082	(513,327)
Net increase in cash and cash equivalents		3,735,518	(301,082)
Cash and cash equivalents at beginning of the period		1,624,223	942,130
Cash and cash equivalents at end of the period	10	5,359,741	641,048

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL CASH FUND (FORMERLY: PICIC CASH FUND)
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2016.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 "The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016."
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended December 31, 2016.

	Note	March 31, 2017 Un-Audited (Rupees in '000)	June 30, 2016 (Audited)
4 BANK BALANCES			
In savings accounts	4.1	<u>4,649,741</u>	<u>1,624,223</u>

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

	Note	March 31, 2017 Un-Audited (Rupees in '000)	June 30, 2016 (Audited)
5 INVESTMENTS			
Financial assets at fair value through profit or loss - held-for-trading			
Market treasury bills	5.1	-	97,691
		-	97,691
Loans and receivables	5.2	<u>710,000</u>	<u>430,000</u>
		<u>710,000</u>	<u>527,691</u>

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

Issue date	Tenor	As at July 1, 2016	Purchases during the period	Sales / matured during the period	As at March 31, 2017	Balance as at March 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (diminution)		
------(Rupees in '000)-----										
September 1, 2016	3 months	-	300,000	300,000	-	-	-	-	-	0%
October 27, 2016	3 months	-	458,000	458,000	-	-	-	-	-	0%
January 19, 2017	3 months	-	1,000,000	1,000,000	-	-	-	-	-	0%
February 2, 2017	3 months	-	500,000	500,000	-	-	-	-	-	0%
February 16, 2017	3 months	-	350,000	350,000	-	-	-	-	-	0%
March 2, 2017	3 months	-	425,000	425,000	-	-	-	-	-	0%
May 26, 2016	6 months	100,000	-	100,000	-	-	-	-	-	0%
July 11, 2016	6 months	-	250,000	250,000	-	-	-	-	-	0%
July 21, 2016	6 months	-	1,100,000	1,100,000	-	-	-	-	-	0%
September 1, 2016	6 months	-	335,000	335,000	-	-	-	-	-	0%
July 21, 2016	6 months	-	780,000	780,000	-	-	-	-	-	0%
August 18, 2016	6 months	-	350,000	350,000	-	-	-	-	-	0%
January 19, 2017	6 months	-	1,750,000	1,750,000	-	-	-	-	-	0%
February 2, 2017	6 months	-	500,000	500,000	-	-	-	-	-	0%
January 21, 2016	12 months	-	1,339,000	1,339,000	-	-	-	-	-	0%
Total - As at March 31, 2017		100,000	9,437,000	9,537,000	-	-	-	-	-	-
Total - June 30, 2016		1,949,500	7,065,200	8,914,700	100,000	97,674	97,691	17		

	Note	Un-audited March 31, 2017 (Rupees in '000)	(Audited) June 30, 2016
5.2 Loans and receivables			
Term deposit receipts	5.2.1	710,000	-
Certificates of investments		-	430,000
		710,000	430,000

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

	Note	Un-audited March 31, 2017 (Un-Audited) (Rupees in '000)	(Audited) June 30, 2016 (Audited)
6 PAYABLE TO MANAGEMENT COMPANY			
Management fee	6.1	2,266	1,017
Sindh sales tax payable	6.2	295	166
Sales load payable		636	15
Allocation of expenses related to registrar services, accounting, operation and valuation services	8	453	201
		3,650	1,399

- 6.1 As per the offering document of the fund, the Management Company shall charge a fee at the rate of 2% of the average annual net assets on daily basis of the Scheme subject to the guidelines as may be issued by the Commission from time to time. Therefore, the management fee is charged at 0.05%. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.
- 6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (June 30, 2016: 14 percent) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

	Note	March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
(Rupees in '000)			
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty and additional sales tax on management fee	7.1	7,528	7,528
Provision for Workers' Welfare Fund	7.2	-	15,093
Provision for Sindh Workers' Welfare Fund	7.2	5,446	-
Withholding tax payable		2,859	25,982
Auditors' remuneration		198	275
Printing charges		281	175
Brokerage payable		32	25
Redemption payable		-	28
		16,344	49,104

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

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

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

The finance act 2016 exclude the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ending March 31, 2017.

However, since the appeal is pending in Supreme Court of Pakistan, the fund manager, as a matter of abundant caution, has made a provision on FED on remuneration of Fund Manager, aggregating to Rs. 7.528 million. Had the provision not being made, the Net Asset Value per unit as at March 31, 2017 would have been higher by Rs. 0.15 (June 30, 2016: Rs. 0.36) per unit.

7.2 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

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

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

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

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014, and

'Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the remaining provision of WWF should be carried forward unless further clarification is received from the MUFAP.

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

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

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

Considering the recommendation of the MUFAP, the Management Company, reversed the excess provision of WWF of Rs. 11.477 million on January 12, 2017.

As a matter of abundant caution, the Management Company has decided to retain the provision for SWWF amounting to Rs 5.446 million in these condensed interim financial statements.

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

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

9 TAXATION

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

	Note	March 31, 2017 (Un-Audited) (Rupees in '000)	2016
10 CASH AND CASH EQUIVALENTS			
Bank balances	4.1	4,649,741	641,048
Term deposit receipts	5.2	710,000	-
		<u>5,359,741</u>	<u>641,048</u>

11 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

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

	Nine Month ended March 31,	
	2017	2016
	(Rupees in '000)	
11.1 Transaction during the period		
HBL Asset Management Company Limited **		
Remuneration of the Management Company	12,588	-
Sindh Sales Tax on remuneration of the Management Company	1,637	-
Sales load paid to the Management Company	375	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,527	-
Issue of 1,033 units (2016: Nil units)	105	-
Redemption of 6,982,387 units (2016: Nil units)	715,049	-
PICIC Asset Management Company Limited *		
Remuneration of Management Company	2,116	12,828
Sindh Sales tax on remuneration of Management Company	275	1,796
Allocation of expenses related to registrar services, accounting, operation and valuation services	419	495
Sales load paid to the Management Company	24	148
Issue of nil units (2016: 206,992 units)	-	21,200
Redemption of nil units (2016: 2,265,692 units)	-	230,000
Central Depository Company Of Pakistan Limited - Trustee		
Remuneration for the period	3,129	2,838
CDS connection charges	5	5
Habib Bank Limited - Sponsor **		
Profit on bank deposits	15,872	-
Bank charges	7	-
Directors of the Management Company		
Issue of 116,734 units (2016: Nil units)	12,000	-
Executives of the Management Company		
Issue of 68,052 units (2016: 25,604 units)	6,937	2,673
Redemption of 41,999 units (2016: 3,764 units)	4,321	390
Connected Person due to holding of more than 10% units		
GETZ Pharma (Pvt) Limited **		
Issue of 4,879,933 units (2016: Nil units)	500,000	-
English Biscuit Manufacturers (Pvt) Limited **		
Issue of 5,097,937 units (2016: Nil units)	520,171	-
Coronet Foods (Pvt) Limited **		
Issue of 5,098,481 units (2016: Nil units)	520,499	-

11.2 Balances outstanding at the period / year end	March 31, 2017 (Un-Audited)	June 30, 2016 Audited
	(Rupees in '000')	
HBL Asset Management Company **		
Remuneration of the Management Company	2,266	-
Sindh Sales Tax on remuneration of the Management Company	295	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	453	-
Sales load payable	635	-
PICIC Asset Management Company Limited*		
Outstanding Nil units (June 2016: 6,981,354 units)	-	701,960
Payable to the Management Company	-	1,183
Fund operations, accounting and related costs	-	201
Sales load payable	-	15
Central Depository Company Of Pakistan Limited - Trustee		
Trustee fee payable	456	242
Security deposit held	100	100
Habib Bank Limited - Sponsor		
Bank balances	1,122,075	350,041
Directors of the Management Company		
116,734 units held (June 2016: Nil units)	12,234	-
Executives of the Management Company		
55,302 units held (June 2016: 29,249 units)	5,796	2,940
Connected person due to holding of more than 10% units		
GETZ Pharma (Pvt) Limited **		
4,879,933 units held (June 2016: Nil units)	511,447	-
English Biscuit Manufacturers (Pvt) Limited **		
5,097,937 units held (June 2016: Nil units)	534,295	-
Coronet (Pvt) Limited **		
5,098,481 units held (June 2016: Nil units)	534,352	-

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

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

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		March 31, 2017							
		Carrying amount			Fair value				
		Fair value through profit or loss- held-for-trading.	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	Note	----- (Rupees in '000) -----							
Financial assets not measured at fair value	12.1								
Bank balances	4	-	4,649,741	-	4,649,741	-	-	-	-
Accrued markup		-	43,207	-	43,207	-	-	-	-
Loans and receivables		-	710,000	-	710,000	-	-	-	-
Deposits		-	100	-	100	-	-	-	-
		-	5,403,048	-	5,403,048	-	-	-	-
Financial liabilities not measured at fair value	12.1								
Payable to Management Company	6	-	-	3,650	3,650	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	456	456	-	-	-	-
Accrued expenses and other liabilities		-	-	511	511	-	-	-	-
		-	-	4,617	4,617	-	-	-	-
		----- (Rupees in '000) -----							
		Carrying amount			Fair value				
		Fair value through profit and loss- held-for-trading.	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	Note	----- (Rupees in '000) -----							
Financial assets measured at fair value									
Investments in Market Treasury Bills	5.1	97,674	-	-	97,674	97,674	-	-	97,674
		97,674	-	-	97,674	97,674	-	-	97,674
Financial assets not measured at fair value	12.1								
Bank balances	4	-	1,624,223	-	1,624,223	-	-	-	-
Accrued markup		-	5,551	-	5,551	-	-	-	-
Loan and receivable		-	-	430,000	430,000	-	-	-	-
Deposits		-	100	-	100	-	-	-	-
		-	1,629,874	430,000	2,059,874	-	-	-	-
Financial liabilities not measured at fair value	12.1								
Payable to Management Company		-	-	1,198	1,198	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	242	242	-	-	-	-
Accrued expenses and other liabilities		-	-	501	501	-	-	-	-
		-	-	1,941	1,941	-	-	-	-

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

13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the nine month ended March 31, 2017 is 0.77% (YTD) which includes 0.22% representing government levy and SECP fee.

