

HBL

ASSET MANAGEMENT

ايسيت مينجمنت

HBL MoneyMarketFund

**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. 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)
	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 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
Bank Al Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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



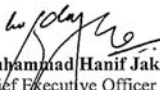
TRUSTEE REPORT TO THE UNIT HOLDERS

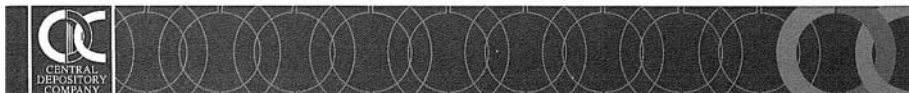
HBL MONEY MARKET FUND

**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, 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





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 Money Market 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 MONEY MARKET FUND
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2015

	Note	December 31, 2015 (Un-Audited) (Rupees in '000)	June 30, 2015 (Audited)
Assets			
Bank balances	4	3,760,625	3,816,462
Investments	5	550,117	990,589
Accrued mark-up	6	19,954	13,052
Preliminary expenses and floatation costs		-	8
Advances, deposits and other receivables	7	-	407,416
Total assets		4,330,696	5,227,527
Liabilities			
Payable to HBL Asset Management Limited - Management Company	8	4,394	5,776
Payable to Central Depository Company of Pakistan Limited - Trustee		365	378
Payable to Securities and Exchange Commission of Pakistan		1,844	7,014
Dividend payable		-	4,215
Accrued expenses and other liabilities	9	157,411	128,937
Total liabilities		164,014	146,320
Net assets		4,166,682	5,081,207
Unit holders' fund (as per statement attached)		4,166,682	5,081,207
		(Number of units)	
Number of units in issue		40,105,891	50,218,338
		(Rupees)	
Net assets value per unit		103.8920	101.1823

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 MONEY MARKET FUND
Condensed Interim Income Statement (Un-Audited)
For the half year ended December 31, 2015

	Note	Half year ended December 31,		Quarter ended December 31,	
		2015	2014	2015	2014
----- (Rupees in '000) -----					
Income					
Mark-up on deposits with banks		50,737	116,457	26,481	53,723
Mark-up / return on investments		113,980	394,152	43,546	192,287
Capital Gain on sale of investments - net		2,616	1,735	1,714	1,963
		167,333	512,344	71,741	247,973
Expenses					
Remuneration of HBL Asset Management Limited - Management Company		32,517	69,608	15,145	34,789
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,584	4,264	1,409	2,118
Annual fee of Securities and Exchange Commission of Pakistan		1,844	3,914	858	1,954
Allocation of expenses related to registrar services, accounting, operation and valuation services	10	409	-	409	-
Settlement and bank charges		227	157	227	152
Auditors' remuneration		492	243	370	120
Amortisation of preliminary expenses and floatation costs		8	107	-	53
Other expenses		151	162	67	77
		38,232	78,455	18,485	39,263
Net income from operating activities		129,101	433,889	53,256	208,710
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(21,228)	(41,148)	(27,211)	(49,080)
Provision for Workers' Welfare Fund	11	-	(7,701)	-	(3,020)
Net income for the period before taxation		107,873	385,040	26,045	156,610
Taxation	12	-	-	-	-
Net income for the period after taxation		107,873	385,040	26,045	156,610
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 MONEY MARKET 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	107,873	385,040	26,045	156,610
Other comprehensive income for the period				
<i>Items to be reclassified to income statement in subsequent periods:</i>				
Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale	(171)	2,498	(2,141)	10,330
Total comprehensive income for the period	107,702	387,538	23,904	166,940

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 MONEY MARKET 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	531,195	148,268
Net income for the period	107,873	385,040
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	(5,511)	(2,113)
Undistributed income carried forward - realised	<u>633,557</u>	<u>531,195</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 MONEY MARKET 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. 101.1823 per unit (June 30, 2014: Rs. 100.4122 per unit)]	5,081,207	9,777,546
Issue of 27,058,221 units (2014: 55,368,783 units)	2,763,835	5,664,123
Redemption of 37,170,668 units (2014: 64,222,058 units)	(3,807,290)	(6,604,337)
	(1,043,455)	(940,214)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	21,228	41,148
Net income for the period	107,873	385,040
Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale	(171)	2,498
Total comprehensive income for the period	107,702	387,538
Net assets at end of the period [Rs. 103.8920 per unit (2014: Rs. 104.6762 per unit)]	4,166,682	9,266,018

