

HBL

ASSET MANAGEMENT LTD.

ایس ایٹ مینجمنٹ لمیٹڈ



QUARTERLY REPORT 2017

For the period ended September 30, 2017

MOVING TOWARDS
EXCELLENCE

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CORPORATE INFORMATION

Management Company HBL Asset Management Limited.

Board of Directors

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

Audit Committee

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

Human Resource Committee

Chairman	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Mr. Farid Ahmed Khan	(Executive Director)
	Mr. Rayomond Kotwal	(Non-Executive Director)

Risk Management Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

AMC Rating

'AM2' (Positive Outlook)

Legal Advisors

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

Website

www.hblasset.com

Head Office

7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi.

Registered Office

7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi.

REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with the financial statements for the quarter ended September 30, 2017 of the following funds:

1. HBL Income Fund
2. HBL Government Securities Fund (Formerly : PICIC Income Fund)
3. HBL Money Market Fund
4. HBL Cash Fund (Formerly : PICIC Cash Fund)
5. HBL Stock Fund
6. HBL Equity Fund (Formerly : PICIC Stock Fund)
7. HBL Energy Fund (Formerly : PICIC Energy Fund)
8. HBL Multi Asset Fund

Economic Review

During 1QFY18, major economic indicators have sustained positive trend with manageable inflation levels, high LSM growth, strong private sector credit growth and lower fiscal deficit. However, import growth significantly outpaced exports which worsened trade account and increase in Current Account deficit. Import growth was primarily led by petroleum products, CPEC driven machinery and steel products which is encouraging as it suggests stronger economic growth in FY18.

Average inflation for 1QFY18 clocked in at 3.39% as compared to 3.86% in 1QFY17. Headline inflation remained muted on the back of adequate food supplies and stable local and international commodity prices. However, core inflation (measured by non-food-non-energy CPI) was recorded higher at 5.5%, reflecting underlying demand pressures. With adequate stocks of major food commodities (wheat and sugar) and no major disruption expected during the remaining months of FY18, inflation is likely to remain at manageable levels and thus FY18 average CPI would likely settle in a range of 4.5-5.0%.

Lower inflation & interest rates, increased private sector credit and domestic consumption led to strong growth in manufacturing output. Large-scale manufacturing (LSM) posted 12.98%YoY growth in Jul-17 primarily led by Iron & Steel Products (+46%), Automobiles (+42%), Non-metallic Mineral Products (+38%), Engineering (+22%) and Food (+19%). Promising growth of the manufacturing sector along with an encouraging initial assessment of major crops is likely to bode well for the overall economy which would likely sustain GDP growth momentum in FY18. Despite election year, the Government has maintained fiscal discipline during 1QFY18 as fiscal deficit was recorded at 10-year low of 0.9% of GDP (PKR324bn) as compared to 1.3% of GDP (PKR438bn) in 1QFY17. Improvement in fiscal account was driven by improved tax collection (+22% YoY) while total expenditures remained restricted (-2% YoY).

However, there are concerns on the external account front with 2MFY18 current account deficit soaring to USD2.6bn (4.6% of GDP) as compared to USD1.3bn (2.5% of GDP) during 2MFY17. Surge in Current Account deficit was driven by 27.9% YoY growth in imports against 17.9% YoY growth in exports which resulted in a trade deficit of USD 5.1bn. In this regard, government's efforts to maintain FX reserves (currently at 3.4 months of import cover) would be an important determinant of macroeconomic stability.

During the quarter, SBP kept the policy rate unchanged at 5.75% in the monetary policy announcements. Going forward, policy rate is likely to remain unchanged as the central bank would have to balance the need for GDP growth amid worsening current account deficit.

Money Market Review

On the Fixed Income front, yield curve steepened with secondary market yields on 3, 5 and 10-year PIBs increasing by 45, 56 and 13 bps respectively. The GoP raised PKR54bn through PIBs compared to the cumulative target of PKR300bn and against maturities of PKR772bn. Participation in auctions of PIBs was also limited and amounted to only PKR107bn (14% of maturity amount). PIB auctions held in Aug'17 and Sep'17 were scrapped. Cut-off yields remained almost flat and stood at 6.4091%, 6.8961% and 7.9360% p.a. for 3, 5 and 10-year PIBs respectively. Trading activity in the secondary market of PIBs remained subdued during the quarter reflecting market participants' expectation of interest rates having bottomed out and expected to increase in medium term.

During 1QFY18, government borrowing from scheduled banks increased by PKR219bn against net retirement of PKR260bn during the same period last year. Meanwhile, government borrowing from the SBP increased by PKR201bn lower than PKR580bn during 1QFY17. GoP raised PKR4,214bn (excluding NCB) through T-Bills, against target of PKR3,900bn and maturities of PKR3,264bn. Cut-off yields was unchanged during the period at 5.9910%, 6.0109% and 6.0386% p.a. for 3, 6 and 12-month T-Bills respectively. Major amount was accepted in the 3-month tenor. Going forward, since policy rate is likely to remain unchanged yield curve would likely remain sticky at current levels.

Stock Market Review

During 1QFY18, KSE100 index declined by 8.9% to 42,409 points - worst quarter since Dec-08. Political noise continued to dent overall sentiment with concerns over future post indictment of ex?PM, his family and the Finance Minister by the accountability court. On the international political front, US administration expressed concerns over Pakistan's contribution to war on terror which led to expectations of cut in Coalition Support Fund payments to Pakistan. Sector specific news flow was also negative during the quarter as one of the largest banks was charged a penalty from DFS NY while Supreme Court announced decision of an old pension case against another public sector bank. Cement sector further added to market woes following price cut (~PKR20-25/bag) by manufacturers in the North region with rumors over possibility of a price war. Fertilizer sector also remained weak due to demand-supply imbalances although sharp reversal in global urea prices and allowance of export quota by government provided some support to the stock prices towards quarter-end. During Sep-17, FTSE announced inclusion of five Pakistani stocks (MCB, SNGP, BAFL, MTL and THALL) in its Asia Pacific ex-Japan Index which led to net foreign buying of USD27.7mn within the week of index rebalancing (week ending on September 15, 2017). However, overall net foreign outflow was recorded at USD90mn during the quarter. Sectors with currency-hedged revenues (oil and gas exploration & production, IPPs and textiles) emerged as outperformers whereas sectors bearing inverse relationship with currency (autos/pharmaceuticals) reflecting market expectation of PKR depreciation. We expect market to remain range bound in near term while returns should improve over the medium term as valuations are attractive in comparison to regional markets.

FUND'S PERFORMANCE

HBL Income Fund

The total income and net income of the Fund was Rs.78.95 million and Rs. 55.11 million respectively during the quarter ended September 30, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs 106.0146 per unit as on June 30, 2017. The NAV of the Fund was Rs 107.0764 per unit as on September 30, 2017, thereby giving an annualized return of 3.97%. During the same period the benchmark (6 Month KIBOR) return was 6.15%.The size of Fund was Rs 4.11 billion as on September 30, 2017.

JCR-VIS Credit Rating Company Limited has reaffirmed A(f) Fund Stability Rating to the Fund.

HBL Government Securities Fund (Formerly: PICIC Income Fund)

The total income and net income of the Fund was Rs.20.59 million and Rs. 13.81 million respectively during the quarter ended September 30, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs105.4266 per unit as on June 30, 2017. The NAV of the Fund was Rs106.5792 per unit as on September 30, 2017, thereby giving an annualized return of 4.34%. During the same period the benchmark (6 Month PKRV Rates) return was 6.00%.The size of Fund was Rs 1.03 billion as on September 30, 2017.

JCR-VIS Credit Rating Company Limited has reaffirmed A(f) Fund Stability Rating to the Fund.

HBL Money Market Fund

The total income and net income of the Fund was Rs.83.78 million and Rs. 64.26 million respectively during the quarter ended September 30, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs101.7683 per unit as on June 30, 2017. The NAV of the Fund was Rs103.0764 per unit as on September 30, 2017, thereby giving an annualized return of 5.10%. During the same period the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 5.18%.The size of Fund was Rs5.26 billion as on September 30, 2017.

JCR-VIS Credit Rating Company Limited has reaffirmed AA(f) Fund Stability Rating to the Fund.

HBL Cash Fund (Formerly: PICIC Cash Fund)

The total income and net income of the Fund was Rs.123.99 million and Rs. 104.97 million respectively during the quarter ended September 30, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs100.4888 per unit as on June 30, 2016. The NAV of the Fund was Rs101.8364 per unit as on September 30, 2017, thereby giving an annualized return of 5.32%. During the same year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 5.18%.The size of Fund was Rs9.30 billion as on September 30, 2017.

JCR-VIS Credit Rating Company Limited has reaffirmed AA(f) Fund Stability Rating to the Fund.

HBL Stock Fund

The total income and net income of the Fund was Rs.(1.69)million and Rs. (34.24)million respectively during the quarter ended September 30, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs121.4498 per unit as on June 30, 2017. The NAV of the Fund was Rs106.5130 per unit as on September 30, 2017, thereby giving an annualized return of -12.30%. During the same period the benchmark KSE 30 index return was -9.98%.The size of Fund was Rs5.47 billion as on September 30, 2017.

HBL Equity Fund (Formerly: PICIC Stock Fund)

The total income and net income of the Fund was Rs.(49.58) million and Rs. (52.27) million respectively during the quarter ended September 30, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs124.6444 per unit as on June 30, 2017. The NAV of the Fund was Rs109.3715 per unit as on September 30, 2017, thereby giving an annualized return of -12.25%. During the same period the benchmark KSE 100 index return was -8.93%.The size of Fund was Rs 0.32 billion as on September 30, 2017.

HBL Energy Fund (Formerly: PICIC Energy Fund)

The total income and net income of the Fund was Rs.(0.94) million and Rs. (6.31) million respectively during the quarter ended September 30, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs15.0359 per unit as on June 30, 2017. The NAV of the Fund was Rs14.9329 per unit as on September 30, 2017, thereby giving an annualized return of -0.69%. During the same period the benchmark KSE 30 index return was -9.98%.The size of Fund was Rs 0.83 billion as on September 30, 2017.

HBL Multi Asset Fund

The total income and net income of the Fund was Rs.(5.31) million and Rs. (12.05) million respectively during the quarter ended September 30, 2017. The ex-dividend Net Asset Value (NAV) per unit of the Fund was Rs112.0924 per unit as on June 30, 2017. The NAV of the Fund was Rs102.4910 per unit as on September 30, 2017, thereby giving an annualized return of -6.32%. During the same period the benchmark index (Weighted average daily return KSE 100 and 6 Month PKRV rates) return was -5.75%.The size of Fund was Rs 0.91 billion as on September 30, 2017.

MANAGEMENT COMPANY RATING

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has maintained management quality rating of 'AM2 (positive outlook)' to the Management Company.

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 Limited 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.

On behalf of the Board of
HBL Asset Management Limited

Chief Executive Officer

Director

HBL

Money Market Fund

FUND INFORMATION

Name of Fund	HBL Money Market Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited Allied Bank Limited Meezan Bank Limited Askari Bank Limited Samba Bank Limited Zarai Taraqati Bank Limited Sindh Bank Limited
Fund Rating	AA(f) (JCR-VIS)

**HBL MONEY MARKET FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2017**

	Note	September 30, 2017 (Un-Audited) (Rupees in '000)	June 30, 2017 (Audited) (Rupees in '000)
Assets			
Bank balances	5	4,814,602	3,542,143
Investments	6	479,228	477,309
Accrued mark-up		29,126	21,546
Deposit and prepayments		340	100
Total assets		5,323,296	4,041,098
Liabilities			
Payable to Management Company	7	5,371	4,625
Payable to Trustee		440	388
Payable to Securities and Exchange Commission of Pakistan		953	3,125
Accrued expenses and other liabilities	8	60,044	90,950
Total liabilities		66,808	99,088
Net assets		5,256,488	3,942,010
Unit holders' fund (as per statement attached)		5,256,488	3,942,010
Cotingencies and commitments	9.		
		(Number of units)	
Number of units in issue		50,996,176	38,735,140
		(Rupees)	
Net assets value per unit		103.0761	101.7683

The annexed notes 1 to 16 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL MONEY MARKET FUND
CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

	Note	Three months ended September 30,	
		2017	2016
(Rupees in '000)			
Income			
Mark-up / return on investments		27,447	42,321
Mark-up on deposits with banks & TDRs		56,229	18,120
Gain / (Loss) on sale of investments - net		107	(667)
		83,783	59,774
Expenses			
Remuneration of Management Company		14,397	11,239
Remuneration of Trustee		1,293	1,049
Annual fee of Securities and Exchange Commission of Pakistan		953	746
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	1,275	995
Auditors' remuneration		95	126
Fees & Subscription		62	60
Settlement and bank charges		39	41
Securities transaction cost		55	46
Printing Charges		37	40
Legal Charges		2	2
		18,208	14,344
		65,575	45,430
Element of income and capital gains included in prices of units issued less those in units redeemed - net	4		6,352
Provision for Workers' Welfare Fund	8.2	(1,311)	-
Net income for the period before taxation		64,264	51,782
Taxation	11.	-	-
Net income for the period after taxation		64,264	51,782
Allocation of net income for the period:	4		
Income already paid on redemption of units		(10,704)	-
Accounting income available for distribution:			
-Relating to capital gains		89	(667)
-Excluding capital gains		53,471	52,449
		53,560	51,782
Net income / (loss) for the period after taxation		64,264	51,782
Other comprehensive income for the period			
<i>Items to be reclassified to income statement in subsequent periods:</i>			
Net unrealised (loss) / gain on re-measurement of investments classified as available for sale		-	(448)
Total comprehensive income for the period		64,264	51,334

Earning Per Unit

12

The annexed notes 1 to 16 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL MONEY MARKET FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three months ended September 30,	
	2017	2016
	(Rupees in '000)	
Undistributed income brought forward - realised	40,289	24,925
Accounting income available for distribution:		
-Relating to capital gains	89	
-Excluding capital gains	53,471	
	53,560	51,782
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	-	444
Undistributed income carried forward - realised	93,849	77,151

The annexed notes 1 to 16 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL MONEY MARKET FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three months ended September 30,	
	2017	2016
	(Rupees in '000)	
Net assets at beginning of the period	3,942,010	3,522,715
Issue of 29,813,364 units (2016 : 20,767,227 units)	2,329,452	1,111,259
Redemption of 17,552,328 units (2016 : 19,005,037 units)	(1,079,238)	(538,516)
	1,250,214	572,743
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed - transferred to income statement	-	(6,352)
Income already paid on redemption of units	10,704	-
Accounting income available for distribution for the period:	53,560	51,782
Net unrealised diminution on re-measurement of investments classified as available for sale	-	(448)
Net assets at end of the period	5,256,488	4,140,888
Net asset value per unit at the beginning of the period	101.7683	101.5468
Net asset value per unit at the end of the period	103.0761	102.7115

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL MONEY MARKET FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three months ended September 30,	
	2017	2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	64,264	51,782
Adjustments		
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed - net	-	(6,352)
	64,264	45,430
(Increase) / decrease in assets		
Investments - net	(1,919)	98,585
Accrued mark-up	(7,580)	(14,482)
Advances, deposits and other receivables	(240)	-
	(9,739)	84,103
Increase / (decrease) in liabilities		
Payable to HBL Asset Management Limited - Management Company	746	(509)
Payable to Central Depository Company of Pakistan Limited - Trustee	52	(61)
Payable to Securities and Exchange Commission of Pakistan	(2,172)	(2,698)
Accrued expenses and other liabilities	(30,906)	(224,526)
	(32,280)	(227,794)
Net cash generated from / (used) in operating activities	22,245	(98,261)
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	2,329,452	1,111,259
Payment against redemption of units	(1,079,238)	(538,516)
Cash dividend paid	-	(1,818)
Net cash generated from financing activities	1,250,214	570,925
Net increase in cash and cash equivalents	1,272,459	472,664
Cash and cash equivalents at beginning of the period	3,542,143	2,371,639
Cash and cash equivalents at end of the period	4,814,602	2,844,303

The annexed notes 1 to 16 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL MONEY MARKET FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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 authorised by the Securities and Exchange Commission of Pakistan (the SECP) as a unit trust scheme on April 9, 2010.

HBL Asset Management Limited is the Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi Pakistan.

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

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

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

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

2. STATEMENT OF COMPLIANCE

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, 2017."

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 September 30, 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, 2017.

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, 2017."

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, 2017. 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 financial information for the year ended June 30, 2017.

4. AMENDMENTS IN THE NBFC REGULATIONS:

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

5. BANK BALANCES	<i>Note</i>	September 30, 2017	June 30, 2017
(Rupees in '000)			
Balances with bank in:			
- PLS saving deposit accounts under mark-up arrangements	5.1	<u>4,814,602</u>	<u>3,542,143</u>
		<u>4,814,602</u>	<u>3,542,143</u>

5.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 4.00% - 6.65% per annum (June 30, 2017: 4.00% - 6.70% per annum).

6. INVESTMENTS	<i>Note</i>	September 30, 2017	June 30, 2017
(Rupees in '000)			
Available for sale			
- Government Securities	6.1	-	-
Held for sale			
- Government Securities	6.2	-	-
Loans and receivables			
- Term deposit receipts	6.3	380,000	380,000
- Clean placement		<u>99,228</u>	<u>97,309</u>
		<u>479,228</u>	<u>477,309</u>

6.1 Investment in Government Securities - Available for sale

Issue Date	Tenor	Face value			Market Value as at September 30, 2017	Market value as a percentage of	
		As at July 1, 2017	Purchases during the period	Sales / Matured during the period		Total Investments	Net Assets
----- (Rupees in '000) -----							
Treasury bills							
July 21, 2016	12 Months	-	900,000	900,000	-	-	-
January 19, 2017	06 Months	-	825,000	825,000	-	-	-
February 2, 2017	06 Months	-	300,000	300,000	-	-	-
February 16, 2017	06 Months	-	95,000	95,000	-	-	-
May 11, 2017	03 Months	-	225,000	225,000	-	-	-
Total		-	<u>2,345,000</u>	<u>2,345,000</u>	-	-	-

Cost of investments at September 30, 2017

-

6.2 Investment in Government Securities - Held for sale

Issue Date	Tenor	Face value			Market Value as at September 30, 2017	Market value as a percentage of	
		As at July 1, 2017	Purchases during the period	Sales / Matured during the period		Total Investments	Net Assets
----- (Rupees in '000) -----							
Treasury bills							
May 25, 2017	03 Months	-	915,000	915,000	-	-	-
July 20, 2017	03 Months	-	2,570,000	2,570,000	-	-	-
August 3, 2017	03 Months	-	1,600,000	1,600,000	-	-	-
August 17, 2017	03 Months	-	550,000	550,000	-	-	-
August 31, 2017	03 Months	-	1,550,000	1,550,000	-	-	-
September 14, 2017	03 Months	-	450,000	450,000	-	-	-
September 28, 2017	03 Months	-	1,000,000	1,000,000	-	-	-
Total		-	8,635,000	8,635,000	-	-	-
Cost of investments at September 30, 2017					-		

6.3 Loans and receivables - Term deposit receipts

Name of Company	Note	As at July 01, 2017	Placements made during the period	Matured during the period	As at September 30, 2017	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----							
Zarai Taraqati Bank Limited	6.3.1	380,000	-	-	380,000	79.29	7.23
		380,000	-	-	380,000	79.29	7.23

6.3.1 Term deposit receipts carries mark-up at the rate of 6.5% (June 30, 2017 6.5%) per annum.

6.4 Unrealised gain on re-measurement of investments classified as available for sale	Note	September 30, 2017	September 30, 2016
(Rupees in '000)			
Market value of investments	6.1 & 6.2	-	1,395,389
Less: Cost of investments		-	(1,395,669)
		-	(280)
7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
		September 30, 2017	June 30, 2017
		(Un-Audited)	(Audited)
(Rupees in '000)			
Management fee	7.1	4,366	3,760
Sindh Sales Tax	7.2	568	489
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	437	376
		5,371	4,625

7.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of one percent per annum for the current year (2017: one percent per annum).

7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

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

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

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30, 2017	June 30, 2017
		(Rupees in '000)	
Auditors' remuneration		625	530
Brokerage payable		57	-
Withholding tax payable		1,071	26,101
Federal Excise Duty	8.1	41,211	41,211
Capital gain tax payable		766	8,152
Advance against units to be issued		2,500	2,500
Provision for Sindh Workers' Welfare Fund	8.2	7,915	6,602
Other payable		5,899	5,854
		<u>60,044</u>	<u>90,950</u>

8.1 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 results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

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, aggregating to Rs. 41.21 million (June 30, 2017: Rs.41.21 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2017 would have been higher by Re. 0.81 (June 30, 2017: Rs.1.06) per unit.