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Management company on **April 27, 2017**.

15. GENERAL

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

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

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

Chief Executive

Director

**HBL GOVERNMENT
SECURITIES FUND
(FORMERLY: 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)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

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

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	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
NIB Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited
Sonari Bank Limited
Samba Bank Limited
JS Bank Limited
Zarai Taraqati 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 GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND)
CONDENSED INTERIM FINANCIAL STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2017

	Note	March 31, 2017 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
Assets			
Bank balances	4	984,952	992,954
Investments	5	676,029	917,407
Receivable against margin trading system		71,709	260,108
Profit receivable		23,834	20,820
Advance against purchase of term finance certificates	6	-	-
Deposits and prepayments		772	820
Total assets		1,757,296	2,192,109
Liabilities			
Payable to Management Company	6	2,277	2,863
Payable to Central Depository Company of Pakistan Limited - Trustee		226	289
Payable to the Securities and Exchange Commission of Pakistan		1,153	1,598
Dividend payable		-	30,012
Accrued expenses and other liabilities	7	21,861	43,076
Total liabilities		25,517	77,838
Net Assets		1,731,779	2,114,271
Units holders' fund (as per statement attached)		1,731,779	2,114,271
		(Number of units)	
Number of units in issue		15,799,188	20,095,763
		(Rupees)	
Net assets value per unit		109.6119	105.2098

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

**HBL GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND)
CONDENSED INTERIM INCOME STATEMENT AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2017	2016	2017	2016
Note	------(Rupees in '000)-----			
Income				
Capital (loss) / gain on sale of investments - net	808	19,846	4,201	17,304
Income from government securities	22,823	77,668	5,556	23,703
Income from money market placements	42,543	9,887	14,460	5,145
Income from margin trading system	12,655	13,590	3,847	3,211
Profit on bank deposits	24,910	15,451	8,021	8,652
	103,739	136,442	36,085	58,015
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - held-for-trading - net	(411)	19,645	(2,791)	12,751
	103,328	156,087	33,294	70,766
Expenses				
Remuneration of Management Company	21,650	25,595	6,496	9,266
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,193	2,230	678	784
Annual fee to the Securities and Exchange Commission of Pakistan	1,153	1,161	344	420
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,534	593	466	563
Amortisation of preliminary expenses and floatation costs	-	12	-	-
Securities and transaction cost	1,883	1,986	380	553
Auditors' remuneration	375	365	121	119
Settlement and bank charges	356	61	305	18
Fee and subscription	197	169	65	56
Printing charges	263	400	87	88
Other expenses	27	-	10	-
	29,631	32,572	8,952	11,867
Net income from operating activities	73,697	123,515	24,342	58,899
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(12,772)	5,905	(9,017)	(8,326)
Reversal of Worker's Welfare Fund / Sindh Worker's Welfare Fund	8,625	-	8,625	-
Net income for the period before taxation	69,550	129,420	23,950	50,573
Taxation	-	-	-	-
Net income for the period after taxation	69,550	129,420	23,950	50,573
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	69,550	129,420	23,950	50,573

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND)
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Nine months ended	
	March 31,	
	2017	2016
	(Rupees in '000)	
Undistributed income brought forward comprising of:		
Realised income	94,185	15,338
Unrealised income	10,510	22,741
	104,695	38,079
Net income for the period	69,550	129,420
Element of income / (loss) and capital (losses) / gain included in the prices of units issued less those in units redeemed - transferred to Distribution Statement - net	22,384	21,082
Undistributed income carried forward	196,629	188,581
Undistributed income carried forward comprising of:		
Realised income	197,040	168,936
Unrealised income	(411)	19,645
	196,629	188,581

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND)
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Nine months ended	
	March 31,	
	2017	2016
	(Rupees in '000)	
Net assets at beginning of the period	2,114,271	1,324,011
Issue of 23,792,560 units (2016: 21,427,312 units)	2,536,168	2,530,872
Redemption of 28,089,135 units (2016: 23,223,541 units)	(3,000,982)	(1,791,952)
	(464,814)	738,920
Element of loss / (income) and capital (gains) / losses included in prices of units issued less those in units redeemed:		
- transferred to Income Statement and Other Comprehensive Income	12,772	(5,905)
- transferred to Distribution Statement	(22,384)	(21,082)
	(9,612)	(26,987)
Total comprehensive income for the period	69,550	129,420
Element of income and capital gain included in prices of units issued less those in units redeemed - transferred to Distribution Statement	22,384	21,082
Net assets at end of the period	1,731,779	2,186,446
Net assets value per unit at the beginning of the year	105.2098	102.9612
Net assets value per unit at end of the period	109.6119	109.4391

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND)
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Nine months ended March 31,	
	2017	2016
Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	69,550	129,420
Adjustments		
Income from government securities	(22,823)	(77,668)
Income from money market placements	(42,543)	(9,887)
Income from margin trading system	(12,655)	(13,590)
Profit on bank deposits	(24,910)	(15,451)
Amortisation of preliminary expenses and floatation costs	-	12
Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss - held for trading' - net	411	(19,645)
Element of loss / (income) included in prices of units issued less those in units redeemed - net	12,772	(5,905)
	(20,198)	(12,714)
(Increase) / Decrease in assets		
Investments - net	685,967	(374,685)
Receivable against margin trading system	188,399	(15,141)
Advance against purchase of term finance certificates	-	-
Deposits and prepayments	49	256
	874,415	(389,570)
(Decrease) / Increase in liabilities		
Payable to Management Company	(586)	(196)
Payable to Central Depository Company of Pakistan Limited - Trustee	(63)	47
Payable to the Securities and Exchange Commission of Pakistan	(445)	(1,013)
Accrued expenses and other liabilities	(21,215)	(4,441)
	(22,309)	(5,603)
Cash generated from / (used in) operations		
	831,908	(407,887)
Income received from government securities		
	25,043	119,438
Income received from money market placements		
	36,544	11,165
Income received from margin trading system		
	12,680	13,760
Profit received on bank deposits		
	25,649	13,804
	99,916	158,167
Net cash generated from / (used in) operating activities		
	931,824	(249,720)
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	2,536,168	2,530,872
Payment against redemption of units	(3,000,982)	(1,870,091)
Dividend paid	(30,012)	(46,565)
Net cash (used in) / generated from financing activities		
	(494,826)	614,216
Net increase in cash and cash equivalents		
	436,998	364,496
Cash and cash equivalents at beginning of the period		
	992,954	354,679
Cash and cash equivalents at end of the period		
10	1,429,952	719,175

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND)
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

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

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended March 31, 2017.

	Note	March 31, 2017 (Un-Audited) (Rupees in '000)	June 30, 2016 Audited
4 BANK BALANCES			
In savings accounts	4.1	984,952	992,954

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

	Note	March 31, 2017 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
5 INVESTMENTS			
At fair value through profit or loss - held-for-trading			
Government securities			
Market treasury bills	5.1	-	54,815
Pakistan investment bond	5.2	231,029	391,940
		231,029	446,755
At fair value through profit or loss - held-for-trading			
Debt securities			
Term finance certificates	5.3	-	49,136
Corporate sukuk certificates	5.4	-	57,516
		-	106,652
Loans and receivables			
Term deposit receipts		445,000	175,000
Certificate of investments		-	50,000
Short-term corporate sukuk certificates		-	139,000
		445,000	364,000
		676,029	917,407

5.1 At fair value through profit or loss - held-for-trading
Market treasury bills - Rs 100/ each

Issue Date	Tenor	Face value			Market Value			
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at March 31, 2017	As at March 31, 2017	As a percentage of total investments	As a percentage of net assets
------(Rupees in '000)-----								
July 11, 2015	3 months	-	250,000	250,000	-	-	-	-
January 21, 2016	6 months	55,000	-	55,000	-	-	-	-
July 21, 2016	6 months	-	150,000	150,000	-	-	-	-
July 21, 2016	12 months	-	250,000	250,000	-	-	-	-
		55,000	650,000	705,000	-	-	0.00%	0.00%
Carrying value as at March 31, 2017					-			

5.2 At fair value through profit or loss - held-for-trading
Pakistan investment bonds - Rs 100 each/

Issue Date	Tenor	Face value			Market Value			
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at March 31, 2017	As at March 31, 2017	As a percentage of total investments	As a percentage of net assets
------(Rupees in '000)-----								
December 29, 2016	3 years	-	100,000	100,000	-	-	-	-
April 21, 2016	5 years	-	725,000	500,000	225,000	231,029	34.17%	13.34%
March 26, 2016	5 years	300,000	-	300,000	-	-	-	-
July 19, 2012	10 years	50,000	50,000	100,000	-	-	-	-
		350,000	775,000	900,000	225,000	231,029	34.17%	13.34%
Carrying value as at March 31, 2017					231,439			