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

	Half year ended	
	December 31,	
	2015	2014
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	107,873	385,040
Adjustments		
Amortisation of preliminary expenses and floatation costs	8	107
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	21,228	41,148
	129,109	426,295
(Increase) / decrease in assets		
Investments - net	440,301	1,453,868
Accrued mark-up	(6,902)	(4,108)
Advances, deposits and other receivables	407,416	-
	840,815	1,449,760
(Decrease) / increase in liabilities		
Payable to HBL Asset Management Limited - Management Company	(1,382)	(1,108)
Payable to Central Depository Company of Pakistan Limited - Trustee	(13)	(58)
Payable to Securities and Exchange Commission of Pakistan	(5,170)	(5,981)
Accrued expenses and other liabilities	24,259	27,023
	17,694	19,876
Net cash generated from operating activities	987,618	1,895,931
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	2,763,835	5,664,123
Payment against redemption of units	(3,807,290)	(6,604,337)
Net cash (used in) financing activities	(1,043,455)	(940,214)
Net increase in cash and cash equivalents	(55,837)	955,717
Cash and cash equivalents at beginning of the period	3,816,462	2,680,126
Cash and cash equivalents at end of the period	3,760,625	3,635,843

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 MONEY MARKET 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 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, 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	Note	December 31, 2015	June 30, 2015
(Rupees in '000)			
Current account		20,649	450
Savings accounts	4.1	2,239,976	2,516,012
Term Deposit Receipts (TDRs)	4.2	1,500,000	1,300,000
		<u>3,760,625</u>	<u>3,816,462</u>

4.1 Mark-up on these accounts range between 5.00% - 7.15% per annum (June 30, 2015: 5.20% - 10.25% per annum).

4.2 This represents TDRs placed with Allied Bank Limited and Bank Alfalah Limited having original maturity of two months and three months and carry mark-up at the rate of 6.75% and 6.75% per annum respectively.

5. INVESTMENTS	Note	December 31, 2015	June 30, 2015
(Rupees in '000)			
Available for sale			
- Government Securities	5.1	450,117	990,589
Loans and receivables			
- Certificate of investment	5.2	100,000	-
		<u>550,117</u>	<u>990,589</u>

5.1 Investment in government securities - Available for sale

Issue Date	Tenor	Face value				Market Value as at December 31, 2015	Market value as a percentage of	
		As at July 1, 2015	Purchases during the period	Sales / Matured during the period	As at December 31, 2015		Total Investments	Net Assets
(Rupees in '000)								
Treasury bills								
October 30, 2014	12 months	-	500,000	500,000	-	-	-	-
November 13, 2014	12 months	-	750,000	750,000	-	-	-	-
January 8, 2015	12 months	-	580,000	580,000	-	-	-	-
February 6, 2015	12 months	-	750,000	750,000	-	-	-	-
March 5, 2015	6 months	-	1,147,500	1,147,500	-	-	-	-
March 19, 2015	6 months	-	1,100,000	1,100,000	-	-	-	-
April 16, 2015	6 months	-	140,000	140,000	-	-	-	-
May 14, 2015	6 months	-	500,000	500,000	-	-	-	-
June 25, 2015	3 months	-	200,000	200,000	-	-	-	-
June 29, 2015	2 months	1,000,000	-	1,000,000	-	-	-	-
July 9, 2015	3 months	-	1,425,000	1,425,000	-	-	-	-
July 23, 2015	3 months	-	400,000	400,000	-	-	-	-
August 6, 2015	3 months	-	750,000	750,000	-	-	-	-
August 6, 2015	6 months	-	450,000	450,000	-	-	-	-
August 20, 2015	3 months	-	100,000	100,000	-	-	-	-
September 3, 2015	3 months	-	450,000	450,000	-	-	-	-
September 3, 2015	6 months	-	1,000,000	1,000,000	-	-	-	-
October 15, 2015	6 months	-	250,000	250,000	-	-	-	-
October 29, 2015	3 months	-	250,000	250,000	-	-	-	-
October 29, 2015	6 months	-	250,000	40,000	210,000	205,762	37.40%	4.94%
November 12, 2015	6 months	-	500,000	250,000	250,000	244,355	44.42%	5.86%
November 12, 2015	3 months	-	250,000	250,000	-	-	-	-
		<u>1,000,000</u>	<u>11,742,500</u>	<u>12,282,500</u>	<u>460,000</u>	<u>450,117</u>	<u>81.82%</u>	<u>10.80%</u>

