



HBL MoneyMarketFund

Half Yearly Report
December 31, 2014
(Un-audited)

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HBL MONEY MARKET FUND

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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)
	Mr. Salim Amlani	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Audit Committee

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

Human Resource Committee

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

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salim Amlani	(Non-Executive Director)
	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 Shakra-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 Money Market Fund**

FUND MANAGER **Mr. Fahad Aziz**

NAME OF AUDITORS

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

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

NAME OF BANKERS

Allied Bank Limited
Askari bank Limited
Bank AlFalah Limited
Faysal Bank Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited
Bank Al Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited

TRUSTEE REPORT TO THE UNIT HOLDERS

HBL MONEY MARKET 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 Money Market 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, 2014 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.

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 24, 2015

**AUDITORS' 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 Money Market Fund** ("the Fund") as at December 31, 2014 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 for the quarter ended December 31, 2014 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 27, 2015

Karachi

**KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum**

HBL MONEY MARKET FUND
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2014

	Note	December 31, 2014 (Un-Audited) (Rupees in '000)	June 30, 2014 (Audited)
Assets			
Bank balances	4	3,635,843	2,680,126
Investments	5	5,736,076	7,187,446
Accrued mark-up	6	19,066	14,958
Preliminary expenses and floatation costs		116	223
Total assets		9,391,101	9,882,753
Liabilities			
Payable to HBL Asset Management Limited - Management Company	7	10,394	11,502
Payable to Central Depository Company of Pakistan Limited - Trustee		708	766
Payable to Securities and Exchange Commission of Pakistan		3,914	9,895
Dividend payable		-	307
Accrued expenses and other liabilities	8	110,067	82,737
Total liabilities		125,083	105,207
Net assets		9,266,018	9,777,546
Unit holders' fund (as per statement attached)		9,266,018	9,777,546
(Number of units)			
Number of units in issue		88,520,767	97,374,042
(Rupees)			
Net assets value per unit		104.6762	100.4122

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MONEY MARKET FUND
Condensed Interim Income Statement (Un-Audited)
For the half year ended December 31, 2014

	Note	Half year ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
Income					
Mark-up on deposits with banks		116,457	106,916	53,723	94,792
Mark-up / return on investments		394,152	472,453	192,287	207,092
Capital Gain on sale of investments - net		1,735	3,762	1,963	1,500
		512,344	583,131	247,973	303,384
Expenses					
Remuneration of HBL Asset Management Limited - Management Company		69,608	85,616	34,789	42,425
Remuneration of Central Depository Company of Pakistan Limited - Trustee		4,264	4,950	2,118	2,354
Annual fee of Securities and Exchange Commission of Pakistan		3,914	4,777	1,954	2,370
Settlement and bank charges		157	20	152	20
Auditors' remuneration		243	176	120	87
Amortisation of preliminary expenses and floatation costs		107	108	53	53
Other expenses		162	99	77	50
		78,455	95,746	39,263	47,359
Net income from operating activities		433,889	487,385	208,710	256,025
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(41,148)	15,123	(49,080)	28,485
Provision for Workers' Welfare Fund	9	(7,701)	(10,048)	(3,020)	(5,538)
Net income for the period before taxation		385,040	492,460	156,610	278,972
Taxation	10	-	-	-	-
Net income for the period after taxation		385,040	492,460	156,610	278,972
Earning per unit	11				

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MONEY MARKET FUND
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the half year ended December 31, 2014

	<u>Half year ended</u> <u>December 31,</u>		<u>Quarter ended</u> <u>December 31,</u>	
	<u>2014</u>	2013	<u>2014</u>	2013
	----- <u>(Rupees in '000)</u> -----			
Net income for the period	385,040	492,460	156,610	278,972
Other comprehensive income for the period				
<i>Items to be reclassified to income statement in subsequent periods:</i>				
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	2,498	(9,295)	10,330	(707)
Total comprehensive income for the period	<u>387,538</u>	<u>483,165</u>	<u>166,940</u>	<u>278,265</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MONEY MARKET FUND
Condensed Interim Distribution Statement (Un-Audited)
For the half year ended December 31, 2014

