

HBL

ASSET MANAGEMENT

ايسيت مينجمنت

HBL Islamic Stock Fund

Half Yearly Report
December 31, 2015
(Un-audited)

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CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Rehan N. Shaikh	(Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(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

A.F. Ferguson & Co., Chartered Accountants,
State Life Building No.1-C, I.I Chundrigar Road,
P.O.Box 4716, Karachi.

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.hblasst.com

Head Office

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

Registered Office

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

FUND INFORMATION

NAME OF FUND **HBL Islamic Stock Fund**

FUND MANAGER **Mr. Asif Mobin**

NAME OF AUDITORS

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

Internal Auditors **A.F. Ferguson & Co., Chartered Accountants.**

NAME OF BANKERS

BankIslami Pakistan Limited
National Bank of Pakistan
Habib Bank Limited
Dubai Islamic Bank Pakistan Limited.

TRUSTEE REPORT TO THE UNIT HOLDERS

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



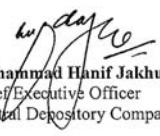
TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC STOCK FUND

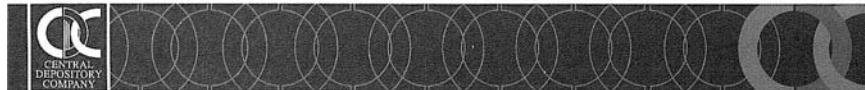
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Stock Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2015 in accordance with the provisions of the following:

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


Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 29, 2016



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



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Report on review of Condensed Interim Financial Information to the Unit Holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Stock Fund** ("the Fund") as at December 31, 2015 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matters

The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended 31 December 2015, have not been reviewed and we do not express a conclusion on them.

Date: 9 February 2016

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan
and a member firm of the KPMG network of independent member
firms affiliated with KPMG International Cooperative
("KPMG International"), a Swiss entity.

HBL ISLAMIC STOCK FUND
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2015

	Note	December 31, 2015 (Un-Audited)	June 30, 2015 (Audited)
(Rupees in '000)			
Assets			
Bank balances	4	66,956	75,742
Investments	5	736,686	745,725
Dividend receivable and accrued mark-up	6	2,147	1,656
Preliminary expenses and floatation costs		82	197
Advances, deposits, prepayments and other receivables	7	2,620	2,667
Total assets		808,491	825,987
Liabilities			
Payable to HBL Asset Management Limited - Management Company	8	1,560	4,103
Payable to Central Depository Company of Pakistan Limited - Trustee		144	136
Payable to Securities and Exchange Commission of Pakistan		378	768
Accrued expenses and other liabilities	9	42,371	37,372
Total liabilities		44,453	42,379
Net assets		764,038	783,608
Unit holders' fund (as per statement attached)		764,038	783,608
(Number of units)			
Number of units in issue		6,345,709	6,109,139
(Rupees)			
Net assets value per unit		120.4024	128.2681

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Income Statement (Un-Audited)
For the half year ended December 31, 2015

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2015	2014	2015	2014
		------(Rupees in '000)-----			
Income					
Dividend income		17,344	18,913	8,441	9,317
Mark-up on deposits with banks		1,725	3,396	736	1,394
Capital gain on sale of investments - net		38,627	44,642	20,908	36,333
		57,696	66,951	30,085	47,044
Impairment loss on equity securities classified as available for sale		(9,619)	-	(5,299)	-
Expenses					
Remuneration of HBL Asset Management Limited - Management Company		10,514	10,472	5,147	5,338
Remuneration of Central Depository Company of Pakistan Limited - Trustee		902	785	440	400
Annual fee to Securities and Exchange Commission of Pakistan		378	373	185	190
Allocation of expenses related to registrar services, accounting, operation and valuation services	10	74	-	74	-
Securities transaction costs		34	247	17	247
Auditors' remuneration		191	152	103	148
Settlement and bank charges		13	166	8	161
Amortisation of preliminary expenses and floatation costs		115	116	57	59
Other expenses		465	193	393	129
		12,686	12,504	6,424	6,672
Net income from operating activities		35,391	54,447	18,362	40,372
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		372	321	(105)	520
Provision for Workers' Welfare Fund	11	-	(1,096)	-	(817)
Net income for the period before taxation		35,763	53,672	18,257	40,075
Taxation	12	-	-	-	-
Net income for the period after taxation		35,763	53,672	18,257	40,075
Earning per unit	13				