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

	Number of Certificates			Market Value			
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at March 31, 2017	As at March 31, 2017	As a percentage of total investments	As a percentage of net assets
(Rupees in 000)							
Soneri Bank Limited	10,000	10,000	20,000	-	-	-	-
Bank Al Habib	-	20,000	20,000	-	-	-	-
	10,000	30,000	40,000	-	-	-	-
Carrying value as at March 31, 2017					-		

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

Corporate sukuk certificates

	Number of Certificates			Market Value			
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at March 31, 2017	As at March 31, 2017	As a percentage of total investments	As a percentage of net assets
Engro Fertilizer sukuk	12,000	12,000	24,000	-	-	-	-
	12,000	12,000	24,000	-	-	-	-
Carrying value as at March 31, 2017					-		

	Note	March 31, 2017 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
6 PAYABLE TO MANAGEMENT COMPANY			
Management fee	6.1	1,885	2,336
Sindh Sales Tax	6.2	245	327
Sales load payable		-	13
Allocation of expenses related to registrar services, accounting, operation and valuation services	8	147	187
		2,277	2,863

6.1 As per the offering document of the fund, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.50% of average annual net assets. The Management Company has charged its remuneration at the rate of 1.25% per annum (June 30, 2016: 1.50% per annum) of the average net assets for the current period subject to the guidelines as may be issued by the Commission from time to time. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

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

	Note	March 31, 2017 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	7.1	15,531	15,531
Provision for Sindh Workers' Welfare Fund	7.2	5,558	-
Provision for Workers' Welfare Fund	7.2	-	14,183
Payable to unit holders against redemption of units		-	8,306
Withholding tax payable		125	4,490
Auditors' remuneration		221	275
Others		426	291
		21,861	43,076

7.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 15.531 million.

Had the provision not been made, NAV per unit of the Fund as at March 31, 2017 would have been higher by Rs. 0.98 per unit (2016: 0.77 per unit)

7.2 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

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

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

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

- 'As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014, and

Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the remaining provision of WWF should be carried forward unless further clarification is received from the MUFAP.

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

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

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

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

Considering the recommendation of the MUFAP, the Management Company, reversed the excess provision of WWF of Rs. 8.937 million on January 12, 2017.

As a matter of abundant caution, the Management Company has decided to retain the provision for SWWF amounting to Rs. 5.558 million in these condensed interim financial statements.

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

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

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% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90% of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of net accounting income other than capital gains / losses to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

		March 31, 2017 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
10 CASH AND CASH EQUIVALENT			
Bank balances	4	984,952	992,954
Term deposit receipts		445,000	-
		<u>1,429,952</u>	<u>992,954</u>

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

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

	Nine months ended March 31,	
	2017	2016
11.1 Transactions during the period	(Rupees in '000)	
HBL Asset Management Limited - Management Company **		
Remuneration of the Management Company	14,416	-
Sindh Sales Tax on remuneration of the Management Company	1,874	-
Sales load paid	4,941	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,149	-
Issue of 2,103,687 units (2016: Issue of Nil units)	226,288	-
Redemption of 3,185,584 units (2016: Issue of Nil units)	(340,786)	-

	Nine months ended March 31,	
	2017	2016
	(Rupees in '000)	
PICIC Asset Management Limited - Management Company *		
Remuneration of the Management Company	8,667	19,355
Sindh Sales Tax on remuneration of the Management Company	1,127	2,710
Sales load paid	28	824
Federal Excise Duty (FED) on remuneration of the Management company	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	356	327
Sales load	-	-
Issue of Nil units (2016: Nil units)	-	-
Habib Bank Limited - Sponsor **		
Bank charges paid	8	-
Profit on bank deposits earned	1,372	-
CDC Trustee - HBL Multi Asset Fund		
Sale of Bank of Punjab - TFC	63,564	-
Sale of JS Bank - TFC	20,520	-
Sale of Bank Al- Habib - TFC	44,087	-
CDC Trustee - HBL Income Fund		
Sale of Bank Al- Habib - TFC	11,579	-
NIB Bank Limited - Connected person due to holding of 10% or more		
Issue of 9,374,177 units (2016: Nil units)	1,000,000	-
Redemption of 9,846,127 units (2016: Nil units)	(1,050,061)	-
Bank charges paid	-	49
Profit on bank deposits earned	-	12,618
Pakistan Society For The Welfare Of Mentally Retarded Children - Connected person due to holding of 10% or more		
Issue of Nil units (2016: Nil units)	-	-
Redemption of 45,907 units.(2016: Nil units)	5,000	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	2,193	2,230
Central Depository system charges	271	251
Executives of the Management Company		
Issue of Nil units (2016: Nil units)	-	-
Redemption of 15,158 units (2016: Nil units)	(45)	-
	March 31,	June 30,
	2017	2016
	(Un-Audited)	(Audited)
	(Rupees in '000)	
11.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company **		
Remuneration of the Management Company	1,885	-
Sindh Sales Tax on remuneration of the Management Company	320	-
Sales Load payable	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	147	-
Investment held in the Fund: 1,776,023 units (2016 : Nil units)	194,673	-

	March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
	(Rupees in '000)	
PICIC Asset Management Limited - Management Company *		
Investment held in the Fund : Nil units (2016: 1,746,247 units)	-	300,681
Remuneration of the Management Company	-	2,336
Sindh Sales Tax on remuneration of the Management Company	-	327
Sales load payable	-	13
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	1,183
Habib Bank Limited - Sponsor **		
Bank balances	1,135	522
Pakistan Society for the welfare of mentally retarded children * - Connected person due to holding of 10% or more		
Investment held in the Fund: 1,822,179 units (2016: 1,868,086 units)	199,733	196,541
NIB Bank Limited - Connected person due to holding of 10% or more		
Investment held in the Fund: 4,645,700 units (2016: 5,117,650)	509,224	538,427
Bank Balances	22,558	238,946
Profit receivable	87	3,814
Dividend Payable	-	29,938
Executives of the Management Company		
Investment held in the Fund: 4,562 units (2016: 19,721 units)	500	2,075
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	226	259
CDC charges payable	31	30
Security deposit	100	100

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

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

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

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

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

		March 31, 2017							
		Carrying amount				Fair value			
		Fair value through profit or loss- held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
	Term finance certificates	-	-	-	-	-	-	-	-
	Sukuk certificates	-	-	-	-	-	-	-	-
	Pakistan Investment Bonds	231,029	-	-	231,029	-	231,029	-	231,029
	Market treasury bills	-	-	-	-	-	-	-	-
		231,029	-	-	231,029	-	231,029	-	231,029
Financial assets not measured at fair value									
	12.1								
	Bank balances	-	984,952	-	984,952	-	-	-	-
	Certificate of investment	-	-	-	-	-	-	-	-
	Term deposit receipts	-	445,000	-	445,000	-	-	-	-
	Receivable against margin trading system	-	71,709	-	71,709	-	-	-	-
	Profit receivable	-	23,834	-	23,834	-	-	-	-
	Deposits	-	772	-	772	-	-	-	-
	Advance against purchase of term finance certificates	-	-	-	-	-	-	-	-
		-	1,526,267	-	1,526,267	-	-	-	-
Financial liabilities not measured at fair value									
	12.1								
	Payable to Management Company	-	-	2,277	2,277	-	-	-	-
	Payable to Trustee	-	-	226	226	-	-	-	-
	Accrued expenses and other liabilities	-	-	647	647	-	-	-	-
		-	-	3,150	3,150	-	-	-	-
		June 30, 2016							
		Carrying amount				Fair Value			
		Fair value through profit and loss- Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
	Term finance certificates	49,136	-	-	49,136	-	49,136	-	49,136
	Sukuk certificates	57,516	-	-	57,516	-	57,516	-	57,516
	Government securities	446,755	-	-	446,755	-	54,815	-	54,815
		553,407	-	-	553,407	-	161,467	-	161,467

		June 30, 2016							
		Carrying amount			Fair Value				
		Fair value through profit and loss- Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
Financial assets not measured at fair value	12.1								
Bank balances		-	992,954	-	992,954	-	-	-	-
Short term corporate sukuk certificate		-	139,000	-	139,000	-	-	-	-
Term deposits certificate (TDR)		-	175,000	-	175,000	-	-	-	-
Certificate of investment		-	50,000	-	50,000	-	-	-	-
Receivable against margin trading system		-	260,108	-	260,108	-	-	-	-
Profit receivable		-	20,820	-	20,820	-	-	-	-
Deposits		-	350	-	350	-	-	-	-
		-	1,638,232	-	1,638,232	-	-	-	-
Financial liabilities not measured at fair value	12.1								
Payable to Management Company		-	-	2,863	2,863	-	-	-	-
Payable to Trustee		-	-	289	289	-	-	-	-
Dividend payable		-	-	30,012	30,012	-	-	-	-
Accrued expenses and other liabilities		-	-	8,872	8,872	-	-	-	-
		-	-	42,036	42,036	-	-	-	-

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

13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the nine months ended March 31, 2017 is 1.51 % (YTD) which includes 0.25 % representing government levy and SECP fee.

14. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **April 27, 2017**.