	Half year ended December 31,	
	2014	2013
	(Rupees in '000)	
Undistributed income brought forward - realised	148,268	118,859
Net income for the period	385,040	492,460
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	(2,113)	1,915
Final distribution for the year ended June 30, 2014: Nil [(Year ended June 30, 2013: Rs. 1.10 per unit) (Date of distribution: July 8, 2013)]		
- Cash distribution	-	(600)
- Bonus units (1,119,924 units)	-	(112,171)
	-	(112,771)
First interim distribution for the year ending June 30, 2015: Nil [(Year ended June 30, 2014: Rs. 0.54 per unit) (Date of distribution: August 1, 2013)]		
- Cash distribution	-	(295)
- Bonus units (711,238 units)	-	(71,304)
	-	(71,599)
Second interim distribution for the year ending June 30, 2015: Nil [(Year ended June 30, 2014: Rs. 0.54 per unit) (Date of distribution: September 1, 2013)]		
- Cash distribution	-	(295)
- Bonus units (694,752 units)	-	(69,685)
	-	(69,980)
Third interim distribution for the year ending June 30, 2015: Nil [(Year ended June 30, 2014: Rs. 0.54 per unit) (Date of distribution: October 1, 2013)]		
- Cash distribution	-	(295)
- Bonus units (640,953 units)	-	(64,295)
	-	(64,590)
Fourth interim distribution for the year ending June 30, 2015: Rs. Nil [(Year ended June 30, 2014: Rs. 0.57 per unit) (Date of distribution: November 1, 2013)]		
- Cash distribution	-	(311)
- Bonus units (692,219 units)	-	(69,501)
	-	(69,812)
Fifth interim distribution for the year ending June 30, 2015: Nil [(Year ended June 30, 2014: Rs. 0.61 per unit) (Date of distribution: December 2, 2013)]		
- Cash distribution	-	(333)
- Bonus units (755,777 units)	-	(75,881)
	-	(76,214)
Total distributions	-	(464,966)
Undistributed income carried forward - realised	531,195	148,268

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MONEY MARKET FUND

Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)

For the half year ended December 31, 2014

	Half year ended	
	2014	2013
	(Rupees in '000)	
Net assets at beginning of the period [Rs. 100.4122 per unit (June 30, 2013: Rs. 101.2604 per unit)]	9,777,546	10,381,264
Issue of 55,368,783 units (2013: 108,238,917 units)	5,664,123	10,894,961
Redemption of 64,222,058 units (2013: 77,185,250 units)	(6,604,337)	(7,772,577)
Issue of bonus units: Nil (2013: 4,614,863 bonus units)	-	462,838
	(940,214)	3,585,222
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	41,148	(15,123)
Net income for the period	385,040	492,460
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	2,498	(9,295)
Total comprehensive income for the period	387,538	483,165
Final distribution for the year ended June 30, 2014: Nil [(Year ended June 30, 2013: Rs. 1.10 per unit) (Date of distribution: July 8, 2013)]	-	(600)
- Cash distribution	-	(112,171)
- Bonus units (1,119,924 units)	-	(112,771)
First interim distribution for the year ending June 30, 2015: Nil [(Year ended June 30, 2014: Rs. 0.54 per unit) (Date of distribution: August 1, 2013)]	-	(295)
- Cash distribution	-	(71,304)
- Bonus units (711,238 units)	-	(71,599)
Second interim distribution for the year ending June 30, 2015: Nil [(Year ended June 30, 2014: Rs. 0.54 per unit) (Date of distribution: September 1, 2013)]	-	(295)
- Cash distribution	-	(69,685)
- Bonus units (694,752 units)	-	(69,980)
Third interim distribution for the year ending June 30, 2015: Nil [(Year ended June 30, 2014: Rs. 0.54 per unit) (Date of distribution: October 1, 2013)]	-	(295)
- Cash distribution	-	(64,295)
- Bonus units (640,953 units)	-	(64,590)
Fourth interim distribution for the year ending June 30, 2015: Rs. Nil [(Year ended June 30, 2014: Rs. 0.57 per unit) (Date of distribution: November 1, 2013)]	-	(311)
- Cash distribution	-	(69,501)
- Bonus units (692,219 units)	-	(69,812)
Fifth interim distribution for the year ending June 30, 2015: Nil [(Year ended June 30, 2014: Rs. 0.61 per unit) (Date of distribution: December 2, 2013)]	-	(333)
- Cash distribution	-	(75,881)
- Bonus units (755,777 units)	-	(76,214)
Total distributions	-	(464,966)
Net assets at end of the period [Rs. 104.6762 per unit (2013: Rs. 101.0903 per unit)]	9,266,018	13,969,562

