

HBL

ASSET MANAGEMENT LTD.

ایسٹ مینجمنٹ لمیٹڈ

HALF YEARLY REPORT 2017

For the Half Year ended December 31, 2017

MOVING TOWARDS
EXCELLENCE

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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Chairman	Mr. Agha Sher Shah	(Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director)
	Ms. Ava A. Cowasjee	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Non-Executive Director)
	Mr. Shahid Ghaffar	(Non-Executive Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)

Audit Committee

Chairman	Mr. Nadeem Abdullah	(Non-Executive Director)
Members	Mr. Rayomond Kotwal	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Non-Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)

Human Resource Committee

Chairman	Mr. Agha Sher Shah	(Non-Executive Director)
Members	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Shahid Ghaffar	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director)

Company Secretary &

Chief Financial Officer Mr. Noman Qurban

AMC Rating 'AM2'+ (Positive Outlook)

Legal Advisors Mandviwalla & Zafar, Advocates and Legal Consultants,
Mandviwalla Chambers, C-19, Block 2, Clifton, Karachi.

Website www.hblasset.com

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REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2017

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with the financial statements for the half year ended December 31, 2017 of the following funds:

1. HBL Islamic Money Market Fund
2. HBL Islamic Income Fund (Formerly : PICIC Islamic Income Fund)
3. HBL Islamic Stock Fund
4. HBL Islamic Equity Fund (Formerly : PICIC Islamic Stock Fund)
5. HBL Islamic Asset Allocation Fund
6. HBL Islamic Financial Planning Fund

Economic Review

Pakistan's economic landscape has witnessed mixed trend during 1HFY18 with strong LSM growth, manageable inflation levels and better private sector credit off-take whilst increase in external account pressures. Economic challenges increased towards 2QFY18 as lower inflation strengthened aggregate demand which was primarily met through increased imports resulting in increase in trade deficit. During 2QFY18, Government took steps to address macroeconomic challenges like imposition of regulatory duty on import of non-essential products, PKR depreciation towards the end of December 2017, reducing power generation on furnace oil to curb oil imports (21% of total imports during 1HFY18) and reiteration of support for international trade in Chinese currency.

Average inflation remained muted during 1HFY18 and settled at 3.75% YoY on the back of adequate food supplies and lower tobacco prices. However, core inflation (measured by non-food-non-energy CPI), was recorded higher at 5.5% in 1HFY18 as compared to 4.9% last year, reflecting the underlying demand pressures in the economy. Sustaining core inflation coupled with a lagged impact of 5% PKR depreciation towards the end of the 1H and higher international oil prices would keep increase inflation in the coming months. Due to recent uptick in inflationary pressures, monthly CPI inflation reading would likely reach 5 - 5.5% YoY by the end of FY18 while average for FY18 is expected to remain below 4.5%.

Large-scale manufacturing (LSM) posted 7.2% YoY growth during 4MFY18 mainly led by Electronics (+55.7%), Iron & Steel Products (40.4%), Automobiles (+24.4%), Coke & Petroleum Products (+11.6%) and Non-metallic Mineral Products (+11.1%). Promising growth of the manufacturing sector along with an encouraging assessment of major crops is likely to bode well for the services sector and in turn the GDP growth for FY18. However so far, faster economic growth (driven by higher machinery imports particularly related to power plants for CPEC and petroleum imports) has caused imbalances on the external front with 1HFY18 current account deficit soaring to USD 7.4bn (4.4% of GDP) vs. 4.7bn (3.1% of GDP) same period last year. In 1HFY18, import of goods surged by 18.8% YoY to USD 26.1bn while exports grew by 10.8% to USD 11.8bn resulting in a trade deficit of USD 14.3bn against USD 11.3bn during same period last year. As a result, SBP forex reserves decreased by USD 2.0bn since Jun-17 to reach USD 14.1bn at the end of 1HFY18. Towards the end of 1HFY18, Government successfully completed Eurobond issue worth USD 2.5bn in international bond market which provided respite to declining FX reserves. In this regard, Government's efforts to maintain FX reserves (currently at 3.2 months of import cover) remains crucial for macroeconomic stability.

Money Market Review

In the 1HFY18, the yield curve steepened with secondary market yields on 3, 5 and 10-year PIBs increased by 80, 82 and 22 bps respectively. Meanwhile, yields on the 3-month as well as 6-month T-Bills increased by 2bps each but 12-month yield remained flat. Government of Pakistan raised PKR 54.2bn through the PIB auction held in Jul-17 while next five PIB auctions held were all scrapped. The last cut-off yields stood at 6.4091%, 6.8961% and 7.9360% p.a. for 3, 5 and 10-year PIBs respectively. Overall trading in longer tenures remained lackluster during 1HFY18 due to market participants' expectation of interest rates having bottomed out and building up of pressure on balance of payment account.