Cost of investments at December 31, 2015

550,268

5.2 Loans and receivables - Certificate of investment

Name of Bank	As at July 1, 2015	Placements made during the period	Matured during the period	As at December 31, 2015	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----						
PAIR Investment Company Limited	-	100,000	-	100,000	18.18%	2.40%

5.2.1 The certificate of investment carries mark-up at the rate of 7.00% per annum and matures on March 25, 2016.

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 & 5.2	550,117	990,589
Cost of investments		<u>(550,268)</u>	<u>(990,569)</u>
		<u>(151)</u>	<u>20</u>
6. ACCRUED MARK-UP			
Mark-up accrued on deposits with banks		2,883	2,354
Mark-up accrued on term deposit receipts		<u>17,071</u>	<u>10,698</u>
		<u>19,954</u>	<u>13,052</u>
7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Receivable from HBL Funds against conversion of units		-	189,416
Receivable from HBL Income Fund		<u>-</u>	<u>218,000</u>
		<u>-</u>	<u>407,416</u>
8. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	<i>Note</i>	December 31, 2015	June 30, 2015
(Rupees in '000)			
Management fee	8.1	3,428	4,920
Sindh Sales Tax	8.2	557	856
Allocation of expenses related to registrar services, accounting, operation and valuation services		<u>409</u>	<u>-</u>
		<u>4,394</u>	<u>5,776</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 one percent of average annual net assets. The Management Company has charged its remuneration at the rate of one percent per annum (June 30, 2015: one 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>	December 31, 2015	June 30, 2015
(Rupees in '000)			
Auditors' remuneration		293	273
Brokerage payable		399	318
Withholding tax payable		23	4,062
Capital Gain Tax payable		185	24,528
Payable to unit holders against redemption		3,850	385
Federal Excise Duty	<i>9.1</i>	37,807	33,873
Provision for Workers' Welfare Fund	<i>11</i>	64,738	64,738
Advance against units to be issued		50,000	-
Other payable		116	760
		157,411	128,937

9.1 As per the requirement of 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 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 Funds 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. 38.960 million out of which Rs. 1.153 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, 2015 would have been higher by Rs. 0.9714 per unit (June 30, 2015: Rs. 0.6975 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 December 31, 2015 would have been higher by Rs. 1.6142 per unit (June 30, 2015: Rs. 1.2891 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.

13. 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 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	32,517	69,608
Allocation of expenses related to registrar services, accounting, operation and valuation services	409	-
Issue of Nil units (2014: 3,646,03 units)	-	380,000
Redemption of Nil units (2014: 3,072,762 units)	-	321,551
Profit earned on units redeemed	-	21,551
Habib Bank Limited - Sponsor		
Bank charges paid	182	157
Mark-up earned during the period	5,305	57,996
Mark-up received during the period	4,941	68,587
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	2,584	4,264
Relatives of Directors		
Redemption of 40,458 units (2014: Nil units)	4,123	-
Profit earned on units redeemed	746	-
Executives and their relatives		
Issue of 16,968 units (2014: 37,228 units)	1,718	3,337
Redemption of 110,300 units (2014: 65,409 units)	11,230	6,721
Profit earned on units redeemed	509	178