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MONEY MARKET FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the half year ended December 31, 2014

	Note	Half year ended December 31,	
		2014	2013
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		385,040	492,460
Adjustments			
Amortisation of preliminary expenses and floatation costs		107	108
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		41,148	(15,123)
		426,295	477,445
(Increase) / decrease in assets			
Investments - net		1,453,868	1,617,586
Accrued mark-up		(4,108)	(38,938)
Prepaid expenses		-	(135)
		1,449,760	1,578,513
Increase / (decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		(1,108)	2,919
Payable to Central Depository Company of Pakistan Limited - Trustee		(58)	179
Payable to Securities and Exchange Commission of Pakistan		(5,981)	(2,599)
Accrued expenses and other liabilities		27,023	21,027
		19,876	21,526
Net cash generated from operating activities		1,895,931	2,077,484
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		5,664,123	10,894,961
Payment against redemption of units		(6,604,337)	(7,772,577)
Cash dividend paid		-	(2,128)
Net cash (used in) / generated from financing activities		(940,214)	3,120,256
Net increase in cash and cash equivalents		955,717	5,197,740
Cash and cash equivalents at beginning of the period		2,680,126	1,607,213
Cash and cash equivalents at end of the period	4	3,635,843	6,804,953

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MONEY MARKET FUND

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

For the half year ended December 31, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24-C, 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 July 12, 2010 to July 14, 2010.

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

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

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

2. STATEMENT OF COMPLIANCE

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

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

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, 2014.

4. BANK BALANCES

	<i>Note</i>	December 31,	June 30,
		2014	2014
		(Rupees in '000)	
Current account		5,935	-
Savings accounts	4.1	629,908	1,680,126
Term Deposit Receipts (TDRs)	4.2	3,000,000	1,000,000
		3,635,843	2,680,126

- 4.1 This represents bank accounts held in different banks. Mark-up on these accounts range between 7.05% - 8.95% per annum. (June 30, 2014: 7.05% - 8.95% per annum).
- 4.2 This represents TDRs placed with Allied Bank Limited & Bank Alfalah Limited for one month period and carry mark-up at the rate of 10% per annum (June 30, 2014: 10.5%).

5. INVESTMENTS	<i>Note</i>	December 31, 2014	June 30, 2014
(Rupees in '000)			
Available for sale			
- Government Securities	5.1	5,736,076	6,187,446
Loans and receivables			
- Placements	5.2	-	1,000,000
		5,736,076	7,187,446