15. GENERAL

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

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

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

Chief Executive

Director

HBL EQUITY FUND
(FORMERLY: PICIC STOCK FUND)

FUND AND CORPORATE INFORMATION

Management Company HBL Asset Management Limited.

Board of Directors

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

Audit Committee

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

Human Resource Committee

Chairperson	Mr. Tawfiq Habib Chinoy	(Non-Executive Director)
Members	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

NIB Bank limited
Soneri Bank Limited

Legal Advisors

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

Website

www.hblasset.com

Head Office Registered Office

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

**HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2017**

		March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
	Note	(Rupees in '000)	
Assets			
Bank balances	4	49,623	41,775
Investments	5	406,747	150,088
Dividend and profit receivable		2,196	348
Preliminary expenses and floatation costs		-	54
Receivable against sale of investments		4,482	1,871
Deposits and prepayments		2,616	2,683
Total assets		465,664	196,819
Liabilities			
Payable to Management Company	6	1,228	769
Payable to Central Depository Company of Pakistan Limited - Trustee		90	67
Payable to the Securities and Exchange Commission of Pakistan		270	291
Payable against purchase of investment		2,978	8,594
Accrued expenses and other liabilities	7	9,533	13,590
Total liabilities		14,099	23,311
Net assets		451,565	173,508
Unit holders' fund (as per statement attached)		451,565	173,508
		----- Number of units -----	
Number of units in issue		3,266,015	1,618,100
		----- Rupees -----	
Net assets value per unit		138.2618	107.2297

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

**HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
CONDENSED INTERIM INCOME STATEMENT AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017**

	Note	Nine Month ended March 31,		Quarter ended March 31,	
		2017	2016	2017	2016
------(Rupees in '000)-----					
Income					
Capital gain on sale of investments - net		51,311	10,797	24,627	4,071
Dividend income		11,502	13,409	3,244	5,008
Profit on bank deposits		1,537	1,616	556	216
		64,350	25,822	28,427	9,295
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit and loss - held-for-trading - net		32,387	(18,758)	(11,579)	(8,201)
		96,737	7,064	16,848	1,094
Expenses					
Remuneration of Management Company		6,424	9,512	2,570	3,011
Remuneration of Central Depository Company of Pakistan Limited - Trustee		678	605	257	199
Annual fee to the Securities and Exchange Commission of Pakistan		270	228	108	72
Allocation of expenses related to registrar services, accounting, operation and valuation services	9	290	89	114	74
Allocation of expenses related to Selling & Marketing expense	10	159	-	-	-
Amortisation of preliminary expenses and floatation costs		54	171	-	57
Securities transaction costs and Bank Charges		2,969	1,227	840	427
Auditors' remuneration		469	366	127	120
Fee and Subscription		105	158	11	57
Printing Charges		262	305	86	87
		11,680	12,661	4,113	4,104
Net income / (loss) from operating activities		85,057	(5,597)	12,735	(3,010)
Element of income and capital gains included in prices of units issued less those in units redeemed - net		14,053	6,782	7,423	3,046
Provision / Reversal for workers welfare fund / Sindh workers welfare fund	7.2	2,240	-	2,240	-
Net income for the period before taxation		101,350	1,185	22,398	36
Taxation	8	-	-	-	-
Net income for the period after taxation		101,350	1,185	22,398	36
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		101,350	1,185	22,398	36

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

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

Chief Executive

Director

**HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	Nine Month ended March 31,	
	2017	2016
	(Rupees in '000)	
Undistributed income brought forward comprising of:		
Realised income	12,132	39,301
Unrealised (loss) / income	(431)	14,320
	11,701	53,621
Net income for the period	101,350	1,185
Element of income and capital gain included in the price of units issued less those in units redeemed - transferred to Distribution Statement - net	11,914	1,636
Undistributed income carried forward	124,965	56,442
Undistributed income carried forward comprising of:		
Realised income	92,578	75,200
Unrealised income / (loss)	32,387	(18,758)
	124,965	56,442

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

**HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
CONDENSED INTERIM STATEMENT OF
MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	Nine Month ended March 31,	
	2017	2016
	(Rupees in '000)	
Net assets at beginning of the period	173,508	269,694
Issue of 5,409,499 units (2016: 5,826,933 units)	678,090	281,406
Redemption of 3,761,584 units (2016: 6,831,909 units)	(487,330)	(266,395)
	190,760	15,011
Element of income and capital gains included in prices of units issued less those in units redeemed:		
- transferred to the Income Statement and Other Comprehensive Income	(14,053)	(6,782)
- transferred to the Distribution Statement	(11,914)	(1,636)
	(25,967)	(8,418)
Total comprehensive income for the period	101,350	1,185
Element of income and capital gain included in prices of units issued less those in units redeemed - transferred to the Distribution Statement	11,914	1,636
Net assets at end of the period	451,565	279,108
Net assets value per unit at the beginning of the period	107.2297	124.8151
Net assets value per unit at the end of the period	138.2618	125.3474

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

**HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	Nine Month ended	
	March 31,	
	2017	2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	101,350	1,185
Adjustments		
Dividend Income	(11,502)	(13,409)
Profit on bank deposits	(1,537)	(1,616)
Amortisation of preliminary expenses and floatation costs	54	171
Unrealised (appreciation) / diminution on re-measurement of investments at fair value through profit or loss held-for-trading - net	(32,387)	18,758
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(14,053)	(6,782)
	41,925	(1,693)
(Increase) / decrease in assets		
Investments - net	(224,272)	(99,039)
Receivable against sale of investments	(2,611)	33,552
Deposits and prepayments	67	(69)
	(226,816)	(65,556)
Increase / (decrease) in liabilities		
Payable to Management Company	459	(75)
Payable to Central Depository Company of Pakistan Limited - Trustee	23	11
Payable to the Securities and Exchange Commission of Pakistan	(21)	(147)
Payable against purchase of investment	(5,616)	-
Payable against redemption of units	-	(3,500)
Accrued expenses and other liabilities	(4,057)	1,343
	(9,212)	(2,368)
Net cash used in operations	(194,103)	(69,617)
Dividend received	9,762	10,738
Profit received on bank deposits	1,428	1,752
	11,190	12,490
Net cash used in operating activities	(182,913)	(57,127)
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	678,090	281,406
Payment against redemption of units	(487,330)	(266,395)
Net cash generated from financing activities	190,760	15,011
Net decrease in cash and cash equivalents	7,847	(42,116)
Cash and cash equivalents at beginning of the period	41,775	52,855
Cash and cash equivalents at end of the period	49,623	10,739

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Equity Fund (Formerly PICIC Stock Fund) ("the Fund") was established under a trust deed executed between PICIC Asset Management Company Limited (Now, HBL Asset Management Limited) and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/NBFC-II/PSF/249/2011 dated June 1, 2011 and the Trust Deed was executed on June 14, 2011.

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

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

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered to the public for subscription at par value of Rs 100 per unit from September 24, 2011 to September 26, 2011. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferrable and redeemable by surrendering them to the Fund.

The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of the Collective Investment Schemes (CISs).

The investment objective of the Fund is to provide investors a diversified equity portfolio with a primary objective of maximizing risk-adjusted returns over longer investment horizon through a combination of capital gains and dividend income.

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2016.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.
- 3.4 "Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information."
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended March 31, 2017.

		March 31, 2017 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
4. BANK BALANCES			
In saving accounts	4.1	<u>49,623</u>	<u>41,775</u>

- 4.1 Mark-up rates on these accounts range between 5.00% - 6.00% per annum (June 30, 2016: 5.00% - 6.00% per annum).

		March 31, 2017 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
5. INVESTMENTS			
Financial assets at fair value through profit or loss - held for trading			
- Listed equity securities	5.1	406,747	149,696
- Unlisted equity securities	5.1.3	-	392
		<u>406,747</u>	<u>150,088</u>

