

HBL

ASSET MANAGEMENT

ايسيت مينجمنت

HBL Islamic Stock Fund

Quarterly Report
March 31, 2016
(Un-audited)

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CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Tawfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Rehan N. Shaikh	(Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Ayaz Ahmed	(Non-Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Audit Committee

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

Human Resource Committee

Chairperson	Ms. Sima Kamil	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Rehan N. Shaikh	(Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Risk Management Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

KPMG Taseer Hadi & Co., Chartered Accountants,
Sheikh Sultan Trust Building No 02
Beaumont Road, Karachi-75530, Pakistan

Internal Auditors

ERNST & YOUNG FORD RHODES SIDAT HYDER & Co.,
Chartered Accountants

Trustee

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

Legal Advisors

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

Website

www.hblasset.com

Head Office

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

Registered Office

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

FUND INFORMATION

NAME OF FUND **HBL Islamic Stock Fund**

FUND MANAGER **Ms. Samia Aslam**

NAME OF AUDITORS

External Auditors **KPMG Taseer Hadi & Co., Chartered Accountants.**

Internal Auditors **ERNST & YOUNG FORD RHODES SIDAT HYDER & Co.,
Chartered Accountants**

NAME OF BANKERS

**BankIslami Pakistan Limited
National Bank of Pakistan
Habib Bank Limited**

HBL ISLAMIC STOCK FUND
Condensed Interim Statement of Assets and Liabilities
As At March 31, 2016

	<i>Note</i>	March 31, 2016 (Un-Audited)	June 30, 2015 (Audited)
(Rupees in '000)			
Assets			
Bank balances	4	71,063	75,742
Investments	5	689,204	745,725
Dividend receivable and accrued mark-up	6	5,899	1,656
Preliminary expenses and floatation costs		26	197
Advances, deposits, prepayments and other receivables	7	2,710	2,667
Total assets		768,902	825,987
Liabilities			
Payable to HBL Asset Management Limited - Management Company	8	1,716	4,103
Payable to Central Depository Company of Pakistan Limited - Trustee		268	136
Payable to Securities and Exchange Commission of Pakistan		550	768
Accrued expenses and other liabilities	9	19,397	37,372
Total liabilities		21,931	42,379
Net assets		746,971	783,608
Unit holders' fund (as per statement attached)		746,971	783,608
(Number of units)			
Number of units in issue		6,198,737	6,109,139
(Rupees)			
Net assets value per unit		120.5038	128.2681

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

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

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Income Statement (Un-Audited)
For the Nine Months & quarter ended March 31, 2016

	Note	Nine Months ended		Quarter ended	
		March 31,		March 31,	
		2016	2015	2016	2015
		------(Rupees in '000)-----			
Income					
Dividend income		24,013	29,290	6,669	10,377
Mark-up on deposits with banks		3,348	5,054	1,624	1,658
Capital gain on sale of investments - net		8,076	37,573	(30,551)	(7,069)
		35,437	71,917	(22,259)	4,966
Impairment loss on equity securities classified as available for sale		(9,619)	-	-	-
Expenses					
Remuneration of HBL Asset Management Limited - Management Company		15,328	16,125	4,814	5,653
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,316	1,209	414	424
Annual fee to Securities and Exchange Commission of Pakistan		550	574	172	201
Allocation of expenses related to registrar services, accounting, operation and valuation services	10	260	-	186	-
Securities transaction costs		308	356	274	109
Auditors' remuneration		261	239	70	87
Settlement and bank charges		113	184	100	18
Amortisation of preliminary expenses and floatation costs		171	173	56	57
Other expenses		547	247	82	54
		18,854	19,107	6,168	6,603
Net income from operating activities		6,964	52,810	(28,427)	(1,637)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(267)	1,072	(639)	751
Provision for Workers' Welfare Fund	11	-	(1,079)	-	17
Net income for the period before taxation		6,697	52,803	(29,066)	(869)
Taxation	12	-	-	-	-
Net income for the period after taxation		6,697	52,803	(29,066)	(869)
Earning per unit	13				

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Nine Months & quarter ended March 31, 2016

	Nine Months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	------(Rupees in '000)-----			
Net income for the period	6,697	52,803	(29,066)	(869)
Other comprehensive income for the period				
<i>Items to be reclassified to income statement in subsequent periods:</i>				
Net unrealised (diminution) on remeasurement of investments classified as available for sale	(55,462)	(51,836)	29,059	(40,685)
Total comprehensive income for the period	<u>(48,765)</u>	<u>967</u>	<u>(7)</u>	<u>(41,554)</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Distribution Statement (Un-Audited)
For the Nine Months ended March 31, 2016