5.1 Investment in government securities - Available for sale

Issue Date	Tenor	Face value				Market Value as at December 31, 2014	Market value as a percentage of	
		As at July 1, 2014	Purchases during the period	Sales / Matured during the period	As at December 31, 2014		Total Investments	Net Assets
(Rupees in '000)								
Treasury bills								
March 20, 2014	6 months	253,000	425,000	678,000	-	-	-	-
April 3, 2014	6 months	-	50,000	50,000	-	-	-	-
April 17, 2014	6 months	3,050,000	106,000	3,156,000	-	-	-	-
April 17, 2014	3 months	100,000	-	100,000	-	-	-	-
May 2, 2014	6 months	-	1,900,000	1,900,000	-	-	-	-
May 15, 2014	3 months	2,905,300	-	2,905,300	-	-	-	-
May 15, 2014	6 months	-	300,000	300,000	-	-	-	-
June 12, 2014	3 months	-	1,780,000	1,780,000	-	-	-	-
June 12, 2014	6 months	-	150,000	150,000	-	-	-	-
June 26, 2014	3 months	-	85,000	85,000	-	-	-	-
July 10, 2014	3 months	-	400,000	400,000	-	-	-	-
July 12, 2014	3 months	-	300,000	300,000	-	-	-	-
July 24, 2014	3 months	-	2,200,000	2,200,000	-	-	-	-
July 24, 2014	6 months	-	500,000	-	500,000	497,216	5.69%	5.37%
August 7, 2014	3 months	-	1,430,800	1,430,800	-	-	-	-
August 21, 2014	3 months	-	83,000	83,000	-	-	-	-
September 4, 2014	3 months	-	2,155,000	2,155,000	-	-	-	-
September 30, 2014	3 months	-	300,000	300,000	-	-	-	-
October 16, 2014	3 months	-	3,750,000	2,150,000	1,600,000	1,596,965	18.28%	17.23%
October 30, 2014	3 months	-	2,275,000	650,000	1,625,000	1,615,950	18.50%	17.44%
October 30, 2014	6 months	-	1,450,000	1,000,000	450,000	436,554	5.00%	4.71%
November 13, 2014	3 months	-	350,000	250,000	100,000	99,059	1.13%	1.07%
November 13, 2014	6 months	-	2,650,000	2,050,000	600,000	580,102	6.64%	6.26%
November 27, 2014	3 months	-	400,000	175,000	225,000	222,113	2.54%	2.40%
November 27, 2014	6 months	-	406,000	-	406,000	391,175	4.48%	4.22%
November 28, 2014	6 months	-	300,000	-	300,000	296,942	3.40%	3.20%
		6,308,300	23,745,800	24,248,100	5,806,000	5,736,076	65.66%	61.90%
Cost of investments at December 31, 2014						5,734,439		

5.2 Loans and receivables- Placements

Name of Bank	As at July 01, 2014	Placements made during the period	Matured during the period	As at December 31, 2014	Percentage of total value of investments	Percentage of Net Assets
------(Rupees in '000)-----						
Habib Bank Limited	1,000,000	-	1,000,000	-	-	-

5.3 Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale

<i>Note</i>	December 31, 2014	June 30, 2014
	(Rupees in '000)	
Market value of investments	5,736,076	6,187,446
Cost of investments	(5,734,439)	(6,188,307)
	1,637	(861)

6. ACCRUED MARK-UP

Mark-up accrued on deposits with banks	2,354	1,150
Mark-up accrued on term deposit receipts	16,712	2,013
Mark-up accrued on placements	-	11,795
	19,066	14,958

7. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee	8,870	9,701
Sindh Sales Tax	1,524	1,801
	10,394	11,502

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 the average annual net assets of the Fund. The Management Company has charged its remuneration at the rate of one percent per annum for the current period.

7.2 The Sindh Government has levied Sindh Sales Tax at the rate of 15% (June 30, 2014: 16%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011 effective from July 1, 2011.

8. ACCRUED EXPENSES AND OTHER LIABILITIES

<i>Note</i>	December 31, 2014	June 30, 2014
	(Rupees in '000)	
Auditors' remuneration	223	273
Brokerage payable	222	112
Withholding tax payable	25	55
Payable to unit holders against redemption	8,222	306
Federal Excise Duty	27,075	18,726
Provision for Workers' Welfare Fund	70,720	63,019
Other payable	3,580	246
	110,067	82,737

8.1 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 law. The matter has been taken up collectively by Mutual Funds Association of Pakistan, where various options are being considered. On September 09, 2013, 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, without prejudice to the above, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 32.016 million out of which Rs. 4.941 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value (NAV) per unit of the Fund as at December 31, 2014 would have been higher by Rs. 0.3617 per unit.

9. PROVISION FOR 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 / mutual funds (CISs) 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. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF.

Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

Furthermore in 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 70.720 million (including Rs. 7.701 million for the current period). Had the provision not been made, the Net Asset Value per unit of the fund as at December 31, 2014 would have been higher by Rs. 0.7989 per unit.

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units 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 unrealized capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ended June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unit holders.

