

HBL

ASSET MANAGEMENT LTD.

ايسيت مينجمنت لميٲٲ

HBL Islmic Money Market Fund

PICIC Islmaic Income Fund HBL Islamic Stock Fund

HBL Islamic Asset Allocation Fund

PICIC Islamic Stock Fund

Quarterly Report
September 30, 2016
(Un-Audited)

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REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENET COMPANY FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016

The Board of Directors of HBL Asset Management Limited, the Management Company of following Shariah Compliant Funds is pleased to submit herewith its Directors Review Report together with the unaudited condensed Interim Financial Statements for the three months ended September 30, 2016:

HBL Islamic Money Market Fund
HBL Islamic Asset Allocation Fund
HBL Islamic Stock Fund
PICIC Islamic Income Fund
PICIC Islamic Stock Fund

Money Market Review

After adopting a lax monetary policy in FY16, the State Bank of Pakistan took a more cautious approach in the quarter. The policy rate was kept unchanged at 5.75% in view of increased risk of higher inflation in the upcoming quarters and a deteriorating current account deficit, which was offset by rising foreign exchange reserves and increased foreign direct investment inflow. The last GoPljaraSukuk auction was held in December 2015, and since then there has been no auction conducted, largely due to the lack of a suitable asset to back the issue. As a result, of this shortage of Shariah compliant investments, yields on the Ijara Sukuks continue to be unattractive.

CPI inflation for 1QFY17 clocked in at 3.86%, more than double the 1.66% witnessed in the same period last year, driven mainly by higher food prices. The current account deficit for 2MFY17 clocked in at 2.5% of GDP compared to 1.4% of GDP last year, mainly due to a larger trade deficit and a decline in remittance inflows. The country's foreign exchange reserves increased by 2.3% since June-end to USD 23.6 billion, driven by sizable inflows from the IMF and other lenders. The surge in foreign exchange reserves resulted in relative stability in the exchange rate with PKR appreciating by 0.28% against USD in the interbank market.

Stock Market Review

The KMI30 Index posted a gain of 4.2% for the quarter, underperforming the benchmark KSE100 Index due to the lack of banking sector stocks, which posted strong returns. Nevertheless, the KMI30 Index also set its new all-time high during this quarter, closing at the 70,400 level in late July. The quarterly rally was mainly driven by selected stocks in the auto assembling, textile composite and E&P sectors which saw an improvement in their underlying fundamentals. The fertilizer sector was the main laggard because of the large pile-up of urea inventory combined with falling international urea prices which were expected to have a negative impact on their earnings; the sector also bore the brunt of net foreign selling (USD 38.5 million) during the quarter. Further downside pressure on the Index came from the cement sector, where a lack of clarity on the taxation structure for real estate transactions and a rapid surge in input costs dented the sector's performance. Furthermore, average daily trading volume in KMI30 Index shares posted a substantial improvement of 32% Q/Q to 85 million shares. In terms of market flows, mutual funds and NBFCs were the major buyers in the market whereas individuals and banks/DFIs were the major sellers.

FUND'S PERFORMANCE

HBL Islamic Money Market Fund

The total income and net income of the Fund was Rs. 8.21 million and Rs. 6.10 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 101.6884 per unit as at September 30, 2016; there by giving an annualized return of 4.24%. During the same period the benchmark returns (3Months Deposit Rate) was 4.98%. The size of the Fund increased by Rs. 0.03 billion as at September 30, 2016.

HBL Asset Allocation Fund

The total income and net income of the Fund was Rs. 32.62 million and Rs. 26.52 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 104.8332 per unit as at September 30, 2016; there by giving an annualized return of 2.24%. During the same period the benchmark returns (30% KMI30 Index & 70% 6M Deposit Rate) was 1.75%. The size of the Fund decreased by Rs. 0.41 billion as at September 30, 2016.

HBL Islamic Stock Fund

The total income and net income of the Fund was Rs. 56.05 million and Rs. 50.18 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs.136.985per unit as at September 30, 2016; there by giving an annualized return of 7.01%. During the same period the benchmark returns (KMI30 Index) was 4.23%. The size of the Fund increased by Rs. 0.04 billion as at September 30, 2016.

PICIC Islamic Income Fund

The total income and net income of the Fund was Rs. 4.79 million and Rs. 3.60 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 101.9004 per unit as at September 30, 2016; there by giving an annualized return of 6.76%. During the same period the benchmark returns (Avg. of 6M profit rate of 3 Islamic Banks or Islamic Windows of Conventional Banks rated A and above) was 5.87%. The size of the Fund increased by Rs. 0.09 billion as at September 30, 2016.

PICIC Islamic Stock Fund

The total income and net income of the Fund was Rs. 35.82 million and Rs. 31.44 million respectively during the period ended September 30, 2016. The Net Asset Value (NAV) of the Fund was Rs. 113.8823 per unit at September 30, 2016; there by giving an annualized return of 6.96%. During the same period the benchmark returns (KMI30 Index) was 4.23%. The size of the Fund increased by Rs. 0.13 billion as at September 30, 2016.

RATING UPDATE

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned asset manager rating at "AM2" to the Management Company. The stability ratingsfor HBL Islamic Money Market Fund "AA(f)" and PICIC Islamic Income Fund is "A(f)".

ACKNOWLEDGEMENT

The Board takes this opportunity to thank its valued unit-holders for their confidence and patronage. It would like to place on record its appreciation for the help and guidance provided by Securities & Exchange Commission of Pakistan, Central Depository Company of Pakistan as Trustee, the Pakistan Stock Exchange and State Bank of Pakistan.

The Board also wishes to place on record its appreciation for the hard work and dedication shown by the staff.

Karachi
Date: **October 31, 2016**

For and on behalf of the Board
Fareed Ahmed Khan
Chief Executive Officer

Not For Print

HBL

Islamic Money Market Fund

FUND AND CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Ava A. Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr.. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary &
 Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
 Member of Deloitte Touch Tohmastu Limited
 Cavish Court, A-35, block 7 & 8 KCHSU,
 Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
 Progressive Plaza, Beaumont Road, 75530,
 Karachi, Pakistan.

Trustee

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

Bankers

Bank Al-Habib Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 Meezan Bank Limited
 National Bank of Pakistan

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.

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Statement of Assets And Liabilities
As at September 30, 2016

	Note	(Un-Audited) September 30, 2016 (Rupees in '000)	(Audited) June 30, 2016
Assets			
Bank balances	4	542,755	514,268
Accrued mark-up		2,543	2,157
Prepayment and Other receivables		137	2,114
Total assets		545,435	518,539
Liabilities			
Payable to Management Company		542	511
Payable to Trustee		66	71
Payable to Securities and Exchange Commission of Pakistan		98	352
Accrued expenses and other liabilities	5	5,540	10,864
Total liabilities		6,246	11,798
Net assets		539,189	506,741
Unit holders' fund (as per statement attached)		539,189	506,741
(Number of units)			
Number of units in issue		5,302,353	5,036,525
(Rupees)			
Net assets value per unit		101.6884	100.6132

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Income Statement (Un-Audited)
For the quarter ended September 30, 2016

	Note	For the Quarter ended September 30,	
		2016	2015
----- (Rupees in '000) -----			
Income			
Mark-up on deposits with banks		<u>7,636</u>	<u>7,611</u>
		7,636	7,611
Expenses			
Remuneration of Management Company		<u>1,483</u>	<u>1,554</u>
Remuneration of Trustee		<u>224</u>	<u>200</u>
Payable to Management Company of Pakistan		<u>98</u>	<u>88</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	5.2	<u>140</u>	<u>-</u>
Auditors' remuneration		<u>91</u>	<u>88</u>
Settlement and bank charges		<u>8</u>	<u>7</u>
Amortisation of preliminary expenses and floatation costs		<u>-</u>	<u>57</u>
Other expenses		<u>70</u>	<u>78</u>
		<u>2,114</u>	<u>2,072</u>
Net income from operating activities		<u>5,522</u>	<u>5,539</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		<u>574</u>	<u>(12)</u>
Provision for Workers' Welfare Fund	5.3	<u>-</u>	<u>-</u>
Net income for the period before taxation		<u>6,096</u>	<u>5,527</u>
Taxation	8	<u>-</u>	<u>-</u>
Net income for the period after taxation		<u><u>6,096</u></u>	<u><u>5,527</u></u>
Earnings per unit	9		

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the quarter ended September 30, 2016

	For the Quarter ended September 30,	
	2016	2015
	----- (Rupees in '000) -----	
Net income for the period	6,096	5,527
Other comprehensive income for the period		
Items to be reclassified to income statement in subsequent periods:		
Net unrealised appreciation / (diminution) on remeasurement of investment classified As 'available for sale'	-	-
Total comprehensive income for the period	<u><u>6,096</u></u>	<u><u>5,527</u></u>

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Distribution Statement (Un-Audited)
For the quarter ended September 30, 2016

	For the Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward - realised	3,176	1,815
Net income for the period	6,096	5,527
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income that form part of unit holders' fund	168	1
Undistributed income carried forward - realised	<u>9,440</u>	<u>7,343</u>

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

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

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the quarter ended September 30, 2016

	For the Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	506,741	457,348
Issue of 517,372 units (2015: 330,871 units)	52,392	33,345
Redemption of 251,544 units (2015: 260,637 units)	(25,466)	(26,302)
	26,926	7,043
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	(574)	12
Net income for the period	6,096	5,527
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	-	-
Total comprehensive income for the period	6,096	5,527
Net assets at end of the period	539,189	469,930

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the quarter ended September 30, 2016

	For the Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	6,096	5,527
Adjustments		
Amortisation of preliminary expenses and floatation costs	-	57
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(574)	12
	<u>5,522</u>	<u>5,596</u>
(Increase) / decrease in assets		
Accrued mark-up	(386)	(78)
Deposits and other receivables	1,977	62
Prepaid expenses	-	(79)
	<u>1,591</u>	<u>(95)</u>
Increase / (decrease) in liabilities		
Payable to Management Company	31	(21)
Payable to Trustee	(5)	(50)
Payable to Securities and Exchange Commission of Pakistan	(254)	(270)
Accrued expenses and other liabilities	(5,324)	(3,532)
	<u>(5,552)</u>	<u>(3,873)</u>
Net cash generated from operating activities	<u>1,561</u>	<u>1,628</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	52,392	33,345
Payment against redemption of units	(25,466)	(26,302)
Net cash generated from financing activities	<u>26,926</u>	<u>7,043</u>
Net increase in cash and cash equivalents	<u>28,487</u>	<u>8,671</u>
Cash and cash equivalents at beginning of the period	514,268	464,049
Cash and cash equivalents at end of the period	<u>542,755</u>	<u>472,720</u>

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

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

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND

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

For the quarter ended September 30, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Money Market Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (the SECP) as a unit trust scheme on December 10, 2010.

