

HBL StockFund

Quarterly Report
March 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)
	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 Stock Fund**

FUND MANAGER **Ms. Samia Aslam**

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
Bank Alfalah Limited
Faysal Bank Limited
Bank Al Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
NIB Bank Limited

HBL STOCK FUND
Condensed Interim Statement of Assets And Liabilities
As At March 31, 2014

	<i>Note</i>	March 31, 2015 (Un-Audited) (Rupees in '000)	June 30, 2014 (Audited)
Assets			
Bank balances	4	100,213	104,277
Investments	5	3,725,723	3,071,719
Dividend receivable and accrued mark-up	6	28,688	13,090
Advances, deposits, prepayments and other receivables	7	148,393	965,404
Total assets		4,003,017	4,154,490
Liabilities			
Payable to HBL Asset Management Limited - Management Company	8	9,172	8,434
Payable to Central Depository Company of Pakistan Limited - Trustee		442	427
Payable to Securities and Exchange Commission of Pakistan		2,991	3,517
Accrued expenses and other liabilities	9	71,622	67,030
Total liabilities		84,227	79,408
		<u>3,918,790</u>	<u>4,075,082</u>
Unit holders' fund (as per statement attached)		<u>3,918,790</u>	<u>4,075,082</u>
		(Number of units)	
Number of units in issue		<u>38,757,719</u>	<u>38,766,637</u>
		(Rupees)	
Net assets value per unit		<u>101.1099</u>	<u>105.1183</u>

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

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

Chief Executive

Director

HBL STOCK FUND
Condensed Interim Income Statement (Un-Audited)
For the Nine Months & quarter ended March 31, 2015

	Note	Nine months ended		Quarter ended	
		March 31,		March 31,	
		2015	2014	2015	2014
		------(Rupees in '000)-----			
Income					
Dividend income		147,555	170,322	46,382	44,034
Mark-up on deposits with banks		21,145	15,240	4,792	4,242
Capital gain on sale of investments - net		107,248	925,283	51,927	456,214
		275,948	1,110,845	103,101	504,490
Unrealised appreciation / (diminution) on remeasurement of investments at fair value through profit or loss - net		-	(70,474)	-	(90,267)
Impairment loss on equity securities classified as available for sale		(84,389)	-	(9,909)	-
		191,559	1,040,371	93,192	414,223
Expenses					
Remuneration of HBL Asset Management Limited - Management Company		82,646	72,030	27,324	25,415
Remuneration of Central Depository Company of Pakistan Limited - Trustee		3,899	3,436	1,315	1,200
Annual fee to Securities and Exchange Commission of Pakistan		2,991	2,551	1,016	906
Securities transaction costs		390	3,748	363	270
Auditors' remuneration		410	240	110	71
Settlement and bank charges		1,419	800	130	49
Other expenses		245	99	82	28
		92,000	82,904	30,340	27,939
Net income from operating activities		99,559	957,467	62,852	386,284
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		168	(5,223)	191	(4,170)
Provision for Workers' Welfare Fund	10	(1,975)	(19,211)	(1,183)	(7,784)
Net income for the period before taxation		97,752	933,033	61,860	374,330
Taxation	11	-	-	-	-
Net income for the period after taxation		97,752	933,033	61,860	374,330
Earning per unit	12				

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL STOCK FUND**Condensed Interim Statement of Comprehensive Income (Un-Audited)***For the Nine Months & quarter ended March 31, 2015*

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Net income for the period	97,752	933,033	61,860	374,330
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	(252,797)	(259,343)	(360,139)	(172,156)
Total comprehensive income for the period	<u>(155,045)</u>	<u>673,690</u>	<u>(298,279)</u>	<u>202,174</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL STOCK FUND
Condensed Interim Distribution Statement (Un-Audited)
For the Nine Months & quarter ended March 31, 2015

	Nine months March 31,	
	2015	2014
	(Rupees in '000)	
Accumulated loss brought forward		
- Realised	(925,545)	(92,817)
- Unrealised	-	86,342
	<u>(925,545)</u>	<u>(6,475)</u>
Net income for the period	97,752	933,033
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	(2,625)	(128,686)
Final distribution for the year ended June 30, 2014: Nil [(Year ended June 30, 2013: Rs. 25.00 per unit in the form of 5,361,730 bonus units) (Date of distribution: July 8, 2013)]	-	(594,348)
Accumulated loss carried forward	<u>(830,418)</u>	<u>203,524</u>
Accumulated loss carried forward		
- Realised	(830,418)	273,998
- Unrealised	-	(70,474)
	<u>(830,418)</u>	<u>203,524</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL STOCK FUND**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)****For the Nine Months & quarter ended March 31, 2015**