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the half year ended December 31, 2015

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
Net income for the period	35,763	53,672	18,257	40,075
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	(84,521)	(11,151)	(11,043)	(1,457)
Total comprehensive income for the period	(48,758)	42,521	7,214	38,618

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Distribution Statement (Un-Audited)
For the half year ended December 31, 2015

	Half year ended	
	December 31,	
	2015	2014
	(Rupees in '000)	
Undistributed income brought forward - realised	80,140	26,330
Net income for the period	35,763	53,672
Element of income / (loss) and capital gains / (losses) included in the price of units issued less those in units redeemed - amount representing income / (loss) that form part of the unit holders' fund	1,026	138
Undistributed income carried forward - realised	<u>116,929</u>	<u>80,140</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)***For the half year ended December 31, 2015*

	Half year ended December 31,	
	2015	2014
	(Rupees in '000)	
Net assets at beginning of the period [Rs. 128.2681 per unit (June 30, 2014: Rs. 131.9066 per unit)]	783,608	778,727
Issue of 857,540 units (2014: 1,169,164 units)	108,437	156,198
Redemption of 620,970 units (2014: 1,200,175 units)	(78,877)	(161,287)
	29,560	(5,089)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	(372)	(321)
Net income for the period	35,763	53,672
Net unrealised (diminution) on remeasurement of investments classified as available for sale	(84,521)	(11,151)
Total comprehensive income for the period	(48,758)	42,521
Net assets at end of the period [Rs. 120.4024 per unit (2014: Rs. 138.9226 per unit)]	764,038	815,838

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

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

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the half year ended December 31, 2015

	Note	Half year ended December 31,	
		2015	2014
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		35,763	53,672
Adjustments			
Amortisation of preliminary expenses and floatation costs		115	116
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		(372)	(321)
		35,506	53,467
(Increase) / decrease in assets			
Investments - net		(75,482)	(101,868)
Dividend receivable and accrued mark-up		(491)	535
Advances, deposits, prepayments and other receivables		47	77,414
		(75,926)	(23,919)
Increase / (decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		(2,543)	825
Payable to Central Depository Company of Pakistan Limited - Trustee		8	15
Payable to Securities and Exchange Commission of Pakistan		(390)	(178)
Dividend payable		-	(22,324)
Accrued expenses and other liabilities		4,999	1,709
		2,074	(19,953)
Net cash (used in) / generated from operating activities		(38,346)	9,595
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		108,437	156,198
Payment against redemption of units		(78,877)	(161,287)
Net cash generated from / (used in) in financing activities		29,560	(5,089)
Net (decrease) / increase in cash and cash equivalents		(8,786)	4,506
Cash and cash equivalents at beginning of the period		75,742	91,913
Cash and cash equivalents at end of the period	4	66,956	96,419

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND

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

For the half year ended December 31, 2015

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 Lahore 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 Shariah 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, except for the following standards which became effective during the period.

3.1 New, Amended And Revised Standards And Interpretations of IFRSs

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from January 1, 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Fund.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Fund, except certain additional disclosures.

4. BANK BALANCES		<i>Note</i>	December 31, 2015	June 30, 2015
			(Rupees in '000)	
Savings accounts		4.1	<u>66,956</u>	<u>75,742</u>
			<u>66,956</u>	<u>75,742</u>