8.2 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

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

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 7.91 million (June 30, 2017 Rs. 6.60 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.16 (June 30, 2017 Re. 0.17) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2017 and June 30, 2017.

10. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.39% (0.08% representing Government Levies, and SECP Fee).

11. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. 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.

12. EARNINGS PER UNIT (EPU)

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

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
13.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee	14,397	11,239
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,275	995
Investment of 536,016 units (2016: Nil units)	55,000	-
Redemption of Nil units (2016: 1,661,185 units)	-	170,000
Habib Bank Limited - Sponsor		
Bank charges paid	14	11
Mark-up earned during the period	5,158	2,863
Mark-up received during the period	3,786	2,051
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,293	1,049
Directors, Executives and Key Management personnel		
Redemption of 137,374 units (2016: 14,833 units)	14,099	1,516

13.2 Amounts outstanding as at period end**September 30,
2017** **June 30,
2017**
(Rupees in '000)**HBL Asset Management Limited - Management Company**

Management Fee	4,366	3,760
Sindh Sales Tax	568	489
Allocation of expenses related to registrar services, accounting, operation and valuation services	437	376
Investment held in the Fund : 536,016 units (June 30, 2017: Nil units)	55,243	-

Habib Bank Limited - Sponsor

Investment held in the Fund : 1,781,757 units (June 30, 2017: 1,781,757 units)	183,631	181,326
Bank balances	2,000,163	899,493
Mark-up receivable on deposits with bank	4,009	2,637

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	440	785
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Directors, Executives and Key Management personnel

Investment held in the Fund : nil units (June 30, 2017: 36,604 units)	-	13,981
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14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date.

The quoted market price used for financial assets held by the Fund is current bid price.

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

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

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

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

September 30, 2017							
Carrying amount				Fair Value			
Available-for-sale	Loans and receivables	Other financial assets	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
- Government Securities	-	-	-	-	-	-	-
Financial assets not measured at fair value							
Bank balances	4,814,602	-	4,814,602				
Investments							
- Term deposit receipts	380,000						
- Clean placements	99,228						
Accrued mark-up	29,126		29,126				
Advances, deposits and other receivables	100		100				
	5,323,056		4,843,828				
Financial liabilities not measured at fair value							
Payable to Management Company	-	4,803	4,803				
Payable to Trustee	-	389	389				
Accrued expenses and other liabilities	-	9,081	9,081				
	-	14,273	14,273				

June 30, 2017							
Carrying amount				Fair Value			
Available-for-sale	Loans and receivables	Other financial assets	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
- Government Securities	-	-	-	-	-	-	-
Financial assets not measured at fair value							
Bank balances	3,542,143	-	3,542,143				
Investment							
- Term deposit receipts	380,000		380,000				
- Clean placements	97,309		97,309				
Accrued mark-up	21,546		21,546				
Deposits	100		100				
	4,041,098		4,041,098				
Financial liabilities not measured at fair value							
Payable to Management Company	-	3,760	3,760				
Payable to Trustee	-	343	343				
Accrued expenses and other liabilities	-	15,486	15,486				
	-	19,589	19,589				

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

15. DATE OF AUTHORISATION FOR ISSUE

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

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Income Fund

FUND INFORMATION

Name of Fund	HBL Income Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited Allied Bank Limited JS Bank Limited Samba Bank Limited MCB Bank Limited Askari Bank Limited Zarai Taraqati Bank Limited Soneri Bank Limited
Fund Rating	A(f) (JCR-VIS)

HBL INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2017

	Note	September 30, 2017 (Un-Audited) (Rupees in '000)	June 30, 2017 (Audited)
Assets			
Bank balances	5	1,467,461	881,829
Investments	6	2,578,433	2,718,877
Accrued mark-up		45,950	43,405
Advances, deposits and other receivables		157,064	921,578
Total assets		4,248,908	4,565,689
Liabilities			
Payable to Management Company	7	6,586	8,335
Payable to Central Depository Company of Pakistan Limited - Trustee		436	498
Payable to Securities and Exchange Commission of Pakistan		813	4,291
Accrued expenses and other liabilities	8	133,504	62,269
Total liabilities		141,339	75,393
Net assets		4,107,569	4,490,296
Unit holders' fund (as per statement attached)		4,107,569	4,490,296
Contingencies and commitments	9		
		(Number of units)	
Number of units in issue		38,361,103	42,355,455
		(Rupees)	
Net assets value per unit		107.0764	106.0146

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL INCOME FUND

CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME (UN- AUDITED) FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

	Note	Three months ended September 30, 2017 2016	
		------(Rupees in '000)-----	
Income			
Mark-up on deposits with banks		25,390	21,458
Mark-up / return on investments		44,476	81,736
Capital gain / (loss) on sale of investments - net		7,379	(968)
Dividend Income		1,394	-
Unrealised gain on revaluation of investments carried at fair value through profit or loss - held-for-trading		61	-
Other Income		253	-
		78,953	102,226
Expenses			
Remuneration of HBL Asset Management Limited - Management Company		18,378	26,871
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,274	1,530
Annual fee to Securities and Exchange Commission of Pakistan		813	1,189
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.2	1,084	1,585
Settlement and bank charges		997	130
Auditors' remuneration		88	130
Other expenses		90	38
		22,724	31,473
Net income from operating activities		56,229	70,753
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	4	-	(9,068)
Provision for Sindh Workers' Welfare Fund	8.2	(1,124)	-
Net income for the period before taxation		55,105	61,685
Taxation	10	-	-
Net income for the period after taxation		55,105	61,685
Allocation of net income for the period:	4		
Income already paid on redemption of units		(3,563)	-
Accounting income available for distribution:			
-Relating to capital gains		6,959	-
-Excluding capital gains		44,583	-
		51,542	61,685
Net income for the period after taxation		55,105	61,685
Other comprehensive income for the period ; Items that may be reclassified to income statement in subsequent period:			
Unrealised loss on re-measurement of investments classified as available-for-sale		(11,783)	(1,264)
Total comprehensive income for the period		43,322	60,421
Earnings per unit	11		

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL INCOME FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN- AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

	Note	Three months ended September 30,	
		2017	2016
		(Rupees in '000)	
Undistributed income brought forward			
- Realised income		117,670	240,413
- Unrealised loss		(12)	-
		117,658	240,413
Accounting income available for distribution:	4		
-Relaing to capital gains		6,959	
-Excluding capital gains		44,583	
		51,542	61,685
Element of (loss) and capital (losses) included in the prices of units issued less those in units redeemed - amount representing (loss) that form part of unit holders' fund	4	-	(27,509)
		169,200	274,589
Undistributed income comprising:			
- Realised income		169,139	274,589
- Unrealised income		61	-
		169,200	274,589

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN- AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

	Note	Three months ended September 30,	
		2017	2016
		(Rupees in '000)	
Net assets at beginning of the period		4,490,296	6,726,060
Issue of 2,386,031 units (2016: 2,584,601 units)		253,635	273,112
Redemption of 6,380,383 units (2016: 9,838,673 units)		(679,684)	(1,065,573)
		(426,049)	(792,461)
Element of income and capital gain included in prices of units issued less those in units redeemed	4		
- transferred to the Income Statement		-	9,068
- transferred to the Distribution Statement		-	-
		-	9,068
Income already paid on redemption of units	4	3,563	-
Accounting income available for distribution for the period:		51,542	61,685
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to Distribution Statement	4	-	-
Net unrealised (diminution) on remeasurement of investments classified as available for sale		(11,783)	(1,264)
Net assets at end of the period		4,107,569	6,003,088
Net asset value per unit at the beginning of the period		106.0146	106.0938
Net asset value per unit at the end of the period		107.0764	106.9245

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN- AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

	Three months ended September 30,	
	2017	2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	43,322	61,685
Adjustments		
Capital (gain) / loss on sale of investments - net	(7,379)	968
Unrealised (Gain) / loss on revaluation of investments carried at fair value through profit or loss	(61)	1,264
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	9,068
	<u>35,882</u>	<u>72,985</u>
Decrease / (increase) in assets		
Investments - net	147,884	609,609
Accrued mark-up	(2,545)	12,142
Advances, deposits, and other receivables	764,514	263,996
	<u>909,853</u>	<u>885,747</u>
Increase / (decrease) in liabilities		
Payable to HBL Asset Management Limited - Management Company	(1,749)	(3,165)
Payable to Central Depository Company of Pakistan Limited - Trustee	(62)	(139)
Payable to Securities and Exchange Commission of Pakistan	(3,478)	(3,655)
Accrued expenses and other liabilities	71,235	12,336
	<u>65,946</u>	<u>5,377</u>
Net cash generated from operating activities	<u>1,011,681</u>	<u>964,109</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	253,635	273,112
Payment against redemption of units	(679,684)	(1,065,573)
Net cash used in financing activities	<u>(426,049)</u>	<u>(792,461)</u>
Net increase in cash and cash equivalents	<u>585,632</u>	<u>171,648</u>
Cash and cash equivalents at beginning of the period	881,829	3,259,842
Cash and cash equivalents at end of the period	<u>1,467,461</u>	<u>3,431,490</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL INCOME FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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.

HBL Asset Management Limited is the Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, 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 Lahore Stock Exchange. The units of the Fund were initially offered for public subscription at par from March 15, 2007 to March 17, 2007.

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

JCR-VIS Credit Rating Agency has assigned an asset manager rating of 'AM2' (positive outlook) to the Management Company.

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

2. STATEMENT OF COMPLIANCE

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, 2017."

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 September 30, 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, 2017.

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, 2017."

- 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, 2017. 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 financial information for the year ended June 30, 2017.

4. AMENDMENTS IN THE NBFC REGULATIONS:

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

5. BANK BALANCES

	<i>Note</i>	(Unaudited) September 30, 2017	(Audited) June 30, 2017
(Rupees in '000)			
Balances with bank in:			
PLS saving deposit accounts under mark-up arrangements		1,467,461	881,829

- 5.1 Mark-up rates on these accounts range between 4.00% - 6.65% per annum (June 30, 2017: 4.00% - 6.60% per annum).

6. INVESTMENTS

	<i>Note</i>	(Unaudited) September 30, 2017	(Audited) June 30, 2017
(Rupees in '000)			
Available for sale			
- Term finance certificates - listed	6.1.1	168,645	301,041
- Term finance certificates and sukuk bonds - unlisted	6.1.2	901,148	1,170,083
Fair value through profit or loss - held for trading			
- Term finance certificates and sukuk bonds - unlisted	6.2	199,210	-
- Investment in ready / future - spread transaction	6.6	225,268	222,649
		<u>1,494,271</u>	<u>1,693,773</u>
Loans and receivables			
- Placements	6.4	945,000	890,000
- Commercial paper	6.5	139,162	135,104
		<u>2,578,433</u>	<u>2,718,877</u>

6.1 Available for sale investments

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

6.1.1 Term Finance Certificates - Listed

Name of the Investee Company	Number of certificates				Market value / Carrying value* as at September 30, 2017	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period	As at September 30, 2017		Total Investments	Net Assets
Financial Services							
Saudi Pak Leasing Company Limited - note 6.1.3	2,000	-	-	2,000	-	-	-
	2,000	-	-	2,000	-	-	-
Fixed Line Telecommunication							
Worldcall Telecom Limited - note 6.1.4	23,750	-	-	23,750	-	-	-
	23,750	-	-	23,750	-	-	-

Name of the Investee Company	Number of certificates			As at September 30, 2017	Market value / Carrying value* as at September 30, 2017 - Rupees in '000 -	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
Commercial Banks							
MCB Bank Limited	43,200	-	-	33,600	168,645	6.54%	4.11%
	43,200	-	-	33,600	168,645	6.54%	4.11%
Chemicals							
Fatima Fertilizer Company Limited	43,200	-	43,200	-	-	-	-
	43,200	-	43,200	-	-	-	-
Total	68,950	-	43,200	59,350	168,645	6.54%	4.11%
Cost of investments at September 30, 2017					170,471		

6.1.2 Term Finance Certificates and Sukuk bonds - Unlisted

Name of the Investee Company	Number of certificates			As at September 30, 2017	Market value/ Carrying value* as at September 30, 2017 Rupees in '000	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
Commercial Banks							
JS Bank Limited	46,000	-	17,600	28,400	142,965	5.54%	3.48%
Habib Bank Limited	2,710	-	370	2,340	231,566	8.98%	5.64%
Bank of Punjab	2,400	-	-	2,400	240,803	9.34%	5.86%
Bank Al Habib	22,280	-	22,280	-	-	-	-
	73,390	-	40,250	33,140	615,335	23.86%	14.98%
Chemicals							
Ghani Gases Limited	1,200	-	-	1,200	111,073	4.31%	2.70%
Agritech Limited - note 6.1.7	2,000	-	-	2,000	-	-	-
Engro Fertilizer Limited - Sukuk	-	-	-	-	-	-	-
	3,200	-	-	3,200	111,073	4.31%	2.70%
Multiutilities							
WAPDA TFC	60,200	-	-	60,200	174,740	6.78%	4.25%
	60,200	-	-	60,200	174,740	6.78%	4.25%
Others							
New Allied Electronics Industries (Pvt) Limited - note 6.1.5	9,000	-	-	9,000	-	-	-
New Allied Electronics Industries (Pvt) Limited - Sukuk - note 6.1.5	9,000	-	-	9,000	-	-	-
	18,000	-	-	18,000	-	-	-
Total	154,790	-	40,250	114,540	901,148	34.95%	21.94%
Cost of investments at September 30, 2017					900,492		

* 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.

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

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.

Debt security can be classified as performing once all arrears (principal & mark-up) have been received in cash and debt security is regular on all payments for the next two instalments. The above exposure had been classified as performing by the MUFAP as arrears due on the date of restructuring were rescheduled and the investee company has settled the next two instalments.

The Issuer defaulted again in the payment of principal and mark-up due on September 13, 2011. In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities Exchange Commission of Pakistan (SECP), the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non performing exposure. A provision of Rs. 5.550 million equivalent to 100% of the amount outstanding has been made.

- 6.1.4** Worldcall Telecom Limited TFC's were classified by MUFAP as non-performing on November 8, 2012 after default of instalment due on October 7, 2012 (earlier default on April 7, 2012) for the second time. A restructuring agreement was signed on December 26, 2012. The restructuring included the extension of repayment period by 2 years, deferral of principal instalments till October 7, 2014 and payment of regular mark-up during the restructuring period. In accordance with Circular No. 33 of 2012 dated October 24, 2012, a provision of Rs. 47.767 million equivalent to 100% of the amount outstanding has been made.
- 6.1.5** These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided.
- 6.1.6** The Term Finance Certificates and Sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the issuer.
- 6.1.7** Instalments amounting to Rs. 1.998 million became due for payment of the following TFCs / sukuks.

	(Unaudited) September 30, 2017	(Audited) June 30, 2017
	(Rupees in '000)	
Bank Al Habib Limited	-	-
Agritech Limited	<u>1,998</u>	<u>1,998</u>
	<u>1,998</u>	<u>1,998</u>

6.2 Fair value through profit or loss - held for trading

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

Term Finance Certificates - Unlisted

Name of the Investee Company	Number of certificates			As at September 30, 2017	Market value / Carrying value* as at September 30, 2017	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
					- Rupees in '000 -		
Commercial Banks							
Bank Al Habib Limited	-	4,000	4,000	-	-	-	-
JS Bank Limited	-	15,000	-	15,000	75,510	2.93%	1.84%
Habib Bank Limited	-	1,250	-	1,250	123,700	4.80%	3.01%
	<u>-</u>	<u>1,250</u>	<u>-</u>	<u>1,250</u>	<u>199,210</u>	<u>7.73%</u>	<u>4.85%</u>
Cost of investments at September 30, 2017					<u>199,363</u>		

6.3 Significant terms and conditions of Term Finance Certificates and Sukuk bonds outstanding as at September 30, 2017 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Term Finance Certificates - Listed				
Saudi Pak Leasing Company Limited	2,775	6% Fixed Rate	13-Mar-08	13-Mar-17
World Call Telecom Limited	2,011	6 Month KIBOR + 1.60%	7-Oct-08	7-Oct-16
MCB Bank Limited	4,994	6 Month KIBOR + 1.15%	19-Jun-14	19-Jun-22
Fatima Fertilizer Company Limited	4,500	6 month KIBOR + 1.10%	28-Nov-16	28-Nov-21
Term Finance Certificates and Sukuk bonds - Unlisted				
New Allied Electronics Industries (Private) Limited - Sukuk	4,905	6 Month KIBOR + 2.50%	15-May-07	15-May-11
Agritech Limited	3,997	6 Month KIBOR + 1.75%	30-Nov-07	30-Nov-14
New Allied Electronics Industries (Private) Limited	2,114	6 Month KIBOR + 2.20%	3-Dec-07	3-Dec-12
Bank Al Habib Limited	4,998	6 Month KIBOR + 1%	17-Mar-16	17-Mar-26
WAPDA - TFC	2,857	6 Month KIBOR + 1%	27-Sep-13	19-Sep-21
Ghani Gases Limited	91,667	3 Month KIBOR + 1%	2-Feb-17	2-Feb-23
Habib Bank Limited	99,940	6 Month KIBOR + 0.54%	19-Feb-16	19-Feb-26
JS Bank Limited	4,999	6 Month KIBOR + 1.40%	14-Dec-16	16-Dec-23
Bank of Punjab	99,980	6 Month KIBOR + 0.50%	19-Feb-16	19-Feb-26

6.4 This represents term deposit receipt which will mature on December 04, 2017 and carries profit range from 6.50% to 8.00% (June 30, 2017: 6.80% to 8.00%) per annum.

6.5 This represents commercial paper which will mature on November 27, 2017 and carries profit range from 6.89% to 7.91% (June 30, 2017: 6.80% to 8.00%) per annum.

6.6 Quoted equity securities (spread transactions)

6.6.1 Listed equity securities

All equity shares have a face value of Rs. 10 each.

Name of the investee Company	Number of shares	----- Rupees in '000 -----			Market value as a percentage of total investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of total paid up capital of the Investee Company
	As at September 30, 2017	Carrying cost	Market value as at September 30, 2017	Unrealised appreciation/ (diminution) on re-measurement			
Cement							
D G Khan Cement Company Limited	207,000	30,846	30,861	15	1.14%	0.69%	0.05%
		30,846	30,861	15	1.14%	0.69%	0.05%
Engineering							
International Steels Limited	148,000	18,001	18,024	23	0.66%	0.40%	0.03%
Amreli Steels Limited	5,000	508	511	4	0.02%	0.01%	0.00%
		18,508	18,535	27	0.68%	0.41%	0.04%
Cable & electrical goods							
Pak Elektron Limited	602,500	45,543	45,635	92	1.68%	1.02%	0.12%
		45,543	45,635	92	1.68%	1.02%	0.12%
Oil & gas exploration companies							
Oil & Gas Development Company Limited	252,000	37,789	37,793	4	1.39%	0.84%	0.01%
		37,789	37,793	4	1.39%	0.84%	0.01%
Refinery							
Attock Refinery Limited	150,000	61,800	61,827	27	2.27%	1.38%	0.18%
		61,800	61,827	27	2.27%	1.38%	0.18%
Fertilizer							
Fauji Fertilizer Company Limited	212,000	17,681	17,694	13	0.65%	0.39%	0.02%
		17,681	17,694	13	0.65%	0.39%	0.02%

Name of the Investee Company	Number of shares	----- Rupees in '000 -----			Market value as a percentage of total investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of total paid up capital of the Investee Company
	As at September 30, 2017	Carrying cost	Market value as at September 30, 2017	Unrealised appreciation/ (diminution) on re-measurement			
Textile Composite							
Gul Ahmed Textile Mills Limited	150,000	5,720	5,730	11	0.21%	0.13%	0.04%
Nishat (Chunian) Limited	10,000	536	539	3	0.02%	0.01%	0.00%
Nishat Mills Limited	45,500	6,630	6,654	24	0.24%	0.15%	0.01%
		12,886	12,923	37	0.26%	0.16%	0.02%
As at September 30, 2017		225,054	225,268	214	8.07%	4.89%	0.42%
As at June 30, 2017		222,661	222,649	(12)	8.19%	4.96%	0.37%

6.6.2 The investment in equity securities represents spread transactions entered into by the Fund. The Fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day, resulting in spread income due to difference in ready and future stock prices.