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

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at par from May 9, 2011 to May 10, 2011.

The principal activity of the Fund is to seek high liquidity and comparative Shariah Compliant 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 the 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, 2016.

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, 2016, except for the following standards which became effective during the period.

	Note	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
4. BANK BALANCES			
		(Rupees in '000)	
Savings accounts	4.1	<u>542,755</u>	<u>514,268</u>

4.1 This represents bank accounts held with different banks. Mark up rates on these accounts range between 4.00% - 6.05% p.a (June 30, 2016: 4.20% - 6.50% p.a).

	Note	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
5. ACCRUED EXPENSES AND OTHER LIABILITIES			
(Rupees in '000)			
Auditors' remuneration		398	307
Federal Excise Duty	5.1	2,185	2,185
Advance against units to be issued		-	310
Provision for Workers' Welfare Fund	5.3	2,802	2,802
Payable to HBL Funds against conversion of units		-	3,364
Payable to against redemption of units		-	988
Withholding tax payable		-	743
Other payable		155	165
		<u>5,540</u>	<u>10,864</u>
5.1 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF			
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, 2016.			
Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.			
In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.4456.			
5.2 ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES			
During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed 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. In this regard, the Management Company has started charging these expenses effective from November 25, 2015.			
5.3 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, 2016.			
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 September 30, 2016 would have been higher by Rs. 0.5284 per unit.			
6. TOTAL EXPENSE RATIO			
The Scheme has maintained Total Expense Ratio (TER) 0.37% (0.03% representing Government Levies, and SECP Fee).			
7. CONTINGENCIES AND COMMITMENTS			
There were no contingencies or commitments outstanding as at September 30, 2016.			

8. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

9. 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.

10. 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 these condensed interim financial information are as follows:

Transactions during the period	(Un - Audited) For the Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee	1,483	1,554
Allocation of expenses related to registrar services, accounting, operation and valuation services	140	-
Habib Bank Limited - Sponsor		
Mark-up earned during the period	138	349
Mark-up received during the period	119	1,082
Bank charges paid	6	-
Executives of the Management Company and their relatives		
Redemption of 119 units (2015: Nil units)	12	-
Profit earned on units redeemed	0	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	224	200

10.2 Amounts outstanding as at period end	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	441	406
Sindh Sales Tax	57	65
Allocation of expenses related to registrar services, accounting, operation and valuation services	44	40
Habib Bank Limited - Sponsor		
Investment held in the Fund: 3,684,164 units (June 30, 2016: 3,684,164 units)	374,637	370,676
Bank balances	8,070	25,768
Profit receivable on bank deposits	47	28
Executives of the Management Company and their relatives		
Investment held in the Fund: Nil units (June 30, 2016: 119 units)	-	12
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	66	71
11. FAIR VALUE OF FINANCIAL INSTRUMENTS		
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> - 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). <p>The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.</p>		
16		

September 30, 2016							
	Carrying amount			Fair Value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
On-balance sheet financial instruments							
Financial assets not measured at fair value							
Bank balances	542,755	-	542,755	-	-	-	-
Accrued mark-up	2,543	-	2,543	-	-	-	-
Prepayment and Other receivables	137	-	137	-	-	-	-
	<u>545,435</u>	<u>-</u>	<u>545,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Payable to Management Company	-	542	542	-	-	-	-
Payable to Trustee	-	66	66	-	-	-	-
Accrued expenses and other liabilities	-	553	553	-	-	-	-
	<u>-</u>	<u>1,161</u>	<u>1,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
----- (Rupees in '000) -----							
June 30, 2016							
	Carrying amount			Fair Value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
On-balance sheet financial instruments							
Financial assets not measured at fair value							
Bank balances	514,268	-	514,268	-	-	-	-
Accrued mark-up	2,157	-	2,157	-	-	-	-
Advance . Prepayment and other receivable	2,059	-	2,059	-	-	-	-
	<u>518,484</u>	<u>-</u>	<u>518,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Payable to Management Company	-	511	511	-	-	-	-
Payable to Trustee	-	71	71	-	-	-	-
Accrued expenses and other liabilities	-	5,877	5,877	-	-	-	-
	<u>-</u>	<u>6,459</u>	<u>6,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
----- (Rupees in '000) -----							

11.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

12. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **October 31, 2016** .

13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

Not For Print

HBL

Islamic Asset Allocation Fund

FUND AND CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Ava A. Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr.. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary &
 Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
 Member of Deloitte Touch Tohmastu Limited
 Cavish Court, A-35, block 7 & 8 KCHSU,
 Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
 Progressive Plaza, Beaumont Road, 75530,
 Karachi, Pakistan.

Trustee

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

Bankers

Bank Al-Habib Limited
 Habib Bank Limited
 Dubai Islamic Bank
 Bank Isalmi Pakistan Limited

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.

HBL ISLAMIC ASSET ALLOCATION FUND
Condensed Interim Statement of Assets And Liabilities
As at September 30, 2016

	Note	(Un-Audited) September 30, 2016 (Rupees in '000)	(Audited) June 30, 2016
Assets			
Bank balances		196,208	608,618
Investments	4	744,037	732,752
Dividend receivable and accrued mark-up		6,555	9,911
Preliminary expenses and flotation cost		920	974
Advances , deposits and other receivables		7,600	9,518
Total assets		955,320	1,361,773
Liabilities			
Payable to Management Company		5,697	6,522
Payable to Trustee		154	218
Payable to Securities and Exchange Commission of Pakistan		233	377
Accrued expenses and other liabilities	5	5,923	4,766
Total liabilities		12,007	11,883
Net assets		943,313	1,349,890
Unit holders' fund (as per statement attached)		943,313	1,349,890
(Number of units)			
Number of units in issue		8,998,233	13,164,371
(Rupees)			
Net assets value per unit		104,8332	102,5411
The annexed notes 1 to 13 form an integral part of these financial statements.			
For HBL Asset Management Limited (Management Company)			
_____ Chief Executive		_____ Director	

HBL ISLAMIC ASSET ALLOCATION FUND
Condensed Interim Income Statement (Un-Audited)
For the quarter ended September 30, 2016

	Quarter ended September 30, 2016 (Rupees in '000)
Income	
Dividend Income	1,466
Return on Investment	11,590
Mark-up on deposits with banks	1,681
Capital gain on sale of investments - net	23,091
	37,828
Expenses	
Remuneration of Management Company	4,413
Remuneration of Trustee	944
Annual fee of Securities and Exchange Commission of Pakistan	233
Allocation of expenses related to registrar services, accounting, operation and valuation services	273
Auditors' remuneration	171
Amortisation of preliminary expenses and floatation costs	54
Other expenses	11
	6,099
	31,729
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(5,208)
Net income for the period before taxation	26,521
Taxation	8 -
Net income for the period after taxation	26,521
Earning Per Unit	9

The annexed notes 1 to 13 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC ASSET ALLOCATION FUND
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the quarter ended September 30, 2016

	Quarter ended September 30, 2016 (Rupees in '000)
Net income for the period	26,521
Other comprehensive income for the period	
Items to be reclassified to income statement in subsequent periods:	
Net unrealised (diminution) on re-measurement of investments classified as available for sale	(4,575)
Total comprehensive income for the period	<u><u>21,946</u></u>

The annexed notes 1 to 13 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC ASSET ALLOCATION FUND
Condensed Interim Distribution Statement (Un-Audited)
For the quarter ended September 30, 2016

	Quarter ended September 30, 2016 (Rupees in '000)
Undistributed income brought forward - realised	10,329
Net income for the period	26,521
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	(3,269)
Undistributed income carried forward - realised	33,581

The annexed notes 1 to 13 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC ASSET ALLOCATION FUND
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the quarter ended September 30, 2016

	Quarter ended September 30, 2016 (Rupees in '000)
Net assets at beginning of the period	1,349,890
Issue of 1,697,279 units	176,587
Redemption of 5,863,417 units	(610,318)
	(433,731)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement	5,208
Net income for the period	26,521
Net unrealised (diminution) on re-measurement of investments classified as available for sale	(4,575)
Total comprehensive income for the period	21,946
Net assets at end of the period	943,313

The annexed notes 1 to 13 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC ASSET ALLOCATION FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the quarter ended September 30, 2016

	Quarter ended September 30, 2016 (Rupees in '000)
CASH FLOW FROM OPERATING ACTIVITIES	
Net income for the period	26,521
Adjustments	
Amortisation of preliminary expenses and floatation costs	54
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	5,208
	<u>31,783</u>
(Increase) / decrease in assets	
Investments - net	(15,860)
Accrued mark-up	3,356
Advances, deposits and other receivables	1,918
	<u>(10,586)</u>
Increase / (decrease) in liabilities	
Payable to Management Company	(825)
Payable to Trustee	(64)
Payable to Securities and Exchange Commission of Pakistan	(144)
Accrued expenses and other liabilities	1,157
	<u>124</u>
Net cash generated from operating activities	<u>21,321</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Amount received on issue of units	176,587
Payment against redemption of units	(610,318)
Net cash (used in) financing activities	<u>(433,731)</u>
Net (decrease) in cash and cash equivalents	<u>(412,410)</u>
Cash and cash equivalents at beginning of the period	608,618
Cash and cash equivalents at end of the period	<u><u>196,208</u></u>

The annexed notes 1 to 13 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC ASSET ALLOCATION FUND

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

For the quarter ended September 30, 2016

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, Khayban e Hafiz, Phase VI, D.H.A, Karachi, Pakistan.

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

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, 2016.

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, 2016, except for the following standards which became effective during the period.