	Nine months ended March 31,	
	2015	2014
	(Rupees in '000)	
Net assets at beginning of the period [Rs. 105.1183 per unit (June 30, 2013: Rs. 135.8501)]	4,075,082	3,229,692
Issue of 318,265 units (2014: 527,744 units)	34,305	63,619
Redemption of 327,183 units (2014: 771,303 units)	(35,384)	(96,000)
Issue of bonus units: Nil (2014: 5,361,730 bonus units)	-	594,348
	(1,079)	561,967
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	(168)	5,223
Net income for the period	97,752	933,033
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	(252,797)	(259,343)
Total comprehensive income for the period	(155,045)	673,690
Final distribution for the year ended June 30, 2014: Nil [(Year ended June 30, 2013: Rs. 25.00 per unit in the form of 5,361,730 bonus units) (Date of distribution: July 8, 2013)]	-	(594,348)
Net assets at end of the period [Rs. 101.1099 per unit (March 31, 2014: Rs. 134.1621)]	<u>3,918,790</u>	<u>3,876,224</u>

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

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

Chief Executive

Director

HBL STOCK FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the Nine Months & quarter ended March 31, 2015

	Note	Nine months ended	
		March 31,	
		2015	2014
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		97,752	933,033
Adjustments			
Unrealised diminution / (appreciation) on remeasurement of investments at fair value through profit or loss - net		-	70,474
Impairment loss on available for sale investments		84,389	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		(168)	5,223
		181,973	1,008,730
(Increase) / decrease in assets			
Investments - net		(991,190)	(971,897)
Dividend receivable and accrued mark-up		(15,598)	(34,015)
Advances, deposits, prepayments and other receivables		817,011	(83)
		(189,777)	(1,005,995)
Increase / (decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		738	1,565
Payable to Central Depository Company of Pakistan Limited - Trustee		15	64
Payable to Securities and Exchange Commission of Pakistan		(526)	33
Accrued expenses and other liabilities		4,592	52,860
		4,819	54,522
Net cash used in operating activities		(2,985)	57,257
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		34,305	63,617
Payment against redemption of units		(35,384)	(96,000)
Net cash used in financing activities		(1,079)	(32,383)
Net decrease in cash and cash equivalents		(4,064)	24,874
Cash and cash equivalents at beginning of the period		104,277	138,431
Cash and cash equivalents at end of the period	4	100,213	163,305

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL STOCK FUND

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

For the Nine Months & quarter ended March 31, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Stock Fund (the Fund) was established under a Trust Deed, dated August 09, 2007, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on August 21, 2007.

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 August 29, 2007 to August 31, 2007.

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2-' to the Management Company and has assigned one year Fund Performance Ranking at 'MFR 1-Star', two year 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 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 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	Note	March 31, 2015	June 30, 2014
		(Rupees in '000)	
Savings accounts		100,213	104,277
		<u>100,213</u>	<u>104,277</u>
5. INVESTMENTS	Note	March 31, 2015	June 30, 2014
		(Rupees in '000)	
At fair value through profit or loss - Listed equity securities	5.1	-	-
Available for sale - Listed equity securities	5.2	3,725,723	3,071,719
		<u>3,725,723</u>	<u>3,071,719</u>

5.1 Listed equity securities - At fair value through profit or loss

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 March 31, 2015	Market value as at March 31, 2015		Par value as a percentage of issued capital of the investee company
	As at July 1, 2014	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets	
(Rupees in '000)								
Banks								
MCB Bank Limited	-	21,500	-	21,500	-	-	-	-
	-	21,500	-	21,500	-	-	-	-
Personal Goods								
Nishat Mills Limited	-	80,000	-	80,000	-	-	-	-
	-	80,000	-	80,000	-	-	-	-
Construction and Materials								
D.G Khan Cement Company Limited	-	53,000	-	53,000	-	-	-	-
	-	53,000	-	53,000	-	-	-	-
Pharma and Bio Tech								
Searle Company Limited	-	45,500	-	45,500	-	-	-	-
	-	45,500	-	45,500	-	-	-	-
	-	200,000	-	200,000	-	-	-	-
Cost of investments at March 31, 2015						-		