11. EARNINGS PER UNIT

Earning per unit (EPU) for the period has not been disclosed, as in the opinion of the management, the determination of weighted average units for calculating earning 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 else where in the condensed interim financial information are as follows:

12.1 Transactions during the period	Half year ended December 31,	
	2014	2013
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	69,608	85,616
Issue of 3,646,103 units (2013: Nil units)	380,000	-
Redemption of 3,072,762 units (2013: 2,013,991 units)	321,551	202,678
Issue of bonus units: Nil (2013: 64,780 bonus units)	-	6,495
Profit earned on units redeemed	21,551	11,678
Habib Bank Limited - Sponsor		
Issue of bonus units: Nil (2013: 53,761 bonus units)	-	5,392
Bank charges paid	157	-
Mark-up earned during the period	57,996	32,197
Mark-up received during the period	68,587	28,043
Placement in Term Deposit Receipts (TDRs)	-	4,000,000
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	4,264	4,950
Directors and Executives of the Management Company and their relatives		
Directors		
Mr. Rehan N. Shaikh - Chief Executive Officer		
Issue of bonus units: Nil (2013: 105 bonus units)	-	10
Redemption of units: Nil (2013: 8,769 units)	-	881
Profit earned on units redeemed	-	19
Mr. Salim Amlani		
Issue of bonus units: Nil (2013: 393 bonus units)	-	39
Redemption of units: Nil (2013: 10,351 units)	-	1,044
Profit earned on units redeemed	-	244

	Half year ended	
	December 31,	
	2014	2013
	(Rupees in '000)	
Relatives of Directors		
Issue of units: Nil (2013: 4,964 units)	-	500
Issue of bonus units: Nil (2013: 2,534 bonus units)	-	254
Executives and their relatives		
Issue of 37,338 units (2013: 59,339 units)	3,337	5,963
Issue of bonus units: Nil (2013: 774 bonus units)	-	78
Redemption of 65,409 units (2013: 67,645 units)	6,721	6,799
Profit earned on units redeemed	178	13
Directors of connected persons		
Issue of units: Nil (2013: 11,239,878 units)	-	125,000
Issue of bonus units: Nil (2013: 46,053 bonus units)	-	4,619
Redemption of 62,294 units (2013: 9,938 units)	6,500	1,000
Profit earned on units redeemed	493	25
Associated companies		
Issue of 5,924,434 units (2013: 59,547 units)	600,000	6,000
Issue of bonus units: Nil (2013: 235,887 bonus units)	-	23,657
Redemption of 6,465,149 (2013: 52,431 units)	654,396	5,287
Profit earned on units redeemed	54,396	161
Persons holding 10% or more units		
Issue of units: Nil (2013: 3,285,540 units)	-	330,000
Redemption of 2,920,443 units (2013: 942,581 units)	300,000	95,000
Profit earned on units redeemed	57,100	12,782
12.2 Amounts outstanding as at period end	December 31,	June 30,
	2014	2014
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee	8,870	9,701
Sindh Sales Tax	1,524	1,801
Investment held in the Fund : 3,152,685 units (June 30, 2014: 2,579,344 units)	330,011	258,998
Habib Bank Limited - Sponsor		
Investment held in the Fund : 1,483,363 units (June 30, 2014: 1,483,363 units)	155,273	148,948
Bank balances	617,002	2,626,256
Mark-up receivable on deposits with bank	2,354	12,945
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	708	766

	December 31, 2014	June 30, 2014
	(Rupees in '000)	
Directors and Executives of Management Company and their relatives		
Directors and their relatives		
Investment held in the Fund : 37,923 units (June 30, 2014: 37,923 units)	3,970	3,808
Executives and their relatives		
Investment held in the Fund : 81,725 units (June 30, 2014: 19,491 units)	8,555	1,957
Directors of Connected Persons		
Investment held in the Fund : 973,566 units (June 30, 2014: 1,994,015 units)	101,909	200,224
Associated companies		
Investment held in the Fund : 5,924,434 units (June 30, 2014: 6,465,149 units)	620,147	649,180
Persons holding 10% or more units		
Investments held in the Fund : 9,643,474 units (June 30, 2014: 12,563,917 units)	1,009,442	1,261,571

13. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 27, 2014.

14. 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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