	Nine Months ended	
	March 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward - realised	26,494	26,330
Net income for the period	6,697	52,803
Element of income / (loss) and capital gains / (losses) included in the price of units issued less those in units redeemed - amount representing income / (loss) that form part of the unit holders' fund	379	487
Undistributed income carried forward - realised	33,570	79,620

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)****For the Nine Months ended March 31, 2016**

	Nine Months ended March 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	783,608	778,727
Issue of 1,180,165 units (2015: 1,828,830 units)	145,568	250,716
Redemption of 1,090,567 units (2015: 1,710,487 units)	(133,707)	(233,614)
	11,861	17,102
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	267	(1,072)
Net income for the period	6,697	52,803
Net unrealised (diminution) on remeasurement of investments classified as available for sale	(55,462)	(51,836)
Total comprehensive income for the period	(48,765)	967
Net assets at end of the period	746,971	795,724
[Rs. 120.5038 per unit (2015: Rs. 132.1370 per unit)]		

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

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

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the Nine Months ended March 31, 2016

	Note	Nine Months ended	
		March 31,	
		2016	2015
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		6,697	52,803
Adjustments			
Amortisation of preliminary expenses and floatation costs		171	173
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		267	(1,072)
		7,135	51,904
(Increase) / decrease in assets			
Investments - net		1,059	(216,399)
Dividend receivable and accrued mark-up		(4,243)	(7,560)
Advances, deposits, prepayments and other receivables		(43)	114,454
		(3,227)	(109,505)
Increase / (decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		(2,387)	1,493
Payable to Central Depository Company of Pakistan Limited - Trustee		132	159
Payable to Securities and Exchange Commission of Pakistan		(218)	23
Dividend payable		-	(22,324)
Accrued expenses and other liabilities		(17,975)	4,351
		(20,448)	(16,298)
Net cash (used in) / operating activities		(16,540)	(73,899)
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		145,568	250,716
Payment against redemption of units		(133,707)	(233,614)
Net cash generated from financing activities		11,861	17,102
Net (decrease) / in cash and cash equivalents		(4,679)	(56,797)
Cash and cash equivalents at beginning of the period		75,742	91,913
Cash and cash equivalents at end of the period	4	71,063	35,116

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND

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

For the Nine Months ended March 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Stock Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, 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 as a unit trust scheme on December 10, 2010.

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

The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at par from May 09, 2011 to May 10, 2011.

The principal activity of the Fund is to provide long-term capital growth by investing mainly in Sharia Compliant equity securities and short-term government securities.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2-' to the Management Company and has assigned one year Fund performance ranking at 'MFR 1-Star' and three year Fund performance ranking at 'MFR 1-Star' to the Fund.

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

2. STATEMENT OF COMPLIANCE

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

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2015.

		(Un-Audited)	(Audited)
		March 31,	June 30,
		2016	2015
		(Rupees in '000)	
4.	BANK BALANCES		
	Savings accounts	<u>71,063</u>	<u>75,742</u>
		<u>71,063</u>	<u>75,742</u>
5.	INVESTMENTS		
		<i>Note</i>	
	Available for sale - Listed equity securities	5.1 <u>689,204</u>	<u>745,725</u>
		<u>689,204</u>	<u>745,725</u>