5.2 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 March 31, 2015	Market value as at March 31, 2015		Par value as a percentage of issued capital of the investee company
	As at July 1, 2014	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets	
(Rupees in '000)								
Banks								
Bank Al-Falah Limited	10,000,000	8,000,000	-	18,000,000	-	-	-	-
Habib Bank Limited	1,694,277	305,000	-	265,900	1,733,377	308,316	8.28%	0.12%
MCB Bank Limited	-	687,900	-	687,900	-	-	-	-
United Bank Limited	872,100	1,952,900	-	2,825,000	-	-	-	-
	12,566,377	10,945,800	-	21,778,800	1,733,377	308,316	8.28%	7.87%
Personal Goods								
Kohinoor Textile Mills Limited	-	4,100,000	-	4,100,000	-	-	-	-
Nishat Chunian Limited	-	13,520,000	-	13,520,000	-	-	-	-
Nishat Mills Limited	-	5,408,600	-	5,408,600	-	-	-	-
Artistic Denim Mills Limited	-	267,500	-	2,400	265,100	22,401	0.60%	0.57%
	-	23,296,100	-	23,031,000	265,100	22,401	0.60%	0.57%
Non life Insurance								
Adamjee Insurance Company Limited	3,427,300	6,425,000	-	9,852,300	-	-	-	-
	3,427,300	6,425,000	-	9,852,300	-	-	-	-
Construction and Materials								
D. G. Khan Cement Limited	1,585,000	12,773,500	-	12,132,000	2,226,500	248,923	6.68%	0.51%
Kohat Cement Limited	1,213,500	410,300	-	1,623,800	-	-	-	-
Lucky Cement Limited	36	2,300,400	-	1,732,936	567,500	253,071	6.79%	0.18%
Maple Leaf Cement Factory Limited	-	3,500,000	-	1,000,000	2,500,000	120,100	3.22%	0.77%
Pioneer Cement Limited	-	7,665,000	-	7,665,000	-	-	-	-
Cherat Cement Limited	-	6,000,000	-	6,000,000	-	-	-	-
	2,798,536	32,649,200	-	30,153,736	5,294,000	622,094	16.71%	15.87%
Electricity								
The Hub Power Company Limited	-	5,571,000	-	2,465,500	3,105,500	265,148	7.12%	0.27%
K-Electric Limited**	9,852,000	23,529,411	-	9,852,000	23,529,411	167,294	4.49%	0.09%
Nishat Chunian Power Limited	4,000,066	-	-	607,000	3,393,066	174,709	4.69%	0.32%
	13,852,066	29,100,411	-	12,924,500	30,027,977	607,151	16.30%	15.49%