4. INVESTMENTS	Note	(Un-audited)	(Audited)
		September 30, 2016	June 30, 2016
(Rupees in '000)			
Available for sale			
- Government of Pakistan - Ijarah sukuk	4.1	397,142	394,164
- Privately placed sukuk certificates	4.2	80,000	80,000
- Listed equity Securities	4.3	266,253	257,946
- Unlisted equity Securities	4.4	642	642
		<u>744,037</u>	<u>732,752</u>

4.1 Government of Pakistan - Ijarah sukuk

Issue Date	Tenor	Face value			Market Value as at September 30, 2016	Market value as a percentage of		
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period		Total Investments	Net Assets	
----- (Rupees in '000) -----								
February 15, 2016	3 Years	279,500	-	-	279,500	285,789	38.41%	30.30%
March 29, 2016	3 Years	110,000	-	-	110,000	111,353	14.97%	11.80%
Total		389,500	-	-	389,500	397,142	53.38%	42.10%

Cost of investments at September 30, 2016

390,362

4.2 Privately placed sukuk certificates

Issue Date	Tenor	Number of Certificates			Carrying value as at September 30, 2016	Carrying value as a percentage of		
		As at July 1, 2016	Purchases during the period	Sales / Matured during the period		Total Investments	Net Assets	
----- (Rupees in '000) -----								
May 25, 2016	6 Months	-	-	-	16,000	80,000	10.75%	8.48%
					16,000	80,000	10.75%	8.480%

Cost of investments at September 30, 2016

80,000

4.2.1 These certificates have been placed with Engro Fertilizer Limited carrying mark-up at the rate of 6 months KIBOR plus 0.4% per annum.

4.3 Listed equity securities - Available for sale

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

Name of the Investee Company	Number of shares					Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2016	Total Investments	Net Assets	
----- (Rupees in '000) -----								
Textile composite								
Nishat Mills Limited	-	157,000	-	30,000	127,000	17,894	2.28%	2.17%
	-	157,000	-	30,000	127,000	17,894	2.28%	2.17%
Cement								
D.G. Khan Cement Company Limited	46,300	35,000	-	81,300	-	-	-	-
Kohat Cement Limited	25,100	-	-	25,100	-	-	-	-
Lucky Cement Limited	38,100	6,800	-	9,850	35,050	23,738	3.02%	2.89%
Maple Leaf Cement Factory Limited	95,000	-	-	95,000	-	-	-	-
Pioneer Cement Limited	93,500	60,000	-	153,500	-	-	-	-
Cherat Cement Company Limited	95,000	-	-	95,000	-	-	-	-
	393,000	101,800	-	459,750	35,050	23,738	3.02%	2.89%
Leather and tanneries								
Service Industries Ltd	-	15,500	-	-	15,500	19,814	2.52%	2.41%
	-	15,500	-	-	15,500	19,814	2.52%	2.41%
Glass and ceramics								
Tariq Glass Limited	-	138,000	-	-	138,000	13,216	1.68%	1.61%
	-	138,000	-	-	138,000	13,216	1.68%	1.61%
Power generation & distribution								
K-Electric Limited (Rs. 3.5 each)	1,740,000	270,000	-	2,010,000	-	-	-	-
The Hub Power Company Limited	119,500	215,000	-	139,500	195,000	23,238	2.96%	2.82%
Kot Addu Power Company	-	553,500	-	60,000	293,500	24,563	3.13%	2.99%
	1,859,500	838,500	-	2,209,500	488,500	47,801	6.09%	5.81%
Oil and gas exploration companies								
Mari Petroleum Company Limited	14,500	-	-	14,500	-	-	-	-
Pakistan Oilfields Limited	25,000	38,900	-	49,900	14,000	5,618	0.72%	0.68%
Pakistan Petroleum Limited	110,400	187,800	-	175,400	122,800	20,099	2.56%	2.44%
	149,900	226,700	-	239,800	136,800	25,717	3.28%	3.12%
Fertilizers								
Engro Fertilizer	-	82,000	-	82,000	-	-	-	-
Engro Corporation Limited	72,000	81,000	-	55,000	98,000	28,542	3.63%	3.47%
	72,000	163,000	-	137,000	98,000	28,542	3.63%	3.47%

	Number of shares				As at September 30, 2016	Market value as at September 30, 2016		Par value as a percentage of issued capital of the investee company	
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets		
	(Rupees in '000)								
Chemicals									
Dawood Hercules Corporation Limited	-	20,000	-	20,000	-	-	-	-	
Fauji Cement Company Limited	147,500	717,000	-	864,500	-	-	-	-	
	147,500	-	-	-	-	-	-	-	
Food and personal care products									
Engro Foods Limited	40,000	90,900	-	130,900	-	-	-	-	
	40,000	90,900	-	130,900	-	-	-	-	
Paper & board									
Packages Limited	-	39,800	-	-	39,800	26,637	3.39%	3.24%	
	-	39,800	-	-	39,800	26,637	3.39%	3.24%	
Cable and electrical goods									
Pak Elektron Limited	135,000	81,000	-	216,000	-	-	-	-	
	135,000	81,000	-	216,000	-	-	-	-	
Pharmaceuticals									
Searle Company Limited	19,900	-	-	19,700	200	114	0.01%	0.01%	
GlaxoSmithKline Pakistan Limited	49,400	-	-	49,400	-	-	-	-	
	69,300	-	-	69,100	200	114	0.01%	0.01%	
Automobile Assembler									
Pak Suzuki Motor Company Limited	4,000	-	-	4,000	-	-	-	-	
Honda Atlas Cars (Pakistan) Limited	15,500	25,500	-	20,000	21,000	12,848	1.64%	1.56%	
	19,500	25,500	-	24,000	21,000	12,848	1.64%	1.56%	
Transport									
Pakistan National Shipping Corporation	28,000	-	-	28,000	-	-	-	-	
	28,000	-	-	28,000	-	-	-	-	
Engineering									
Amreli Steels Limited	250,500	285,000	-	140,000	395,500	28,195	3.59%	3.43%	
Crescent Steel & Allied Products Limited	123,500	94,000	-	45,000	172,500	21,737	2.76%	2.64%	
Mughal Iron & Steel Limited	268,000	-	-	268,000	-	-	-	-	
	642,000	379,000	-	453,000	568,000	49,932	6.35%	6.07%	
	3,555,700	2,256,700	-	3,997,050	1,667,850	266,253	33.89%	32.36%	
Cost of investments at September 30, 2016						255,665			

4.3.1 Investments include shares having market value aggregating to Rs. 35.0820 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.

4.4 Unlisted equity securities - Available for sale

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

Name of the Investee Company	Number of shares				As at September 30, 2016	Carrying value as at September 30, 2016		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets	
	(Rupees in '000)							
Pharma & Bio Tech								
GlaxoSmithKline Consumer Healthcare Pakistan Limited (Note 4.4.1)	10,350	-	-	-	10,350	642	0.08%	0.08%
	10,350	-	-	-	10,350	642	0.08%	0.08%
	10,350	-	-	-	10,350	642	0.08%	0.08%
Cost of investments at September 30, 2016						-		

4.4.1 This represents shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited, a subsidiary of GlaxoSmithKline plc, which were received due to demerger of GlaxoSmithKline Pakistan Limited on April 01, 2016. These are stated at break-up value of Rs. 62.00 per share as trading in shares has not yet commenced. The company has submitted its listing application with the Pakistan Stock Exchange Limited which is currently pending.

5 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		490	319
Charity payable		50	42
Withholding tax payable		-	1,649
Federal Excise Duty	5.1	1,063	1,063
Payable to HBL Funds against conversion of units		-	999
Payable against purchase of investments		3,787	-
Payable to Broker		523	648
Other payable		10	46
		5,923	4,766

5.1 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF

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, 2016.

Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.1181 .

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

During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed 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. In this regard, the Management Company has started charging these expenses effective from November 25, 2015.

6. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.52% (0.07% representing Government Levies, and SECP Fee).

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2016.

8. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

9. 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.

10. 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 and directors of connected persons.

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 these financial statements are as follows:

	(Un-Audited)	
	September 30,	
	2016	
	(Rupees in '000)	
10.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee		4,413
Allocation of expenses related to registrar services, accounting, operation and valuation services		273
Habib Bank Limited - Sponsor		
Bank charges paid		4
Mark-up earned during the period		315
Mark-up received during the period		309
Central Depository Company of Pakistan Limited - Trustee		
Remuneration		944
10.2 Amounts outstanding as at period end	(Un-Audited)	(Audited)
	September 30,	June 30,
	2016	2016
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee	1,154	1,631
Sindh Sales Tax	150	267
Allocation of expenses related to registrar services, accounting, operation and valuation services	65	101
Sales load payable	646	848
Preliminary expenses and flotation costs	3,682	3,682
Habib Bank Limited - Sponsor		
Investment held in the Fund : 1,007,846 units (June 30, 2016: 1,007,846 units)	105,656	103,346
Bank balances	19,518	12,923
Mark-up receivable on deposits with bank	105	99
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	154	218
Executives of the Management Company and their relatives		
Investment held in the fund 101 units (June 30,2016: 101 units)	11	10

11. 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: Disclosures' 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.

	September 30, 2016				Fair Value			
	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed Equities Securities	266,253	-	-	266,253	266,253	-	-	266,253
- Government of Pakistan - Ijarah sukuk	397,142	-	-	397,142	-	397,142	-	397,142
	<u>663,395</u>	<u>-</u>	<u>-</u>	<u>663,395</u>	<u>266,253</u>	<u>397,142</u>	<u>-</u>	<u>663,395</u>
Financial assets not measured at fair value								
Bank balances	-	196,208	-	196,208				
Investments								
- Unlisted Equities Securities	642			642				
- Privately placed sukuk certificates	80,000			80,000				
Accrued mark-up	-	6,555	-	6,555				
Advances, deposits and other receivables	-	7,600	-	7,600				
	<u>80,642</u>	<u>210,363</u>	<u>-</u>	<u>291,005</u>				
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	5,697	5,697				
Payable to Trustee	-	-	154	154				
Accrued expenses and other liabilities	-	-	4,860	4,860				
	<u>-</u>	<u>-</u>	<u>10,711</u>	<u>10,711</u>				

	June 30, 2016						
	Carrying amount			Total	Fair Value		
	Available-for-sale	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3
----- (Rupees in '000) -----							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
- Listed Equities Securities	257,946	-	-	257,946	257,946	-	-
- Government of Pakistan - Ijarah sukuk	394,164	-	-	394,164	-	394,164	-
	<u>652,110</u>	<u>-</u>	<u>-</u>	<u>652,110</u>	<u>257,946</u>	<u>394,164</u>	<u>-</u>
Financial assets not measured at fair value							
Bank balances	-	608,618	-	608,618			
Investment							
- Unlisted Equities Securities	642	-	-	642			
- Privately placed sukuk certificates	80,000	-	-	80,000			
Accrued mark-up	-	9,911	-	9,911			
Advances, deposits and other receivables	-	9,503	-	9,503			
	<u>80,642</u>	<u>628,032</u>	<u>-</u>	<u>708,674</u>			
Financial liabilities not measured at fair value							
Payable to Management Company	-	-	6,522	6,522			
Payable to Trustee	-	-	218	218			
Accrued expenses and other liabilities	-	-	3,703	3,703			
	<u>-</u>	<u>-</u>	<u>10,443</u>	<u>10,443</u>			

11.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice frequently. Therefore, their carrying amounts are reasonable approximation of fair value.