4.1 Mark-up rates on these accounts range between 4.00% - 6.00% p.a (June 30, 2015: 5.00% - 8.00% p.a).

5. INVESTMENTS		<i>Note</i>	December 31, 2015	June 30, 2015
			(Rupees in '000)	
Available for sale - Listed equity securities		5.1	<u>736,686</u>	<u>745,725</u>
			<u>736,686</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				As at December 31, 2015	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		Market value as at December 31, 2015	Total Investments	Net Assets	
(Rupees in '000)									
Personal Goods (Textile)									
Nishat Mills Limited	-	302,500	-	109,500	193,000	18,310	2.48%	2.40%	0.05%
	-	302,500	-	109,500	193,000	18,310	2.48%	2.40%	
Construction and Materials									
D.G Khan Cement Company Limited	287,500	258,500	-	298,500	247,500	36,529	4.96%	4.78%	0.06%
Kohat Cement Limited	-	147,100	-	-	147,100	35,433	4.81%	4.64%	0.10%
Lucky Cement Limited	80,700	63,200	-	52,000	91,900	45,494	6.18%	5.95%	0.03%
Maple Leaf Cement Factory Limited	526,500	346,000	-	526,500	346,000	25,805	3.50%	3.38%	0.07%
Pioneer Cement Limited	-	344,500	-	100,000	244,500	22,215	3.02%	2.91%	0.11%
Fauji Cement Company Limited	-	854,000	-	854,000	-	-	-	-	-
	894,700	2,013,300	-	1,831,000	1,077,000	165,476	22.47%	21.66%	
Electricity									
K-Electric Limited (Rs. 3.5 each)	3,001,000	4,274,500	-	3,410,500	3,865,000	28,756	3.90%	3.76%	0.01%
The Hub Power Company Limited	626,000	590,500	-	846,500	370,000	37,962	5.15%	4.97%	0.03%
Kot Addu Power Company	273,500	292,000	-	178,000	387,500	31,388	4.26%	4.11%	0.04%
	3,900,500	5,157,000	-	4,435,000	4,622,500	98,106	13.31%	12.84%	
Oil and Gas									
Mari Petroleum Company Limited	-	96,900	-	47,900	49,000	34,160	4.64%	4.47%	0.04%
Pakistan Oilfields Limited	111,000	87,300	-	198,300	-	-	-	-	-
Pakistan Petroleum Limited	206,200	524,500	-	730,700	-	-	-	-	-
Pakistan State Oil Company Limited	78,800	74,000	-	39,400	113,400	36,942	5.01%	4.84%	0.04%
Attock Petroleum Limited	49,250	-	-	-	49,250	24,877	3.38%	3.25%	0.06%
	445,250	782,700	-	1,016,300	211,650	95,979	13.03%	12.56%	