5.1 Listed equity securities - Available for sale

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

Name of the Investee Company	Number of shares				Market value		Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2015	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2016	as at March 31, 2016	Total Investments	Net Assets	
(Rupees in '000)									
Personal Goods (Textile)									
Nishat Mills Limited	-	302,500	-	302,500	-	-	-	-	-
	-	302,500	-	302,500	-	-	0.00%	0.00%	
Construction and Materials									
D.G. Khan Cement Company Limited	287,500	427,100	-	423,100	291,500	50,668	7.35%	6.78%	0.07%
Kohat Cement Limited	-	147,100	-	25,200	121,900	31,699	4.60%	4.24%	0.08%
Lucky Cement Limited	80,700	63,200	-	52,000	91,900	49,452	7.18%	6.62%	0.03%
Maple Leaf Cement Factory Limited	526,500	346,000	-	872,500	-	-	-	-	-
Pioneer Cement Limited	-	431,500	-	100,000	331,500	32,792	4.76%	4.39%	0.15%
Cherat Cement Company Limited	-	263,500	-	-	263,500	28,434	4.13%	3.81%	0.12%
Fauji Cement Company Limited	-	1,554,500	-	854,000	700,500	29,358	4.26%	3.93%	0.05%
	894,700	3,232,900	-	2,326,800	1,800,800	222,403	32.27%	29.77%	
Electricity									
K-Electric Limited (Rs. 3.5 each)	3,001,000	4,274,500	-	4,136,500	3,139,000	22,287	3.23%	2.98%	0.01%
The Hub Power Company Limited	626,000	897,800	-	1,032,500	491,300	51,361	7.45%	6.88%	0.04%
Kot Addu Power Company	273,500	362,500	-	324,500	311,500	24,038	3.49%	3.22%	0.04%
	3,900,500	5,534,800	-	5,493,500	3,941,800	97,686	14.17%	13.08%	
Oil and Gas									
Mari Petroleum Company Limited	-	107,950	-	72,900	35,050	24,622	3.57%	3.30%	0.03%
Pakistan Oilfields Limited	111,000	87,300	-	198,300	-	-	-	-	-
Pakistan Petroleum Limited	206,200	782,500	-	730,700	258,000	33,055	4.80%	4.43%	0.01%
Pakistan State Oil Company Limited	78,800	112,800	-	84,400	107,200	37,653	5.46%	5.04%	0.04%
Attock Petroleum Limited	49,250	-	-	11,500	37,750	16,264	2.36%	2.17%	0.05%
	445,250	1,090,550	-	1,097,800	438,000	111,594	16.19%	14.93%	
Chemicals									
Fauji Fertilizer Bin Qasim Limited	560,500	355,000	-	915,500	-	-	-	-	-
Fauji Fertilizer Company Limited	184,300	35,200	-	219,500	-	-	-	-	-
Engro Fertilizer Limited	410,500	193,000	-	603,500	-	-	-	-	-
Engro Corporation Limited	188,400	176,800	-	220,100	145,100	45,808	6.65%	6.13%	0.03%
Fatima Fertilizer Company Limited	-	1,016,500	-	1,016,500	-	-	-	-	-
	1,343,700	1,776,500	-	2,975,100	145,100	45,808	6.65%	6.13%	
Food Producers									
Engro Foods Limited	225,000	277,600	-	502,600	-	-	-	-	-
	225,000	277,600	-	502,600	-	-	-	-	-
General Industrials									
Synthetic Products Enterprises Limited	639,000	28,000	-	667,000	-	-	-	-	-
Packages Limited	40,200	47,950	-	38,350	49,800	25,996	3.77%	3.48%	0.06%
	679,200	75,950	-	705,350	49,800	25,996	3.77%	3.48%	
Household Goods									
Pak Elektron Limited	444,000	159,500	-	230,000	373,500	22,586	3.28%	3.02%	0.09%
	444,000	159,500	-	230,000	373,500	22,586	3.28%	3.02%	

Name of the Investee Company	Number of shares				As at March 31, 2016	Market value as at March 31, 2016 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2015	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
Pharma and Bio Tech									
Searle Company Limited	-	117,500	6,190	55,600	68,090	29,925	4.34%	4.01%	0.07%
GlaxoSmithKline Pakistan Limited	-	133,600	-	64,700	68,900	16,703	2.42%	2.24%	0.02%
Ferozsons Laboratories Limited	-	35,200	-	35,200	-	-	-	-	-
	-	286,300	6,190	155,500	136,990	46,628	6.77%	6.25%	
Automobile Assembler									
Pak Suzuki Motor Company Limited	74,500	40,000	-	114,500	-	-	-	-	-
Indus Motors Limited	34,050	-	-	21,330	12,720	12,049	1.75%	1.61%	0.02%
Honda Atlas Cars (Pakistan) Limited	-	151,600	-	82,800	68,800	17,368	2.52%	2.33%	0.55%
Hinopak Motors Limited	-	31,400	-	31,400	-	-	-	-	-
	108,550	223,000	-	250,030	81,520	29,417	4.27%	3.94%	
Automobile parts and Accessories									
Thall Limited (Rs. 5 each)	74,800	22,500	-	97,300	-	-	-	-	-
General Tyre & Rubber Company Limited	-	112,700	-	-	112,700	16,861	2.45%	2.26%	0.19%
	74,800	135,200	-	97,300	112,700	16,861	2.45%	2.26%	
Industrial Metals And Mining									
Amreli Steels Limited	-	608,500	-	269,500	339,000	17,686	2.57%	2.37%	0.11%
Crescent Steel & Allied Products Limited	-	587,875	-	352,875	235,000	27,631	4.01%	3.70%	0.00
Mughal Iron & Steel Limited	-	364,000	-	-	364,000	24,908	3.61%	3.33%	0.00
	-	1,560,375	-	622,375	938,000	70,225	10.19%	9.40%	
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	-	894,000	-	894,000	-	-	-	-	-
	-	894,000	-	894,000	-	-	-	-	-
	8,115,700	15,549,175	6,190	15,652,855	8,018,210	689,204	100.00%	92.27%	
Cost of investments at March 31, 2016						689,623			

5.2 Investments include shares having market value aggregating to Rs. 41.5876 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

5.3 Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale	Note	(Un-Audited)	(Audited)
		March 31, 2016 (Rupees in '000)	June 30, 2015
Market value of investments	5.1	689,204	745,725
Cost of investments	5.1	689,623	681,062
Less: Impairment	5.3.1	(9,619)	-
		680,004	681,062
		9,200	64,663