Name of the Investee Company	Number of shares				Market value as at March 31, 2015	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2014	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets	
(Rupees in '000)								
Oil and Gas								
Attock Petroleum Limited	-	40,000	-	-	40,000	20,798	0.56%	0.53%
Attock Refinery Limited	-	1,271,100	-	1,271,100	-	-	-	-
Oil and Gas Development Company Limited	1,048,900	727,600	-	1,776,500	-	-	-	-
Pakistan Oilfields Limited	-	770,350	-	770,350	-	-	-	-
Pakistan Petroleum Limited	-	2,050,000	-	2,050,000	-	-	-	-
Pakistan State Oil Company Limited	600,000	2,281,000	-	2,102,900	778,100	267,978	7.19%	6.84%
Mari Petroleum Limited	167,500	181,900	-	349,400	-	-	-	-
National Refinery Limited	-	1,700	-	1,700	-	-	-	-
	<u>1,816,400</u>	<u>7,323,650</u>	<u>-</u>	<u>8,321,950</u>	<u>818,100</u>	<u>288,776</u>	<u>7.74%</u>	<u>7.37%</u>
Industrial Transportation								
Pakistan National Shipping Corporation	-	1,060,500	-	1,060,500	-	-	-	-
	<u>-</u>	<u>1,060,500</u>	<u>-</u>	<u>1,060,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Chemicals								
Engro Corporation Limited	1,590,000	1,810,000	-	2,400,000	1,000,000	256,900	6.90%	6.56%
I.C.I Pakistan Limited	691,400	-	-	7,850	683,550	262,914	7.06%	6.71%
Engro Fertilizers Limited	-	4,250,000	-	4,250,000	-	-	-	-
Fauji Fertilizer Company Limited	-	1,500,000	-	1,500,000	-	-	-	-
	<u>2,281,400</u>	<u>7,560,000</u>	<u>-</u>	<u>8,157,850</u>	<u>1,683,550</u>	<u>519,814</u>	<u>13.96%</u>	<u>13.26%</u>
Food Producers								
National Foods Limited** (Note 5.2.1)	485,000	500,000	-	56,300	928,700	356,259	9.56%	9.09%
Engro Foods Limited	-	5,350,000	-	3,633,000	1,717,000	189,900	5.10%	4.85%
	<u>485,000</u>	<u>5,850,000</u>	<u>-</u>	<u>3,689,300</u>	<u>2,645,700</u>	<u>546,159</u>	<u>14.66%</u>	<u>13.93%</u>
Household Goods								
Tariq Glass Limited	-	3,392,000	-	3,392,000	-	-	-	-
	<u>-</u>	<u>3,392,000</u>	<u>-</u>	<u>3,392,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pharma and Bio Tech								
Searle Company Limited	700,400	1,657,400	-	2,357,800	-	-	-	-
	<u>700,400</u>	<u>1,657,400</u>	<u>-</u>	<u>2,357,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Automobile And Parts								
Indus Motor Company Limited	-	192,400	-	-	192,400	195,294	5.24%	4.98%
Fak Suzuki Motor Company	-	735,000	-	185,000	550,000	190,574	5.12%	4.86%
	<u>-</u>	<u>927,400</u>	<u>-</u>	<u>185,000</u>	<u>742,400</u>	<u>385,868</u>	<u>10.36%</u>	<u>9.85%</u>
Media								
Hum Network Limited	-	11,650,000	-	-	11,650,000	161,468	4.33%	4.12%
	<u>-</u>	<u>11,650,000</u>	<u>-</u>	<u>-</u>	<u>11,650,000</u>	<u>161,468</u>	<u>4.33%</u>	<u>4.12%</u>
General Industrials								
Synthetic Products Limited	-	2,301,000	-	-	2,301,000	113,025	3.03%	2.88%
Thall Limited**	-	590,000	-	-	590,000	150,651	4.04%	3.84%
	<u>-</u>	<u>2,891,000</u>	<u>-</u>	<u>-</u>	<u>2,891,000</u>	<u>263,676</u>	<u>7.08%</u>	<u>6.73%</u>
	<u>37,927,479</u>	<u>144,728,461</u>	<u>-</u>	<u>124,904,736</u>	<u>57,751,204</u>	<u>3,725,723</u>	<u>100.00%</u>	<u>95.06%</u>
Cost of investments at March 31, 2015						<u>3,486,252</u>		

** The shares of K-Electric have a face value of Rs. 3.5 per share, shares of National Foods Limited and Thall Limited each have a face value of Rs. 5 per share and shares of Hum Network Limited have a face value of Rs. 1 per share

5.2.1 Shareholders of National Foods Limited, vide special resolution in Annual General Meeting dated October 22, 2014, approved the subdivision of the company's paid up and authorised share capital in a manner that each ordinary share at November 27, 2014 having face value of Rs. 10 each be subdivided into two ordinary shares having face value of Rs. 5 each. The market value at the book closure date i.e. November 27, 2014 was split exactly in the same

ratio. The Fund has holding of 485,000 ordinary shares as of the date and consequently received 485,000 shares without any consideration.

5.3 Investments include shares having market value aggregating to Rs. 354.739 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.

5.4 Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	Note	March 31, 2015	June 30, 2014
		(Rupees in '000)	
Market value of investments	5.1 & 5.2	3,725,723	3,071,719
Cost of investments	5.1 & 5.2	3,486,252	2,580,589
Provision against equity securities		(81,691)	(82,829)
		<u>3,404,561</u>	<u>2,497,760</u>
		<u>321,162</u>	<u>573,959</u>

6. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP

Dividend receivable	27,348	11,816
Mark-up accrued on deposits with banks	1,340	1,274
	<u>28,688</u>	<u>13,090</u>

7. ADVANCE, 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
Advance against subscription of Term Finance Certificates (TFC)	25,000	25,000
Advance against subscription towards issue of equity shares	-	195,238
Receivable against sale of equity shares	145,793	767,566
Prepaid fee	-	-
	<u>173,393</u>	<u>990,404</u>
Less: Provision in respect of advance against subscription of term finance certificates	7.2	25,000
		<u>148,393</u>

7.2 The Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer as at December 31, 2014. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at March 31, 2015, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.

8. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	March 31, 2015	June 30, 2014
		(Rupees in '000)	
Management fee	8.1	7,122	6,719
Sindh Sales Tax	8.2	1,224	1,247
Sales load payable		826	468
		<u>9,172</u>	<u>8,434</u>

8.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of two percent per annum of the average net assets of the Fund for the current period.

8.2 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.