	Half year ended	
	December 31,	
	2015	2014
	(Rupees in '000)	
Directors of connected persons		
Redemption of 11,145 units (2014: 62,294 units)	1,134	6,500
Profit earned on units redeemed	132	493
Associated companies		
Issue of Nil units (2014: 5,924,434 units)	-	600,000
Redemption of 2,968,675 units (2014: 6,465,149 units)	307,099	654,396
Profit earned on units redeemed	7,099	54,396
Persons holding 10% or more units		
Redemption of Nil units (2014: 2,920,443 units)	-	300,000
Profit earned on units redeemed	-	57,100
14.2 Amounts outstanding as at period end	December 31,	June 30,
	2015	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee	3,428	4,920
Sindh Sales Tax	557	856
Allocation of expenses related to registrar services, accounting, operation and valuation services	409	-
Investment held in the Fund : 5,339,034 units (June 30, 2015 : 5,339,034 units)	554,683	540,216
Habib Bank Limited - Sponsor		
Investment held in the Fund : 1,601,685 units (June 30, 2015: 1,601,685 units)	166,402	162,062
Bank balances	356,705	2,232,176
Mark-up receivable on deposits with bank	364	2,354
HBL Islamic Money Market Fund - Associate		
Receivable against conversion of units	-	2,972
HBL Islamic Stock Fund - Associate		
Receivable against conversion of units	-	15,068
HBL Multi Asset Fund - Associate		
Receivable against conversion of units	-	2,010
HBL Stock Fund - Associate		
Receivable against conversion of units	-	1,781
HBL Income Fund - Associate		
Receivable against conversion of units	-	167,585
Receivable from HBL Income Fund	-	218,000
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	365	378

	December 31, 2015	June 30, 2015
	(Rupees in '000)	
Directors and Executives of Management Company and their relatives		
Directors and their relatives		
Investment held in the Fund : 187 units (June 30, 2015: 40,645 units)	19	4,113
Executives and their relatives		
Investment held in the Fund : 69,884 units (June 30, 2015: 125,615 units)	7,260	12,710
Directors of Connected Persons		
Investment held in the Fund : 12,628 units (June 30, 2015: 23,744 units)	1,312	2,405
Associated companies		
Investment held in the Fund : Nil units (June 30, 2015: 2,968,674 units)	-	300,377

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									
- Government Securities		450,117	-	-	450,117	-	450,117	-	450,117
		<u>450,117</u>	<u>-</u>	<u>-</u>	<u>450,117</u>	<u>-</u>	<u>450,117</u>	<u>-</u>	<u>450,117</u>
Financial assets not measured at fair value									
Bank balances	15.1	-	3,760,625	-	3,760,625	-	-	-	-
Investments									
- Certificate of investment		-	100,000	-	100,000	-	-	-	-
Accrued mark-up		-	19,954	-	19,954	-	-	-	-
		<u>-</u>	<u>3,880,579</u>	<u>-</u>	<u>3,880,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to HBL Asset Management Limited - Management Company	15.1	-	-	4,394	4,394	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	365	365	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan		-	-	1,844	1,844	-	-	-	-
Accrued expenses and other liabilities		-	-	54,866	54,866	-	-	-	-
		<u>-</u>	<u>-</u>	<u>61,469</u>	<u>61,469</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
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- Government Securities		990,589	-	-	990,589	-	990,589	-	990,589
		<u>990,589</u>	<u>-</u>	<u>-</u>	<u>990,589</u>	<u>-</u>	<u>990,589</u>	<u>-</u>	<u>990,589</u>
Financial assets not measured at fair value									
Bank balances		-	3,816,462	-	3,816,462	-	-	-	-
Accrued mark-up		-	13,052	-	13,052	-	-	-	-
Advances, deposits and other receivables		-	407,416	-	407,416	-	-	-	-
		<u>-</u>	<u>4,236,930</u>	<u>-</u>	<u>4,236,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to HBL Asset Management Limited - Management Company		-	-	5,776	5,776	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	378	378	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan		-	-	7,014	7,014	-	-	-	-
Dividend payable		-	-	4,215	4,215	-	-	-	-
Accrued expenses and other liabilities		-	-	30,326	30,326	-	-	-	-
		<u>-</u>	<u>-</u>	<u>47,709</u>	<u>47,709</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 repriced 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, 2015**.

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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