5.1 Financial assets at fair value through profit or loss - held-for-trading - listed equity securities

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

Name of the Investee Company	Number of Shares				As at March 31, 2017	Market Value			Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the year	Bonus / right issues	Sales during the period		As at March 31, 2017 (Rupees in '000)	As a percentage of total investments	As a percentage of net assets	
FERTILIZER									
Dawood Hercules Corporation Limited	-	71,700	-	2,500	69,200	9,170	2.25%	2.03%	0.01%
Engro Corporation Limited	18,400	83,500	-	57,900	44,000	16,193	3.98%	3.59%	0.01%
Engro Fertilizers Limited	-	260,000	-	260,000	-	-	-	-	0.00%
Fauji Fertilizer Bin Qasim Limited	256,000	252,500	-	311,000	197,500	10,315	2.54%	2.28%	0.02%
Fauji Fertilizer Co Limited	-	158,700	-	158,700	-	-	-	-	0.00%
						35,678	8.77%	7.90%	
OIL & GAS MARKETING COMPANIES									
Attock Petroleum Limited	22,000	-	-	10,000	12,000	7,617	1.87%	1.69%	0.01%
Hasco Petroleum Limited	-	23,500	-	23,500	-	-	-	-	-
Hi-Tech Lubricants Limited	-	120,000	-	65,000	55,000	6,085	1.50%	1.35%	0.05%
Pakistan State Oil Company Limited	34,400	35,000	-	46,500	22,900	9,699	2.38%	2.15%	0.01%
Sui Northern Gas Pipeline Limited	-	130,000	-	50,000	80,000	11,422	2.81%	2.53%	0.01%
Sui Southern Gas Co Limited	-	315,000	-	315,000	-	-	-	-	0.00%
						34,823	8.56%	7.71%	
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	-	6,450	-	940	5,510	8,378	2.06%	1.86%	0.00%
Oil & Gas Development Co Limited	14,400	156,500	-	69,500	101,400	15,039	3.70%	3.33%	0.00%
Pakistan Oilfields Limited	3,500	50,000	-	27,500	26,000	11,571	2.84%	2.56%	0.01%
Pakistan Petroleum Limited	-	98,100	-	20,000	78,100	12,098	2.97%	2.68%	0.00%
						47,086	11.58%	10.43%	
ENGINEERING									
Aisha Steel Mills Limited	-	500	-	500	-	-	-	-	0.00%
Aisha Steel Mills Limited - Pref. Shares	20,000	-	-	20,000	-	-	-	-	0.00%
Aisha Steel Mills Limited - Conv. Cum. Pref. Shares	10,000	-	-	10,000	-	-	-	-	0.00%
Amreli Steels Limited	186,500	227,000	-	366,500	47,000	4,463	1.48%	0.99%	0.02%
Crescent Steel & Allied Products Limited	10,400	104,500	-	80,900	34,000	8,510	2.09%	1.88%	0.04%
International Industries Limited	-	38,100	-	38,100	-	-	-	-	0.00%
International Steels Limited	-	112,500	-	41,000	71,500	9,219.00	2.27%	2.04%	0.02%
Mughal Iron & Steel Industries Limited	124,500	20,000	-	144,500	-	-	-	-	0.00%
						22,192	5.84%	4.91%	
CEMENT									
Bestway Cement Limited	-	4,500	-	4,500	-	-	-	-	0.00%
Cherat Cement Company Limited.	38,000	17,500	-	55,500	-	-	-	-	0.00%
D G Khan Cement Co. Limited.	-	69,500	-	22,500	47,000	10,923	2.69%	2.42%	0.01%
Dewan Cement Limited	-	333,000	-	333,000	-	-	-	-	0.00%
Fauji Cement Company Limited	-	299,500	-	25,000	274,500	11,716	2.88%	2.59%	0.02%
Fecto Cement Limited	-	31,600	-	31,600	-	-	-	-	0.00%
Lucky Cement Limited	12,000	30,050	-	17,750	24,300	20,349	5.00%	4.51%	0.01%
Maple Leaf Cement Factory Limited	-	130,500	-	73,000	57,500	7,133	1.75%	1.58%	0.01%
Pioneer Cement Limited	60,000	48,000	-	50,000	58,000	8,294	2.04%	1.84%	0.03%
Power Cement Limited	-	201,000	-	201,000	-	-	-	-	0.00%
						58,415	14.36%	12.94%	
AUTOMOBILE ASSEMBLER									
Millat Tractors Limited	-	5,000	-	5,000	-	-	-	-	0.00%
Pak Suzuki Motor Company Limited	7,600	18,500	-	13,100	13,000	8,060	1.98%	1.78%	0.02%
						8,060	1.98%	1.78%	
AUTOMOBILE PARTS & ACCESSORIES									
Exide Pakistan Limited	-	5,540	-	-	5,540	4,778	1.17%	1.06%	0.07%
General Tyre & Rubber Co of Pakistan Limited	-	29,500	-	29,500	-	-	-	-	0.00%
Thal Limited	-	19,500	-	9,000	10,500	5,565	1.37%	1.23%	0.01%
						10,343	2.54%	2.29%	
FOOD & PERSONAL CARE PRODUCTS									
Treet Corporation Limited	-	75,000	-	75,000	-	-	-	-	0.00%
						-	-	-	
TEXTILE COMPOSITE									
GulAhmed Textile Mills Limited	-	182,000	29,400.00	182,000	29,400	500	0.12%	0.11%	0.05%
Nishat (Chunian) Limited	-	360,000	-	360,000	-	-	-	-	0.00%
Nishat Mills Limited	10,000	129,300	-	90,500	48,800	8,062	1.98%	1.79%	0.01%
						8,562	2.10%	1.90%	

Name of the Investee Company	Number of Shares				As at March 31, 2017	Market Value			Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the year	Bonus / right issues	Sales during the period		As at March 31, 2017 (Rupees in '000)	As a percentage of total investments	As a percentage of net assets	
PHARMACEUTICALS									
Abbott Laboratories (Pak) Limited	800	7,500	-	800	7,500	7,046	1.73%	1.56%	0.01%
GlaxoSmithKline Pakistan Limited	6,100	57,300	-	31,400	32,000	7,220	1.78%	1.60%	0.01%
GlaxoSmithKline Consumer Healthcare Pakistan Limited (Note 5.1.3)	6,330	-	-	6,330	-	-	0.00%	0.00%	0.00%
The Searle Company Limited	6,000	27,200	1,120.00	22,000	12,320	7,785	1.91%	1.72%	0.01%
Wyeth Pakistan Limited	2,460	-	-	2,460	-	-	-	-	0.00%
						<u>22,051</u>	<u>5.42%</u>	<u>4.88%</u>	
TECHNOLOGY & COMMUNICATION									
Avanceon Limited	-	223,000	-	223,000	-	-	-	-	0.00%
Pakistan Telecommunication Co Limited	-	40,000	-	40,000	-	-	-	-	0.00%
Systems Limited (Note. 5.1.2)	200,500	53,000	-	160,000	93,500	7,812	1.92%	1.73%	0.08%
						<u>7,812</u>	<u>1.92%</u>	<u>1.73%</u>	
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	-	168,000	-	30,000	138,000	18,086	4.45%	4.01%	0.01%
K-Electric Limited	101,000	2,095,000	-	1,521,000	675,000	5,522	1.36%	1.22%	0.00%
KotAddu Power Company Limited	-	235,500	-	130,500	105,000	8,422	2.07%	1.87%	0.01%
						<u>32,030</u>	<u>7.87%</u>	<u>7.09%</u>	
COMMERCIAL BANKS									
Askari Bank Limited	-	385,000	-	175,000	210,000	4,240	1.04%	0.94%	0.02%
BankAl-Falah Limited	347,500	280,000	-	627,500	-	-	-	-	0.00%
BankAl-Habib Limited	-	98,000	-	-	98,000	5,248	1.29%	1.16%	0.01%
Habib Bank Limited	69,100	107,000	-	93,300	82,800	22,324	5.49%	4.94%	0.01%
Habib Metropolitan Bank Limited	-	120,000	-	120,000	-	-	-	-	0.00%
JS Bank Limited	-	351,500	-	75,000	276,500	2,881	0.71%	0.64%	0.03%
MCB Bank Limited	62,900	123,000	-	99,900	86,000	19,556	4.81%	4.33%	0.01%
National Bank of Pakistan	-	109,000	-	109,000	-	-	-	-	0.00%
United Bank Limited	1,000	199,300	-	98,800	101,500	23,104	5.68%	5.12%	0.01%
						<u>77,353</u>	<u>19.02%</u>	<u>17.13%</u>	
INSURANCE									
Adamjee Insurance Co Limited	-	444,000	-	200,000	244,000	18,454	4.54%	4.09%	0.07%
IGI Insurance Limited	-	15,000	-	15,000	-	-	-	-	0.00%
TPL Direct Insurance Limited	55,894	-	-	55,894	-	-	-	-	0.00%
						<u>18,454</u>	<u>4.54%</u>	<u>4.09%</u>	
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	49,000	312,500	-	274,000	87,500	8,059	1.98%	1.78%	0.02%
						<u>8,059</u>	<u>1.98%</u>	<u>1.78%</u>	
TEXTILE SPINNING									
Hira Textile Mills Limited	-	124,000	-	124,000	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	
TRANSPORT									
Pakistan International Bulk Terminal Limited	-	167,500	-	167,500	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>	
PAPER & BOARD									
Century Paper & Board Mills Limited	-	112,500	-	77,000	35,500	2,549	0.63%	0.56%	0.02%
Packages Limited	-	17,800	-	2,500	15,300	13,280	3.26%	2.94%	0.02%
						<u>15,829</u>	<u>3.89%</u>	<u>3.51%</u>	
GLASS & CERAMICS									
Ghani Global Glass Limited	-	150,000	-	150,000	-	-	-	-	0.00%
Tariq Glass Industries Limited	-	29,500	-	29,500	-	-	-	-	0.00%
						<u>-</u>	<u>-</u>	<u>-</u>	
MISCELLANEOUS									
Synthetic Products Enterprises Limited	-	71,500	-	71,500	-	-	-	-	0.00%
Tri-Pack Films Limited	-	24,000	-	24,000	-	-	-	-	0.00%
						<u>-</u>	<u>-</u>	<u>-</u>	
REFINERY									
Attock Refinery Limited	-	29,000	-	29,000	-	-	-	-	0.00%
Byco Petroleum Pakistan Limited	-	100,000	-	100,000	-	-	-	-	0.00%
National Refinery Limited	-	7,500	-	7,500	-	-	-	-	0.00%
Pakistan Refinery Limited	-	95,000	-	95,000	-	-	-	-	0.00%
						<u>-</u>	<u>-</u>	<u>-</u>	
CHEMICAL									
Agritech Limited	-	400,000	-	400,000	-	-	-	-	0.00%
Akzo Nobel Pakistan Limited	-	19,500	-	19,500	-	-	-	-	0.00%
Engro Polymer & Chemicals Limited	-	415,000	-	415,000	-	-	-	-	0.00%
Ghani Gases Limited	-	50,000	-	50,000	-	-	-	-	0.00%
ICI Pakistan Limited	-	5,000	-	5,000	-	-	-	-	0.00%
Lotte Chemical Pakistan Limited	-	1,379,000	-	1,379,000	-	-	-	-	0.00%
						<u>406,747</u>	<u>100%</u>	<u>90.07%</u>	
Carrying Value as at March 31, 2017						<u>374,360</u>			

5.1.1 The above investments include shares with market value aggregating to Rs. 31.707 million (June 2016: Rs. 22.377 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.18 million at March 31, 2017 (June 30, 2016: Rs. 0.122 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.1.3 This represents shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited, a subsidiary of GlaxoSmithKline Plc, which were received due to demerger of GlaxoSmithKline Pakistan Limited on April 01, 2016. These are stated at Rs.62/- per share as trading in shares has not yet commenced. During the period these share has been listed in Pakistan Stock Exchange on March 22, 2017.