6.6.3 This includes unrealised mark-to-market gain on ready-buy-future sale transactions amounting to Rs. 0.927 m (June 30, 2017: Rs. 1.838m)

	Note	(Unaudited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
6.7 Net unrealised gain / (loss) on re-measurement of investments classified as available for sale			
Market value of investments	6.1.1, 6.1.2 & 6.3	1,069,793	1,471,124
Cost of investments	6.1.1, 6.1.2 & 6.3	1,195,449	1,584,997
Provision against non-performing TFCs and Sukuks	6.8	(124,486)	(124,486)
		1,070,963	1,460,511
		(1,170)	10,613
6.8 Movement in provision against investments			
Opening balance		126,484	126,484
Add: Charge for the period		-	-
Less: Reversals / write-offs		-	-
Net charge		-	-
Closing balance		126,484	126,484
Classified under investments		124,486	124,486
Classified under other receivables - overdue installments of term finance certificates		1,998	1,998
		126,484	126,484

7. PAYABLE TO MANAGEMENT COMPANY	Note	(Unaudited)	(Audited)
		September 30, 2017	June 30, 2017
Rupees in '000'			
Management fee		5,171	6,413
Sindh Sales Tax	7.1	672	960
Sales load payable		398	526
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.2	345	436
		<u>6,586</u>	<u>8,335</u>

7.1 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

7.2 In accordance with the provisions of the NBFRC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operation charges amounting to Rs 1.084 million (2016: Rs 1.585 million) to the Fund during the year.

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30, 2017	June 30, 2017
(Rupees in '000)			
Auditors' remuneration		418	330
Brokerage payable		1,155	-
Federal Excise Duty payable	8.1	27,578	27,578
Capital gain tax payable		232	2,352
Withholding tax payable		588	14,279
Payable against Purchase of Investments		84,716	-
Provision for Sindh Workers' Welfare Fund	8.2	18,573	17,449
Other payables		244	281
		<u>133,504</u>	<u>62,269</u>

8.1 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 results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

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, aggregating to Rs. 27.57 million (June 30, 2017: Rs.27.57 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2017 would have been higher by Re. 0.79 (June 30, 2017: Re. 0.65) per unit.

8.2 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

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

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 18.57 million (June 30, 2017 Rs. 17.49 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.48 (June 30, 2017 Re. 0.41) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2017 and June 30, 2017.

10. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. 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.

11. EARNINGS PER UNIT (EPU)

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

12. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.55% (0.09% representing Government Levies, and SECP Fee).

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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:

	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
13.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Issuance of 422,082 units	45,000	-
Management fee	18,378	26,871
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,084	1,585
Habib Bank Limited - Sponsor		
Profit on bank deposits earned including TDRs	1,014	2,124
Profit received on bank deposits	702	1,511
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,274	1,530
Directors and Executives of the Management Company and their relatives		
Executives and their relatives		
Redemption of 33,231 units (2016: 9,360 units)	3,531	1,000
13.2 Balances outstanding as at period end	September 30,	June 30,
	2017	2017
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Investment held by the management company in the fund: 422,082 units (June 30, 2017 : Nil)	45,000	-
Management fee	5,171	6,413
Sindh Sales Tax	672	960
Sales Load payable	398	526
Allocation of expenses related to registrar services, accounting, operation and valuation services	345	436
Habib Bank Limited - Sponsor		
Investment held by HBL in the Fund: 19,506,241 units (June 30, 2017: 19,506,241 units)	2,088,414	2,076,755
Bank balances with HBL	161,725	111,454
Investment in Term finance certificate	355,266	271,569
Directors and Executives of the Management Company and their relatives		
Executives and their relatives		
Investment held in the Fund: 81,907 units (2017: 4,840 units)	8,769	515
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	436	498
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 i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

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

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

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

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

	Note	September 30, 2017				Fair Value				
		Carrying amount								
		Held for trading	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										
- Term Finance Certificates and Sukuk bonds - Unlisted		-	1,069,793	-	-	1,069,793	-	1,069,793	-	1,069,793
- Term Finance Certificates and Sukuk bonds - Listed		199,210	-	-	-	199,210	-	199,210	-	199,210
		199,210	1,069,793	-	-	1,269,003	-	1,269,003	-	1,269,003
Financial assets not measured at fair value										
Bank balances	14.1	-	-	1,467,461	-	1,467,461				
Investments										
- Placements	6.4	-	-	1,084,162	-	1,084,162				
Accrued mark-up		-	-	45,950	-	45,950				
Advances, deposits and other receivables		-	-	156,199	-	156,199				
		-	-	2,753,772	-	2,753,772				
Financial liabilities not measured at fair value										
Payable to Management Company	14.1	-	-	-	6,586	6,586				
Payable to Trustee		-	-	-	436	436				
Accrued expenses and other liabilities		-	-	-	86,533	86,533				
		-	-	-	93,555	93,555				

	June 30, 2017					Fair Value			
	Carrying amount				Total	Level 1	Level 2	Level 3	Total
	Held for trading	Available-for-sale	Loans and receivables	Other financial liabilities					
On-balance sheet financial instruments	(Rupees in '000)								
Financial assets measured at fair value									
Investments	-	1,471,124	-	-	1,471,124	-	1,471,124	-	1,471,124
- Term Finance Certificates and Sukuk bonds - Unlisted	-	1,471,124	-	-	1,471,124	-	1,471,124	-	1,471,124
Financial assets not measured at fair value									
Bank balances	-	-	881,829	-	881,829				
Investments									
- Placements	-	-	1,025,104	-	1,025,104				
Accrued mark-up	-	-	43,405	-	43,405				
Advances, deposits and other receivables	-	-	921,578	-	921,578				
	-	-	2,871,916	-	2,871,916				
Financial liabilities not measured at fair value									
Payable to Management Company	-	-	-	8,335	8,335				
Payable to Trustee	-	-	-	498	498				
Accrued expenses and other liabilities	-	-	-	2,963	2,963				
	-	-	-	11,796	11,796				

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 16 of 2010 dated July 07, 2010 required all Asset Management Companies to made disclosure in the financial statement of the collective investment scheme regarding any non-compliant investment held in portfolio of the collective investment scheme which are non-compliant either with the investment policy or the minimum investment criteria. As at September 30, 2017, all the investment held in the fund portfolio are compliant except for the following which are non-compliant due to not meeting minimum rating requirement.

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

16. DATE OF AUTHORISATION FOR ISSUE

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

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Multi Asset Fund

FUND INFORMATION

Name of Fund	HBL Multi Asset Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Falah Limited Allied Bank Limited JS Bank Limited MCB Bank Limited Zarai Taraqati Bank Limited Sindh Bank Limited

HBL MULTI ASSET FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2017

	Note	September 30, 2017 (Un-Audited) (Rupees in '000)	June 30, 2017 (Audited)
Assets			
Bank balances	5	233,845	194,333
Investments	6	682,508	781,227
Dividend receivable and accrued mark-up		8,399	3,616
Advances, deposits and other receivables		3,494	3,480
Total assets		928,246	982,656
Liabilities			
Payable to Management Company	7	1,780	1,881
Payable to Trustee		171	180
Payable to Securities and Exchange Commission of Pakistan		202	749
Accrued expenses and other liabilities	8	13,907	13,062
Total liabilities		16,060	15,872
Net assets		912,186	966,784
Unit holders' fund (as per statement attached)		912,186	966,784
Contingencies And Commitments			
	9	(Number of units)	
Number of units in issue		8,900,157	8,624,879
		(Rupees)	
Net assets value per unit		102.4910	112.0924

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL MULTI ASSET FUND
CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

	Note	Three months ended	
		September 30,	
		2017	2016
		----- (Rupees in '000) -----	
Income			
Dividend income		4,768	2,538
Mark-up on deposits with banks & Term deposit		4,696	390
Mark-up / return on investments - net		1,273	4,423
Capital gain on sale of investments - net		(12,005)	34,715
Other Income		-	15
		(1,268)	42,081
Unrealised appreciation /(diminution) on re-measurement of investments at "fair value through profit or loss - held-for-trading" - net		(4,039)	-
		(5,307)	42,081
Expenses			
Remuneration of Management Company		5,380	4,515
Remuneration of Trustee		538	456
Annual fee of Securities and Exchange Commission of Pakistan		202	170
Allocation of expenses related to registrar services, accounting, operation and valuation services		238	193
Settlement and bank charges		108	8
Auditors' remuneration		100	95
Fee and Subscription		37	57
Printing Charges		28	-
Securities transaction costs		113	-
		6,744	5,494
Net income from operating activities		(12,051)	36,587
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	4	-	194
Provision for Sindh Workers' Welfare Fund	8.2	-	-
Net income for the period before taxation		(12,051)	36,781
Taxation	10	-	-
Net income for the period after taxation		(12,051)	36,781
Allocation of net income for the period:	4		
Income already paid on redemption of units		(15)	-
Accounting income available for distribution:			
-Relating to capital gains		(16,064)	-
-Excluding capital gains		3,998	-
		(12,066)	36,781
Net income / (loss) for the period after taxation		(12,051)	36,781
Other comprehensive income for the period			
<i>Items to be reclassified to income statement in subsequent periods:</i>			
Unrealised gain on re-measurement of investments classified as available for sale		(72,557)	(11,267)
Total comprehensive income for the period		(84,608)	25,514
Earning per unit	11		

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL MULTI ASSET FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three months ended September 30,	
	2017	2016
	(Rupees in '000)	
Accumulated loss brought forward - realised	9,332	(96,050)
Accounting income available for distribution:	4	
-Relating to capital gains	(16,064)	-
-Excluding capital gains	3,998	-
	(12,066)	36,781
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	4	
	-	(939)
Accumulated loss carried forward - realised	(2,734)	(60,208)
Undistributed income carried forward comprising of:		
Realised Income	1,305	(60,208)
Unrealised Income	(4,039)	-
	(2,734)	(60,208)

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL MULTI ASSET FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
Net assets at beginning of the period	966,784	765,506
Issue of 506,241 units (2016: 126,707 units)	54,454	12,819
Redemption of 230,963 units (2016: 49,091 units)	(24,444)	(4,988)
	30,010	7,831
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed - transferred to income statement - net	4	(194)
Income already paid on redemption of units	4	15
Accounting Income available for distribution	4	(12,066)
Net unrealised diminution on remeasurement of investments classified as available for sale	(72,557)	(11,267)
Net assets at end of the period	912,186	798,657
Net asset value per unit at the beginning of the period	112.0924	98.0472
Net asset value per unit at the end of the period	102.4910	101.2865

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL MULTI ASSET FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three months ended September 30,	
	2017	2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	(12,051)	36,781
Adjustments		
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	(194)
	(12,051)	36,587
(Increase) / decrease in assets		
Investments - net	26,161	15,906
Dividend receivable and accrued mark-up	(4,783)	(10,914)
Advances, deposits and other receivables	(13)	15,023
	21,365	20,015
Increase / (decrease) in liabilities		
Payable to Management Company	(101)	27
Payable to Trustee	(9)	(15)
Payable to Securities and Exchange Commission of Pakistan	(547)	(459)
Accrued expenses and other liabilities	845	12,675
	188	12,228
Net cash generated from operating activities	9,502	68,830
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	54,454	12,819
Payment against redemption of units	(24,444)	(4,988)
Net cash generated from financing activities	30,010	7,831
Net increase cash and cash equivalents	39,512	76,661
Cash and cash equivalents at beginning of the period	194,333	21,075
Cash and cash equivalents at end of the period	233,845	97,736

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL MULTI ASSET FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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.

HBL Asset Management Limited is the Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, 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 0 can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange.

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

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

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

2. STATEMENT OF COMPLIANCE

- 2.1** 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.

"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, 2017."

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 September 30, 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

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, 2017.

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.

"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, 2017."

Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.

The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2017.

4. AMENDMENTS IN THE NBFC REGULATIONS:

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

5. Bank Balances	Note	September 30, 2017	June 30, 2017
		(Rupees in '000)	
Savings accounts	5.1	233,845	194,333
		<u>233,845</u>	<u>194,333</u>

5.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 3.75%-6.4% per annum (2016:3.75% - 6.75%) p.a).

6. INVESTMENTS

Note

Available for sale			
- Listed equity securities	6.1	468,968	631,666
- Term Finance Certificates - Unlisted	6.2.2	53,298	68,561
Held for trading			
- Listed equity securities	6.3	67,202	-
- Term Finance Certificates - Unlisted	6.4	12,040	-
Loans and receivables			
- Term deposit and receipts	6.5	81,000	81,000
		<u>682,508</u>	<u>781,227</u>

6.1 Listed equity securities - Available for sale

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

Name of the Investee Company	Number of shares					Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2017		Total Investments	Net Assets	
Rupees in '000									
Commercial Banks									
Allied Bank Limited	128,000	-	-	-	128,000	11,199	1.64%	1.23%	0.01%
Habib Bank Limited	105,971	-	-	27,000	78,971	14,275	2.09%	1.56%	0.01%
MCB Bank Limited	109,900	-	-	-	109,900	22,969	3.37%	2.52%	0.01%
United Bank Limited	109,300	-	-	-	109,300	20,786	3.05%	2.28%	0.01%
	<u>453,171</u>	-	-	<u>27,000</u>	<u>426,171</u>	<u>69,228</u>	<u>10.14%</u>	<u>7.59%</u>	

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
Rupees in '000									
Personal Goods (Textile)									
Nishat Mills Limited	129,300	-	-	-	129,300	18,761	2.75%	2.06%	0.04%
	129,300	-	-	-	129,300	18,761	2.75%	2.06%	
Cement									
D.G.Khan Cement Company Limited	119,400	-	-	-	119,400	17,535	2.57%	1.92%	0.03%
Lucky Cement Limited	41,150	-	-	-	41,150	23,257	3.41%	2.55%	0.01%
Cherat Cement Company Limited	95,000	-	-	42,300	52,700	6,323	0.93%	0.69%	0.03%
Pioneer Cement Company Limited	152,000	-	-	80,900	71,100	6,395	0.94%	0.71%	0.03%
	407,550	-	-	123,200	284,350	53,510	7.84%	5.87%	
Power Generation & Distribution									
The Hub Power Company Limited	281,000	-	-	-	281,000	31,419	4.60%	3.44%	0.02%
	281,000	-	-	-	281,000	31,419	4.60%	3.44%	
Oil and Gas Exploration Company									
Mari Petroleum Limited	17,600	-	-	1,400	16,200	24,381	3.57%	2.67%	0.01%
Pakistan Oilfields Limited	36,000	-	-	-	36,000	19,153	2.81%	2.10%	0.02%
Oil & Gas Development Company Limited	193,700	-	-	-	193,700	28,792	4.22%	3.16%	0.00%
Pakistan Petroleum Limited	150,000	-	-	-	150,000	26,204	3.84%	2.87%	0.01%
	397,300	-	-	1,400	395,900	98,530	14.44%	10.80%	
Oil and Gas Marketing Company									
Hascol Petroleum Ltd	57,500	6,500	-	10,000	54,000	15,179	2.22%	1.66%	0.04%
Pakistan State Oil Company Limited	31,100	-	-	2,000	29,100	12,855	1.88%	1.41%	0.01%
Sui Northern gas Pipeline Ltd	137,500	-	-	-	137,500	18,406	2.70%	2.02%	0.02%
	226,100	6,500	-	12,000	220,600	46,440	6.80%	5.09%	
Fertilizer									
Enzro Corporation Limited	90,500	25,000	-	-	115,500	35,007	5.13%	3.84%	0.02%
Enzro Fertilizer Limited	149,000	-	-	149,000	-	-	0.00%	0.00%	0.00%
	239,500	25,000	-	149,000	115,500	35,007	5.13%	3.84%	
Cable and Electrical Goods									
Pak Elektron Limited	183,000	-	-	-	183,000	13,899	2.04%	1.52%	0.04%
	183,000	-	-	-	183,000	13,899	2.04%	1.52%	
Paper & Board									
Packages Limited	20,450	-	-	-	20,450	11,800	1.73%	1.29%	0.02%
	20,450	-	-	-	20,450	11,800	1.73%	1.29%	
Pharma and Bio Tech									
Abbot Laboratories (Pak) Ltd	8,300	-	-	8,300	-	-	0.00%	0.00%	0.00%
The Searle Company Limited	34,512	-	-	-	34,512	13,940	2.04%	1.53%	0.02%
	42,812	-	-	8,300	34,512	13,940	2.04%	1.53%	
Automobile Assemblers									
Milat Tractors Ltd	9,850	-	-	-	9,850	12,296	1.80%	1.35%	0.02%
Honda Atlas Car Limited	10,800	-	-	-	10,800	5,826	0.85%	0.64%	0.01%
Indus Motor Company Limited	6,840	-	-	-	6,840	11,770	1.72%	1.29%	0.01%
Pak Suzuki Motor Company Limited	23,500	-	-	-	23,500	10,755	1.58%	1.18%	0.03%
	50,990	-	-	-	50,990	40,648	5.96%	4.46%	
Engineering									
Mughal Iron & Steel Limited	2,500	-	-	-	2,500	143	0.02%	0.02%	0.00%
International Steels Limited	71,500	-	-	23,300	48,200	5,838	0.86%	0.64%	0.01%
International Industries Limited	34,500	-	-	10,000	24,500	7,110	1.04%	0.78%	0.02%
Crescent Steel & Allied Products limited	39,300	22,000	-	-	61,300	9,697	1.42%	1.06%	0.08%
Amrrell Steels Limited	106,000	-	-	106,000	-	-	0.00%	0.00%	0.00%
	253,800	22,000	-	139,300	136,500	22,788	3.34%	2.50%	

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Leather and Tanneries									
Service Industries Limited	5,900	-	-	-	5,900	5,381	0.79%	0.59%	0.05%
	5,900	-	-	-	5,900	5,381	0.79%	0.59%	
Sugar and Allied Industries									
Faran Sugar Mills Ltd	57,100	-	-	57,100	-	-	0.00%	0.00%	0.00%
	57,100	-	-	57,100	-	-	0.00%	0.00%	
Chemical									
Engro Polymer & Chemicals Ltd	328,000	-	-	100,000	228,000	7,617	1.12%	0.84%	3.00%
ICI Pakistan Ltd	8,900	-	-	8,900	-	-	0.00%	0.00%	0.00%
	336,900	-	-	108,900	228,000	7,617	1.12%	0.84%	
Automobile Parts & accessories									
Thall Limited	10,000	-	-	10,000	-	-	0.00%	0.00%	0.00%
	10,000	-	-	10,000	-	-	0.00%	0.00%	
Transport									
Pakistan National Shipping Corp Ltd	82,300	-	-	82,300	-	-	0.00%	0.00%	0.00%
	82,300	-	-	82,300	-	-	0.00%	0.00%	
Non Life Insurance									
Adamjee Insurance Company Limited	6,500	-	-	6,500	-	-	0.00%	0.00%	0.00%
	6,500	-	-	6,500	-	-	0.00%	0.00%	
	3,183,673	53,500	-	725,000	2,512,173	468,968	68.71%	51.41%	
Cost of investments at September 30, 2017						484,452			

6.2 Term Finance Certificates - Available for sale

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 5,000 & 100,000 each unless stated otherwise.

6.2.1 Term Finance Certificates - Listed

Name of the Investee Company	Number of certificates				As at September 30, 2017	Market value / Carrying value* as at September 30, 2017	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period	As at September 30, 2017			Total Investments	Net Assets
(Rupees in '000)								
Financial Services								
Saudi Pak Leasing Company Limited - (Note 4.2.3)	6,000	-	-	6,000	-	-	-	-
	6,000	-	-	6,000	-	-	-	-
Cost of investments at September 30, 2017						15,197		

* 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.

6.2.1.1 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.