Name of the Investee Company	Number of shares				As at December 31, 2015	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		Market value as at December 31, 2015	Total Investments	Net Assets	
(Rupees in '000)									
Chemicals									
Fauji Fertilizer Bin Qasim Limited	560,500	355,000	-	560,500	355,000	18,701	2.54%	2.45%	0.04%
Fauji Fertilizer Company Limited	184,300	35,200	-	219,500	-	-	-	-	-
Engro Fertilizer Limited	410,500	193,000	-	406,000	197,500	16,616	2.26%	2.17%	0.01%
Engro Corporation Limited	188,400	125,000	-	134,100	179,300	50,095	6.80%	6.56%	0.03%
Fatima Fertilizer Company Limited	-	1,016,500	-	484,000	532,500	23,819	3.23%	3.12%	0.03%
	<u>1,343,700</u>	<u>1,724,700</u>	<u>-</u>	<u>1,804,100</u>	<u>1,264,300</u>	<u>109,231</u>	<u>14.83%</u>	<u>14.30%</u>	
Food Producers									
Engro Foods Limited	225,000	277,500	-	388,100	114,400	16,770	2.28%	2.19%	0.01%
	<u>225,000</u>	<u>277,500</u>	<u>-</u>	<u>388,100</u>	<u>114,400</u>	<u>16,770</u>	<u>2.28%</u>	<u>2.19%</u>	
General Industrials									
Synthetic Products Enterprises Limited	639,000	28,000	-	667,000	-	-	-	-	-
Packages Limited	40,200	47,950	-	38,350	49,800	28,989	3.94%	3.79%	0.06%
	<u>679,200</u>	<u>75,950</u>	<u>-</u>	<u>705,350</u>	<u>49,800</u>	<u>28,989</u>	<u>3.94%</u>	<u>3.79%</u>	
Household Goods									
Pak Elektron Limited	444,000	105,500	-	230,000	319,500	19,982	2.71%	2.62%	0.08%
	<u>444,000</u>	<u>105,500</u>	<u>-</u>	<u>230,000</u>	<u>319,500</u>	<u>19,982</u>	<u>2.71%</u>	<u>2.62%</u>	
Pharma and Bio Tech									
Searle Company Limited	-	61,700	-	-	61,700	24,417	3.31%	3.20%	0.06%
GlaxoSmithKline Pakistan Limited	-	133,600	-	30,900	102,700	22,596	3.07%	2.96%	0.03%
Ferozsons Laboratories Limited	-	29,150	-	-	29,150	32,266	4.38%	4.22%	0.10%
	<u>-</u>	<u>224,450</u>	<u>-</u>	<u>30,900</u>	<u>193,550</u>	<u>79,279</u>	<u>10.76%</u>	<u>10.38%</u>	
Automobile Assembler									
Pak Suzuki Motor Company Limited	74,500	40,000	-	79,500	35,000	17,336	2.35%	2.27%	0.04%
Indus Motors Limited	34,050	-	-	12,580	21,470	21,719	2.95%	2.84%	0.03%
Hinopak Motors Limited	-	31,400	-	12,650	18,750	19,275	2.62%	2.52%	0.15%
	<u>108,550</u>	<u>71,400</u>	<u>-</u>	<u>104,730</u>	<u>75,220</u>	<u>58,330</u>	<u>7.92%</u>	<u>7.63%</u>	
Automobile parts and Accessories									
Thall Limited (Rs. 5 each)	74,800	22,500	-	77,200	20,100	5,092	0.69%	0.67%	0.02%
General Tyre & Rubber Company Limited	-	112,700	-	-	112,700	19,337	2.62%	2.53%	0.19%
	<u>74,800</u>	<u>135,200</u>	<u>-</u>	<u>77,200</u>	<u>132,800</u>	<u>24,429</u>	<u>3.31%</u>	<u>3.20%</u>	
Industrial Metals And Mining									
Amreli Steels Limited	-	363,000	-	-	363,000	21,805	2.96%	2.85%	0.12%
Crescent Steel & Allied Products Limited	-	309,500	43,375	352,875	-	-	-	-	-
	<u>-</u>	<u>672,500</u>	<u>43,375</u>	<u>352,875</u>	<u>363,000</u>	<u>21,805</u>	<u>2.96%</u>	<u>2.85%</u>	
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	-	894,000	-	894,000	-	-	-	-	-
	<u>-</u>	<u>894,000</u>	<u>-</u>	<u>894,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	8,115,700	12,436,700	43,375	11,979,055	8,616,720	736,686	100.00%	96.42%	
Cost of investments at December 31, 2015	766,163								

Investments include shares having market value aggregating to Rs. 41.19 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

5.3 Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale	<i>Note</i>	December 31, 2015	June 30, 2015
		(Rupees in '000)	
Market value of investments	5.1	736,686	745,725
Cost of investments	5.1	766,163	681,062
Less: Impairment	5.3.1	(9,619)	-
		<u>756,544</u>	<u>681,062</u>
		<u>(19,858)</u>	<u>64,663</u>
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		<u>9,619</u>	<u>-</u>
6. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP			
Mark-up accrued on deposits with banks		390	299
Dividend receivable		1,757	1,357
		<u>2,147</u>	<u>1,656</u>
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		20	67
		<u>2,620</u>	<u>2,667</u>
8. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	8.1	1,265	1,326
Sindh Sales Tax	8.2	208	230
Sales load payable		13	2,547
Allocation of expenses related to registrar services, accounting, operation and valuation services		74	-
		<u>1,560</u>	<u>4,103</u>

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	Note	December 31, 2015 (Rupees in '000)	June 30, 2015
Auditors' remuneration payable	9.2	178	301
Charity payable		2,214	1,885
Federal Excise Duty	9.1	5,596	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		64	52
Payable to brokers		1,344	1,505
Payable against purchase / sale of shares		24,701	-
Provision for Workers' Welfare Fund	11	8,274	8,274
		<u>42,371</u>	<u>37,372</u>

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. 5.995 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 December 31, 2015 would have been higher by Rs. 0.9447 per unit (June 30, 2015: in Rs. 0.7728 per unit).