	Note	March 31, 2017 (Un-Audited)	June 30, 2016 Audited
		(Rupees in '000)	
6. PAYABLE TO MANAGEMENT COMPANY			
Management fee	6.1	793	397
Sales tax on Management fee	6.2	103	56
Sales load payable		133	296
Allocation of expenses related to registrar services, accounting, operation and valuation services	9	40	20
Allocation of expenses related to Selling & Marketing expense	10	159	-
		<u>1,228</u>	<u>769</u>

6.1 As per the offering document of the fund, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 3.00% of average annual net assets. The Management Company has charged its remuneration at the rate of 2.00% per annum (June 30, 2016: 2.00% per annum) of the average net assets for the current period subject to the guidelines as may be issued by the Commission from time to time. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

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

	Note	March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
		(Rupees in '000)	
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	7.1	5,685	5,685
Provision for Workers' Welfare Fund	7.2	-	4,892
Provision for Sindh Workers' Welfare Fund	7.2	2,652	-
Brokerage payable		161	503
Auditor's remuneration		239	450
Withholding tax payable		496	1,848
Printing cost		281	175
Others		19	37
		<u>9,533</u>	<u>13,590</u>

-
-
- 7.1** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 5.685 million. Had the provision not been made, NAV per unit of the Fund as at March 31, 2017 would have been higher by Rs. 1.74 per unit (June 30, 2016: 3.51 per unit).

7.2. WORKERS' WELFARE FUND AND SINDH WORKER'S WELFARE FUND

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

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

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014, and

Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the remaining provision of WWF should be carried forward unless further clarification is received from the MUFAP. Subsequent to the period ended December 31, 2016, in the wake of the above developments i.e. decision of the SCP and communications took place with regard to SWWF, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs), obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the following, effective from January 12, 2017:

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

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

Considering the recommendation of the MUFAP, the Management Company, reversed the excess provision of WWF of Rs. 2.640 million on January 12, 2017.

As a matter of abundant caution, the Management Company has decided to retain the provision for SWWF amounting to Rs 2.652 million in these condensed interim financial statements.

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 in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of net accounting income other than capital gains / losses to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001

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

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

10. ALLOCATION OF EXPENSES RELATED TO SELLING & MARKETING

The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. SCD/PRDD/Circular/361/2016 dated December 30, 2016 has allowed Asset Management Companies (AMCs) to charge selling and marketing expenses to open end equity, asset allocation and index funds subject to a maximum cap of 0.4% per annum of net assets of fund or actual expenses whichever is lower.

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

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

	Nine Month ended	
	March 31,	
	2017	2016
11.1 Transactions during the period	(Rupees in '000)	
PICIC Asset Management Company Limited - Management Company *		
Remuneration of the Management Company	893	7,193
Sindh Sales Tax on remuneration of the Management Company	116	1,007
Allocation of expenses related to registrar services, accounting, operation and valuation services	59	89
Sales load paid	382	1,037
HBL Asset Management Limited - Management Company **		
Remuneration of the Management Company	4,792	-
Sindh Sales Tax on remuneration of the Management Company	623	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	231	-
Allocation of expenses related to Selling & Marketing expense	159	-
Sales load paid	438	-

	Nine Month ended	
	March 31,	
	2017	2016
	(Rupees in '000)	
NIB Bank Limited - connected person holding 10% or more units		
Bank charges	9	11
Profit on bank deposits	1,537	1,568
Issue of 3,073,939 units (2016: nil units)	390,000	-
Redemption of 2,143,391 units (2016: nil units)	288,645	-
Executives of the Management Company		
Issue of 25,685 units (2016: 307 units)	3,036	39
Redemption of 4,444 units (2016: 116 units)	541	14
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	678	605
Central Depository Service charges	82	33
Habib Bank Limited - associated company **		
Purchase of 107,000 shares (2016: Nil shares)	24,893	-
Sale of 93,300 shares (2016: Nil shares)	24,149	-
Gain on sale of shares	4,217	-
International Steels Limited - associated company **		
Purchase of 112,500 shares (2016: Nil shares)	12,775	-
Sale of 41,000 shares (2016: Nil shares)	3,355	-
Gain on sale of shares	114	-
Packages Limited - associated company **		
Purchase of 17,800 shares (2016: Nil shares)	14,357	-
Sales of 2,500 shares (2016: Nil shares)	2,129	-
Gain on sale of shares	168	-
	March 31,	June 30,
	2017	2016
	(Un-Audited)	(Audited)
	(Rupees in '000)	
11.2 Balances outstanding as at period / year end		
PICIC Asset Management Limited - Management Company *		
Units held: Nil units (June 30, 2016: 750,314)	-	80,456
Remuneration payable to the Management Company	-	397
Sindh sales tax on remuneration of the Management Company	-	56
Sales load payable	-	296
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	20
HBL Asset Management Limited - Management Company **		
Units held: 750,314 units (June 30, 2016: Nil)	103,740	-
Remuneration payable to the Management Company	793	-
Sindh sales tax on remuneration of the Management Company	103	-
Sales load payable	133	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	40	-
Allocation of expenses related to Selling & Marketing expense	159	-
NIB Bank Limited - connected person holding 10% or more units		
Bank balances	49,615	41,775
Units held: 930,548 units (June 30, 2016: Nil)	128,659	-

	March 31, 2017 Un-Audited	June 30, 2016 Audited
	(Rupees in '000)	
Executives of the Management Company		
Units held in the Fund: 22,174 units (June 30, 2016: 933 units)	3,066	100
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	90	67
CDS Charges payable	1	1
Security deposit	100	100
Habib Bank Limited - associated company **		
Shares held: 82,800 ordinary shares (June 30, 2016: 69,100 ordinary shares)	22,324	12,310
International Steels Limited - associated company **		
Shares held: 71,500 ordinary shares (June 30, 2016: NIL ordinary shares)	9,219	-
Packages Limited - associated company **		
Shares held: 15,300 ordinary shares (June 30, 2016: Nil ordinary shares)	13,280	-

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

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

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

								March 31, 2017			
		Carrying amount			Fair Value						
	Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total			
Note	----- (Rupees in '000) -----										
On-balance sheet financial instruments											
Financial assets measured at fair value											
At fair value through profit or loss - held for trading											
	- Listed equity securities	406,747	-	406,747	406,747	-	-	406,747			
		406,747	-	406,747	406,747	-	-	406,747			
Financial assets not measured at fair value 12.1											
At fair value through profit or loss - held for trading											
	- Unlisted equity securities	-	-	-	-	-	-	-			
	Bank balances	-	49,623	49,623	-	-	-	-			
	Dividend and profit receivable	-	2,196	2,196	-	-	-	-			
	Receivable against sale of investments	-	4,482	4,482	-	-	-	-			
	Deposits	-	2,600	2,600	-	-	-	-			
		-	58,901	58,901	-	-	-	-			
Financial liabilities not measured at fair value 12.1											
	Payable to Management Company	-	-	1,228	-	-	-	-			
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	-	-	-			
	Payable against purchase of investments	-	-	2,978	-	-	-	-			
	Accrued expenses and other liabilities	-	-	700	-	-	-	-			
		-	-	4,906	-	-	-	-			
June 30, 2016											
		Carrying amount			Fair Value						
	Held for Trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total			
Note	----- (Rupees in '000) -----										
On-balance sheet financial instruments											
Financial assets measured at fair value											
At fair value through profit or loss - held for trading											
	- Listed equity securities	149,696	-	149,696	149,696	-	-	149,696			
		149,696	-	149,696	149,696	-	-	149,696			
Financial assets not measured at fair value 12.1											
At fair value through profit or loss - held for trading											
	- Unlisted equity securities	392	-	392	-	-	-	-			
	Bank balances	-	41,775	41,775	-	-	-	-			
	Dividend receivable and accrued mark-up	-	348	348	-	-	-	-			
	Receivable against sale of investments	-	1,871	1,871	-	-	-	-			
	Deposits	-	2,600	2,600	-	-	-	-			
		392	46,594	46,986	-	-	-	-			
Financial liabilities not measured at fair value 12.1											
	Payable to Management Company	-	-	769	-	-	-	-			
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	-	-	-			
	Payable against purchase of investment	-	-	8,594	-	-	-	-			
	Accrued expenses and other liabilities	-	-	1,165	-	-	-	-			
		-	-	10,528	-	-	-	-			

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

13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the nine month ended March 31, 2017 is 3.61% which includes 0.92% representing government levy, and SECP fee.

14. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **April 27, 2017**.

15. GENERAL

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

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

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

Chief Executive

Director

PICIC

Energy Fund

FUND AND CORPORATE INFORMATION

Management Company HBL Asset Management Limited.

Board of Directors

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

Audit Committee

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

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	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

NIB Bank Limited
Soneri Bank Limited

Legal Advisors

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

Website

www.hblasset.com

Head Office Registered Office

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

HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2017

	Note	March 31, 2017 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
Assets			
Bank balances	4	62,230	79,129
Investments	5	843,734	924,971
Dividend and profit receivable		823	551
Receivable against sale of investments		-	-
Deposits and prepayments		2,855	2,848
Total assets		909,642	1,007,499
Liabilities			
Payable to Management Company	6	2,074	1,862
Payable to Central Depository Company of Pakistan Limited - Trustee		170	179
Payable to the Securities and Exchange Commission of Pakistan		591	916
Payable against purchase of investments		-	-
Accrued expenses and other liabilities	7	23,047	44,898
Unclaimed dividend		5,426	5,431
Total liabilities		31,308	53,285
Net assets		878,334	954,214
Unit holders' fund (as per statement attached)		878,335	954,214
(Number of units)			
Number of units in issue		54,155,034	79,436,797
(Rupees)			
Net assets value per unit		16.2189	12.0122

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
CONDENSED INTERIM INCOME STATEMENT AND OTHER
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

Note	Nine months ended March 31,		Quarter ended March 31,	
	Un-Audited			
	2017	2016	2017	2016
	(Rupees in '000)			
Income				
Capital gain on sale of investments - net	66,913	2,793	20,843	(1,778)
Dividend income	34,985	67,362	6,307	25,780
Profit on bank deposits	2,423	2,909	843	627
	104,321	73,064	27,993	24,629
Unrealised appreciation / (diminution) on re-measurement of investments at "fair value through profit or loss - held-for-trading" - net	132,875	(152,582)	(14,063)	(47,598)
	237,196	(79,518)	13,930	(22,969)
Expenses				
Remuneration of Management Company	14,049	16,629	4,948	5,120
Remuneration of Central Depository Company of Pakistan Limited- Trustee	1,405	1,653	495	995
Annual fee to the Securities and Exchange Commission of Pakistan	591	693	208	518
Allocation of expenses related to registrar services, accounting, operation and valuation services 7.3	589	272	186	232
Allocation of expenses related to Selling and Marketing, 7.4	301		301	
Securities transaction costs	1,753	472	294	293
Auditors' remuneration	394	438	127	119
Settlement and bank charges	289	214	81	80
Other expenses	526	3,264	68	175
	19,897	23,635	6,708	7,532
Net income / (loss) from operating activities	217,299	(103,153)	7,222	(30,501)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(11,829)	1407	1,436	991
Provision for Workers' Welfare Fund / Sindh Workers' Welfare Fund	22,340	-	22,340	-
Net income / (loss) for the period before taxation	227,810	(101,746)	30,998	(29,510)
Taxation 11	-	-	-	-
Net income / (loss) for the period after taxation	227,810	(101,746)	30,998	(29,510)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	227,810	(101,746)	30,998	(29,510)

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Nine Months ended	
	March 31,	
	2017	2016
	(Rupees in '000)	
Undistributed income brought forward comprising of:		
Realised income	235,804	93,678
Unrealised income	(75,960)	109,011
	159,844	202,689
Net income / (loss) for the period	227,810	(101,746)
Element of loss and capital losses included in the price of units issued less those in units redeemed - transferred to Distribution Statement	(50,872)	(8,547)
Undistributed income carried forward	336,782	92,396
Undistributed income carried forward comprising of:		
Realised income	203,907	244,978
Unrealised income	132,875	(152,582)
	336,782	92,396

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

**HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
CONDENSED INTERIM STATEMENT OF MOVEMENT IN
UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	Nine Months Ended March 31,	
	2017	2016
	(Rupees in '000)	
Net assets at beginning of the period	954,214	1,059,614
Issue of units 24,574,546 (2016: 902,971 units)	359,804	12,770
Redemption of units 49,856,310 (2016: 3,392,638 units)	(675,322)	(56,043)
	(315,518)	(43,273)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed:		
- transferred to Income Statement and Other Comprehensive Income	11,829	(1,407)
- transferred to Distribution Statement	50,872	8,547
	62,701	7,140
Net comprehensive income / (loss) for the period	227,810	(101,746)
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to Distribution Statement	(50,872)	(8,547)
Net assets at end of the period	878,335	913,188
Net assets value per unit at the beginning of the period	12.0122	12.3654
Net assets value per unit at the end of the period	16.2189	11.1257

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Note	Nine Months Ended	
		March 31,	
		2017	2016
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		227,810	(101,746)
Adjustments			
Dividend income		(34,985)	(67,362)
Profit on bank deposits		(2,423)	(2,909)
Unrealised (appreciation) / diminution on remeasurement of investments at fair value through profit or loss- held-for-trading - net		(132,875)	152,582
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net		11,829	(1,407)
		69,356	(20,842)
(Increase) / decrease in assets			
Investments - net		214,112	(4,303)
Receivable against sale of investments		-	16,150
Deposits and prepayments		(7)	(93)
		214,105	11,754
Increase / (decrease) in liabilities			
Payable to Management Company		212	(421)
Payable to Central Depository Company of Pakistan Limited - Trustee		(9)	-
Payable to Securities and Exchange Commission of Pakistan		(325)	(418)
Payable against purchase of investments		-	7,478
Accrued expenses and other liabilities		(21,851)	2,493
Unclaimed dividend		(5)	(14)
		(21,978)	9,118
Net cash generated from operations		261,483	30
Dividend received		34,713	49,194
Profit received on bank deposit		2,423	3,133
		37,136	52,327
Net cash generated from operating activities		298,619	52,357
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		359,804	12,770
Payment against redemption of units		(675,322)	(56,043)
Net cash used in financing activities		(315,518)	(43,273)
Net decrease in cash and cash equivalents		(16,899)	9,084
Cash and cash equivalents at beginning of the period		79,129	55,145
Cash and cash equivalents at end of the period	4	62,230	64,229

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
Notes to the Condensed Interim Financial Information (Un-Audited)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Energy Fund ("the Fund") was established in 2006 as a closed-end scheme under a Trust Deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

In accordance with clause 65(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a meeting of the certificate holders of the Fund was held on January 31, 2013 whereby the conversion of the Fund into an open-end scheme was duly approved through a resolution passed by the majority of the certificate holders present in the meeting who were entitled to vote. The Securities and Exchange Commission of Pakistan accorded its final approval for conversion of the Fund into an open-end scheme through its letter dated May 3, 2013. The second supplemental Trust Deed and replacement Offering Document were approved by SECP vide its letter no SCD/PRDD/AMCW/PEF/567/2013 dated May 31, 2013 and letter no SCD/PRDD/AMCW/PEF/606/2013 dated June 24, 2013 respectively. The conversion of the Fund from a closed end fund to an open-end fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/PRDD/AMCW/PEF/607/2013 dated June 24, 2013. The Fund converted into an open end scheme on the effective date i.e. June 25, 2013. The certificates of the closed-end fund were cancelled on the effective date and were exchanged with the units of the open-end scheme in the swap ratio of 1:1. Each certificate holder was allotted units according to their respective holdings as at that date on the basis of a ratio of 1 certificate to 1 unit. Accordingly 100,000,000 units were issued on the date of conversion.

Since the effective date of conversion, the certificates of the closed-end scheme were de-listed from Pakistan Stock Exchange. Units of the open-end scheme are listed on the Pakistan Stock Exchange Limited. The units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

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

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

The core objective of the Fund is to invest in securities of the energy sector in Pakistan so as to provide investors an access to high quality blue chip stocks in the energy sector. The eligible stocks comprise of investment in shares of companies engaged in the following activities:

- Oil and Gas Exploration
- Oil and Gas Marketing
- Oil Refining
- Power Generation and Distribution

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

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

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended March 31, 2017.

	Note	March 31, 2017 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
4 BANK BALANCES			
In saving accounts	4.1	<u>62,230</u>	<u>79,129</u>

- 4.1 Mark-up rates on these accounts range between 3.75% to 6.00% per annum (June 30, 2016: 3.75% to 6.00% per annum).