	<i>Note</i>	(Un-Audited) March 31, 2016	(Audited) June 30, 2015
5.3.1 Movement in impairment against investments			
Opening balance		-	-
Add: Charge for the period / year		9,619	-
Less: Reversals made during the period / year		-	-
Net charge		9,619	-
Closing balance		9,619	-
6. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP			
Mark-up accrued on deposits with banks		421	299
Dividend receivable		5,478	1,357
		5,899	1,656
7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepaid expenses		110	67
		2,710	2,667
8. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	<i>8.1</i>	1,230	1,326
Sindh Sales Tax	<i>8.2</i>	200	230
Sales load payable		26	2,547
Allocation of expenses related to registrar services, accounting, operation and valuation services		260	-
		1,716	4,103

8.1 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, 2015: two percent per annum) for the current period.

8.2 The Sindh Government has levied Sindh Sales Tax at the rate of 14% (June 30, 2015: 15%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

9. ACCRUED EXPENSES AND OTHER LIABILITIES	<i>Note</i>	(Au-Audited) March 31, 2016	(Audited) June 30, 2015
(Rupees in '000)			
Auditors' remuneration payable		248	301
Charity payable		2,263	1,885
Federal Excise Duty	<i>9.1</i>	6,164	4,322
Withholding tax payable		-	4,906
Capital gain tax payable		-	154
Payable to unit holders against redemption		-	906
Payable to HBL Money Market Fund against conversion of units		-	15,067
Other payables		98	52
Payable to brokers		217	1,505
Payable against purchase of investments		2,133	-
Provision for Workers' Welfare Fund	<i>11</i>	8,274	8,274
		19,397	37,372

9.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. In 2014, the Honourable High Court of Sindh in a Constitutional petition relating to levy of FED on Mutual Fund has granted a stay order for the recovery of FED. As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 6.563 million out of which Rs. 0.399 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value per unit of the Fund as at March 31, 2016 would have been higher by Rs. 1.0588 per unit. (June 30, 2015: Rs. 0.7728 per unit).

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

Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated November 25, 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company 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" from the mutual funds managed by it.

The expenses represent the allocation of expenses relating to registrar services, accounting, operation and valuation services at 0.1% of average net annual assets of the Fund with effect from November 25, 2015.

11. PROVISION FOR WORKERS' WELFARE FUND

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2015.

However, after the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1st July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Asset Value (NAV) per unit of the Fund as at March 31, 2016 would have been higher by Rs. 1.3348 per unit (June 30, 2015: Rs. 1.3544 per unit).

12. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2016 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash. However, during the period, after exclusion of capital gains, there was negative income. The fund is also exempt from the provisions of section 113 (Minimum tax) under clause 11A of part IV of the second schedule to the Income Tax Ordinance, 2001. However, during the period, after exclusion of capital gains, there was negative income.

13. 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.

14. 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:

14.1 Transactions during the period	(Un-Audited) Nine Months ended March 31,	
	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	15,328	16,125
Allocation of expenses related to registrar services, accounting, operation and valuation services	260	-
Habib Bank Limited - Sponsor		
Bank charges paid	9	25
Mark-up earned during the period	502	1,162
Mark-up received during the period	527	1,247

	(Un-Audited) Nine Months ended March 31,	
	2016	2015
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,316	1,209
Central Depository services charges	99	149
Executives of the Management Company and their relatives		
Executives and their relatives		
Issue of Nil units (2015: 38,545 units)	-	5,185
Redemption of 2,462 units (2015: 28,966 units)	300	3,809
Profit / (Loss) earned on units redeemed	(31)	10
14.2 Amounts outstanding as at period end	(Un-Audited)	(Audited)
	March 31,	June 30,
	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	1,230	1,326
Sindh Sales Tax	200	230
Sales load payable	26	2,547
Allocation of expenses related to registrar services, accounting, operation and valuation services	260	-
Habib Bank Limited - Sponsor		
Investment held in the Fund: 5,028,952 units (2015: 5,028,952 units)	606,008	645,054
Bank balances	9,202	26,169
Mark-up receivable on deposits with banks	22	47
HBL Money Market Fund - Associate		
Payable to HBL Money Market Fund against conversion of units	-	15,067
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	268	136
Security deposit	100	100
Executives of the Management Company and their relatives		
Investment held in the Fund : 15,894 units (2015: 18,357 units)	1,915	2,355
15. DATE OF AUTHORISATION FOR ISSUE		
The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 29, 2016 .		
16. GENERAL		
Figures have been rounded off to the nearest thousand rupees.		
For HBL Asset Management Limited (Management Company)		
_____ Chief Executive	_____ Director	

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HBL Asset Management Limited



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