9.2 In accordance with the instructions of the Shariah Advisor(s), any income earned by the Fund from investments whereby the portions of the investment in the investee company has been made in Shariah non-compliant avenues, such portion of the income of the Fund from those investments should be given away for charitable purposes directly by the Fund. During the current year the Fund has transferred an amount of Rs. 0.329 million to charity.

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 December 31, 2015 would have been higher by Rs. 1.3039 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	Half year ended December 31,	
	2015	2014
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	10,514	10,472
Allocation of expenses related to registrar services, accounting, operation and valuation services	74	-
Habib Bank Limited - Sponsor		
Bank charges paid	8	10
Mark-up earned during the year	351	601
Mark-up received during the year	331	609
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	902	785
Central Depository services charges	72	149
Executives of the Management Company and their relatives		
Executives and their relatives		
Issue of Nil units (2014: 32,963 units)	-	4,365
Redemption of Nil units (2014: 28,049 units)	-	3,683
Profit earned on units redeemed	-	15
14.2 Amounts outstanding as at period end	December 31, 2015	June 30, 2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	1,265	1,326
Sindh Sales Tax	208	230
Sales load payable	13	2,547
Allocation of expenses related to registrar services, accounting, operation and valuation services	74	-
Habib Bank Limited - Sponsor		
Investment held in the Fund: 5,028,952 units (2015: 5,028,952 units)	605,498	645,054
Bank balances	11,489	26,169
Mark-up receivable on deposits with banks	20	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	144	136
Security deposit	100	100
Executives of the Management Company and their relatives		
Investment held in the Fund : 18,357 units (2015: 18,357 units)	2,210	2,355
Directors of connected persons		
Investment held in the Fund: Nil units (2015: 71,117 units)	-	9,122

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

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

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

	Note	December 31, 2015							
		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		736,686	-	-	736,686	736,686	-	-	736,686
		<u>736,686</u>	<u>-</u>	<u>-</u>	<u>736,686</u>	<u>736,686</u>	<u>-</u>	<u>-</u>	<u>736,686</u>
Financial assets not measured at fair value									
Bank balances	15.1	-	66,956	-	66,956	-	-	-	-
Dividend receivable and accrued mark-up		-	2,147	-	2,147	-	-	-	-
Advances, deposits and other receivables		-	2,620	-	2,620	-	-	-	-
		<u>-</u>	<u>71,723</u>	<u>-</u>	<u>71,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to HBL Asset Management Limited - Management Company		-	-	1,560	1,560	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	144	144	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan		-	-	378	378	-	-	-	-
Accrued expenses and other liabilities		-	-	28,501	28,501	-	-	-	-
		<u>-</u>	<u>-</u>	<u>30,583</u>	<u>30,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	June 30, 2015							
	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 assets measured at fair value								
Investments								
- Listed equity securities	745,725	-	-	745,725	745,725	-	-	745,725
	<u>745,725</u>	<u>-</u>	<u>-</u>	<u>745,725</u>	<u>745,725</u>	<u>-</u>	<u>-</u>	<u>745,725</u>
Financial assets not measured at fair value								
Bank balances	-	75,742	-	75,742	-	-	-	-
Dividend receivable and accrued mark-up	-	1,656	-	1,656	-	-	-	-
Advances, deposits and other receivables	-	2,667	-	2,667	-	-	-	-
	<u>-</u>	<u>80,065</u>	<u>-</u>	<u>80,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to HBL Asset Management Limited - Management Company	-	-	4,103	4,103	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	136	136	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan	-	-	768	768	-	-	-	-
Accrued expenses and other liabilities	-	-	24,775	24,775	-	-	-	-
	<u>-</u>	<u>-</u>	<u>29,782</u>	<u>29,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15.1 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.

16. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **February 09, 2016**.

17. 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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