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **October 31, 2016**.

13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

Not For Print

HBL

Islamic Stock Fund

FUND AND CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Ava A. Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr.. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary &
 Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
 Member of Deloitte Touch Tohmastu Limited
 Cavish Court, A-35, block 7 & 8 KCHSU,
 Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
 Progressive Plaza, Beaumont Road, 75530,
 Karachi, Pakistan.

Trustee

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

Bankers

Habib Bank Limited
 National Bank of Pakistan
 Bank Islami Pakistan Limited
 Dubai Islamic Bank Limited

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.

HBL ISLAMIC STOCK FUND
Condensed Interim Statement of Assets And Liabilities
As at September 30, 2016

	<i>Note</i>	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
(Rupees in '000)			
Assets			
Bank balances		61,842	48,402
Investments	4	785,350	770,779
Dividend receivable and accrued mark-up		8,446	1,781
Advances, deposits, prepayments and other receivables		2,655	6,431
Total assets		858,293	827,393
Liabilities			
Payable to Management Company		1,904	1,642
Payable to Trustee		145	151
Payable to Securities and Exchange Commission of Pakistan		203	733
Accrued expenses and other liabilities	5	33,295	40,233
Total liabilities		35,547	42,759
Net assets		822,746	784,634
Unit holders' fund (as per statement attached)		822,746	784,634
(Number of units)			
Number of units in issue		6,005,957	6,129,438
(Rupees)			
Net assets value per unit		136.9885	128.0108

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Income Statement (Un-Audited)
For the quarter ended September 30, 2016

	<i>Note</i>	Quarter ended	
		September 30,	
		2016	2015
		----- (Rupees in '000) -----	
Income			
Dividend income		8,007	8,903
Mark-up on deposits with banks		751	989
Capital gain on sale of investments - net		47,911	17,719
		56,669	27,611
Impairment loss on equity securities classified as available for sale		-	(4,320)
		56,669	23,291
Expenses			
Remuneration of Management Company		4,819	5,367
Remuneration of Trustee		486	462
Annual fee to Securities and Exchange Commission of Pakistan		203	193
Allocation of expenses related to registrar services, accounting, operation and valuation services	5.2	217	-
Securities transaction costs		-	115
Auditors' remuneration		88	88
Settlement and bank charges		3	5
Amortisation of preliminary expenses and floatation costs		-	58
Other expenses		57	72
		5,873	6,360
Net income from operating activities		50,796	16,931
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(617)	477
Provision for Workers' Welfare Fund	5.3	-	-
Net income for the period before taxation		50,179	17,408
Taxation	8	-	-
Net income for the period after taxation		50,179	17,408
Earning per unit	9		

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the quarter ended September 30, 2016

	Quarter ended September 30,	
	2016	2015
	----- (Rupees in '000) -----	
Net income for the period	50,179	17,408
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	3,675	(73,478)
Total comprehensive income for the period	<u>53,854</u>	<u>(56,070)</u>

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Distribution Statement (Un-Audited)
For the quarter ended September 30, 2016

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward - realised	28,260	26,494
Net income for the period	50,179	17,408
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	(591)	1,073
Undistributed income carried forward - realised	<u>77,848</u>	<u>44,975</u>

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the quarter ended September 30, 2016

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	784,634	783,608
Issue of 1,420,078 units (2015: 656,102 units)	194,354	83,728
Redemption of 1,543,559 units (2015: 415,530 units)	(210,713)	(53,530)
	(16,359)	30,198
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	617	(477)
Net income for the period	50,179	17,408
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	3,675	(73,478)
Total comprehensive income for the period	53,854	(56,070)
Net assets at end of the period	822,746	757,260

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the quarter ended September 30, 2016

	Quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	50,179	17,408
Adjustments		
Amortisation of preliminary expenses and floatation costs	-	58
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	617	(477)
	50,796	16,989
(Increase) / decrease in assets		
Investments - net	(10,896)	17,000
Dividend receivable and accrued mark-up	(6,665)	(9,000)
Advances, deposits, prepayments and other receivables	3,776	(45,338)
	(13,785)	(37,338)
Increase / (decrease) in liabilities		
Payable to Management Company	262	160
Payable to Trustee	(6)	10
Payable to Securities and Exchange Commission of Pakistan	(530)	(575)
Accrued expenses and other liabilities	(6,938)	(20,409)
	(7,212)	(20,814)
Net cash generated from / (used in) operating activities	29,799	(41,163)
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	194,354	83,728
Payment against redemption of units	(210,713)	(53,530)
Net cash (used in) / generated from financing activities	(16,359)	30,198
Net increase / (decrease) in cash and cash equivalents	13,440	(10,965)
Cash and cash equivalents at beginning of the period	48,402	75,742
Cash and cash equivalents at end of the period	61,842	64,777

The annexed notes 1 to 13 form an integral part of the condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK FUND

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

For the quarter ended September 30, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Stock Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on December 10, 2010.

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

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

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2' to the Management Company.

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

2. STATEMENT OF COMPLIANCE

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

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016.

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, 2016, except for the following standards which became effective during the period.

4. INVESTMENTS	Note	(Unaudited)	(Audited)
		September 30, 2016	June 30, 2016
(Rupees in '000)			
Available for sale			
Listed equity securities	4.1	784,068	769,497
Unlisted equity securities	4.2	1,282	1,282
		<u>785,350</u>	<u>770,779</u>

4.1 Listed equity securities - Available for sale

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

Name of the Investee Company	Number of shares				As at September 30, 2016	Market value as at September 30, 2016	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Textile composite									
Nishat Mills Limited	117,500	83,200	-	-	200,700	28,279	3.60%	3.44%	0.06%
	117,500	83,200	-	-	200,700	28,279	3.60%	3.44%	
Cement									
D.G Khan Cement Company Limited	265,200	79,000	-	78,500	265,700	49,388	6.29%	6.00%	0.06%
Kohat Cement Limited	102,100	-	-	102,100	-	-	-	-	-
Lucky Cement Limited	113,000	28,900	-	21,050	120,850	81,847	10.42%	9.95%	0.04%
Maple Leaf Cement Factory Limited	217,000	40,000	-	4,500	252,500	24,189	3.08%	2.94%	0.05%
Pioneer Cement Limited	147,000	74,400	-	67,000	154,400	16,318	2.08%	1.98%	0.07%
Cherat Cement Company Limited	122,500	-	-	-	122,500	15,761	2.01%	1.92%	0.05%
	966,800	222,300	-	273,150	915,950	187,503	23.87%	22.79%	
Leather and tanneries									
Service Industries Ltd	-	22,200	-	3,500	18,700	23,905	3.04%	2.91%	0.06%
	-	22,200	-	3,500	18,700	23,905	3.04%	2.91%	
Glass and ceramics									
Tariq Glass Limited	-	171,000	-	-	171,000	16,377	2.09%	1.99%	0.01%
	-	171,000	-	-	171,000	16,377	2.09%	1.99%	
Power generation & distribution									
K-Electric Limited (Rs. 3.5 each)	2,900,000	-	-	2,900,000	-	-	-	-	-
The Hub Power Company Limited	639,400	131,600	-	187,700	583,300	69,512	8.85%	8.45%	0.05%
Kot Addu Power Company	221,500	299,500	-	61,000	460,000	38,497	4.90%	4.68%	0.05%
	3,760,900	431,100	-	3,148,700	1,043,300	108,009	13.75%	13.13%	
Oil and gas exploration companies									
Mari Petroleum Company Limited	21,200	7,300	-	1,600	26,900	25,677	3.27%	3.12%	0.02%
Pakistan Oilfields Limited	100,200	27,500	-	17,900	109,800	44,064	5.61%	5.36%	0.05%
Pakistan Petroleum Limited	372,100	159,700	-	62,700	469,100	76,778	9.78%	9.33%	0.02%
Attock Petroleum Limited	37,750	-	-	37,750	-	-	-	-	-
	531,250	194,500	-	119,950	605,800	146,519	18.66%	17.81%	
Fertilizers									
Fauji Fertilizer Bin Qasim Limited	287,000	-	-	287,000	-	-	-	-	-
Engro Corporation Limited	215,600	44,300	-	47,800	212,100	61,774	7.87%	7.51%	0.04%
	502,600	44,300	-	334,800	212,100	61,774	7.87%	7.51%	
Chemicals									
Dawood Hercules Corporation Limited	-	347,700	-	41,100	306,600	40,766	5.19%	4.95%	0.01%
	-	347,700	-	41,100	306,600	40,766	5.19%	4.95%	
Food and personal care products									
Engro Foods Limited	-	187,900	-	20,700	167,200	24,463	3.11%	2.97%	0.02%
	-	187,900	-	20,700	167,200	24,463	3.11%	2.97%	
Paper & board									
Packages Limited	49,800	8,300	-	-	58,100	38,884	4.95%	4.73%	0.07%
	49,800	8,300	-	-	58,100	38,884	4.95%	4.73%	

Name of the Investee Company	Number of shares				As at September 30, 2016	Market value as at September 30, 2016	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
(Rupees in '000)									
Cable and electrical goods									
Pak Elektron Limited	275,500	96,000	-	53,500	318,000	22,505	2.87%	2.74%	0.08%
	275,500	96,000	-	53,500	318,000	22,505	2.87%	2.74%	
Pharmaceuticals									
Searle Company Limited	54,890	-	-	48,700	6,190	3,550	0.45%	0.43%	0.01%
GlaxoSmithKline Pakistan Limited	68,900	21,400	-	-	90,300	19,496	2.48%	2.37%	0.03%
	123,790	21,400	-	48,700	96,490	23,046	2.93%	2.80%	
Automobile Assembler									
Pak Suzuki Motor Company Limited	41,200	-	-	41,200	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	36,600	-	18,300	18,300	11,196	1.43%	1.36%	0.15%
	41,200	36,600	-	59,500	18,300	11,196	1.43%	1.36%	
Automobile parts and Accessories									
General Tyre & Rubber Company Limited	100,900	-	-	100,900	-	-	-	-	-
	100,900	-	-	100,900	-	-	-	-	-
Engineering									
Amreli Steels Limited	515,500	-	-	147,000	368,500	26,270	3.35%	3.19%	0.12%
Crescent Steel & Allied Products Limited	314,500	-	-	119,500	195,000	24,572	3.12%	2.99%	0.25%
Mughal Iron & Steel Limited	455,000	-	-	455,000	-	-	-	-	-
	1,285,000	-	-	721,500	563,500	50,842	6.46%	6.18%	
	7,755,240	1,866,500	-	4,926,000	4,695,740	784,068	99.83%	95.29%	
Cost of investments at September 30, 2016						731,452			

4.2 Unlisted equity securities - Available for sale

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

Name of the Investee Company	Number of shares				As at September 30, 2016	Carrying value as at September 30, 2016	Carrying value as a percentage of	
	As at July 1, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets
(Rupees in '000)								
Pharma & Bio Tech								
GlaxoSmithKline Consumer Healthcare Pakistan Limited (Note 4.3.1)	20,670	-	-	-	20,670	1,282	0.16%	0.16%
	20,670	-	-	-	20,670	1,282	0.16%	0.16%
	20,670	-	-	-	20,670	1,282	0.16%	0.16%
Cost of investments at September 30, 2016						-		

4.2.1 This represents shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited, a subsidiary of GlaxoSmithKline plc, which were received due to demerger of GlaxoSmithKline Pakistan Limited on April 01, 2016. These are stated at break-up value of Rs. 62.00 per share as trading in shares has not yet commenced. The company has submitted its listing application with the Pakistan Stock Exchange Limited which is currently pending.