9. ACCRUED EXPENSES AND OTHER LIABILITIES	<i>Note</i>	March 31, 2015	June 30, 2014
(Rupees in '000)			
Auditors' remuneration		345	312
Payable on redemption of units		-	-
Federal Excise Duty	9.1	21,894	10,521
Provision for Workers' Welfare Fund	10	49,198	47,223
Payable to brokers		-	8,858
Other payables		185	116
		<u>71,622</u>	<u>67,030</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. 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. 24.682 million out of which Rs. 2.788 million have been paid to the Management Company. Had the provision not being made, the Net Asset Value per unit of the Fund as at March 31, 2015 would have been higher by Rs. 0.6382 per unit.

10. 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. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 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. 49,198 million (including Rs. 1,975 million for the current period). Had the provision not been made, the Net Asset Value per unit of the Fund as at March 31, 2015 would have been higher by Rs. 1.2694 per unit.

11. 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.

12. EARNINGS PER UNIT (EPU)

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

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

13.1 Transactions during the period	Nine months ended	
	March 31,	
	2015	2014
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee	82,646	72,030
Habib Bank Limited - Sponsor		
Issue of bonus units: Nil (2014: 4,359,177 bonus units)	-	483,215
Bank charges paid	6	3
Mark-up earned during the period	1,022	4,444
Mark-up received during the period	985	4,254
Dividend income earned	8,310	7,617
Dividend income received	8,310	7,617

	Nine months ended March 31,	
	2015	2014
	(Rupees in '000)	
Directors and Executives of the Management Company and their relatives		
Directors		
<i>Mr. Rehan Nabi Shaikh - Chief Executive Officer</i>		
Issue of bonus units: Nil (2014: 153 bonus units)	-	17
Redemption of units: Nil (2014: 821 units)	-	90
Profit earned / (Loss incurred) on units redeemed	-	(1)
Relatives of Directors		
Issue of bonus units: Nil (2014: 83 bonus units)	-	9
Executives and their relatives		
Issue of bonus units: Nil (2014 : 4,692 bonus units)	-	520
Issue of 36,345 units (2014: 8,410 units)	3,854	1,030
Redemption of 24,254 units (2014: 29,939 units)	2,754	3,608
(Loss) / Gain on redemption of units	(88)	165
HBL Employees Provident Fund - Associated entity		
Issue of bonus units: Nil (2014: 824,206 bonus units)	-	91,363
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	3,899	3,436
Central Depository Service charges	650	583
Directors of connected persons		
Issue of bonus units: Nil (2014: 64,370 bonus units)	-	7,135
13.2 Transactions involving shares of connected persons:		
Habib Bank Limited - Sponsor		
Purchase of 305,000 ordinary shares (2014: 737,500 ordinary shares)	58,681	122,224
Sale of 265,900 ordinary shares (2014: 41,000 ordinary shares)	58,245	62,869
Gain on sale of shares of Habib Bank Limited	22,990	7,123
Packages Limited		
Purchase of ordinary shares: Nil (2014: 585,000 ordinary shares)	-	151,886
March 31,		
2015		
June 30,		
2014		
(Rupees in '000)		
13.3 Balances outstanding as at period end		
HBL Asset Management Limited - Management Company		
Management fee	7,122	6,719
Sindh Sales Tax	1,224	1,247
Sales load payable	826	468
Habib Bank Limited - Sponsor		
Investment held in the Fund: 31,893,421 units (June 30, 2014: 31,893,421 units)	3,224,741	3,352,581
Bank balances	39,793	39,569
Dividend Receivable	-	3,389
Mark-up accrued on deposits with bank	179	142

	March 31, 2015	June 30, 2014
	(Rupees in '000)	
Directors and Executives of the Management Company and their relatives		
Directors and their relatives		
Investment held in the Fund: 619 units (June 30, 2014: 619 units)	63	65
Executives and their relatives		
Investment held in the Fund: 14,310 units (June 30, 2014: 1,213 units)	1,447	128
Directors of connected persons		
Investment held in the Fund: 470,958 units (June 30, 2014: 475,441 units)	47,619	49,978
HBL Employees Provident Fund - Associated Entity		
Investment held in the Fund: 6,030,212 units (June 30, 2014: 6,030,212 units)	609,714	633,885
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	442	427
Security deposit	100	100
Shares held in associated undertakings		
Habib Bank Limited		
Shares held: 1,733,377 ordinary shares (June 30, 2014: 1,694,277 ordinary shares)	308,316	328,334

14. DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide Circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Equity Scheme' in accordance with the said circular. As at March 31, 2015, the Fund is compliant with all the requirements of the said circular except for clause 2 (iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

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

15. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 28, 2015.

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

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