6.2.2 Term Finance Certificates - Unlisted

Name of the Investee Company	Number of certificates				Market value / Carrying value as at September 30, 2017		Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period	As at September 30, 2017	Total Investments	Net Assets		
(Rupees in '000)								
Financial Services								
J5 Bank Limited	10,000	-	3,000	7,000	35,238	5.16%	3.86%	
The Bank Of Punjab	180	-	-	180	18,060	2.65%	1.98%	
	10,180	-	3,000	7,180	53,298	7.81%	5.84%	
Cost of investments at September 30, 2017					53,189			

6.3 Listed equity securities - Held for trading

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

Name of the Investee Company	Number of shares				Market value as at September 30, 2017		Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2017	Total Investments	Net Assets		
(Rupees in '000)									
Commercial Banks									
Allied Bank Limited	-	19,500	-	-	19,500	1,706	0.25%	0.19%	0.00%
MCB Bank Limited	-	50,200	-	-	50,200	10,492	1.54%	1.15%	0.00%
United Bank Limited	-	55,000	-	-	55,000	10,459	1.53%	1.15%	0.00%
	-	124,700	-	-	124,700	22,657	3.32%	2.48%	
Personal Goods (Textile)									
Nishat Mills Limited	-	10,000	-	-	10,000	1,451	0.21%	0.16%	0.00%
	-	10,000	-	-	10,000	1,451	0.21%	0.16%	
Cement									
D.G.Khan Cement Company Limited	-	45,000	-	-	45,000	6,609	0.97%	0.72%	0.01%
	-	45,000	-	-	45,000	6,609	0.97%	0.72%	
Power Generation & Distribution									
The Hub Power Company Limited	-	14,000	-	-	14,000	1,565	0.23%	0.17%	0.00%
	-	14,000	-	-	14,000	1,565	0.23%	0.17%	
Oil and Gas Exploration Company									
Mari Petroleum Limited	-	2,000	-	-	2,000	3,010	0.44%	0.33%	0.00%
Oil & Gas Development Company Limited	-	25,900	-	-	25,900	3,850	0.56%	0.42%	0.00%
Pakistan Petroleum Limited	-	30,000	-	-	30,000	5,241	0.77%	0.57%	0.00%
	-	57,900	-	-	57,900	12,100	1.77%	1.33%	
Oil and Gas Marketing Company									
Sui Northern gas Pipeline Ltd	-	35,000	-	-	35,000	4,685	0.69%	0.51%	0.01%
	-	35,000	-	-	35,000	4,685	0.69%	0.51%	
Fertilizer									
Fauji Fertilizer Co. Ltd	-	80,000	-	-	80,000	6,651	0.97%	0.73%	0.01%
	-	80,000	-	-	80,000	6,651	0.97%	0.73%	
Cable and Electrical Goods									
Pak Elektron Limited	-	34,000	-	-	34,000	2,582	0.38%	0.28%	0.01%
	-	34,000	-	-	34,000	2,582	0.38%	0.28%	
Pharma and Bio Tech									
The Searle Company Limited	-	6,500	-	-	6,500	2,625	0.38%	0.29%	0.00%
	-	6,500	-	-	6,500	2,625	0.38%	0.29%	
Engineering									
International Steels Limited	-	30,000	-	-	30,000	3,634	0.53%	0.40%	0.01%
International Industries Limited	-	3,000	-	-	3,000	871	0.13%	0.10%	0.00%
	-	33,000	-	-	33,000	4,505	0.66%	0.49%	

Name of the Investee Company	Number of shares				Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company	
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period		As at September 30, 2017	Total Investments		Net Assets
	(Rupees in '000)								
Chemical	-	53,000	-	-	53,000	1,771	0.26%	0.19%	0.01%
Engro Polymer & Chemicals Ltd	-	53,000	-	-	53,000	1,771	0.26%	0.19%	
	-	493,100	-	-	493,100	67,202	9.85%	7.37%	
Cost of investments at September 30, 2017						<u>71,164</u>			

6.4 Term Finance Certificates - Held for trading

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 100,000 each unless stated otherwise.

6.4.1 Term Finance Certificates - Listed

Name of the Investee Company	Number of certificates				Market value / Carrying value as at September 30, 2017	Market value as a percentage of			
	As at July 1, 2017	Purchases during the period	Sales / Matured during the period	As at September 30, 2017		Total Investments	Net Assets		
	(Rupees in '000)								
Financial Services									
The Bank Of Punjab	-	120	-	120	12,040	1.76%	1.32%		
	-	120	-	120	12,040	1.76%	1.32%		
Cost of investments at September 30, 2017						<u>12,118</u>			

6.4.1.1 Significant terms and conditions of Term Finance Certificates and Sukuk bonds outstanding at September 30, 2017 are:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Saudi Pak Leasing Company Limited	2,533	6% Fixed Rate	13-Mar-08	13-Mar-17
The Bank Of Punjab	99,980	6 month KIBOR + 0.50%	19-Feb-16	19-Feb-26
JS Bank Limited	4,999	6 month KIBOR + 1.40%	14-Dec-16	14-Dec-23

6.5 Term deposit receipt with Zarai Tarakiyati Bank Limited have original maturity of 6 months carries mark-up at the rate of 6.5%. (2016 : Nil)

6.6 Investments include shares having market value aggregating to Rs. 41.9880 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.

7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Note

	September 30, 2017	June 30, 2017
	(Rupees in '000)	
Management fee	1,509	1,594
Sindh Sales Tax	196	207
Allocation of expenses related to registrar services, accounting, operation and valuation services	75	80
	<u>1,780</u>	<u>1,881</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 two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2017: two percent per annum) of the average annual net assets of the Fund for the current period.

7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

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

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

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30, 2017	June 30, 2017
(Rupees in '000)			
Auditors' remuneration		420	320
Federal Excise Duty	8.1	6,610	6,610
Sales Load Payable to related parties		115	132
Other payables		58	110
Printing Payable		108	-
Withholding tax payable		97	623
Payable against purchase of Investments		1,614	-
Dividend Payable		-	41
Payable to brokers		288	629
Provision for Sindh Workers' Welfare Fund	8.2	4,597	4,597
		13,907	13,062

8.1 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 results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

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, aggregating to Rs. 6.61 million (June 30, 2017: Rs.6.61 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2017 would have been higher by Re. 0.74 (June 30, 2017: Re. 0.77) per unit.

8.2 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

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

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 4.59 million (June 30, 2017 Rs. 4.59 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.52 (June 30, 2017 Re. 0.53) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2017.

10. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. 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.

11. EARNINGS PER UNIT (EPU)

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

12. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.71% (0.09% representing Government Levies, and SECP Fee).

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

13.1 Transactions during the period

	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	5,380	4,515
Allocation of expenses related to registrar services, accounting, operation and valuation services	238	193
Habib Bank Limited - Sponsor		
Mark-up earned during the period	143	148
Mark-up received during the period	73	142
Dividend income earned during the period	276	377
Bank charges	8	-
Sale of 27,000 shares (2016: 205,800 shares)	6,797	44,742
Gain on sale of shares	1,145	7,069

	Three months ended September 30,	
	2017	2016
	(Rupees in '000)	
International Steels Limited - Common directorship		
Dividend income earned during the period	78	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	538	456
Central Depository service charges	12	-
13.2 Amounts outstanding as at period end	September 30,	June 30,
	2017	2017
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	1,509	1,594
Sindh Sales Tax	196	207
Sales load payable	-	60
Allocation of expenses related to registrar services, accounting, operation and valuation services	75	80
Habib Bank Limited - Sponsor		
Investment held in the Fund: 6,996,574 units (June 30, 2017: 6,996,574 units)	717,107	774,433
Bank balances	2,928	28,980
Mark-up receivable on deposits with bank	106	36
Dividend Income receivable	276	-
Ordinary shares held in Habib Bank Limited 78,971 shares (June 30, 2017: 105,971 shares)	14,275	28,521
Sales load payable	115	72
International Steel Limited - Common Directorship		
Ordinary Shares held : 78,200 shares (June 30, 2017: 71,500 shares)	9,472	9,144
Packages Limited - Common Directorship		
Ordinary Shares held : 20,450 shares (June 30, 2017: 20,450 shares)	11,800	14,225
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	151	159
Sindh Sales Tax	20	21

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 16 of 2010 dated July 07, 2010 required all Asset Management Companies to made disclosure in the financial statement of the collective investment scheme regarding any non-compliant investment held in portfolio of the collective investment scheme which are non-compliant either with the investment policy or the minimum investment criteria. As at September 30, 2017, all the investment held in the fund portfolio are compliant except for the following which are non-compliant due to not meeting minimum rating requirement.

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

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Note	September 30, 2017							
	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	536,170	-	-	536,170	536,170	-	-	536,170
- Term finance certificate	65,338	-	-	65,338	65,338	-	-	65,338
	601,508	-	-	601,508	601,508	-	-	601,508
Financial assets not measured at fair value								
Bank balances	-	233,845	-	233,845	-	-	-	-
Investments								
- Loans and receivables - Placements	-	81,000	-	81,000	-	-	-	-
- Dividend receivable and accrued mark-up	-	8,399	-	8,399	-	-	-	-
- Advances, deposits and other receivables	-	3,493	-	3,493	-	-	-	-
	-	326,738	-	326,738	-	-	-	-
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	1,584	1,584	-	-	-	-
Payable to Trustee	-	-	151	151	-	-	-	-
Accrued expenses and other liabilities	-	-	2,603	2,603	-	-	-	-
	-	-	4,338	4,338	-	-	-	-
	June 30, 2017							
	Carrying amount			Fair Value				
	Available-for-sale	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	631,666	-	-	631,666	631,666	-	-	631,666
- Term Finance certificate - unlisted	68,561	-	-	68,561	68,561	-	-	68,561
	700,227	-	-	700,227	700,227	-	-	700,227
Financial assets not measured at fair value								
Bank balances	-	194,333	-	194,333	-	-	-	-
Investments								
- Un-Listed equity securities	-	-	-	-	-	-	-	-
- Loans and receivables - Placements	-	81,000	-	81,000	-	-	-	-
- Dividend receivable and accrued mark-up	-	3,616	-	3,616	-	-	-	-
- Advances, deposits, prepayments and other receivables	-	3,480	-	3,480	-	-	-	-
	-	282,429	-	282,429	-	-	-	-

	June 30, 2017							
	Carrying amount				Fair Value			
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	----- (Rupees in '000) -----							
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	1,674	1,674	-	-	-	-
Payable to Trustee	-	-	159	159	-	-	-	-
Accrued expenses and other liabilities	-	-	1,232	1,232	-	-	-	-
	-	-	3,065	3,065	-	-	-	-

16. DATE OF AUTHORISATION FOR ISSUE

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

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Stock Fund

FUND INFORMATION

Name of Fund	HBL Stock Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Allied Bank Limited JS Bank Limited MCB Bank Limited

HBL STOCK FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2017

	Note	September 30, 2017 (Un-Audited)	June 30, 2017 (Audited)
(Rupees in '000)			
Assets			
Bank balances	5	789,747	650,713
Investments	6	4,778,904	5,800,585
Dividend receivable and accrued mark-up		66,163	33,494
Advance, deposits and other receivables		28,982	216,628
Total assets		5,663,797	6,701,420
Liabilities			
Payable to Management Company	7	13,259	21,503
Payable to Trustee		604	1,418
Payable to Securities and Exchange Commission of Pakistan		1,392	5,403
Payable against redemption of units		60,393	181,864
Dividend payable		-	5,331
Accrued expenses and other liabilities	8	115,435	131,229
Total liabilities		191,083	346,748
Net assets		5,472,714	6,354,672
Unit holders' fund (as per statement attached)		5,472,714	6,354,672
Contingencies and commitments	9		
		(Number of units)	
Number of units in issue		51,380,708	52,323,461
		(Rupees)	
Net assets value per unit		106.5130	121.4498

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL STOCK FUND
CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

	Note	Three months ended	
		September 30,	
		2017	2016
		------(Rupees in '000)-----	
Income			
Dividend income		45,918	28,751
Mark-up on deposits with banks		11,072	3,629
Mark-up on government securities		-	2,549
Unrealized (diminution) on re-measurements of investments		(42,624)	-
Capital (loss) / gain on sale of investments - net		(16,054)	251,757
		(1,688)	286,686
Expenses			
Remuneration of Management Company		33,064	27,236
Remuneration of Trustee		1,997	1,661
Annual fee to Securities and Exchange Commission of Pakistan		1,392	1,145
Allocation of expenses related to registrar services,			
accounting, operation and valuation services	7.3	1,463	1,205
Selling & Marketing Expense	7.4	(6,559)	-
Settlement & Bank Charges		160	10
Auditors' remuneration		94	235
Printing Charges		44	6
Securities Transaction Cost		869	30
Legal Fee		24	5
		32,548	31,533
		(34,236)	255,153
Net (loss) / income from operating activities			
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	4	-	368
Provision for Workers' Welfare Fund	8.2	-	-
Net (loss) / income for the period before taxation		(34,236)	255,521
Taxation	11	-	-
Net (loss) / income for the period after taxation		(34,236)	255,521
Earning per unit			
Allocation of net income for the period:			
Income already paid on redemption of units	4	-	-
Accounting (loss) / income available for distribution:	4		
-Relating to capital gains		(58,678)	-
-Excluding capital gains		24,442	-
		(34,236)	-
Net (loss) / income for the period after taxation		(34,236)	255,521
Other comprehensive income for the period			
Items to be reclassified to income statement in subsequent periods			
Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale		(749,763)	49,566
Total comprehensive (loss) / income for the period		(783,999)	305,087

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL STOCK FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Note	Three months ended September 30,	
		2017	2016
		(Rupees in '000)	
Accumulated loss brought forward - realised		(96,624)	(872,245)
Accounting (loss) / income available for distribution	4		255,521
-Relating to capital gains		(58,678)	
-Excluding capital gains		24,442	
		(34,236)	
Element of (loss) / income and capital (losses) / gains included in the price of units issued less those in units redeemed - amount representing (loss) / income that form part of the unit holders' fund	4	-	(1,474)
Accumulated loss carried forward - realised		(130,860)	(618,198)
Undistributed income carried forward comprising of			
- Realised income / (loss)		(88,236)	(618,198)
- Unrealised (loss) / income		(42,624)	-
Accumulated loss carried forward - realised		(130,860)	(618,198)

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL STOCK FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

	Note	Three months ended	
		September 30,	
		2017	2016
		(Rupees in '000)	
Net assets at beginning of the period		6,354,672	4,519,241
Issue of 3,820,493 units (2016: 922,850 units)		559,979	102,002
Redemption of 4,763,246 units (2016: 849,176 units)		(657,937)	(93,716)
		(97,958)	8,286
Income already paid on redemption of units		-	-
Accounting income available for distribution	4	(34,236)	255,521
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	4	-	(368)
Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale		(749,763)	49,566
Net assets at end of the period		5,472,714	4,832,246
Net asset value per unit at the beginning of the period		121.4498	103.6764
Net asset value per unit at the end of the period		106.5130	110.6700

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL STOCK FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three months ended September 30,	
	2017	2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / income for the period	(34,236)	255,521
Adjustments		
Unrealized diminution on re-measurements of investments	42,624	-
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed - net	-	(368)
	8,388	255,153
(Increase) / decrease in assets		
Investments - net	229,293	44,888
Dividend receivable and accrued mark-up	(32,669)	(1,971)
Advances, deposits, prepayments and other receivables	187,646	90
	384,269	43,007
Increase / (decrease) in liabilities		
Payable to Management Company	(8,244)	558
Payable to Trustee	(814)	(38)
Payable against redemption of units	(4,011)	-
Dividend payable	(121,471)	-
Payable to Securities and Exchange Commission of Pakistan	(5,331)	(2,965)
Accrued expenses and other liabilities	(15,794)	96,224
	(155,665)	93,779
Net cash generated from operating activities	236,992	391,939
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	559,979	102,002
Payment against redemption of units	(657,937)	(93,716)
Net cash (used in) / generated from financing activities	(97,958)	8,286
Net increase in cash and cash equivalents	139,034	400,225
Cash and cash equivalents at beginning of the period	650,713	38,406
Cash and cash equivalents at end of the period	789,747	438,631

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL STOCK FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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 as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on August 21, 2007.

HBL Asset Management Limited is the Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, 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 Lahore Stock Exchange. The units of the Fund were initially offered for public subscription at par August 29, 2007 to August 31, 2007.

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

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

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

2. STATEMENT OF COMPLIANCE

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, 2017."

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 September 30, 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, 2017.

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, 2017."

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, 2017. 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 financial information for the year ended June 30, 2017.

4. AMENDMENTS IN THE NBFC REGULATIONS:

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

5. BANK BALANCE	Note	September 30, 2017	June 30, 2017
		(Rupees in '000)	
Savings accounts		789,747	648,263
Current accounts		-	2,450
		<u>789,747</u>	<u>650,713</u>
6. INVESTMENTS	Note	September 30, 2017	June 30, 2017
		(Rupees in '000)	
Available for sale			
- Listed equity securities	6.1	4,210,435	5,800,585
Held For Trading			
- Listed equity securities	6.2	568,469	-
		<u>4,778,904</u>	<u>5,800,585</u>

6.1 Listed equity securities - Available for sale

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

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Commercial Banks									
Habib Bank Limited	942,619	-	-	810,000	132,619	23,972	0.50%	0.44%	0.01%
MCB Bank Limited	1,234,700	-	-	157,900	1,076,800	225,051	4.71%	4.11%	0.10%
Allied Bank Limited	1,251,700	-	-	-	1,251,700	109,511	2.29%	2.00%	0.11%
United Bank Limited	1,341,500	-	-	-	1,341,500	255,113	5.34%	4.66%	0.12%
	<u>4,770,519</u>	-	-	<u>967,900</u>	<u>3,802,619</u>	<u>613,648</u>	<u>12.84%</u>	<u>11.21%</u>	
Textile Composite									
Nishat Mills Limited	1,169,200	-	-	35,000	1,134,200	164,572	3.44%	3.01%	0.32%
	<u>1,169,200</u>	-	-	<u>35,000</u>	<u>1,134,200</u>	<u>164,572</u>	<u>3.44%</u>	<u>3.01%</u>	
Cement									
D. G. Khan Cement Limited	1,184,100	-	-	57,500	1,126,600	165,452	3.46%	3.02%	0.26%
Lucky Cement Limited	415,100	-	-	66,800	348,300	196,852	4.12%	3.60%	0.23%
Pioneer Cement Limited	1,417,800	46,500	-	258,300	1,206,000	108,468	2.27%	1.98%	0.37%
Cherat Cement Limited	724,100	-	-	123,400	600,700	72,072	1.51%	1.32%	0.11%
	<u>3,741,100</u>	<u>46,500</u>	-	<u>506,000</u>	<u>3,281,600</u>	<u>542,844</u>	<u>11.36%</u>	<u>9.92%</u>	
Power Generation & Distribution									
The Hub Power Company Limited	2,616,700	-	-	10,000	2,606,700	291,455	6.10%	5.33%	0.23%
K-Electric Limited (Rs. 3.5 each)	15,000,000	-	-	15,000,000	-	-	-	-	0.00%
	<u>17,616,700</u>	-	-	<u>15,010,000</u>	<u>2,606,700</u>	<u>291,455</u>	<u>6.10%</u>	<u>5.33%</u>	

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Oil and Gas									
Oil and Gas Development Company Lim	1,752,900	-	-	390,000	1,362,900	202,581	4.24%	3.70%	0.31%
Pakistan Oilfields Limited	347,900	-	-	17,000	330,900	176,052	3.68%	3.22%	0.21%
Pakistan Petroleum Limited	856,300	141,600	-	-	997,900	174,323	3.65%	3.19%	0.65%
Pakistan State Oil Company Limited	436,800	50,700	-	244,300	243,200	107,436	2.25%	1.96%	0.08%
Hascol Petroleum Limited	580,900	-	-	126,100	454,800	127,840	2.68%	2.34%	0.20%
Sui Northern Gas Pipelines Limited	1,466,000	-	-	35,000	1,431,000	191,554	4.01%	3.50%	0.53%
Mari Petroleum Limited	170,140	-	-	41,800	128,340	193,153	4.04%	3.53%	0.12%
	<u>5,610,940</u>	<u>192,300</u>	<u>-</u>	<u>854,200</u>	<u>4,949,040</u>	<u>1,172,939</u>	<u>24.54%</u>	<u>21.43%</u>	
Automobile Assembler									
Pak Suzuki Motor Company Limited	189,200	-	-	-	189,200	86,591	1.81%	1.58%	0.07%
Indus Motor Company Limited	66,180	-	-	-	66,180	113,884	2.38%	2.08%	0.00%
Honda Atlas Cars Pakistan Limited	126,550	-	-	-	126,550	68,272	1.43%	1.25%	0.01%
	<u>381,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>381,930</u>	<u>268,747</u>	<u>5.62%</u>	<u>4.91%</u>	
Chemicals									
Engro Corporation Limited	1,064,000	100,000	-	146,800	1,017,200	308,303	6.45%	5.63%	0.19%
Indus Fertilizers Limited	315,500	-	-	315,500	-	-	-	-	-
Engro Polymer & Chemicals Limited	3,101,000	-	-	834,500	2,266,500	75,274	1.58%	1.38%	0.43%
	<u>4,480,500</u>	<u>-</u>	<u>-</u>	<u>1,296,800</u>	<u>3,283,700</u>	<u>384,027</u>	<u>8.04%</u>	<u>7.01%</u>	
Household Goods									
Pak Elektron Limited	1,726,000	200,000	-	134,300	1,791,700	136,080	2.85%	2.49%	0.45%
	<u>1,726,000</u>	<u>200,000</u>	<u>-</u>	<u>134,300</u>	<u>1,791,700</u>	<u>136,080</u>	<u>2.85%</u>	<u>2.49%</u>	
Pharmaceuticals									
Searle Company Limited	361,804	10,000	-	77,150	294,654	119,017	2.49%	2.17%	0.29%
	<u>361,804</u>	<u>10,000</u>	<u>-</u>	<u>77,150</u>	<u>294,654</u>	<u>119,017</u>	<u>2.49%</u>	<u>2.17%</u>	
Automobile Parts and Accessories									
Millat Tractors Limited	82,750	-	-	-	82,750	103,296	2.16%	1.89%	0.14%
	<u>82,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,750</u>	<u>103,296</u>	<u>2.16%</u>	<u>1.89%</u>	
Engineering									
Mughal Iron & Steel Industries Limited (18,165	-	-	-	18,165	1,039	0.02%	0.02%	0.01%
Crescent Steel and Allied Products Limit	534,800	15,800	-	-	550,600	87,099	1.82%	1.59%	0.19%
International Steels Limited	1,056,000	-	-	240,700	815,300	98,757	2.07%	1.80%	0.27%
International Industries Limited	360,100	-	-	46,500	313,600	91,007	1.90%	1.66%	0.11%
	<u>1,969,065</u>	<u>15,800</u>	<u>-</u>	<u>287,200</u>	<u>1,697,665</u>	<u>277,903</u>	<u>5.81%</u>	<u>5.08%</u>	
General Industrials									
Packages Limited	239,700	-	-	68,650	171,050	98,698	2.07%	1.80%	0.19%
	<u>239,700</u>	<u>-</u>	<u>-</u>	<u>68,650</u>	<u>171,050</u>	<u>98,698</u>	<u>2.07%</u>	<u>1.80%</u>	
Leather and Tanneries									
Services Industries Limited	40,800	-	-	-	40,800	37,210	0.78%	0.68%	0.00%
	<u>40,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,800</u>	<u>37,210</u>	<u>0.78%</u>	<u>0.68%</u>	
	<u>47,191,008</u>	<u>464,600</u>	<u>-</u>	<u>19,237,700</u>	<u>23,518,408</u>	<u>4,210,435</u>	<u>88.10%</u>	<u>76.92%</u>	
Cost of investments at September 30, 2017						<u>4,453,487</u>			