4.3 Investments include shares having market value aggregating to Rs. 51.8118 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.

4.4 Net unrealised appreciation on remeasurement of investments classified as available for sale	<i>Note</i>	(Un-Audited) September 30, 2016 (Rupees in '000)	(Audited) June 30, 2016 (Rupees in '000)
Market value of investments	4.1 & 4.2	785,349	770,779
Cost of investments	4.1 & 4.2	731,452	720,557
Less: Impairment		<u>(10,525)</u>	<u>(10,525)</u>
		720,927	710,032
		<u>64,422</u>	<u>60,747</u>

4.4.1 Movement in impairment against investments

Opening balance		(10,525)	-
Add: Charge for the period / year		-	16,494
Less: Reversals made during the period / year		-	(5,969)
Net charge		-	10,525
Closing balance		<u>(10,525)</u>	<u>(10,525)</u>

5. ACCRUED EXPENSES AND OTHER LIABILITIES	<i>Note</i>	(Un-Audited) September 30, 2016 (Rupees in '000)	(Audited) June 30, 2016 (Rupees in '000)
Auditors' remuneration payable		366	278
Charity payable		2,398	2,373
Federal Excise Duty	5.1	6,793	6,793
Withholding tax payable		-	149
Payable to HBL Income Fund against conversion of units		-	1,927
Other payables		60	129
Payable to brokers		801	525
Payable against purchase of investments		14,603	19,785
Provision for Workers' Welfare Fund	5.3	8,274	8,274
		<u>33,295</u>	<u>40,233</u>

5.1 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF

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, 2016.

Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 1.1975.

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

During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed 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. In this regard, the Management Company has started charging these expenses effective from November 25, 2015.

5.3 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, 2016.

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 September 30, 2016 would have been higher by Rs. 1.3776 per unit.

6. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.67% (0.08% representing Government Levies, and SECP Fee).

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2016.

8. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

9. 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.

10. 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:

10.1 Transactions during the period	(Un-Audited) For the quarter ended September 30,	
	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	4,819	5,367
Allocation of expenses related to registrar services, accounting, operation and valuation services	217	-
Habib Bank Limited - Sponsor		
Bank charges paid	9	7
Mark-up earned during the year	290	157
Mark-up received during the year	117	135
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	486	462
10.2 Amounts outstanding as at period end	(Un-Audited) September 30, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	1,453	1,288
Sindh Sales Tax	189	210
Sales load payable	190	80
Allocation of expenses related to registrar services, accounting, operation and valuation services	72	64
Habib Bank Limited - Sponsor		
Investment held in the Fund: 5,089,354 units (June 30, 2016: 5,089,354 units)	697,183	651,492
Bank balances	4,957	3,053
Mark-up receivable on deposits with banks	193	20
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	145	151
Security deposit	100	100
Executives of the Management Company and their relatives		
Investment held in the Fund : 16,067 units (June 30, 2016: 16,067 units)	2,201	2,057
11. 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.		
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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 amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	September 30, 2016							
	Carrying amount			Fair Value				
	Available-for-sale	Loans and receivable	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	----- (Rupees in '000) -----							
Financial assets measured at fair value								
Investments								
- Listed equity securities	784,068	-	-	784,068	784,068	-	-	784,068
	<u>784,068</u>	<u>-</u>	<u>-</u>	<u>784,068</u>	<u>784,068</u>	<u>-</u>	<u>-</u>	<u>784,068</u>
Financial assets not measured at fair value								
Investments								
- Listed equity securities	1,282	-	-	1,282	-	-	-	-
Bank balances	-	61,842	-	61,842	-	-	-	-
Dividend receivable and accrued mark-up	-	8,446	-	8,446	-	-	-	-
Advances, deposits and other receivables	-	2,655	-	2,655	-	-	-	-
	<u>1,282</u>	<u>72,943</u>	<u>-</u>	<u>74,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	1,904	1,904	-	-	-	-
Payable to Trustee	-	-	145	145	-	-	-	-
Accrued expenses and other liabilities	-	-	18,227	18,227	-	-	-	-
	<u>-</u>	<u>-</u>	<u>20,276</u>	<u>20,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	June 30, 2016							
	Carrying amount			Fair Value				
	Available- for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	----- (Rupees in '000) -----							
Financial assets measured at fair value								
Investments								
- Listed equity securities	769,497	-	-	769,497	769,497	-	-	769,497
	<u>769,497</u>	<u>-</u>	<u>-</u>	<u>769,497</u>	<u>769,497</u>	<u>-</u>	<u>-</u>	<u>769,497</u>
Financial assets not measured at fair value								
Investments								
- Unlisted equity securities	1,282	-	-	1,282	-	-	-	-
Bank balances	-	48,402	-	48,402	-	-	-	-
Dividend receivable and accrued mark-up	-	1,781	-	1,781	-	-	-	-
Advances, deposits and other receivables	-	6,364	-	6,364	-	-	-	-
	<u>1,282</u>	<u>56,547</u>	<u>-</u>	<u>57,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
'Payable to Management Company	-	-	1,642	1,642	-	-	-	-
'Payable to Trustee	-	-	151	151	-	-	-	-
Accrued expenses and other liabilities	-	-	25,166	25,166	-	-	-	-
	<u>-</u>	<u>-</u>	<u>26,959</u>	<u>26,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

11.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

12. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **October 31, 2016**.

13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

PICIC
Islmaic Income Fund

FUND AND CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Ava A. Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary &
 Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
 Member of Deloitte Touch Tohmastu Limited
 Cavish Court, A-35, block 7 & 8 KCHSU,
 Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
 Progressive Plaza, Beaumont Road, 75530,
 Karachi, Pakistan.

Trustee

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

Bankers

Al Baraka Bank Limited
 Bank Islamic Pakistan Limited
 Burj Bank Limited
 Dubai Islamic Limited
 HBL Bank Limited
 Soneri Bank Limited
 UBL Bank Limited

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.

PICIC ISLAMIC INCOME FUND
Condensed Interim Statement of Assets And Liabilities
For the quarter ended September 30, 2016

	Note	(Unaudited) September 30, 2016 (Rupees in 000's)	(Audited) June 30, 2016
ASSETS			
Bank balances		276,883	197,507
Investments	4	37,377	38,344
Profit receivable		2,009	2,694
Deposits and prepayments and Others		310	281
Deferred formation cost		2,167	2,373
Total assets		318,746	241,199
LIABILITIES			
Payable to the Management Company		195	231
Payable to the Trustee		50	47
Annual fee payable to Securities and Exchange			
Commission of Pakistan		51	260
Redemption Payable		-	7,576
Dividend payable		-	2,040
Accrued expenses and other liabilities	5	2,258	4,078
Total liabilities		2,554	14,232
NET ASSETS		316,192	226,967
UNIT HOLDERS' FUND			
		316,192	226,967
CONTINGENCIES AND COMMITMENTS			
	6	(Number of units)	
Number of units in issue		3,102,960	2,252,990
		(Rupees)	
Net assets value per unit		101.9004	100.7401
The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.			
For HBL Asset Management Limited			
(Management Company)			
<hr style="width: 20%; margin: auto;"/>		<hr style="width: 20%; margin: auto;"/>	
Chief Executive		Director	
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PICIC ISLAMIC INCOME FUND
Condensed Interim Income Statement (Un-Audited)
For the quarter ended September 30, 2016

	Note	Three months ended September 30,	
		2016	2015
(Rupees in 000's)			
INCOME			
Profit from bank deposits		3,544	5,485
Profit from Sukuks		669	1,553
Unrealize appreciation on re-measurement of investments classified as 'financial assets at fair value through profit of loss' - net		48	282
		<u>4,261</u>	<u>7,320</u>
EXPENSES			
Remuneration to the Management Company		427	760
Sindh Sales Tax on remuneration of management company		56	107
Provision for Federal excise duty and additional sales tax on management fee	5.2	-	138
Remuneration to the Trustee		130	206
Annual fee to Securities and Exchange Commission of Pakistan		51	80
Fund operations, accounting and related costs		77	-
Shahriah Advisory Charges		35	-
Amortisation of preliminary expenses and floatation costs		206	206
Auditors' remuneration		79	69
Fees and subscription		52	52
Securities transactionm, settlement and bank charges		7	13
Printing charges		76	76
Workers' Welfare Fund	5.1	-	83
		<u>1,196</u>	<u>1,790</u>
Net income from operating activities		3,065	5,530
Element of income and capital gains included in prices of units issued less those in units redeemed		534	(1,442)
Net income for the period before taxation		<u>3,599</u>	<u>4,088</u>
Taxation	7	-	-
Net income for the period after taxation		<u>3,599</u>	<u>4,088</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>3,599</u>	<u>4,088</u>
Earnings per unit	8		

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC ISLAMIC INCOME FUND
Condensed Interim Distribution Statement (Un-Audited)
For the quarter ended September 30, 2016

	Three months ended September 30, 2016 2015 (Rupees in 000's)	
Undistributed income brought forward:		
Realised income	1,146	(505)
Unrealised income	522	1,887
	1,668	1,382
Net income for the period after taxation	3,599	4,088
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to the distribution statement	629	(168)
Undistributed income at the end of the period	5,896	5,302
Undistributed income at the end of the period		
Realised income	5,848	5,020
Unrealised income	48	282
Undistributed income at the end of the period	5,896	5,302