	Note	March 31, 2017 (Un-Audited) (Rupees in '000)	June 30, 2016 (Audited)
5 INVESTMENTS			
Financial assets 'at fair value through profit or loss' - held-for-trading			
Listed equity securities	5.1	<u>843,734</u>	<u>924,971</u>
		<u>843,734</u>	<u>924,971</u>

- 5.1 Investment in listed equity securities - financial assets 'at fair value through profit or loss' - held-for-trading
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the Investee Company	Number of shares				Market value				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 March 31, 2017	As at March 31, 2016 (Rupees in '000)	As a percentage of total Investments	As a percentage of net Assets	
POWER GENERATION & DISTRIBUTION									
Engro Powergen Qadirpur Ltd	177	-	-	-	177	6	0.00%	0.00%	0.00%
Hub Power Company Ltd	-	608,500	-	-	608,500	79,750	9.45%	9.08%	0.05%
K-Electric Limited	5,150,000	700,000	-	1,800,000	4,050,000	33,129	3.93%	3.77%	0.01%
Kot Addu Power Company Ltd	1,900,000	-	-	1,232,000	668,000	53,580	6.35%	6.10%	0.08%
Lalpir Power Limited	5,000,000	-	-	5,000,000	-	-	0.00%	0.00%	0.00%
Nishat Chunian Power Ltd	1,744,000	-	-	1,238,500	505,500	24,264	2.88%	2.76%	0.14%
Nishat Power Limited	1,309,500	-	-	853,500	456,000	23,279	2.76%	2.65%	0.13%
	<u>15,103,677</u>	<u>1,308,500</u>	<u>-</u>	<u>10,124,000</u>	<u>6,288,177</u>	<u>214,008</u>			
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Ltd	-	54,000	-	-	54,000	82,105	9.73%	9.35%	0.00%
Oil & Gas Development Co Ltd	487,100	100,000	-	95,000	492,100	72,983	8.65%	8.31%	0.05%
Pakistan Oilfields Ltd	222,345	30,000	-	104,500	147,845	65,798	7.80%	7.49%	0.01%
Pakistan Petroleum Ltd	418,950	188,600	-	302,200	305,350	47,302	5.61%	5.39%	0.06%
	<u>1,128,395</u>	<u>372,600</u>	<u>-</u>	<u>501,700</u>	<u>999,295</u>	<u>268,189</u>			<u>0.02%</u>

Name of the Investee Company	Number of shares				Market value				
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2017	As at March 31, 2016 (Rupees in '000)	As a percentage of total Investments	As a percentage of net Assets	Par value as a percentage of issued capital of the investee company
OIL & GAS MARKETING COMPANIES									
Attock Petroleum Ltd	244,588	-	-	165,988	78,600	49,894	5.91%	5.68%	0.09%
Hascol Petroleum Ltd	-	114,000	-	35,000	79,000	23,692	2.81%	2.70%	0.07%
Hi-Tech Lubricants Ltd	-	150,000	-	146,000	4,000	443	0.05%	0.05%	0.00%
Pakistan State Oil Company Ltd	90,000	91,500	-	30,200	151,300	64,079	7.59%	7.30%	0.06%
Shell Pakistan Ltd	335,250	-	-	232,750	102,500	66,856	7.92%	7.61%	0.10%
Sui Northern Gas Pipeline Ltd	-	717,000	-	-	717,000	102,366	12.13%	11.65%	0.11%
Sui Southern Gas Co Ltd	-	455,000	-	455,000	-	-	-	-	0.00%
	669,838	1,527,500	-	1,064,938	1,132,400	307,329			
REFINERY									
Attock Refinery Ltd	-	116,000	-	53,200	62,800	28,185	3.34%	3.21%	0.00%
National Refinery Ltd	-	36,500	-	-	36,500	26,023	3.08%	2.96%	0.00%
	-	152,500	-	53,200	99,300	54,208			
Total March 31, 2017	16,901,910	3,361,100	-	11,743,838	8,519,172	843,734			
Carrying value of investment at March 31, 2017						710,859			

- 5.2 Investments include shares having market value aggregating to Rs. 69.77 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

	Note	March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
6 PAYABLE TO MANAGEMENT COMPANY			
Management fee	6.1	1,503	1,537
Sindh Sales Tax	6.2	195	246
Sales load payable		-	1
Allocation of expenses related to registrar services, accounting, operation and valuation services	10	75	78
Allocation of expenses related to Selling and Marketing,		301	-
		2,074	1,862

- 6.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2016: 2%) of the average net assets of the Fund for the current period. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

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

	Note	March 31, 2017 (Un-Audited)	June 30, 2016 (Audited)
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	7.1	13,920	13,920
Provision for Workers' Welfare Fund	7.2	-	28,085
Provision for Sindh Workers' Welfare Fund	7.2	5,745	-
Auditors' remuneration		218	275
Payable on redemption of units		-	3
Payable to brokers		224	53
Withholding tax payable		143	27
Printing charges payable		618	400
Others		2,179	2,135
		23,047	44,898

7.1 PROVISION FOR FEDERAL EXCISE DUTY

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

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

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

"However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 13.920 million. "

Had the provision not been made, NAV per unit of the Fund as at March 31, 2017 would have been higher by Rs. 0.26 per unit (June 30, 2016: 0.18 per unit).

7.2 PROVISION WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

- The Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.
- The Government of Sindh introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.
- Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:
 - As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014, and
 - Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the remaining provision of WWF should be carried forward unless further clarification is received from the MUFAP.
- Subsequent to the period ended December 31, 2016, in the wake of the above developments i.e. decision of the SCP and communications took place with regard to SWWF, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs), obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the following, effective from January 12, 2017:
 - Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and
 - As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.
- MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017.
- "The Management Company considered the recommendations of the MUFAP and assessed that there is no impact which should have been recognized in this interim financial information."
- As a matter of abundant caution, the Management Company has decided to retain the provision for SWWF amounting to Rs 22.513 million in these condensed interim financial statements.

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

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

7.4 ALLOCATION OF EXPENSES RELATED TO SELLING AND MARKETING

The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. SCD/PRDD/Circular/361/2016 dated December 30, 2016 has allowed Asset Management Companies (AMCs) to charge selling and marketing expenses to open end equity, asset allocation and index funds subject to a maximum cap of 0.4% per annum of net assets of fund or actual expenses whichever is lower.

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 in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of net accounting income other than capital gains/loss to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

9 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

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

	Nine months ended	
	March 31,	
	2017	2016
	(Rupees in '000)	
9.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	12,433	-
Sindh Sales Tax on remuneration of the Management Company	1,616	-
Sales load paid to the Management Company	327	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	442	
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	1,405	1,653
Central Depository Service charges	51	12
PICIC Asset Management Company Limited - Management Company *		
Remuneration of the Management Company	2,941	14,587
Sindh Sales Tax on remuneration of the Management Company	382	2,042
FED on management fee	-	2,661
Sales load paid to the Management Company	5	71
Allocation of expenses related to registrar services, accounting, operation and valuation services	147	83
NIB Bank Limited - connected person holding 10% or more units		
Issue of 20,714,611 units (2016: Nil units)	300,000	-
Redemption of 46,318,043 units (2016: Nil units)	624,121	-
Profit on bank deposits	2,423	2,909
Bank charges	9	12
Directors of the Management Company		
Issue of 175,052 units (2016: Nil units)	2,500	-

	March 31, 2017 (Un-audited)	June 30, 2016 (Audited)
	(Rupees in '000)	
9.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management fee	1,503	-
Sindh Sales Tax	195	-
Sales load payable	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	75	-
Allocation of expenses related to Selling and Marketing,	301	-
Investment held in the Fund: 9,668,299 units (June 30, 2016: Nil units)	156,809	-
PICIC Asset Management Company Limited - Management Company *		
Management fee	-	1,537
Sindh Sales tax on management fee	-	246
Sales load payable	-	1
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	78
Outstanding 9,668,299 units held units (June 30, 2016: 9,668,299 units)	-	116,138
NIB Bank Limited - connected person holding 10% or more units		
Bank balances	62,209	79,129
Profit receivable bank deposits	295	295
6,222,350 units (June 30, 2016: 31,825,782 units)	100,920	382,298
Directors of the Management Company		
Investment in the Fund 175,052 units (June 30, 2016 Nil units)	2,839	-
Executives of the Management Company		
Investment in the Fund 2,178 units (June 30, 2016 2,178 units)	35	15
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	170	178
CDC charges payable	1	1
Security deposit	300	300

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

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

10 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	March 31, 2017							
	Carrying amount				Fair Value			
	Fair value through profit or loss- held-for- trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	843,734	-	-	843,734	843,734	-	-	843,734
	843,734	-	-	843,734	843,734	-	-	843,734
Financial assets not measured at fair value 10.1								
Bank balances	-	62,230	-	62,230	-	-	-	-
Dividend and profit receivable	-	823	-	823	-	-	-	-
Receivable against sale of investments	-	-	-	-	-	-	-	-
Security deposits	-	2,800	-	2,800	-	-	-	-
	-	65,853	-	65,853	-	-	-	-
Financial liabilities not measured at fair value 10.1								
Payable to Management Company	-	-	2,074	2,074	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	170	170	-	-	-	-
Payable against purchase of investments	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	-	-	3,239	3,239	-	-	-	-
	-	-	5,483	5,483	-	-	-	-
(Rupees in '000)								
June 30, 2016								
Carrying amount				Fair Value				
Fair value through profit or loss- held-for- trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	924,971	-	-	924,971	924,971	-	-	924,971
	924,971	-	-	924,971	924,971	-	-	924,971
Financial assets not measured at fair value 10.1								
Bank balances	-	79,129	-	79,129	-	-	-	-
Dividend and profit receivable	-	551	-	551	-	-	-	-
Security deposits	-	2,800	-	2,800	-	-	-	-
	-	82,480	-	82,480	-	-	-	-
Financial liabilities not measured at fair value 10.1								
Payable to Management Company	-	-	1,862	1,862	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	179	179	-	-	-	-
Accrued expenses and other liabilities	-	-	2,866	2,866	-	-	-	-
	-	-	4,907	4,907	-	-	-	-

10.1 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.

11 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended March 31, 2017 is 2.90% which includes 0.82% representing government levy and SECP fee.

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 **April 27, 2017**.

13 GENERAL

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

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

13.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim statement of income and other comprehensive income for the quarter ended March 31, 2017 have not been reviewed.

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

Chief Executive

Director

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