6.2 Listed equity securities - Held for Trading

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

Name of the Investee Company	Number of shares				As at September 30, 2017	Market value as at September 30, 2017	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Cement									
D. G. Khan Cement Limited	-	250,000	-	-	250,000	36,715	0.77%	0.67%	0.06%
Lucky Cement Limited	-	25,000	-	-	25,000	14,130	0.30%	0.26%	0.02%
	-	275,000	-	-	275,000	50,845	1.06%	0.93%	
Engineering									
Amrell Steels Limited	-	394,500	-	-	394,500	40,227	0.84%	0.74%	0.09%
Crescent Steel and Allied Products Limit	-	92,800	-	-	92,800	14,680	0.31%	0.27%	0.03%
International Industries Limited	-	28,500	-	-	28,500	8,271	0.17%	0.15%	0.01%
	-	515,800	-	-	515,800	63,178	1.32%	1.15%	
Automobile Assembler									
Honda Atlas Cars (Pakistan) Ltd	-	58,700	-	-	58,700	31,668	0.66%	0.58%	0.01%
	-	58,700	-	-	58,700	31,668	0.66%	0.58%	
Household Goods									
Pak Elektron Ltd	-	58,000	-	-	58,000	4,405	0.09%	0.08%	0.01%
	-	58,000	-	-	58,000	4,405	0.09%	0.08%	
Pharmaceuticals									
Searle Company Limited	-	31,000	-	-	31,000	12,522	0.26%	0.23%	0.01%
	-	31,000	-	-	31,000	12,522	0.26%	0.23%	
Oil and Gas									
Mari Petroleum Company Limited	-	20,200	-	-	20,200	30,401	0.64%	0.56%	0.00%
Oil & Gas Development Ltd	-	501,000	-	-	501,000	74,469	1.56%	1.36%	0.17%
Pakistan Oilfields Limited	-	10,000	-	-	10,000	5,320	0.11%	0.10%	0.00%
Pakistan Petroleum Limited	-	529,600	-	-	529,600	92,516	1.94%	1.69%	0.18%
Sui Northern Gas Pipelines Ltd	-	100,000	-	-	100,000	13,386	0.28%	0.24%	0.04%
	-	1,160,800	-	-	1,160,800	216,092	4.52%	3.95%	
Commercial Banks									
Allied Bank Limited	-	19,000	-	-	19,000	1,662	0.03%	0.03%	0.00%
Habib Bank Limited	-	575,000	-	-	575,000	103,937	2.17%	1.90%	0.04%
MCB Bank Limited	-	225,000	-	-	225,000	47,025	0.98%	0.86%	0.02%
United Bank Limited	-	125,000	-	-	125,000	23,771	0.50%	0.43%	0.01%
	-	944,000	-	-	944,000	176,396	3.69%	3.22%	
Chemicals									
Engro Polymer & Chemicals Limited	-	400,000	-	-	400,000	13,364	0.28%	0.24%	0.08%
	-	400,000	-	-	400,000	13,364	0.28%	0.24%	
	-	3,443,300	-	-	3,443,300	568,469	11.90%	10.38%	
Cost of investments at September 30, 2017						611,093			

6.3 Investments include shares having market value aggregating to Rs. 335.3233 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.

6.4 Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale	Note	September 30, 2017	June 30, 2017
(Rupees in '000)			
Market value of investments	6.1	4,210,435	5,800,585
Cost of investments	6.1	4,453,487	5,293,873
Provision against equity securities	6.4.1	(44,995)	(44,995)
		4,408,492	5,248,878
		(198,056)	551,707

6.4.1 Movement in impairment against investments

Opening balance	44,995	81,273
Add: Charge for the period / year	-	35,921
Less: Reversals made during the period / year (capital gain)	-	(72,199)
Net charge / (reversal)	-	(36,278)
Closing balance	44,995	44,995

7 PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	September 30, 2017	June 30, 2017
(Rupees in '000)			
Management fee	7.1	9,048	10,522
Sindh Sales Tax	7.2	1,176	1,368
Sales load payable		480	426
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	452	526
Selling & Marketing payable	7.4	2,102	8,661
		13,259	21,503

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 (September 30, 2017: two percent per annum) of the average net assets of the Fund for the current period.

7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

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

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

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. Management Company of the Fund started accruing these charges effective from March 1, 2017. During the period a clarification was received from the SECP on September 19, 2017 as a result expenses charged to the fund amounting to 12.418 have been reversed during the period. Subsequent to period ended September 30, 2017 another clarification was received from SECP according to which expenses reversed during the period can be charged back to the Fund.

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30, 2017	June 30, 2017
(Rupees in '000)			
Auditors' remuneration		624	530
Payable against purchase of investments		33,149	52,836
Federal Excise Duty	8.1	37,838	37,838
Provision for Sindh Workers' Welfare Fund	8.2	34,381	34,381
Payable to brokers		2,475	-
Withholding tax payable		6,267	5,178
Other payables		701	466
		<u>115,435</u>	<u>131,229</u>

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

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 results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

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, aggregating to Rs. 37.83 million (June 30, 2017: Rs.37.83 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2017 would have been higher by Re. 0.74 (June 30, 2017: Re. 0.72) per unit.

8.2 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

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

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 34.38 million (June 30, 2017 Rs. 34.38 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.67 (June 30, 2017 Re. 0.66) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2017.

9.1 COMMITTED CREDIT LINES

The Securities and Exchange Commission of Pakistan Vide Direction No. 2 of 2017 dated January 13, 2017 as amended by Direction No. 7 of 2017 dated March 3, 2017, has directed all asset management companies to arrange committed credit lines from banks / DFIs for the equity funds equivalent to 10% of its net assets for redemption purposes. Accordingly, the Management Company of the fund has obtained committed credit lines of PKR 925 million at rate of 3 months KIBOR plus 0.45%. The management company is required to review the committed credit at least on a quarterly basis against the net assets of the Fund.

10. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.56% (0.07% representing Government Levies, and SECP Fee).

11. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. 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.

12. EARNINGS PER UNIT (EPU)

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

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

13.1 Transactions during the period	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee	33,064	27,236
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,463	1,205
Selling & Marketing Expense	(6,559)	-
Habib Bank Limited - Sponsor		
Profit on bank deposits earned	11,072	1,361
Profit on bank deposits received	9,504	1,028
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	1,997	1,661
Directors, Executives and their relatives		
Issuance of 29,887 units (2016: Nil Units)	3,211	-
Redemption of 1,704 units (2016: Nil Units)	181	-

	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
13.2 Transactions involving shares of connected persons:		
Habib Bank Limited - Sponsor		
Purchase of 575,000 shares (2016: Nil shares)	120,150	-
Sale of 810,000 shares (2016: 652,500 shares)	170,467	141,896
Gain on sale of shares	3,494	27,871
	September 30,	June 30,
	2017	2017
	(Rupees in '000)	
13.3 Balances outstanding as at period end		
HBL Asset Management Limited - Management Company		
Management fee	9,048	10,522
Sindh Sales Tax	1,176	1,368
Sales load payable	480	426
Selling & Marketing Expense	2,102	8,661
Allocation of expenses related to registrar services, accounting, operation and valuation services	452	526
Habib Bank Limited - Sponsor		
Investment held in the Fund: 37,754,700 units (June 30, 2017: 37,754,700 units)	4,021,582	4,585,301
Bank balances	97,968	57,148
Ordinary Shares held in the fund: 236,556 shares (June 30, 2017: 942,619)	127,909	253,696
Mark-up accrued on deposits with bank	1,786	219
Directors, Executives and their relatives		
Investment held in the Fund: 85,386 units (June 30, 2017: 40,541 units)	9,095	4,924
HBL Employees Provident Fund - Associated Entity		
Investment held in the Fund: 7,125,389 units (June 30, 2017: 7,125,389 units)	758,987	865,377
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	535	1,255
Sindh Sales Tax	69	163
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 i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date.

The quoted market price used for financial assets held by the Fund is current bid price.

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

	September 30, 2017							
	Carrying amount				Fair Value			
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	4,778,904	-	-	4,778,904	4,778,904	-	-	4,778,904
	<u>4,778,904</u>	<u>-</u>	<u>-</u>	<u>4,778,904</u>	<u>4,778,904</u>	<u>-</u>	<u>-</u>	<u>4,778,904</u>
Financial assets not measured at fair value								
Bank balances	-	789,747	-	789,747				
Investments								
- Un-Listed equity securities	-	-	-	-				
Dividend receivable and accrued mark-up	-	66,163	-	66,163				
Advances, deposits and other receivables	-	28,982	-	28,982				
	<u>-</u>	<u>884,893</u>	<u>-</u>	<u>884,893</u>				
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	13,259	13,259				
Payable to Trustee	-	-	604	604				
Accrued expenses and other liabilities	-	-	36,949	36,949				
	<u>-</u>	<u>-</u>	<u>50,813</u>	<u>50,813</u>				
----- (Rupees in '000) -----								
June 30, 2017								
	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	5,800,585	-	-	5,800,585	5,800,585	-	-	5,800,585
	<u>5,800,585</u>	<u>-</u>	<u>-</u>	<u>5,800,585</u>	<u>5,800,585</u>	<u>-</u>	<u>-</u>	<u>5,800,585</u>
Financial assets not measured at fair value								
Bank balances	-	650,713	-	650,713				
Investments								
- Un-Listed equity securities	-	-	-	-				
Dividend receivable and accrued mark-up	-	33,494	-	33,494				
Advances, deposits, prepayments and other receivables	-	216,628	-	216,628				
	<u>-</u>	<u>900,835</u>	<u>-</u>	<u>900,835</u>				
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	21,503	21,503				
Payable to Trustee	-	-	1,418	1,418				
Accrued expenses and other liabilities	-	-	53,832	53,832				
	<u>-</u>	<u>-</u>	<u>76,753</u>	<u>76,753</u>				

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 repriced 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 16 of 2010 dated July 07, 2010 required all Asset Management Companies to made disclosure in the financial statement of the collective investment scheme regarding any non-compliant investment held in portfolio of the collective investment scheme which are non-compliant either with the investment policy or the minimum investment creteria. As at September 30, 2017, all the investment held in the fund portfolio are compliant except for the following which are non-compliant due to not meeting minimum rating requirement.

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

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 **October 27, 2017**.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Cash Fund

(Formerly: PICIC Cash Fund)

FUND INFORMATION

Name of Fund	HBL Cash Fund (Formerly PICIC Cash Fund)
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited Allied Bank Limited JS Bank Limited Samba Bank Limited Zarai Taraqati Bank Limited United Bank Limited Sindh Bank Limited
Fund Rating	'AA(f)' (JCR-VIS)

**HBL CASH FUND (FORMERLY: PICIC CASH FUND)
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2017**

		September 30, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000)	
Assets			
Bank balances	5	8,387,935	6,537,316
Investments	6	889,228	637,309
Accrued markup on bank balances and investments		55,073	20,561
Deposits and prepayments		144	192
Total assets		9,332,380	7,195,378
Liabilities			
Payable to Management Company	7	5,148	3,457
Payable to the Trustee		725	974
Payable to the Securities and Exchange Commission of Pakistan		1,475	3,270
Redemption Paid		9,763	1,183,625
Accrued expenses and other liabilities	8	15,405	49,922
Total liabilities		32,516	1,241,248
Net assets		9,299,864	5,954,130
Unit holders' fund (as per statement attached)		9,299,864	5,954,130
Contingencies and commitments	9		
		(Number of units)	
Number of units in issue		91,321,638	59,251,693
		(Rupees)	
Net assets value per unit		101.8364	100.4888

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL CASH FUND (FORMERLY: PICIC CASH FUND)
CONDENSED INTERIM INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three Months ended September 30, 2017 2016	
	Note -----(Rupees in '000)-----	
Income		
Capital gain on sale of investments - net	157	66
Income from government securities	37,212	16,029
Income from money market placements	17,077	6,598
Profit on bank deposits	69,547	15,890
	123,993	38,583
Unrealized (diminution)on re-measurement of investments classified as ' financial assets at fair value through profit or loss - held-for-trading - net	-	(778)
	123,993	37,805
Expenses		
Remuneration of the Management Company	7.1 9,799	3,125
Sindh sales tax on remuneration of Management Company	7.2 1,274	406
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,880	743
Annual fee to the Securities and Exchange Commission of Pakistan	1,475	469
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3 1,966	631
Auditors remuneration	107	131
Fee & Subscription charges	99	76
Settlement and bank charges	190	43
Printing Expense	88	88
Total operating expense	16,878	5,712
Net income for the period from operating activities	107,115	32,093
Element of income and capital gains included in prices of units issued less those in units redeemed - net	4 -	2,366
Workers' Welfare Fund	8.2 (2,142)	-
Net income for the period before taxation	104,973	34,459
Taxation	10 -	-
Net income for the period after taxation	104,973	34,459
Allocation Of Net Income For The Period		
Income already paid on redemption	4 (12,324)	
Accounting income available for distribution		
-Realting to capital gain	139	-
-Excluding capital gain	92,511	-
	92,649	34,459
Net income / (loss) for the period after taxation	104,973	34,459
Other comprehensive income for the period	-	-
Total comprehensive income for the period	104,973	34,459

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL CASH FUND (FORMERLY: PICIC CASH FUND)
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three Months Ended September 30,	
	2017	2016
	(Rupees in '000)	
Undistributed income brought forward comprising of:		
Realised income	28,963	11,901
Unrealised income	-	17
	<u>28,963</u>	<u>11,918</u>
Cash distribution Nil (2016:Re 0.02 per unit for the year ended June 30, 2016 declared on August 26, 2016)	-	(490)
Accounting income available for distribution		
-Realtg to capital gain	139	
-Excuding capital gain	92,511	
	92,649	34,459
Element of income/(Loss) and capital gains/(Losses) included in the price of units issued less those in units redeemed - transferred to Distribrution Statement - net	-	3,045
	<u>121,612</u>	<u>48,932</u>
Undistributed income carried forward		
Undistributed income carried forward comprising of:		
Realised income	121,612	49,710
Unrealised loss	-	(778)
	<u>121,612</u>	<u>48,932</u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL CASH FUND (FORMERLY: PICIC CASH FUND)
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

		Three Months ended September 30, 2017 2016 (Rupees in '000)	
Net assets at beginning of the period		5,954,130	2,103,956
Issue of 53,915,835 units (2016: 9,962,680 units)		5,392,342	1,006,905
Redemption of 21,845,890 units (2016: 4,538,913 units)		(2,151,581)	(459,108)
		3,240,761	547,797
		9,194,891	2,651,753
Element of income/(Loss) and capital gains/(Losses) included in prices of units issued less those in units redeemed:	4		
- transferred to Income Statement and Other Comprehensive Income		-	(2,366)
- transferred to Distribution Statement		-	(3,045)
		-	(5,411)
Income already paid on redemption	4	12,324	-
Accounting income available for distribution	4	92,649	34,459
Final cash distribution of Rs. 0.02 per unit for the year ended June 30, 2016 declared on August 26, 2016		-	(490)
Element of income/(Loss) and capital gain/(Losses) included in prices of units issued less those in units redeemed - transferred to the Distribution Statement	4	-	3,045
Net assets at end of the period		9,299,864	2,683,356
Net asset value per unit at the beginning of the period		100.4888	100.5696
Net asset value per unit at the end of the period		101.8364	101.8578

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL CASH FUND (FORMERLY: PICIC CASH FUND)
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three Month ended September 30,	
Note	2017	2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	104,973	34,459
Adjustments		
Adjustments		
Capital loss on sale of investments-net	(157)	(66)
Element of income and capital gain included in prices of units issued less those in units redeemed - net	-	(2,366)
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		
Operating cash inflow before working capital changes	<u>-</u>	<u>778</u>
	104,816	32,805
(Increase) / Decrease in assets		
Investments - net	(251,762)	(1,227,665)
Profit Receivable	(34,512)	(471)
Prepayments and advances	48	21
	(286,226)	(1,228,115)
(Decrease) / (increase) in liabilities		
Payable to the Management Company	1,691	(38)
Payable to Trustee	(249)	(1)
Payable to Securities and Exchange Commission of Pakistan	(1,795)	(1,993)
Dividend payable	-	(490)
Accrued expenses and other liabilities	(34,517)	(25,036)
Payable against redemption of units	(1,173,862)	(28)
	(1,208,732)	(27,586)
Net cash generated from / (used in) operating activities	(1,390,142)	(1,222,896)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	5,392,342	1,006,905
Payments on redemption of units	(2,151,581)	(459,108)
Dividend paid	-	(490)
Net payments from issuance and redemptions of units	3,240,761	547,307
Net cash (used in) financing activities	<u>3,240,761</u>	<u>547,307</u>
Net (decrease) / increase in cash and cash equivalents	1,850,619	(675,589)
Cash and cash equivalents at the beginning of the period	6,537,316	1,624,223
Cash and cash equivalents at the end of the period	<u>8,387,935</u>	<u>948,634</u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL CASH FUND (FORMERLY: PICIC CASH FUND)
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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.

SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016 HBL Asset Management Limited became Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. After the merger, trust deed was revised on February 17, 2017.

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 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

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-ended 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, 2017."

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 September 30, 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, 2017.

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, 2017."
- 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, 2017. 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 financial information for the year ended June 30, 2017.