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

PICIC ISLAMIC INCOME FUND
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the quarter ended September 30, 2016

	Three months ended September 30, 2016 2015 (Rupees in 000's)	
Net assets at beginning of the period	226,967	359,343
Issuance of 1,222,963 (2015: 1,945,528) units	123,960	195,666
Redemption of 372,993 (2015: 238,148) units	(37,800)	(240,839)
	86,160	(45,173)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net		
- transferred to the Income Statement	(534)	1,442
- transferred to the Distribution Statement	(629)	168
Total comprehensive income for the period	3,599	4,088
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to the distribution statement	629	(168)
Net assets at the end of the period	316,192	319,700
Net asset value per unit at the beginning of the period	100.7401	100.3861
Net asset value per unit at the end of the period	101.9004	101.6865

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

PICIC ISLAMIC INCOME FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the quarter ended September 30, 2016

	Three months ended September 30, 2016 2015 (Rupees in 000's)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	3,599	4,088
Adjustments for non cash charges and other items:		
Amortisation of deferred formation cost	206	206
Unrealize appreciation on re-measurement of investments classified as 'financial assets at fair value through profit of loss' - net	(48)	(282)
Element of loss / (income) and capital losses / (income) included in prices of units issued less those in units redeemed	(534)	1,442
	(376)	1,366
Decrease / (increase) in assets		
Investments - net	1,015	1,691
Profit receivable	685	235
Prepayments	(29)	35
	1,671	1,961
(Decrease) / increase in liabilities		
Payable to the Management Company	(36)	(75)
Payable to the Trustee	3	(6)
Annual fee payable to Securities and Exchange Commission of Pakistan	(209)	(320)
Accrued expenses and other liabilities	(1,820)	(263)
	(2,062)	(664)
Net cash generated from operating activities	2,832	6,751
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issuance of units	123,960	195,666
Cash paid on redemption of units	(45,376)	(240,839)
Dividend paid	(2,040)	(5,581)
Net cash used in financing activities	76,544	(50,754)
Net (decrease) / increase in cash and cash equivalents	79,376	(44,003)
Cash and cash equivalents at the beginning of the period	197,507	240,500
Cash and cash equivalents at the end of the period	276,883	196,497

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

PICIC ISLAMIC INCOME FUND

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

For the quarter ended September 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

The PICIC Islamic Income Fund ("the Fund") was established under a trust deed executed between PICIC Asset Management Company Limited (now, HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PIIF/949/2014 dated April 4, 2014 and the trust deed was executed on February 20, 2014.

The Fund has been categorised as a Shariah Compliant income scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs) and was listed on the Islamabad Stock Exchange which merged into Pakistan Stock Exchange Limited with effect from January 11, 2016. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

During the year, The Securities and Exchange Commission of Pakistan approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016 HBL Asset Management Limited became Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 24-C, Khayban-e- Hafiz, Phase VI, D.H.A Karachi, Pakistan.

The Investment Objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking in to account liquidity considerations.

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

JCR-VIS Credit Rating Company has assigned an asset management rating of 'AM2' to the Management Company and a stability rating of 'A(f)' to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2016.

This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2016.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

2.3 Standards, interpretations and amendments to published approved accounting standards, that are not yet effective

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2016.

	(Unaudited) September 30, 2016	(Audited) June 30, 2016
	Note	(Rupees in 000's)
4 INVESTMENTS		
Financial Assets at fair value through profit & loss:		
Corporate Sukuk	4.1	37,377
		<u>37,377</u>
		<u>38,344</u>

4.1 Corporate Sukuks:

Entity	Long Term Rating	Number of Units				Balance as at September 30, 2016			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2016	Purchases during the period	Sales / matured during the year	As at September 30, 2016	Carrying value	Market value	Appreciation / (diminution)		
		-No. of Units-				-Rupees in '000'-				
Corporate Sukuks										
Engro Fertilizer Limited	A+	8,000	-	-	8,000	37,329	37,377	48	11.82%	100.00%
Total - September 30, 2016		<u>8,000</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>37,329</u>	<u>37,377</u>	<u>48</u>	<u>11.82%</u>	<u>100.00%</u>
Total - June 30, 2016						<u>37,822</u>	<u>38,344</u>	<u>1,414</u>		

4.1.1 This represents 8,000 units of Engro Fertilizer Limited Sukuks having redeemed face value of 4,500/- each. These Sukuks carries semi annual coupon at 7.81% (2016: 8.21%) per annum, had a tenor of 5 years shall mature on July 09, 2019.

5. ACCRUED AND OTHER LIABILITIES

	(Unaudited) September 30, 2016	(Audited) June 30, 2016
	(Rupees in 000's)	
Provision for Workers' Welfare Fund	5.1	333
Provision for Federal Excise Duty and additional Sales tax on Management Fee	5.2	1,344
Withholding tax		272
Auditors' remuneration		47
Printing charges		251
Fund operations, accounting and related costs payable	5.3	-
Others		11
		<u>2,258</u>
		<u>4,078</u>

5.1 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, 2016

After the exclusion of the mutual Funds from federal status on Workers Welfare Fund from July 1st 2015, the Fund has discontinued making the provision in this regards. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2016 would be higher by Re. 0.1073 (June 30, 2016: Re 0.1479) per unit.

5.2 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF

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, 2016

Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.4331

5.3 FUND OPERATIONS, ACCOUNTING AND RELATED COSTS

During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed 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. In this regard, the Management Company has started charging these expenses effective from December 1, 2015.

6. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.28% (0.05% of TER representing Government Levies, and SECP Fee).

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2016.

8. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

9. EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

10. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the holding company of the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, other associated companies of the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and term determined in accordance with the market rates.

Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

Details of transactions carried out by the Fund with connected persons and balances with them other than those disclosed elsewhere in these financial statements, as at year end, are as follows:

	(Unaudited) September 30, 2016	(Audited) June 30, 2016
	(Rupees in 000's)	
10.1 Balance as at period ended		
Management Company		
248,136 (2016: 248,136) units	25,285	24,997
Management fee payable	172	177
Sales load payable	23	54
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	50	47
Habib Bank Limited - Associated Company		
Bank Deposits	140	139
Directors and executives of the Management Company		
55,422 (2016: 46,242) units	5,648	4,658
Fatima Fertilizer Company Limited Management Staff Provident Fund- Connected person due to holding more than 10% units		
331,394 (June 30, 2016: 377,077) units held	33,770	37,987
Darul Aloom Jamea Naimia - Connected person due to holding more than 10% units		
329,876 (June 30, 2016: 329,876) units held	33,615	33,232
Dividend Payable	-	1,113
Hamdard Laboratories (WAQF) Pakistan person due to holding more than 10% units		
691,415 (June 30, 2016: 346,771) units held	70,455	-

10.2 Transactions during the period	Three months ended September 30,	
	2016	2015
	(Rupees in 000's)	
Management Company		
Remuneration to the Management Company	427	760
Sindh Sales Tax on remuneration of management company	56	107
Sales load accrued to the management company	258	39
Central Depository Company of Pakistan Limited		
Trustee fee	130	206
Directors and executives of the Management Company		
Issue of 11,890 (2015: Nil) units	1,200	-
Redemption of 2,710 (2015: 7,228) units	275	728
Fatima Fertilizer Company Limited Management Staff Provident Fund- Connected person due to holding more than 10% units		
Issue of 72,497 (2015: Nil) units	7,343	-
Redemption of 118,180 (2015: Nil) units	11,982	-
Darul Aloom Jamea Naimia - Connected person due to holding more than 10% units		
Issue of Nil (2015: 329,876) units	-	33,544
Hamdard Laboratories (WAQF) Pakistan - Connected person due to holding more than 10% units		
Issue of 344,644 (2015: nil) units	35,000	-
11. FAIR VALUE OF FINANCIAL INSTRUMENTS		
<p>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</p> <p>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.</p> <p>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 prices used for financial assets held by the company is current bid price.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> - Quoted prices (unadjusted) in active markets for identical assets or Liabilities (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). <p>The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.</p>		

	Note	September 30, 2016							
		Carrying amount			Fair Value				
		Fair value through profit and loss	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									
- Corporate Sukuk	4	37,377	-	-	37,377	-	37,377	-	37,377
		<u>37,377</u>	<u>-</u>	<u>-</u>	<u>37,377</u>	<u>-</u>	<u>37,377</u>	<u>-</u>	<u>37,377</u>
Financial assets not measured at fair value									
Bank balances		-	276,883	-	276,883	-	-	-	-
Profit receivable		-	2,009	-	2,009	-	-	-	-
		<u>-</u>	<u>278,892</u>	<u>-</u>	<u>278,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value 11.1									
Payable to the Management Company		-	-	195	195	-	-	-	-
Payable to the Trustee		-	-	50	50	-	-	-	-
Accrued expenses and other liabilities		-	-	309	309	-	-	-	-
		<u>-</u>	<u>-</u>	<u>554</u>	<u>554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Note	June 30, 2016							
		Carrying amount			Fair Value				
		Fair value through profit and loss	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									
- Corporate Sukuk	4	38,344	-	-	38,344	-	38,344	-	38,344
		<u>38,344</u>	<u>-</u>	<u>-</u>	<u>38,344</u>	<u>-</u>	<u>38,344</u>	<u>-</u>	<u>38,344</u>
Financial assets not measured at fair value									
Bank balances		-	197,507	-	197,507	-	-	-	-
Profit receivable		-	2,694	-	2,694	-	-	-	-
		<u>-</u>	<u>200,201</u>	<u>-</u>	<u>200,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value 11.1									
Payable to the Management Company		-	-	231	231	-	-	-	-
Payable to the Trustee		-	-	47	47	-	-	-	-
Accrued expenses and other liabilities		-	-	324	324	-	-	-	-
		<u>-</u>	<u>-</u>	<u>602</u>	<u>602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
11.1	The company 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.								
12	DATE OF AUTHORISATION FOR ISSUE								
	This condensed interim financial information was authorised for issue on October 31, 2016 by the Board of Directors of the Management Company.								
13	GENERAL								
	Figures have been rounded off to the nearest thousand Rupees.								
	For HBL Asset Management Limited								
	(Management Company)								
	_____ Chief Executive							_____ Director	

Not For Print

PICIC
Islamic Stock Fund

FUND AND CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Ava A. Cowasjee	(Independent Non-Executive Director)

Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
Members	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

Company Secretary &
 Chief Financial Officer

Mr. Noman Qurban

External Auditors

Deloitte Yousuf Adil,
 Member of Deloitte Touch Tohmastu Limited
 Cavish Court, A-35, block 7 & 8 KCHSU,
 Shahra-e-Faisal, Karachi-75350, Pakistan

Internal Auditors

Ernst Young Rhodes Sidat Hyder
 Progressive Plaza, Beaumont Road, 75530,
 Karachi, Pakistan.

Trustee

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

Bankers

AlBaraka Bank Limited
 Bank Islamic Pakistan Limited
 Burj Bank Limited
 NIB Bank Limited
 United Bank Limited

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.

PICIC ISLAMIC STOCK FUND
Condensed Interim Income Statement of Assets And Liabilities
For the quarter ended September 30, 2016

	Note	(Unaudited) September 30, 2016 (Rupees in '000)	(Audited) June 30, 2016
ASSETS			
Bank balances		53,049	111,376
Investments	4	430,411	263,994
Dividend and profit receivable		3,880	549
Receivable from equity market settlement		1,387	-
Deposits and prepayments		2,672	2,632
Deferred formation cost		538	589
Total assets		491,937	379,140
LIABILITIES			
Payable to the Management Company		1,042	746
Payable to the Trustee		90	72
Annual fee payable to Securities and Exchange Commission of Pakistan		103	377
Payable against equity market settlement		-	13,060
Redemption payable		-	3,536
Dividend payable		-	1,630
Accrued expenses and other liabilities	5	7,471	10,794
Total liabilities		8,706	30,215
NET ASSETS		483,231	348,925
UNIT HOLDERS' FUND			
		483,231	348,924
CONTINGENCIES AND COMMITMENTS			
	6	(Number of units)	
Number of units in issue		4,243,243	3,277,092
		(Rupees)	
Net assets value per unit		113.8823	106.4738

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC ISLAMIC STOCK FUND
Condensed Interim Income Statement (Un-Audited)
For the quarter ended September 30, 2016

	Note	Three months ended September 30,	
		2016	2015
(Rupees in 000's)			
INCOME			
Capital gain on sale of investments - net		14,688	7,106
Dividend income		3,387	3,633
Profit from bank deposits		1,128	1,169
Unrealize appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		10,997	(1,769)
		<u>30,200</u>	<u>10,139</u>
EXPENSES			
Remuneration to the Management Company		2,188	2,577
Sindh Sales Tax on remuneration of management company		284	361
Provision for Federal excise duty and additional sales tax on management fee	5.2	-	470
Remuneration to the Trustee		247	218
Annual fee to Securities and Exchange Commission of Pakistan		104	82
Fund operation,accounting and related costs		146	
Amortisation of preliminary expenses and floatation costs	5.3	51	51
Auditors' remuneration		79	70
Fees and subscription		41	48
Securities transaction and bank charges		1,163	354
Printing charges		76	76
Workers' Welfare Fund	5.1	-	329
		<u>4,379</u>	<u>4,636</u>
Net income from operating activities		25,821	5,503
Element of income and capital gains included in prices of units issued less those in units redeemed		5,615	10,631
Net income for the period before taxation		<u>31,436</u>	<u>16,134</u>
Taxation	7	-	-
Net income for the period after taxation		<u>31,436</u>	<u>16,134</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u><u>31,436</u></u>	<u><u>16,134</u></u>
Earnings per unit	8		

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC ISLAMIC STOCK FUND
Condensed Interim Distribution Statement (Un-Audited)
For the quarter ended September 30, 2016

	Three months ended September 30, 2016 2015 (Rupees in 000's)	
Undistributed income brought forward		
Realised gain	18,253	5,078
Unrealised income	2,962	27,326
Undistributed income at the beginning of the period	<u>21,215</u>	<u>32,404</u>
Net income for the period after taxation	31,436	16,134
Element of gain and capital gains included in prices of units issued less those in units redeemed - transferred to the distribution statement	6,255	25,190
Undistributed income at the end of the period	<u><u>58,906</u></u>	<u><u>73,728</u></u>
Undistributed income carried forward		
Realised income	47,909	75,497
Unrealised income / (loss)	10,997	(1,769)
	<u><u>58,906</u></u>	<u><u>73,728</u></u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

PICIC ISLAMIC STOCK FUND
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the quarter ended September 30, 2016

	Three months ended	
	September 30,	
	2016	2015
	(Rupees in 000's)	
Net assets at beginning of the period	348,924	229,129
Issuance of 1,168,345 (2015: 1,781,115) units	131,005	219,692
Redemption of 202,194 (2015: 251,820) units	(22,519)	(30,942)
	108,486	188,750
Element of income and capital gains included in prices of units issued less those in units redeemed - net		
- transferred to the Income Statement	(5,615)	(10,631)
- transferred to the Distribution Statement	(6,255)	(25,190)
Total comprehensive income for the period	31,436	16,134
Element of income and capital income included in prices of units issued less those in units redeemed - transferred to the distribution statement	6,255	25,190
Net assets at the end of the period	483,231	423,382
Net asset value per unit at the beginning of the period	106.4738	116.4714
Net asset value per unit at the end of the period	113.8823	121.0857

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC ISLAMIC STOCK FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the quarter ended September 30, 2016

	Three months ended September 30,	
	2016	2015
	(Rupees in 000's)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	31,436	16,134
Adjustments for non cash charges and other items:		
Amortisation of deferred formation cost	51	51
Capital gain on sale of investments - net	(14,688)	(7,106)
Unrealize (appreciation)/diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(10,997)	1,769
Element of loss and capital losses included in prices of units issued less those in units redeemed	(5,615)	(10,631)
	(31,249)	(15,917)
Decrease / (increase) in assets		
Investments - net	(140,733)	(71,172)
Dividend and profit receivable	(3,331)	(2,923)
Receivable from equity market settlement	(1,387)	12,117
Deposits and prepayments	(40)	(173)
	(145,491)	(62,151)
Increase / (decrease) in liabilities		
Payable to the Management Company	296	516
Payable to the Trustee	18	20
Annual fee payable to Securities and Exchange Commission of Pakistan	(274)	(107)
Payable against equity market settlement	(13,060)	8,753
Accrued expenses and other liabilities	(3,323)	(1,162)
	(16,343)	8,020
Net cash generated from operating activities	(161,647)	(53,914)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issuance of units	131,005	219,692
Cash paid on redemption of units	(26,055)	(30,942)
Dividend paid	(1,630)	(15,135)
Net cash used in financing activities	103,320	173,615
Net increase in cash and cash equivalents	(58,327)	119,701
Cash and cash equivalents at the beginning of the period	111,376	14,152
Cash and cash equivalents at the end of the period	53,049	133,853

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

PICIC ISLAMIC STOCK FUND

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

For the quarter ended September 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

The PICIC Islamic Stock Fund ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited (Now HBL Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PISF/965/2014 dated April 04, 2014 and the Trust Deed was executed on February 20, 2014.

The Fund has been categorised as a Shariah Compliant equity scheme as per the criteria laid down by the SECP for categorisation of Open-End Collective Investment Schemes (CISs) and was listed on the Islamabad Stock Exchange which merged into Pakistan Stock Exchange Limited with effect from January 11, 2016. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

During the year, The Securities and Exchange Commission of Pakistan approved merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 through an order dated August 31, 2016. Effective from September 1, 2016 HBL Asset Management Limited became Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 24-C, Khayban-e- Hafiz, Phase VI, D.H.A Karachi, Pakistan.

The objective of PICIC Islamic Stock Fund is to provide the maximum total return to the unit holders from investment in "Shariah Compliant" equity investments for the given level of risk. Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

JCR-VIS credit rating company has assigned and asset manager rating of 'AM2' to the Management Company.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2016.

This condensed interim financial information is unaudited. In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2016.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

2.3 Standards, interpretations and amendments to published approved accounting standards, that are not yet effective

There are certain new amendments to approved standards and interpretations that are mandatory for the accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2016.

		(Unaudited) September 30, 2016	(Audited) June 30, 2016
	Note	(Rupees in '000)	
4 INVESTMENTS			
Financial Assets at fair value through profit & loss:			
Listed equity securities	4.1	429,537	263,120
Un Listed equity securities	4.2	<u>874</u>	<u>874</u>
		<u>430,411</u>	<u>263,994</u>

4.1 Listed equity securities

Unless otherwise stated, the par value of ordinary shares are Rs. 10/- each

Name of Investee Company	Number of shares-----				Balance as at September 30, 2016			Percentage in relation to			
	As at July 01, 2016	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2016	Carrying value	Market value	Appreciation/ (diminution)	Net assets of the Fund	Investee paid up capital	Total investments
Textile Composite											
Nishat Mills Limited	10,000	128,900	-	135,000	3,900	491	550	59	0.11%	0.00%	0.13%
Cement											
Cherut Cement Company Limited	99,500	40,000	-	62,000	77,500	9,386	9,971	585	2.06%	0.04%	2.32%
D G Khan Cement Company Limited	-	61,500	-	6,500	55,000	11,008	10,223	(785)	2.12%	0.01%	2.38%
Fajri Cement Company Limited	125,000	281,000	-	224,500	181,500	6,893	6,402	(491)	1.32%	0.01%	1.40%
Lucky Cement Limited	22,000	25,650	-	11,950	35,700	23,952	24,178	226	5.00%	0.01%	5.02%
Maple Leaf Cement Factory Limited	-	130,000	-	12,500	117,500	12,475	11,257	(1,218)	2.33%	0.02%	2.62%
Pioneer Cement Limited	127,500	20,500	-	-	148,000	16,023	15,642	(381)	3.24%	0.07%	3.63%
	374,000	588,650	-	317,450	615,200	79,737	77,673	(2,064)	16.07%		18.05%
Power Generation & Distribution											
Hub Power Company Limited	-	163,900	-	-	163,900	19,595	19,532	(63)	4.04%	0.01%	4.54%
K-Electric Limited (Par value Rs 5.50 per share)	578,000	2,112,500	-	350,000	2,340,500	19,268	21,556	2,288	4.46%	0.03%	5.01%
Kor Adda Power Company Limited	300,000	36,500	-	50,000	286,500	25,489	23,977	(1,512)	4.96%	0.03%	5.57%
	878,000	2,312,900	-	400,000	2,790,900	64,352	65,065	713	13.46%		15.12%
Engineering											
Arneet Steels Limited	324,500	27,000	-	279,000	72,500	3,578	5,169	1,591	1.07%	0.02%	1.20%
Crescent Steel & Allied Products Limited	17,500	133,500	-	13,500	137,500	17,146	17,326	180	3.59%	0.18%	4.03%
Mughal Iron & Steel Mills Limited	228,500	50,000	-	225,500	53,000	3,574	4,532	958	0.94%	0.04%	1.05%
	570,500	210,500	-	518,000	263,000	24,298	27,027	2,729	5.59%		6.28%
Automobile Assembler											
Pak Suzuki Motor Company Limited	20,800	25,000	-	21,800	24,000	12,154	13,896	1,742	2.88%	0.03%	3.23%
	20,800	25,000	-	21,800	24,000	12,154	13,896	1,742	2.88%		3.23%
Cable & Electrical Goods											
Pak Elektron Limited	148,500	312,000	-	273,000	187,500	13,636	13,270	(366)	2.75%	0.04%	3.08%
	148,500	312,000	-	273,000	187,500	13,636	13,270	(366)	2.75%		3.08%
Transport											
Pakistan International Bulk Terminal Limited	-	255,000	-	-	255,000	8,327	7,953	(374)	1.65%	0.02%	1.85%
	-	255,000	-	-	255,000	8,327	7,953	(374)	1.65%		1.85%
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	13,000	-	-	-	13,000	9,802	11,031	1,229	2.28%	0.01%	2.56%
GlaxoSmithKline Pakistan Limited	47,000	50,500	-	22,000	75,500	15,979	16,300	321	3.37%	0.02%	3.79%
The Searle Company Limited	7,000	26,500	-	17,500	16,000	9,103	9,176	73	1.90%	0.01%	2.13%
	67,000	77,000	-	39,500	104,500	34,884	36,507	1,623	7.55%		8.48%
Paper & Board											
Century Paper & Board Mills Limited	-	125,000	-	-	125,000	7,889	7,535	(354)	1.56%	0.09%	1.75%
Packages Limited	-	7,000	-	-	7,000	4,938	4,685	(253)	0.97%	0.01%	1.09%
	-	132,000	-	-	132,000	12,827	12,220	(607)	2.53%		2.84%