4. **Amendments in the NBFC Regulations:**

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

		September 30, 2017	June 30, 2017
	Note	Un-Audited	(Audited)
		(Rupees in '000)	
5 BANK BALANCES			
In savings accounts	5.1	<u>8,387,935</u>	<u>6,537,316</u>
5.1 These accounts carry mark-up at rates ranging between 3.75% and 6.70% (2017: 3.75% and 6.70%) per annum			
		September 30, 2017	June 30, 2017
		Un-Audited	(Audited)
		(Rupees in '000)	
6 INVESTMENTS			
Financial assets at fair value through profit or loss - held-for-trading	Note		
Market treasury bills	6.1	-	-
Loans and receivables	6.2	<u>889,228</u>	<u>637,309</u>
		<u>889,228</u>	<u>637,309</u>
6.1 Financial assets at fair value through profit or loss - held - for - trading: - Market treasury bills			

Issue date	Tenor	As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at September 30, 2017	Balance as at September 30, 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)-----										
July 6, 2017	3 months	-	300,000	300,000	-	-	-	-	-	0%
May 11, 2017	3 months	-	585,000	585,000	-	-	-	-	-	0%
May 25, 2017	3 months	-	700,000	700,000	-	-	-	-	-	0%
July 20, 2017	3 months	-	4,053,500	4,053,500	-	-	-	-	-	0%
August 3, 2017	3 months	-	2,090,000	2,090,000	-	-	-	-	-	0%
August 17, 2017	3 months	-	700,000	700,000	-	-	-	-	-	0%
August 31, 2017	3 months	-	1,800,000	1,800,000	-	-	-	-	-	0%
September 14, 2017	3 months	-	850,000	850,000	-	-	-	-	-	0%
January 19, 2017	6 months	-	2,800,000	2,800,000	-	-	-	-	-	0%
July 21, 2017	12 months	-	675,000	675,000	-	-	-	-	-	0%
Total - As at September 30, 2017		-	14,553,500	14,553,500	-	-	-	-	-	
Total - June 30, 2017										

	Note	Un-audited September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
6.2 Loans and receivables			
Term deposit receipts	6.2.1	540,000	540,000
Placement	6.2.2	250,000	-
Commercial Paper	6.2.3	99,228	97,309
		889,228	637,309

6.2.1 These carry return ranging between 6.25% to 6.50% (June 2017: 6.25% to 6.50%) per annum.

6.2.2 These carry return of 6.25% (June 2017: 0.00%) per annum.

6.2.3 These carry return of 7.91% (June 2017: 7.91%) per annum.

	Note	Un-audited September 30, 2017 (Un-Audited) (Rupees in '000)	(Audited) June 30, 2017 (Audited)
7. PAYABLE TO MANAGEMENT COMPANY			
Management fee	7.1	3,874	2,623
Sindh sales tax payable	7.2	504	341
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	770	493
		5,148	3,457

7.1 As per the offering document of the fund, the Management Company shall charge a fee at the rate of 0.50 % of the average annual net assets of the Scheme calculated on a daily basis subject to the guidelines as may be issued by the SECP from time to time. Effective from June 29, 2017 the rate of fee is revised through amendment in the Offering Documents of the Scheme as 7.50% of the gross earnings of the scheme, calculated on a daily basis subject to a cap of 1.00% and a floor of 0.50% of the average daily net assets. The fee is payable monthly in arrears.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (June 30, 2017: 13 percent) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

7.3 "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."

	Note	September 30, 2017 (Un-Audited) (Rupees in '000)	June 30, 2017 (Audited)
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.2	3,744	1,602
Provision for Federal Excise Duty and additional sales tax on management fee	8.1	7,528	7,528
Withholding tax payable		1,229	39,405
Sales load - payable to related parties		2,185	948
Auditors' remuneration		422	315
Printing charges		168	80
Brokerage payable		129	44
		15,405	49,922

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- 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 results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

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, aggregating to Rs. 7.528 million (June 30, 2017: Rs. 7.528 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2017 would have been higher by Re. 0.08 (June 30, 2017: Re. 0.13) per unit.

8.2 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

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

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 3.744 million (June 30, 2017 Rs. 1.602 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.04 (June 30, 2017 Re. 0.03) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2017 and June 30, 2017.

10. TAXATION

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

11. EARNING PER UNIT (EPU)

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

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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:

	Three Month ended September 30,	
	2017	2016
	(Rupees in '000)	
12.1 Transaction during the period		
Management Company		
Remuneration of the Management Company	9,799	3,125
Sindh Sales Tax on remuneration of the Management Company	1,274	406
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,966	631
Issue of NIL units (2016: Nil units)	-	-
Redemption of 148,185 units (2016: Nil units)	15,000	-
Central Depository Company Of Pakistan Limited - Trustee		
Remuneration for the period	1,880	743
CDS connection charges	2	2
Habib Bank Limited - Sponsor		
Profit on bank deposits	7,311	7,602
Directors and Executives of the Management Company		
Issue of 226,055 units (2016: 14,886 units)	22,917	1,500
Redemption of 23,399 units (2016: nil units) units	2,362	-
Cash Dividend 8 units	-	1
Connected Person due to holding of more than 10% units		
GETZ Pharma (Pvt) Limited		
Issue of 4,945,483 units (2016: Nil units)	500,000	-
Redemption of 991,706 units (2016: nil units) units	100,000	-
Maple Leaf Capital Limited		
Issue of 1,987,188 units (2016: Nil units)	200,000	-
Redemption of 1,474,408 units (2016: nil units) units	150,000	-
	September 30,	June 30,
	2017	2017
	(Un-Audited)	Audited
	(Rupees in '000')	
12.2 Balances outstanding at the period / year end		
Management Company		
Outstanding 200,464 (June 2017: 348,649)	20,408	35,035
Remuneration of the Management Company	3,874	2,623
Sindh Sales Tax on remuneration of the Management Company	504	341
Allocation of expenses related to registrar services, accounting, operation and valuation services	770	493
Sales load payable	2,169	84

	September 30, 2017 (Un-Audited)	June 30, 2017 Audited
	(Rupees in '000')	
Central Depository Company Of Pakistan Limited - Trustee		
Trustee fee payable	725	974
Security deposit held	100	100
Habib Bank Limited - Sponsor		
Bank balances	3,838,620	1,283,033
Profit Receivable	6,967	4,163
Sales Load Payable	9	864
Directors and Executive of the Management Company		
515,291 units held (June 2017: 182,263 units)	52,457	18,315
Connected person due to holding of more than 10% units		
GETZ Pharma (Pvt) Limited		
10,071,315 units held (June 2017: Nil units)	1,025,276	-
Maple Leaf Capital Limited		
9,503,781 units held (June 2017: 8,991,001 units)	967,500	903,495

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

		September 30, 2017							
		Carrying amount			Fair value				
	Note	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 not measured at fair value									
	13.1								
Bank balances	5	-	8,387,935	-	8,387,935	-	-	-	-
Accrued markup		-	55,073	-	55,073	-	-	-	-
Loans and receivables		-	-	889,228	889,228	-	-	-	-
		-	8,443,008	889,228	9,332,236	-	-	-	-
Financial liabilities not measured at fair value									
	13.1								
Payable to Management Company	7	-	-	5,148	5,148	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	725	725	-	-	-	-
Redemption Payable		-	-	9,763	9,763	-	-	-	-
Accrued expenses and other liabilities		-	-	719	719	-	-	-	-
Unit holders fund		-	-	9,299,864	9,299,864	-	-	-	-
		-	-	9,316,219	9,316,219	-	-	-	-
June 30, 2017									
		Carrying amount			Fair value				
	Note	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 not measured at fair value									
	13.1								
Bank balances	5	-	6,537,316	-	6,537,316	-	-	-	-
Accrued markup		-	20,561	-	20,561	-	-	-	-
Loan and receivable		-	-	637,309	637,309	-	-	-	-
		-	6,557,877	637,309	7,195,186	-	-	-	-
Financial liabilities not measured at fair value									
	13.1								
Payable to Management Company	7	-	-	3,457	3,457	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	974	974	-	-	-	-
Redemption Payable		-	-	1,183,625	1,183,625	-	-	-	-
Accrued expenses and other liabilities		-	-	439	439	-	-	-	-
Unit Holders fund		-	-	5,954,130	5,954,130	-	-	-	-
		-	-	7,142,625	7,142,625	-	-	-	-

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. 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 three month ended September 30, 2017 is 0.24% (YTD) which includes 0.06% representing government levy and SECP fee.

15. DATE OF AUTHORIZATION FOR ISSUE

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

16. GENERAL

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

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Government Securities Fund
(Formerly: PICIC Income Fund)

FUND INFORMATION

Name of Fund	HBL Government Securities Fund (Formerly PICIC Income Fund)
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Allied Bank Limited JS Bank Limited Samba Bank Limited Zarai Taraqati Bank Limited United Bank Limited Soneri Bank Limited MCB Bank Limited

HBL GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND)
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2017

		Un-audited September 30, 2017	Audited June 30, 2017
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	758,584	546,623
Investments	6	961,826	1,167,845
Receivable against Marginal Trading System		53,413	37,261
Profit receivable		5,262	12,737
Security deposits		1,550	350
Prepayments and advances		653	482
Total assets		<u>1,781,287</u>	<u>1,765,298</u>
LIABILITIES			
Payable to the Management Company	7	1,437	1,873
Payable to the Trustee		168	472
Payable to Securities and Exchange Commission of Pakistan		241	1,452
Payable against redemption of units		10,624	362,820
Accrued expenses and other liabilities	8	741,702	28,731
Total liabilities		<u>754,172</u>	<u>395,348</u>
NET ASSETS		<u>1,027,115</u>	<u>1,369,950</u>
Unit Holders' Funds (As per statement attached)		<u>1,027,115</u>	<u>1,369,950</u>
CONTINGENCIES AND COMMITMENTS			
	9	----- (Number of Units) -----	
Number of units in issue		<u>9,637,114</u>	<u>12,994,349</u>
		----- (Rupees) -----	
Net asset value per unit		<u>106.5792</u>	<u>105.4266</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND)
CONDENSED INTERIM INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three Months ended September 30,	
	2017	2016
Note	----- (Rupees in 000's) -----	
INCOME		
Capital loss on sale of investments - net	(251)	(1,913)
Income from Government Securities	10,830	15,646
Income from money market placements	3,658	8,870
Income from Margin Trading System	963	6,569
Profit on bank deposits	5,351	6,034
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss-net	42	(156)
Total income	20,594	35,052
EXPENSES		
Remuneration of the Management Company	4,017	6,939
Sindh sales tax on remuneration of the Management Company	522	902
Remuneration of the Trustee	551	775
Annual fee to the Securities and Exchange Commission of Pakistan	241	416
Fund operations, accounting and related costs	321	563
Auditors' remuneration	114	145
Fees and subscription	90	78
Securities transaction cost	529	973
Bank charges	30	31
Printing charges	88	88
Total expenses	6,504	10,910
Net income from operating activities	14,090	24,142
Element of loss and capital losses included in prices of unit issued less those in units redeemed	4	(725)
Provision for Sindh Workers' Welfare Fund	8.1	-
Net income for the period before taxation	13,809	23,417
Taxation	10	-
Net income for the period after taxation	13,809	23,417
Allocation of net income for the period:		
Income already paid on redemption of units	4	-
Accounting income available for distribution:	4	
-Relating to capital gains	168	-
-Excluding capital gains	10,903	-
	11,071	23,417
Net income for the period after taxation	13,809	23,417
Other comprehensive income	-	-
Total comprehensive income for the period	13,809	23,417
Earnings per unit	11	

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND)
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three Months ended September 30,	
	2017	2016
	----- (Rupees in 000's) -----	
Undistributed income at the beginning of the period		
Realised income	69,776	94,185
Unrealised gain	740	10,510
	70,516	104,695
Accounting income available for distribution:	4	
-Relaing to capital gains	168	
-Excluding capital gains	10,903	
	11,071	23,417
Net element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to the Distribution Statement - net	4	(1,671)
	-	(1,671)
Undistributed income carried forward	81,587	126,441
Undistributed income comprising		
Realised income	81,545	126,597
Unrealised gain	42	(156)
	81,587	126,441

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND)
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three Months ended September 30,	
	2017	2016
	----- (Rupees in 000's) -----	
Net assets at the beginning of the period	1,369,950	2,114,271
Issue of 211,384 (2016: 11,071,159) units	23,154	1,169,395
Redemption of 3,568,619 (2016: 11,391,985) units	(379,797)	(1,203,874)
	(356,644)	(34,479)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net transferred to the Statement of Comprehensive Income	4	
transferred to the Distribution Statement	-	725
	-	1,671
	-	2,396
Income already paid on redemption of units	4	2,737
		-
Accounting income available for distribution for the period:	11,071	23,417
Net element of loss and losses included in prices of units issued less those in units redeemed - transferred to the Distribution Statement - net	4	-
		(1,671)
Net assets at end of the period	1,027,115	2,103,934
Net assets value per unit at the beginning of the period	105.4266	105.2098
Net assets value per unit at the end of the period	106.5792	106.3940

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND)
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three Months ended September 30,	
	2017	2016
Note	----- (Rupees in 000's) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	13,809	23,417
Adjustments for:		
Capital loss on sale of investments - net	251	1,913
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss- net	(42)	156
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	725
	210	2,794
	14,018	26,211
Decrease / (increase) in assets		
Investments - net	205,810	406,756
Receivable against Marginal Trading System	(16,152)	(40,670)
Profit receivable	7,475	(883)
Deposits, prepayments and other receivables	(1,371)	92
	195,762	365,295
Increase / (decrease) in liabilities		
Payable to Management Company	(436)	614
Payable to the Trustee	(304)	(194)
Payable to Securities and Exchange Commission of Pakistan	(1,211)	(1,036)
Accrued expenses and other liabilities	712,971	2,417
	711,020	1,801
Net cash generated from operating activities	920,800	393,307
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	23,154	1,169,395
Payment on redemption of units	(731,994)	(1,566,694)
Net cash (used in) financing activities	(708,840)	(397,299)
Net increase / (decrease) in cash and cash equivalents	211,960	(3,992)
Cash and cash equivalents at the beginning of the period	546,623	546,623
Cash and cash equivalents at the end of the period	758,583	542,631
CASH AND CASH EQUIVALENTS		
Bank balances	758,584	641,951
Term deposit receipt	-	645,000
	758,584	1,286,952

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL GOVERNMENT SECURITIES FUND (FORMERLY: PICIC INCOME FUND) NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Government Securities Fund (formerly PICIC income Fund) ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. NBFC-II/DD/PICICIF/199 dated March 10, 2010 and the Trust Deed was executed on March 17, 2010.

SECP approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016 HBL Asset Management Limited became Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. After the merger, trust deed was revised on February 17, 2017.

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 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open-ended sovereign income 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 core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio.

JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2 (Positive outlook)' to the Management Company and a 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 has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2017.

2.1.3 This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 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, 2017.

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 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.4 The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2017.

4. AMENDMENTS IN THE NBFC REGULATIONS

During the year SECP vide its notification SRO 756(1)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

		September 30, 2017 (Unaudited)	June 30, 2016 (Audited)
		----- (Rupees in '000) -----	
5. BANK BALANCES	Note		
PLS savings accounts	5.1	<u>758,584</u>	<u>546,623</u>

- 5.1 Profit rates on these savings accounts range between 4.0% to 6.15% per annum (June 30, 2017: 3.75% to 6.60% per annum).

6. INVESTMENTS

Financial assets at 'fair value through profit or loss'

Investments in Government securities:

Market Treasury Bills	6.1	738,826	36,929
Pakistan Investment Bonds	6.2	-	890,916
		<u>738,826</u>	<u>927,845</u>
GOP Ijara Sukuk Certificates	6.3	-	-
		<u>738,826</u>	<u>927,845</u>
Loans and receivables	6.4	223,000	240,000
		<u>961,826</u>	<u>1,167,845</u>

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

Issue date	Tenor	Face value				Balance as at September 30, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at September 30, 2017	Carrying value	Market value	Appreciation / (diminution)		
----- (Rupees in '000) -----										
Market Treasury Bills										
April 13, 2017	3 Month	22,000	-	22,000	-	-	-	-	-	-
April 27, 2017	3 Month	15,000	-	15,000	-	-	-	-	-	-
August 3, 2017	3 Month	-	935,000	915,000	20,000	19,919	19,920	1	1.94%	2.07%
August 31, 2017	3 Month	-	1,225,000	500,000	725,000	718,866	718,906	40	69.99%	74.74%
July 6, 2017	3 Month	-	200,000	200,000	-	-	-	-	-	-
May 25, 2017	3 Month	-	595,000	595,000	-	-	-	-	-	-
July 20, 2017	3 Month	-	1,245,000	1,245,000	-	-	-	-	-	-
August 17, 2017	3 Month	-	300,000	300,000	-	-	-	-	-	-
September 14, 2017	3 Month	-	400,000	400,000	-	-	-	-	-	-
January 19, 2017	6 Months	-	600,000	600,000	-	-	-	-	-	-
February 2, 2017	6 Months	-	500,000	500,000	-	-	-	-	-	-
February 16, 2017	6 Months	-	117,000	117,000	-	-	-	-	-	-
Total - As at September 30, 2017		37,000	6,117,000	5,409,000	745,000	738,785	738,826	42	72%	77%
Total - As at June 30, 2017						37,000	36,936	36,929	(7)	3.16%

6.1.1 T-Bills with face value aggregating to Rs. 20 million (June 30, 2017: Rs. 20 million) have been pledged with the National Clearing Company of Pakistan (NCCPL) as collateral against trading facility in Margin Trading System (MTS).

6.1.2 The effective yield on market treasury bills is 5.90% to 5.95% (June 30, 2017: 5.97% to 5.98%).

6.2 Pakistan Investment Bonds

July 19, 2012	10 Years	150,000	50,000	200,000	-	-	-	-	-	-
March 26, 2015	5 Years	-	100,000	100,000	-	-	-	-	-	-
December 29, 2016	3 Years	600,000	300,000	900,000	-	-	-	-	-	-
April 21, 2016	3 Years	100,000	250,000	350,000	-	-	-	-	-	-
Total - As at September 30, 2017		850,000	700,000	1,550,000	-	-	-	-	-	-
Total - As at June 30, 2017					850,000	890,169	890,916	747	65.03%	76.29%

6.2.1 The effective yield on Pakistan Investment bonds range from Nil (June 30, 2017: 6.21% to 7.09%).

6.3 GOP Ijara Sukuk Certificates:

Issue details	Tenor	Face value			Balance as at September 30, 2017			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at September 30, 2017	Carrying value	Market value		
------(Rupees in '000)-----									
GOP Ijarah 19	3 Years	-	300,000	300,000	-	-	-	-	-
GOP Ijarah 17	3 Years	-	165,200	165,200	-	-	-	-	-
Total - As at September 30, 2017		-	465,200	465,200	-	-	-	-	-
Total - As at June 30, 2017		-	-	-	-	-	-	-	-

6.3.1 This carries semi annual coupon at the rate of Nil per annum (June 30, 2017: 8.21%)

6.4 Loans and receivables	Note	September 30, 2017	June 30, 2017
		(Unaudited)	(Audited)
----- (Rupees in '000) -----			
Term deposit receipt (TDR)	6.4.1	223,000	240,000
		<u>223,000</u>	<u>240,000</u>

6.4.1 This term deposit receipt carries a profit rate of 6.50% to 6.60% (June 30, 2017: 6.50%) per annum with maturity on November 01, 2017 & November 27, 2017 (June 30, 2017: November 27, 2017).

7. PAYABLE TO THE MANAGEMENT COMPANY

Management fee	7.1	1,161	1,501
Sindh Sales Tax on Management Company's remuneration	7.2	151	195
Sales load payable		32	57
Fund operations, accounting and related costs	7.3	93	120
		<u>1,437</u>	<u>1,873</u>

7.1 As per the offering document of the fund, the Management Company shall charge a fee at the rate of 1.25% 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 1.25%. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (June 30, 2017: 13 percent) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

- 7.3 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% of the average annual net assets, being lower amount, to the Fund during the period.

8.	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30,	June 30,
			2017 (Unaudited)	2017 (Audited)
			----- (Rupees in '000) -----	
	Provision for Sindh Workers' Welfare Fund	8.1	5,620	5,338
	Provision for Federal Excise Duty and additional sales tax on management fee	8.2	15,531	15,531
	Withholding tax		778	7,336
	Auditors' remuneration		429	315
	Printing charges		168	80
	Payable against purchase of Investment		718,866	-
	Others		310	131
			<u>741,702</u>	<u>28,731</u>

8.1 Provision for Sindh workers' welfare fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

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

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 5.620 million (June 30, 2017 Rs. 5.338 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.58 (June 30, 2017 Re. 0.41) per unit.

8.2 Provision for federal excise duty and additional sales tax

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 results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

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, aggregating to Rs. 15.531 million (June 30, 2017: Rs. 15.531 million. Had the provision not been made, the Net Asset Value per unit as at September 30, 2017 would have been higher by Rs. 1.61 (June 30, 2017: Rs. 1.20) per unit.

9 CONTINGENCIES AND COMMITMENTS	September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
	-----Rupees in '000'-----	
9.1 Commitments		
Payable against MTS investments	(1,051)	(4,439)
Receivable from MTS release including profit	1,455	2,659
	<u>404</u>	<u>(1,780)</u>

10. TAXATION

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

11. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of management determination of cumulative weighted average number of outstanding units is not practicable.

12. TOTAL EXPENSE RATIO

The Scheme has maintained Total expense ratio (TER) 0.53%. (0.09% representing Government Levies, WWF and SECP Fee).

13. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

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

Transactions during the period	Three Months ended September 2017 (Unaudited) 2016 (Rupees in 000's)	
HBL Asset Management Limited - Management Company		
Remuneration of Management Company	4,017	6,939
Sindh Sales Tax on remuneration of Management Company	522	902
Reimbursement of fund operations, accounting and related costs	321	-
Sales load Payable	-	15
Issue of Nil units (2016: 236,331) units	-	25,000
Redemption of 847,699 units (2016: Nil Units)	90,000	-

	Three Months ended September	
	2017	2016
	(Unaudited)	
	(Rupees in 000's)	
Habib Bank Limited Sponsor		
Bank charges paid	2	-
Profit on bank deposits	288	6
MCB Bank Limited - Connected person due to holding of 10% or more		
Issue of Nil units (2016: 4,728,477 Units)	-	500,000
Redemption of Nil units (2016: 5,117,650 Units)	-	541,152
Bank Charges Paid	6	23
Profit on bank deposits earned	7	2,759
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	551	775
CDS charges	10	128
Executives of the Management Company		
Redemption of 4,733 units (2016: Nil units)	501	-
	September 30	June 30,
	2017	2017
	(Unaudited)	(Audited)
	------(Rupees in '000)-----	
Balance outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Remuneration of Management Company	1,161	1,501
Sindh Sales Tax on remuneration of Management Company	151	195
Sales Load Payable	32	57
Allocation of expenses related to registrar services accounting, operation and valuation services	93	-
Investment held in the fund: 916,873 units (2017: 1,764,572 units)	97,716	186,033
Habib Bank Limited Sponsor		
Bank balances	39,608	2,390
Profit Receivable	153	-
MCB Bank Limited - Connected person due to holding of 10% or more		
Investment held in fund: 4,892,987 units (2017: 4,892,987 units)	521,472	515,851
Bank Balances	122	589
Profit Receivable	1	29
HBL Asset Management Ltd Employees Gratuity Fund -		
Investment held in fund: 3,966 units (2017: 3,966 units)	423	418
HBL Asset Management Ltd Employees Provident Fund -		
Investment held in fund: 3,823 units (2017: 3,823 units)	407	403
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	168	411
CDC Charges Payable	41	61
Security Deposit	100	100
Director and Executives of the Management Company		
Investment held in the fund: Nil units (2017: 4,733 units)	-	499

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

	Note	September 30, 2017							
		Carrying amount			Fair Value				
		Fair value through profit & loss	Loans and receivables	Other financial	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
Market Treasury Bills	6.1	738,826	-	-	738,826	-	738,826	-	738,826
Pakistan Investment Bonds	6.2	-	-	-	-	-	-	-	-
Corporate Sukuk Certificates	6.3	-	-	-	-	-	-	-	-
		<u>738,826</u>	<u>-</u>	<u>-</u>	<u>738,826</u>	<u>-</u>	<u>738,826</u>	<u>-</u>	<u>738,826</u>
Financial assets not measured at fair value									
Bank balances	5	-	758,584	-	758,584	-	-	-	-
Term deposit receipt (TDR)	6.4	-	223,000	-	223,000	-	-	-	-
Receivable against Margin Trading System		-	53,413	-	53,413	-	-	-	-
Profit receivable		-	5,262	-	5,262	-	-	-	-
		<u>-</u>	<u>1,040,259</u>	<u>-</u>	<u>1,040,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to the Management Company		-	-	1,437	1,437	-	-	-	-
Payable to the Trustee		-	-	168	168	-	-	-	-
Payable against redemption of units		-	-	10,624	10,624	-	-	-	-
Accrued expenses and other liabilities		-	-	719,773	719,773	-	-	-	-
		<u>-</u>	<u>-</u>	<u>732,002</u>	<u>732,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Note	June 30, 2017							
		Carrying amount			Fair Value				
		Fair value through profit & loss	Loans and receivables	Other financial	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
Market Treasury Bills	6.1	36,929	-	-	36,929	-	36,929	-	36,929
Pakistan Investment Bonds	6.2	890,916	-	-	890,916	-	890,916	-	890,916
Corporate Sukuk Certificates	6.3	-	-	-	-	-	-	-	-
		<u>927,845</u>	<u>-</u>	<u>-</u>	<u>927,845</u>	<u>-</u>	<u>927,845</u>	<u>-</u>	<u>927,845</u>
Financial assets not measured at fair value									
Bank balances	5	-	546,623	-	546,623	-	-	-	-
Term deposit receipt (TDR)	6.4	-	240,000	-	240,000	-	-	-	-
Receivable against Margin Trading System		-	37,261	-	37,261	-	-	-	-
Profit receivable		-	12,737	-	12,737	-	-	-	-
		<u>-</u>	<u>836,621</u>	<u>-</u>	<u>836,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to the Management Company		-	-	4,405	4,405	-	-	-	-
Payable to the Trustee		-	-	974	974	-	-	-	-
Payable against redemption of units		-	-	362,820	362,820	-	-	-	-
Accrued expenses and other liabilities		-	-	526	526	-	-	-	-
		<u>-</u>	<u>-</u>	<u>368,725</u>	<u>368,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on **October 27, 2017** by the Board of Directors of the Management Company.

16. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Equity Fund

(Formerly: PICIC Stock Fund)

FUND INFORMATION

Name of Fund	HBL Equity Fund (Formerly PICIC Stock Fund)
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	MCB Bank Limited Soneri Bank Limited

**HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2017**

	Note	Unaudited September 30, 2017	Audited June 30, 2017
(Rupees in '000')			
ASSETS			
Balances with banks	5	38,250	63,886
Investments	6	283,362	521,086
Dividend and profit receivable		3,607	2,123
Deposits and prepayments and Other receivable		2,729	2,636
Receivable against sale of investments		5,392	-
Total assets		333,340	589,731
LIABILITIES			
Payable to the Management Company	7	1,108	1,945
Payable to the Trustee		70	236
Payable to Securities and Exchange Commission of Pakistan		90	396
Accrued expenses and other liabilities		9,361	15,652
Payable against purchase of Investment	8	4,055	-
Payable against redemption of units		929	102,677
Total liabilities		15,613	120,906
NET ASSETS		317,727	468,825
Unit Holders' Funds (As per statement attached)		317,727	468,825
CONTINGENCIES & COMMITMENTS			
	9	Number of units	
Number of units in issue		2,905,020	3,761,312
		(Rupees)	
Net asset value per unit		109.3715	124.6444

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
CONDENSED INTERIM INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

		Three months ended September 30,	
		2017	2016
	Note	(Rupees in '000')	
INCOME			
Capital (loss) / gain on sale of investments - net		(16,342)	10,403
Dividend income		2,627	2,693
Profit on bank deposits		753	688
Net unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		(36,617)	3,405
Total income		(49,579)	17,189
EXPENSES			
Remuneration to Management Company		1,903	1,474
Sindh Sales Tax on remuneration of management company		247	192
Provision for Federal Excise Duty and additional sales tax on the Management Fee	8.2	-	-
Remuneration to Trustee		220	202
Annual fee - Securities and Exchange Commission of Pakistan		90	70
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.2	95	80
Selling and marketing expenses	7.3	(511)	-
Amortization of preliminary expenses and floatation costs		-	54
Auditors' Remuneration		116	132
Securities transaction costs, settlement charges and bank charges		432	989
Fees and Subscription		13	65
Printing and postage expenses		84	88
Total expenses		2,689	3,346
Net (loss) / income from operating activities		(52,268)	13,843
Element of income and capital gains included in prices of units issued less those in units redeemed - net	4	-	9,530
Provision for Workers' Welfare Fund	8.1	-	-
Net income for the period before taxation		(52,268)	23,373
Taxation	10	-	-
Net (loss) / income for the period after taxation		(52,268)	23,373
Allocation of net income for the period:	4		
Income already paid on redemption of units		-	-
Accounting income available for distribution:			
-Relating to capital gains		(52,959)	-
-Excluding capital gains		691	-
Net (loss) / income for the period after taxation		(52,268)	23,373
Other comprehensive income for the period		-	-
Total comprehensive (loss) / income for the period		(52,268)	23,373

Earnings per unit

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Note	Three months ended September 30,	
		2017	2016
		(Rupees in '000')	
Undistributed income brought forward			
-Realised income		84,641	72,572
-Unrealised income / (loss)		8,057	(6,821)
		<u>92,698</u>	<u>65,751</u>
Accounting income available for distribution:	4		
-Relating to capital gains		(52,959)	
-Excluding capital gains		691	
		<u>(52,268)</u>	23,373
Element of income and capital gains included in prices of units issued less those in units redeemed- amount transferred to distribution statement	4	-	10,761
Undistributed income carried forward		<u><u>40,430</u></u>	<u><u>99,885</u></u>
Undistributed income comprising			
-Realised income		77,047	96,480
-Unrealised (loss) / income		(36,617)	3,405
		<u><u>40,430</u></u>	<u><u>99,885</u></u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Note	Three months ended September 30, 2017		2016 (Rupees in '000')
		2017	2016	
Net assets at the beginning of the period		468,825		173,508
Issue of 401,620 (2016: 2,236,949) units		5,077		253,439
Redemption of 1,257,912 (2016: 748,568) units		(103,907)		(84,310)
		(98,830)		169,129
Element of income and capital gain included in prices of units issued less those in units redeemed				
	4			
- transferred to the Income Statement		-		(9,530)
- transferred to the Distribution Statement		-		(10,761)
		-		(20,291)
Income already paid on redemption of units	4	-		
Accounting income available for distribution for the period:	4	(52,268)		23,373
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to Distribution Statement	4	-		10,761
Net assets at the end of the period		317,727		356,480
Net asset value per unit at the beginning of the period		124.6444		107.2297
Net asset value per unit at the end of the period		109.3715		114.7536

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three months ended September 30,	
	2017	2016
	(Rupees in '000')	
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / income for the period	(52,268)	23,373
Adjustments :		
Net unrealised diminution / (appreciation) on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	36,617	(3,405)
Amortisation of preliminary expenses and flotation costs	-	54
Capital loss / (gain) on sale of investments - net	16,342	(10,403)
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed - amount transferred to income statement	-	(9,530)
Operating cash inflows before working capital changes	691	89
Decrease / (Increase) in assets		
Investments	184,765	(180,726)
Dividend and profit receivable	(1,484)	(2,438)
Deposits and prepayments	(93)	(9)
Receivable against sale of investments	(5,392)	(21,645)
	177,796	(204,818)
(Decrease) / Increase in liabilities		
Payable to the Management Company	(837)	(93)
Payable to the Trustee	(166)	-
Payable to Securities and Exchange Commission of Pakistan	(306)	(221)
Accrued expenses and other liabilities	(6,291)	(2,026)
Payable against redemption of units	(101,748)	(8,594)
Payable against purchase of investments	4,055	45,178
	(105,293)	34,244
Net cash generated from / used in operating activities	73,194	(170,485)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from issuance of units	5,077	253,439
Cash paid on redemption of units	(103,907)	(84,310)
Net cash outflow / generated from financing activities	(98,830)	169,129
Net (decrease) / increase in cash and cash equivalents during the period	(25,636)	(1,356)
Cash and cash equivalents at the beginning of the period	63,886	41,775
Cash and cash equivalents at the end of the period	38,250	40,419

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL EQUITY FUND (FORMERLY: PICIC STOCK FUND)
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/NBFC-II/PSF/249/2011 dated June 1, 2011 and the trust deed was executed on June 14, 2011.

During the year, the Securities and Exchange Commission of Pakistan approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016 HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. Accordingly, the trust deed was revised on February 17, 2017. The Aga Khan Fund For Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. During the year, the office of the Management Company shifted to 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

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 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 CDC as trustee of the Fund.

JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2 (Positive outlook)' to the Management Company.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

2.1.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2017.

2.1.3 This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 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, 2017.

- 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, 2017."
- 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, 2017. 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 financial information for the year ended June 30, 2017.

4. AMENDMENTS IN THE NBFC REGULATIONS

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

5. BANK BALANCES	Note	(Unaudited)	(Audited)
		September 30, 2017	June 30, 2017
		(Rupees in '000')	
In saving accounts	5.1	38,250	63,886
		<u>38,250</u>	<u>63,886</u>

- 5.1 Mark-up rates on these accounts range between 6% per annum (June 30, 2017: 6% per annum).

6. INVESTMENTS	Note	(Unaudited)	(Audited)
		September 30, 2017	June 30, 2017
		(Rupees in '000')	
Financial assets 'at fair value through profit or loss'			
Listed equity securities	6.1	283,362	521,086
		<u>283,362</u>	<u>521,086</u>

6.1 Investment in listed equity securities at 'fair value through profit or loss - held-for-trading'

Shares of listed companies - Fully paid up ordinary / preference shares of Rs 10 each unless stated otherwise

Name of the Investee Company	-----Number of shares-----					Market value as at September 30, 2017 (Rupees in '000)	Market value as a percentage of total investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of total paid up capital of the Investee Company
	As at July 1, 2017	Purchases during the year	Bonus / right issues	Sales during the year	As at September 30, 2017				
AUTOMOBILE ASSEMBLER									
Pak Suzuki Motor Company Limited	20,500	2,000	-	8,500	14,000	6,407	2.26	2.02	0.02
Millat Tractors Limited	8,000	-	-	2,200	5,800	7,240	2.56	2.28	0.01
	28,500	2,000	-	10,700	19,800	13,647	4.82	4.30	
AUTOMOBILE PARTS & ACCESSORIES									
Thal Limited (Par value of Rs 5 per share)	8,600	-	-	8,600	-	-	-	-	-
	8,600	-	-	8,600	-	-	-	-	-
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	157,500	10,000	-	51,000	116,500	8,848	3.12	2.78	0.02
	157,500	10,000	-	51,000	116,500	8,848	3.12	2.78	
CEMENT									
Cherat Cement Company Limited	69,000	-	-	31,000	38,000	4,559	1.61	1.43	0.02
D. G. Khan Cement Company Limited	81,500	35,000	-	32,000	84,500	12,410	4.38	3.91	0.02
Lucky Cement Limited	41,800	2,650	-	22,300	22,510	12,519	4.42	3.94	0.01
Pioneer Cement Limited	126,000	-	-	126,000	-	-	-	-	-
	318,300	37,650	-	211,300	144,650	29,488	10.41	9.28	
CHEMICAL									
Engro Polymer & Chemicals	285,000	-	-	285,000	-	-	-	-	-
	285,000	-	-	285,000	-	-	-	-	-
COMMERCIAL BANKS									
Allied Bank Limited	120,000	-	-	32,000	88,000	7,699	2.72	2.42	0.01
Habib Bank Limited (6.1.1)	83,300	30,000	-	73,200	40,100	7,248	2.56	2.28	-
MCB Bank Limited (6.1.1)	141,500	12,000	-	77,000	76,500	15,989	5.64	5.03	0.01
United Bank Limited	108,000	5,000	-	14,700	98,300	18,694	6.60	5.88	0.01
	452,800	47,000	-	196,900	302,900	49,630	17.52	15.61	
ENGINEERING									
Amreli Steels Limited	57,000	65,000	-	57,000	65,000	6,628	2.34	2.09	0.02
Crescent Steel & Allied Product Limited	62,500	-	-	17,800	44,700	7,071	2.50	2.23	0.06
International Industries Ltd	-	20,000	-	-	20,000	5,804	2.05	1.83	0.02
International Steels Limited	151,500	-	-	96,200	55,300	6,698	2.36	2.11	0.01
	271,000	85,000	-	171,000	185,000	26,201	9.25	8.26	
FERTILIZERS									
Engro Corporation Limited	78,500	-	-	23,000	55,500	16,821	5.94	5.29	0.01
Fauji Fertilizer Company Limited	-	50,000	-	-	50,000	4,157	1.47	1.31	-
	78,500	50,000	-	23,000	105,500	20,978	7.41	6.60	
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	14,670	2,000	-	6,300	10,370	15,609	5.49	4.91	0.01
Oil & Gas Development Company Limited	145,400	38,000	-	58,000	125,400	18,639	6.58	5.87	-
Pakistan Oilfields Limited	30,500	1,700	-	8,000	24,200	12,875	4.54	4.05	0.01
Pakistan Petroleum Limited	93,100	15,000	-	19,150	88,950	15,539	5.48	4.89	-
	283,670	56,700	-	91,450	248,920	62,662	22.09	19.72	
OIL & GAS MARKETING COMPANIES									
Attock Petroleum Limited	12,000	-	-	12,000	-	-	-	-	-
Haseco Petroleum Limited	51,100	-	-	24,000	27,100	7,618	2.69	2.40	0.02
Pakistan State Oil Company Limited	37,900	12,000	-	34,500	15,400	6,803	2.40	2.14	0.01
Sul Northern Gas Pipeline Limited	122,000	-	-	33,800	88,200	11,806	4.17	3.72	0.01
	223,000	12,000	-	104,300	130,700	26,227	9.26	8.26	
PAPER & BOARD									
Packages Limited	15,300	-	-	3,000	12,300	7,097	2.50	2.23	0.01
	15,300	-	-	3,000	12,300	7,097	2.50	2.23	
PHARMACEUTICALS									
Abbott Laboratories (Pak) Limited	10,900	-	-	10,900	-	-	-	-	-
The Searle Company Limited	40,320	-	-	20,100	20,220	8,167	2.88	2.57	0.01
	51,220	-	-	31,000	20,220	8,167	2.88	2.57	
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	250,000	-	-	65,000	185,000	20,685	7.30	6.51	0.02
	250,000	-	-	65,000	185,000	20,685	7.30	6.51	

Name of the Investee Company	----- Number of shares -----					Market value as at September 30, 2017 (Rupees in '000)	Market value as a percentage of total investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of total paid up capital of the Investee Company
	As at July 1, 2017	Purchases during the year	Bonus / right issues	Sales during the year	As at September 30, 2017				
----- Percentage -----									
TECHNOLOGY & COMMUNICATION									
Systems Limited	88,500	-	-	85,000	3,500	271	0.10	0.09	-
	88,500	-	-	85,000	3,500	271	0.10	0.09	
TEXTILE COMPOSITE									
Nishat Mills Limited	114,200	-	-	49,000	65,200	9,461	3.34	2.98	0.02
	114,200	-	-	49,000	65,200	9,461	3.34	2.98	
As at September 30, 2017	2,626,090	300,350	-	1,386,250	1,540,190	283,362	100.00	89.19	
As at June 30, 2017						<u>521,086</u>			

6.1.1 The above investments include shares with market value aggregating to Rs 20.483 million (2017: Rs 27.724 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, which are as follows:

- MCB Bank Limited (40,000 shares)
- Habib Bank Limited (40,000 shares)

7. PAYABLE TO MANAGEMENT COMPANY	Note	(Unaudited)	(Audited)
		September 30, 2017	June 30, 2017
Rupees in '000'			
Management fee		535	904
Sindh Sales Tax	7.1	69	118
Sales load payable		301	191
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.2	27	45
Selling and Marketing expenses	7.3	176	687
		<u>1,108</u>	<u>1,945</u>

- 7.1 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.
- 7.2 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operation charges amounting to Rs 0.095 million (2016: Rs 0.080 million) to the Fund during the year.
- 7.3 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. Management Company of the Fund started accruing these charges effective from March 1, 2017. During the period a clarification was received from the SECP on September 19, 2017 as a result expenses charged to the fund amounting to 0.891 million have been reversed during the period. Subsequent to period ended September 30, 2017 another clarification was received from SECP according to which expenses reversed during the period can be charged back to the Fund.

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Unaudited)	(Audited)
		September 30, 2017	June 30, 2017
Rupees in '000'			
Provision for Sindh Workers' Welfare Fund	8.1	2,768	2,768
Provision for federal excise duty and additional sales tax on Management Fee	8.2	5,685	5,685
Dividend payable		-	1,484
Brokerage payable		71	482
Auditors' remuneration		431	315
Printing and other related costs		164	80
Withholding tax payable		224	4,795
Other payables		18	43
		9,361	15,652

8.1 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

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

In the wake of the aforesaid developments, as an abundant caution, The Fund has recognised provision for SWWF amounting to Rs. 2.768 million in these financial statements. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2017 would be higher by Re. 0.95 (June 30, 2017: Re 0.74) per unit.

8.2 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 results 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 along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 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 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

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, aggregating to Rs. 5.685 million (June 30, 2017: Rs. 5.685 million). Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2017 would have been higher by Rs. 1.96 (June 30, 2017: Rs. 1.51) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at September 30, 2017 and June 30, 2017.

9.1 COMMITTED CREDIT LINES

The Securities and Exchange Commission of Pakistan Vide Direction No. 2 of 2017 dated January 13, 2017 as amended by Direction No. 7 of 2017 dated March 3, 2017, has directed all asset management companies to arrange committed credit lines from banks / DFIs for the equity funds equivalent to 10% of its net assets for redemption purposes. Accordingly, the Management Company of the fund has obtained committed credit lines of PKR 100 million at rate of 3 months KIBOR plus 0.45%. The management company is required to review the committed credit at least on a quarterly basis against the net assets of the Fund.

10. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. 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.

11. EARNINGS PER UNIT

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

12. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.71% (0.11% of TER representing Government Levies, and SECP Fee).

13. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

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

	(Unaudited)	
	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
13.1 Transaction during the period		
Management Company		
Remuneration of Management Company	1,903	1,474
Sindh Sales tax on remuneration of the Management Company	247	192
Habib Bank Limited - Associated Company		
Purchase of 30,000 ordinary shares(2016: 60,000 ordinary shares)	3,452	13,204
Sales of Nil ordinary shares (2016: 29,100 ordinary shares)	-	6,485
Dividend income	202	207
MCB Bank Limited		
Connected Person due to holding more than 10% holding		
Issuance of Nil units (2016: 1,145,555)units	-	130,000
Return on bank deposit accounts	753	90
Bank Charges	7	1

(Unaudited)
Three months ended
September 30,
2017 2016
(Rupees in '000)

**Central Depository Company Of Pakistan
Limited - Trustee**

Remuneration for the period	220	202
CDS Charges	10	30

Directors and Executives of the Management Company

Issue of Nil units(2016: 3,511) units	-	400
Redemption of 11,301 units (2016: 933) units	1,244	107

(Unaudited) (Audited)
September 30, June 30,
2017 2017
Rupees in '000'

13.2 Amounts outstanding at the period / year end

Management Company

Units held: 814,872 units (June 30, 2017: 814,872) units	89,144	101,569
Remuneration payable to the Management Company	535	904
Sindh sales tax on remuneration of the Management Company	69	118
Allocation of expenses related to registrar services, accounting, operation and valuation services	27	45
Selling and Marketing reimbursement	176	687
Sales load payable	301	191

MCB Bank Limited

Connected Person due to holding more than 10% holding

Bank balance in savings account	38,250	63,886
Profit receivable	238	206
Units held: 1,022,050 units (June 30, 2017: 1,022,050) units	111,808	127,393

Central Depository Company Of Pakistan Limited - Trustee

Trustee fee payable	70	211
CDS charges payable	5	25
Security deposit	100	100

Directors and Executives of the Management Company

Units held: 14,077 (June 30, 2017: 25,378) units	1,540	3,163
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14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		September 30, 2017							
		Carrying amount				Fair Value			
Note	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- Listed equity securities	6	283,362	-	-	283,362	283,362	-	-	283,362
		<u>283,362</u>	<u>-</u>	<u>-</u>	<u>283,362</u>	<u>283,362</u>	<u>-</u>	<u>-</u>	<u>283,362</u>
Financial assets not measured at fair value									
Bank balances	14.1	-	38,250	-	38,250	-	-	-	-
Dividend and profit receivable		-	3,607	-	3,607	-	-	-	-
Deposits		-	2,600	-	2,600	-	-	-	-
Receivable from equity settlement		-	5,392	-	5,392	-	-	-	-
		<u>-</u>	<u>49,849</u>	<u>-</u>	<u>49,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to the Management Company	14.1	-	-	1,108	1,108	-	-	-	-
Payable to the Trustee		-	-	70	70	-	-	-	-
Accrued expenses and other liabilities		-	-	684	684	-	-	-	-
Payable for equity settlement		-	-	4,055	4,055	-	-	-	-
		<u>-</u>	<u>-</u>	<u>5,917</u>	<u>5,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		June 30, 2017							
		Carrying amount				Fair Value			
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- Listed equity securities	6	521,086	-	-	521,086	521,086	-	-	521,086
		<u>521,086</u>	<u>-</u>	<u>-</u>	<u>521,086</u>	<u>521,086</u>	<u>-</u>	<u>-</u>	<u>521,086</u>
Financial assets not measured at fair value									
Bank balances	14.1	-	63,886	-	63,886	-	-	-	-
Dividend and profit receivable		-	2,123	-	2,123	-	-	-	-
		<u>-</u>	<u>66,009</u>	<u>-</u>	<u>66,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to the Management Company	14.1	-	-	1,945	1,945	-	-	-	-
Payable to the Trustee		-	-	236	236	-	-	-	-
Accrued expenses and other liabilities		-	-	2,404	2,404	-	-	-	-
		<u>-</u>	<u>-</u>	<u>4,585</u>	<u>4,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 27, 2017 by the board of directors of the Management company.

16. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Energy Fund
(Formerly: PICIC Energy Fund)

FUND INFORMATION

Name of Fund	HBL Energy Fund (Formerly PICIC Energy Fund)
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Habib Bank Limited MCB Bank Limited Soneri Bank Limited

HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2017

		September 30, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000)	
Assets			
Bank balances	5	128,127	46,292
Investments	6	720,261	781,709
Dividend and profit receivable		3,177	2,588
Receivable against sale of investments		2,153	-
Deposits and prepayments		2,826	2,814
Total assets		856,544	833,403
Liabilities			
Payable to Management Company	7	1,931	2,849
Payable to the Trustee		147	338
Payable to the Securities and Exchange Commission of Pakistan		189	803
Payable against redemption of units		-	946
Accrued expenses and other liabilities	8	21,811	24,961
Unclaimed dividend		5,397	8,712
Total liabilities		29,475	38,609
Net assets		827,069	794,794
Unit holders' fund (as per statement attached)		827,069	794,794
Contingencies and commitments			
	9		
		(Number of units)	
Number of units in issue		55,385,516	52,859,581
		(Rupees)	
Net assets value per unit		14.9329	15.0359

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
CONDENSED INTERIM INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

	Three months ended September 30, Un-Audited	
	2017	2016
Note	----- (Rupees in '000) -----	
Income		
Capital gain on sale of investments - net	(2,367)	15,437
Dividend income	2,791	13,435
Profit on bank deposits	1,162	806
	1,586	29,678
Unrealised appreciation / (diminution) on re-measurement of investments at "fair value through profit or loss - held-for-trading" - net	(2,530)	67,485
	(944)	97,163
Expenses		
Remuneration of Management Company	4,503	4,657
Remuneration of the Trustee	450	466
Annual fee to the Securities and Exchange Commission of Pakistan	189	196
Allocation of expenses related to registrar services, accounting, operation and valuation services	201	232
Allocation of expenses related to Selling and Marketing, Settlement and bank charges	(872)	-
Auditors' remuneration	121	145
Fee & Subscription	37	61
Printing Charges	126	126
Securities transaction costs	373	764
	5,366	6,745
	(6,310)	90,418
Net income / (loss) from operating activities		
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	4	-
	-	(11,291)
Provision for Workers' Welfare Fund / Sindh Workers' Welfare Fund	8.2	-
	-	-
Net income / (loss) for the period before taxation	(6,310)	79,127
Taxation	10	-
	-	-
Net income / (loss) for the period after taxation	(6,310)	79,127
Allocation of net income for the period:		
	4	-
Income already paid on redemption of units	(26)	-
Accounting income available for distribution:		
-Relating to capital gains	(4,918)	-
-Excluding capital gains	(1,418)	-
	(6,336)	79,127
Net income / (loss) for the period after taxation	(6,310)	79,127
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	(6,310)	79,127

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three Months ended September 30,	
	2017	2016
	(Rupees in '000)	
Undistributed income brought forward comprising of:		
Realised income	175,879	235,804
Unrealised income	90,317	(75,960)
	266,196	159,844
Accounting income available for distribution:		
-Relating to capital gains	(4,918)	
-Excluding capital gains	(1,418)	
	(6,336)	79,127
Element of loss and capital losses included in the price of units issued less those in units redeemed - transferred to Distribution Statement	4	-
		(50,315)
Undistributed income carried forward	259,860	188,656
Undistributed income carried forward comprising of:		
Realised income	262,390	121,171
Unrealised income	(2,530)	67,485
	259,860	188,656

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Three Months Ended September 30,	
	2017	2016
(Rupees in '000)		
Net assets at beginning of the period	794,794	954,214
Issue of units 6,096,366 (2016: 8,017,504 units)	92,424	100,546
Redemption of units 3,570,431 (2016: 33,022,370 units)	(53,839)	(412,200)
	38,585	(311,654)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed:	4	
- transferred to Income Statement and Other Comprehensive Income	-	11,291
- transferred to Distribution Statement	-	50,315
	-	61,606
Income already paid on redemption of units	4	26
Accounting income available for distribution for the period:	(6,336)	79,127
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to Distribution Statement	4	-
	-	(50,315)
Net assets at end of the period	827,069	732,978
Net assets value per unit at the beginning of the period	15.0359	12.0122
Net assets value per unit at the end of the period	14.9329	13.4660

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

	Note	Three Months Ended September 30,	
		2017	2016
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		(6,310)	79,127
Adjustments			
Unrealised (appreciation) / diminution on remeasurement of investments at fair value through profit or loss- held-for-trading - net		2,530	(67,485)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net		-	11,291
		(3,780)	22,933
(Increase) / decrease in assets			
Investments - net		54,965	272,053
Dividend and profit receivable		3,364	(9,967)
Receivable against sale of investments		(2,153)	(6,598)
Deposits and prepayments		(12)	5
		56,164	255,493
Increase / (decrease) in liabilities			
Payable to Management Company		(918)	(450)
Payable to Central Depository Company of Pakistan Limited - Trustee		(191)	(45)
Payable to Securities and Exchange Commission of Pakistan		(614)	(720)
Payable against purchase of investments		(946)	11,939
Accrued expenses and other liabilities		(3,150)	223
		(5,819)	10,947
Net cash generated from operations		46,565	289,373
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		92,424	100,546
Payment against redemption of units		(53,839)	(412,200)
Dividend Paid		(3,315)	(1)
Net cash used in financing activities		35,270	(311,655)
Net decrease in cash and cash equivalents		81,835	(22,282)
Cash and cash equivalents at beginning of the period		46,292	79,129
Cash and cash equivalents at end of the period	5	128,127	56,844

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL ENERGY FUND (FORMERLY: PICIC ENERGY FUND)
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

During the year, the SECP 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. Accordingly, the trust deed was revised on February 17, 2017. The Aga Khan Fund For Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. During the current year, the office of the Management Company shifted to 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund has been categorised as an equity 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 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 manager rating of 'AM2 (Positive outlook)' to the Management Company.

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 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 September 30, 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, 2017.

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, 2017.

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, 2017. 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 financial information for the year ended June 30, 2017.

4. AMENDMENTS IN THE NBFC REGULATIONS

During the year SECP vide its notification SRO 756(I)/2017 dated August 3, 2017 introduced amendments in the Non-Banking Finance Companies and Notified Entities, Regulation 2008. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under Regulation 63 of the NBFC Regulations.

As a result of these amendments "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" previously recognized in Income Statement and Statement of Movement in Unit Holders' Fund is discontinued effective from July 1, 2017, while simultaneously disclosure related to "allocation of Net Income for the year" has been included in the income statement.

	Note	September 30, 2017 (Un-Audited) (Rupees in '000)	June 30, 2017 (Audited)
5. BANK BALANCES			
In saving accounts	5.1	<u>128,127</u>	<u>46,292</u>

5.1 Mark-up rates on these accounts range between 3.75% to 5.35% per annum (June 30, 2017: 3.75% to 5.35% per annum).

	Note	September 30, 2017 (Un-Audited) (Rupees in '000)	June 30, 2017 (Audited)
6. INVESTMENTS			
Financial assets 'at fair value through profit or loss' - held-for-trading			
Listed equity securities	6.1	<u>720,261</u>	<u>781,709</u>
		<u>720,261</u>	<u>781,709</u>

6.

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

Name of the Investee Company	Number of shares				Market value				
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2017	As at September 30, 2017 (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
POWER GENERATION & DISTRIBUTION									
Hub Power Company Ltd	608,500	58,500	-	-	667,000	74,577	10.35%	9.02%	0.06%
K-Electric Limited	2,200,000	-	-	2,200,000	-	-	-	-	-
Kot Addu Power Company Ltd	668,000	-	-	252,000	416,000	31,633	4.39%	3.82%	0.05%
	<u>3,476,500</u>	<u>58,500</u>	<u>-</u>	<u>2,452,000</u>	<u>1,083,000</u>	<u>106,210</u>			
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Ltd	54,000	-	-	7,920	46,080	69,351	9.63%	8.39%	0.04%
Oil & Gas Development Co Ltd	462,900	80,000	-	-	542,900	80,697	11.20%	9.76%	0.01%
Pakistan Oilfields Ltd	160,345	-	-	-	160,345	85,310	11.84%	10.31%	0.07%
Pakistan Petroleum Ltd	290,000	196,600	-	-	486,600	85,004	11.80%	10.28%	0.02%
	<u>967,245</u>	<u>276,600</u>	<u>-</u>	<u>7,920</u>	<u>1,235,925</u>	<u>320,362</u>			
OIL & GAS MARKETING COMPANIES									
Attock Petroleum Ltd	78,600	-	-	15,150	63,450	39,703	5.51%	4.80%	0.08%
Hascol Petroleum Ltd	124,000	-	-	30,200	93,800	26,366	3.66%	3.19%	0.06%
Pakistan State Oil Company Ltd	165,900	-	-	-	165,900	73,288	10.18%	8.86%	0.06%
Shell Pakistan Ltd	115,000	-	-	18,300	96,700	40,214	5.58%	4.86%	0.09%
Sui Northern Gas Pipeline Ltd	634,500	83,000	-	150,000	567,500	75,966	10.55%	9.18%	0.09%
Sui Southern Gas Co Ltd	265,000	200,000	-	265,000	200,000	7,246	1.01%	0.88%	0.02%
	<u>1,383,000</u>	<u>283,000</u>	<u>-</u>	<u>478,650</u>	<u>1,187,350</u>	<u>262,782</u>			
REFINERY									
Attock Refinery Ltd	100,000	-	-	48,500	51,500	21,280	2.95%	2.57%	0.06%
National Refinery Ltd	22,000	-	-	7,500	14,500	9,627	1.34%	1.16%	0.02%
	<u>122,000</u>	<u>-</u>	<u>-</u>	<u>56,000</u>	<u>66,000</u>	<u>30,907</u>			
Total September 30, 2017	<u>5,948,745</u>	<u>618,100</u>	<u>-</u>	<u>2,994,570</u>	<u>3,572,275</u>	<u>720,261</u>			
Carrying value of investment at September 30, 2017						<u>722,790</u>			

6.2 Investments include shares having market value aggregating to Rs. 52.54 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.

7 PAYABLE TO MANAGEMENT COMPANY	Note	September 30,	June 30,
		2017 (Un-Audited)	2017 (Audited)
		(Rupees in '000)	
Management fee		1,298	1,394
Sindh Sales Tax		169	181
Sales load payable		11	11
Allocation of expenses related to registrar services, accounting, operation and valuation services		132	70
Allocation of expenses related to Selling and Marketing,	7.1	321	1,193
		<u>1,931</u>	<u>2,849</u>

7.1 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. Management Company of the Fund started accruing these charges effective from March 1, 2017. During the period a clarification was received from the SECP on September 19, 2017 as a result expenses charged to the fund amounting to Rs. 1.669 million have been reversed during the period. Subsequent to period ended September 30, 2017 another clarification was received from SECP according to which expenses reversed during the period can be charged back to the Fund.

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30,	June 30,
		2017 (Un-Audited)	2017 (Audited)
		(Rupees in '000)	
Provision for Federal Excise Duty	8.1	13,920	13,920
Provision for Sindh Workers' Welfare Fund	8.2	4,985	4,985
Auditors' remuneration		436	315
Payable to brokers		80	143
Withholding tax payable		12	3,352
Printing charges payable		206	80
Zakat Payable		195	194
Others		1,977	1,972
		21,811	24,961

8.1 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 results 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 along-with Central Depository Company of Pakistan Limited 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 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the period ended September 30, 2017.

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, aggregating to Rs. 13.920 million (June 30, 2017: Rs. 13.920 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2017 would have been higher by Rs. 0.09 (June 30, 2017: Rs. 0.09) per unit.

8.2 PROVISION WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

During the year ended June 30, 2017, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

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

In the wake of the aforesaid developments, as an abundant caution, the Fund has recognised provision for SWWF amounting to Rs. 4.985 million (June 30, 2017 Rs. 4.985 million) in this condensed interim financial information. Had the provision not been made, net asset value per unit at September 30, 2017 would have been higher by Re. 0.09 (June 30, 2017 Re. 0.09) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies as at September 30, 2017 and June 30, 2017.

9.1 COMMITTED CREDIT LINES

The Securities and Exchange Commission of Pakistan Vide Direction No. 2 of 2017 dated January 13, 2017 as amended by Direction No. 7 of 2017 dated March 3, 2017, has directed all asset management companies to arrange committed credit lines from banks / DFIs for the equity funds equivalent to 10% of its net assets for redemption purposes. Accordingly, the Management Company of the fund has obtained committed credit lines of PKR 150 million at rate of 3 months KIBOR plus 0.45%. The management company is required to review the committed credit at least on a quarterly basis against the net assets of the Fund.

10. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. Furthermore, as per regulation 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.

11. EARNING PER UNIT (EPU)

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

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 (SECP), the total expense ratio of the Fund for the three months ended September 30, 2017 is 0.68% which includes 0.1% representing government levy and SECP fee.

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

	Three months ended	
	September 30,	
	2017	2016
	(Rupees in '000)	
13.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	3,985	4,121
Sindh Sales Tax on remuneration of the Management Company	518	536
Allocation of expenses related to registrar services, accounting, operation and valuation services	201	-
Allocation of expenses related to Selling and Marketing,	(872)	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	450	466
Central Depository Service charges	11	17
Habib Bank Limited - Sponsor		
Bank charges	1	-
MCB Bank Limited - connected person holding 10% or more units		
Issue of nil units (2016: 7,974,164 units)	-	100,000
Redemption of nil units (2016: 31,825,782 units)	-	397,030
Profit on bank deposits	1,162	806
Bank charges	139	4
Directors of the Management Company		
Issue of 136,898 units (2016: Nil units)	2,000	-
	September 30,	June 30,
	2017	2017
	(Un-audited)	(Audited)
	(Rupees in '000)	
13.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management fee	1,298	1,394
Sindh Sales Tax	169	181
Sales load payable	11	11
Allocation of expenses related to registrar services, accounting, operation and valuation services	132	70
Allocation of expenses related to Selling and Marketing,	321	1,193
Investment held in the Fund: 10,002,825 units (June 30, 2017: 10,002,825 units)	149,383	150,401
Habib Bank Limited - Sponsor		
Bank balance	20	-
MCB Bank Limited - connected person holding 10% or more units		
Bank balances	128,089	46,253
Profit receivable bank deposits	386	225
6,468,401 units (June 30, 2017: 6,468,401 units)	96,600	97,258
Directors of the Management Company		
Investment in the Fund 340,816 units (June 30, 2017 203,918 units)	5,090	3,021
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	147	337
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

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

	Note	September 30, 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									
Financial assets measured at fair value									
Investments									
- Listed equity securities		720,261	-	-	720,261	720,261	-	-	720,261
		720,261	-	-	720,261	720,261	-	-	720,261
Financial assets not measured at fair value									
	14.1				-				
Bank balances		-	128,127	-	128,127	-	-	-	-
Dividend and profit receivable		-	3,177	-	3,177	-	-	-	-
Receivable against sale of investments		-	2,153	-	2,153	-	-	-	-
Security deposits		-	2,800	-	2,800	-	-	-	-
		-	136,257	-	136,257	-	-	-	-
Financial liabilities not measured									
	14.1								
Payable to Management Company		-	-	1,931	1,931	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	147	147	-	-	-	-
Payable against purchase of investments		-	-	-	-	-	-	-	-
Accrued expenses and other liabilities		-	-	2,699	2,699	-	-	-	-
		-	-	4,777	4,777	-	-	-	-

		June 30, 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		(Rupees in '000)							
Financial assets measured at fair value									
Investments									
- Listed equity securities		781,709	-	-	781,709	781,709	-	-	781,709
		781,709	-	-	781,709	781,709	-	-	781,709
Financial assets not measured at fair value		14.1							
Bank balances		-	46,292	-	46,292	-	-	-	-
Dividend and profit receivable		-	551	-	551	-	-	-	-
Security deposits		-	2,800	-	2,800	-	-	-	-
		-	49,643	-	49,643	-	-	-	-
Financial liabilities not measured at fair value		14.1							
Payable to Management Company		-	-	2,849	2,849	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	338	338	-	-	-	-
Accrued expenses and other liabilities		-	-	24,961	24,961	-	-	-	-
		-	-	28,148	28,148	-	-	-	-

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. DATE OF AUTHORISATION FOR ISSUE

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

16. GENERAL

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

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

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

Chief Financial Officer

Chief Executive Officer

Director

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HBL

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