Unless otherwise stated, the par value of ordinary shares are Rs. 10/- each

Name of Investee Company	As at July 01, 2016	Number of shares-----				Balance as at September 30, 2016			Percentage in relation to		
		Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2016	Carrying value	Market value	Appreciation/ (diminution)	Net assets of the Fund	Investee paid up capital	Total investments
Glass and Ceramics											
Tariq Glass Industries Limited	-	52,500	-	5,000	47,500	4,512	4,550	38	0.94%	0.06%	1.06%
	-	52,500	-	5,000	47,500	4,512	4,550	38	0.94%	0.06%	1.06%
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	120	-	-	-	120	110	115	5	0.02%	0.00%	0.03%
Oil & Gas Development Company Limited	30,100	100,500	-	-	130,600	18,557	18,445	(112)	3.82%	0.00%	4.29%
Pakistan Oilfields Limited	13,000	44,500	-	12,500	45,000	17,564	18,060	496	3.74%	0.02%	4.20%
Pakistan Petroleum Limited	1,500	97,000	-	-	98,500	16,182	16,121	(61)	3.34%	0.00%	3.75%
	44,720	242,000	-	12,500	274,220	52,413	52,741	328	10.91%		12.25%
Oil and Gas Marketing Companies											
Attock Petroleum Limited	46,050	-	-	11,600	34,450	15,073	17,915	2,842	3.71%	0.04%	4.16%
Pakistan State Oil Company Limited	54,000	22,000	-	15,000	61,000	23,480	25,263	1,783	5.23%	0.02%	5.87%
	100,050	22,000	-	26,600	95,450	38,553	43,178	4,625	8.94%		10.03%
Bank											
Meezan Bank Limited	171,000	-	-	171,000	-	-	-	-	-	-	-
	171,000			171,000							
Fertilizer											
Engro Corporation Limited	30,500	68,600	-	17,000	82,100	27,213	23,913	(3,300)	4.95%	0.02%	5.56%
Engro Fertilizers Limited	214,000	25,000	-	107,500	131,500	8,528	8,108	(420)	1.68%	0.01%	1.88%
Fauna Fertilizer Company Limited	25,000	-	-	25,000	-	-	-	-	-	-	0.00%
Fauji Fertilizers Company Limited	44,000	164,500	-	208,100	400	46	42	(4)	0.01%	0.00%	0.01%
	313,500	258,100	-	357,600	214,000	35,787	32,063	(3,724)	6.64%		7.45%
Chemicals											
Atkzo Nobel Pakistan Limited	-	500	-	500	-	-	-	-	-	-	-
ICI Pakistan Limited	-	12,500	-	-	12,500	6,776	8,153	1,377	1.69%	0.01%	1.89%
Lotte Chemical Pakistan Limited	150,000	-	-	150,000	-	-	-	-	0.00%	0.01%	0.00%
	150,000	13,000	-	150,500	12,500	6,776	8,153	1,377	1.69%		1.89%
Automobiles Parts & Accessories											
General Tyre & Rubber Company of Pakistan Limited	-	29,500	-	20,000	9,500	2,184	2,911	727	0.60%	0.02%	0.68%
Thal Limited	-	8,000	-	-	8,000	3,081	3,246	165	0.67%	0.01%	0.75%
	-	37,500	-	20,000	17,500	5,265	6,157	892	1.27%		1.43%
Technology & Communication											
Avanceon Limited	-	287,000	-	-	287,000	9,183	9,330	147	1.93%	0.27%	2.17%
System Limited	440,000	31,000	-	197,000	274,000	15,845	19,214	3,369	3.98%	0.25%	4.46%
	440,000	318,000	-	197,000	561,000	25,028	28,544	3,516	5.91%		6.63%
September 30, 2016 Total:	3,288,070	4,955,050	-	2,644,950	5,598,170	418,540	429,537	10,997	88.89%		99.80%
June 30, 2016 Total:	2,344,460	7,320,750	-	6,377,140	3,042,070	260,158,363,120	2,962				

The above investments include shares with market value aggregating to Rs. 24,50 million (September 30, 2016; Rs. 24,50 million) which have been pledged with the National Clearing Company of Pakistan (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP.

4.2 Unlisted equity securities

Name of Investee Company	-----Number of shares-----					Balance as at September 30, 2016			Percentage in relation to		
	As at July 01, 2016	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2016	Carrying value	Market value	Appreciation/ (diminution)	Net assets of the Fund	Investee paid up capital	Total investments
Pharmaceuticals GlaxoSmithKline Pakistan Limited Consumer	14,100	-	-	-	14,100	874	874	-	0.18%	0.01%	0.20%
September 30, 2016 Total:	14,100	-	-	-	14,100	874	874	-	0.18%	-	0.20%
June 30, 2016 Total:	14,100	-	-	-	14,100	874	874	-	-	-	-

4.2.1 This represents shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited, a subsidiary of GlaxoSmithKline plc, which were received due to demerger of GlaxoSmithKline Pakistan Limited on April 01, 2016. These are stated at break-up value of Rs. 62.00 per share as trading in shares has not yet commenced. The company has submitted its listing application with the

5. ACCRUED AND OTHER LIABILITIES		(Unaudited) September 30, 2016	(Audited) June 30, 2016
		(Rupees in '000)	
Provision for Workers' Welfare Fund	5.1	1,000	1,000
Provision for Federal excise duty and additional sales tax on management fee	5.2	3,268	3,268
Fund operational, accounting and related cost payable	5.3	50	31
Donation payable		2,442	2,068
Brokerage charges payable		329	386
Withholding tax		72	3,716
Auditors' remuneration		49	115
Printing charges		251	175
Others		10	35
		7,471	10,794
5.1 PROVISION FOR WORKERS' WELFARE FUND			
<p>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, 2016</p> <p>After the exclusion of the mutual Funds from federal status on Workers Welfare Fund from July 1st 2015, the Fund has discontinued making the provision in this regards. Had the above provision not been maintained, the net assets value per unit of the Fund as at September 30, 2016 would be higher by Re. 0.2357 (June 30, 2016: Re 0.3051) per unit.</p>			
5.2 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ARISING AS A RESULT OF IMPOSITION THEREOF			
<p>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, 2016</p> <p>Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.</p> <p>In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at September 30, 2016 would have been higher by Rs. 0.7702.</p>			
5.3 FUND OPERATIONS, ACCOUNTING AND RELATED COSTS			
<p>During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed 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. In this regard, the Management Company has started charging these expenses effective from December 1, 2015.</p>			
6. TOTAL EXPENSE RATIO			
<p>The Scheme has maintained Total Expense Ratio (TER) 1.01% (0.14% of TER representing Government Levies, and SECP Fee).</p>			
7. CONTINGENCIES AND COMMITMENTS			
<p>There were no contingencies or commitments outstanding as at September 30, 2016.</p>			

8. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

9. EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

10. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include the Management Company, Habib Bank Limited being the holding company of the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, other associated companies of the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and term determined in accordance with the market rates.

Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

Details of transactions carried out by the Fund with connected persons and balances with them other than those disclosed elsewhere in these financial statements, as at year end, are as follows:

	(Unaudited) September 30, 2016	(Audited) June 30, 2016
10.1 Balance as at period ended (Rupees in '000)		
Management Company		
2,108,446 (2016: 2,108,446) units held	240,115	224,494
Management fee payable	890	716
Payable for funds operation, accounting in related costs	22	-
Sales load payable	152	30
Central Depository Company of Pakistan Limited - Trustee		
Trustee Fee payable	90	72
Directors and executives of the Management Company		
14,610 (2016: 10,569) units held	1,664	1,125
Hamdard Laboratories (WAQF) Pakistan person due to holding more than 10% units		
487,040 (2016: 487,040) units held 55,465	55,465	51,857
NIB Bank Limited person due to holding more than 10% units		
890,924 (2016: Nil) units held	101,460	-

10.2 Transactions during the year	(Unaudited)	
	Three months ended September 30,	
	2016	2015
	(Rupees in 000's)	
PICIC Asset Management Company Limited		
Remuneration to the Management Company	2,188	2,577
Sindh Sales Tax on remuneration of management company	284	361
Sales load accrued to the management company	183	388
Issue of Nil (2015: 569,132) units	-	69,888
Central Depository Company of Pakistan Limited		
Trustee fee	247	218
CDS charges	29	9
Directors and executives of the Management Company		
Issue of 4,041 (2015: 5,220) units	450	633
Redemption of Nil (2015: 485) units	-	60
NIB Bank Limited		
person due to holding more than 10% units		
Issue of 890,924 (2015: Nil) units	100,000	-

11. 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 prices used for financial assets held by the company 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 (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.

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