During 1HFY18, Government borrowed PKR 345bn from scheduled banks against a net retirement of PKR 470bn same period last year owing to hefty PIB maturity at that time. Meanwhile, Government borrowing from SBP increased by PKR 73bn during the period against PKR 915bn during same period last year. Through T-Bills, the GoP raised PKR 7,712bn (excluding NCB) compared to the cumulative target of PKR 7,500bn and maturities of PKR 6,868bn. In the last T-Bill Auction held in Dec-17 no amount was accepted in the 6 and 12 month T-Bills. The cutoff yield was 5.9910% for the 3 month T-Bills. During the half, SBP kept the policy rate unchanged at 5.75% in the monetary policy announcements. Recent changes in economic indicators have increased inflationary expectation and likelihood of interest rate increase going forward. Consequently, demand for floating rate instruments has increased manifold which is evident from high subscription of recently issued corporate bonds. In Jan-18, SBP increased the policy rate by 25bps in the MPS and we foresee potential interest rate hike of another 25-50 bps in ongoing fiscal year.

Stock Market Review

During 1HFY18, KMI30 index declined by 13% to close at 68,612 points. This came on the back of continued political instability following the ouster of ex-PM and concerns on the economic front emanating from ballooning current account deficit which created pressure on foreign exchange reserves. Besides sentiment change, sector and stock specific was also negative which dragged valuations of cements and power generation stocks.

Cement sector witnessed highest decline of 37% during first half, following fears of oversupply in the industry and increased possibility of a price war. Government's decision to reduce reliance on furnace oil for power generation increased investor concerns pertaining to earnings' decline and cash flow constraints for Oil Marketing Companies and Independent Power Producers respectively. SNGP was also amongst the major losers with 32% decline after OGRA initiated discussions for changing gas pricing and return mechanism creating uncertainty over sustainability of earnings growth going forward.

Index heavyweight, Oil & Gas exploration sector posted stellar gain of 26% during 1HFY18 buoyed by 44%, 36% and 19% returns in PPL, POL and OGDCL respectively. This strong gains were mainly driven by whopping 40% increase in international oil prices.

On the flows front, foreigners remained net sellers with net foreign out flow of USD 155mn. During the period under review, Pakistan market weight was adjusted in MSCI Emerging Market Standard Index and stocks were added in FTSE rebalancing. FTSE announced inclusion of five Pakistani companies (MCB, SNGP, BAFL, MTL and THALL) in its Asia Pacific ex-Japan Index. MSCI reduced Pakistan's weight in Emerging Market Standard Index to 0.075% from 0.097% and also excluded ENGRO (down 11% during 1H) adding further selling pressures (by passive funds). We foresee rebound in Pakistan equities during 2HFY18 with reduction in political uncertainty (post senate election announcement), and renewed foreign investor interest after PKR depreciation and widening of valuation discount to other comparable markets.

FUND'S PERFORMANCE

HBL Islamic Money Market Fund

The total income and net income of the Fund was Rs. 22.38 million and Rs. 15.65 million respectively during the half year ended December 31, 2017. The Net Asset Value (NAV) of the Fund increased from Rs 100.6277 per unit as on June 30, 2017 to Rs 102.6261 per unit as on December 31, 2017; thereby giving an annualized return of 3.94%. During the same period the benchmark return (3 Month bank deposit rates) was 2.57%.

JCR-VIS Credit Rating Company Limited has reaffirmed AA(f) Fund Stability Rating to the Fund.

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)

The total income and net income of the Fund was Rs. 125.46 million and Rs.101.05 million respectively during the half year ended December 31, 2017. The Net Asset Value (NAV) of the Fund increased from Rs 101.0691 per unit as on June 30, 2017 to Rs 103.5094 per unit as on December 31, 2017; thereby giving an annualized return of 4.79%. During the same period the benchmark return (6 Month bank deposit rates) was 2.46%.

JCR-VIS Credit Rating Company Limited has reaffirmed Fund Stability Rating of A+(f) to the Fund.

HBL Islamic Stock Fund

The Fund incurred total loss and net loss of Rs 104.51 million and Rs 124.57 million respectively during the half year ended December 31, 2017. The Net Asset Value (NAV) of the Fund decreased from Rs 130.0225 per unit as on June 30, 2017 to Rs 107.3802 per unit as on December 31, 2017 giving a negative return of 17.30% during the period against the benchmark return (KMI 30 Index) of negative 12.71%.

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)

The Fund incurred total loss and net loss of Rs 156.76 million and Rs 177.06 million respectively during the half year ended December 31, 2017. The Net Asset Value (NAV) of the Fund decreased from Rs 105.4755 per unit as on June 30, 2017 to Rs 88.9087 per unit as on December 31, 2017 giving a negative return of 15.70% during the period against the benchmark return (KMI 30 Index) of negative 12.71%.

HBL Islamic Asset Allocation Fund

The Fund incurred total loss and net loss of Rs 31.02 million and Rs 65.94 million respectively during the half year ended December 31, 2017. The Net Asset Value (NAV) of the Fund decreased from Rs 105.5962 per unit as on June 30, 2017 to Rs 101.9677 per unit as on December 31, 2017 thereby giving a negative return of 3.45% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of negative 2.11%.

HBL Islamic Financial Planning Fund

HBL Islamic Financial Planning Fund is a Shariah Complaint Fund of Funds scheme. The Fund comprises of three sub funds (plans) namely Active allocation plan, Conservative allocation plan and Strategic allocation plan. The Benchmark of the Fund is 'Weighted Average Return of KMI-30 Index, 6M Average Deposit Rate of three Islamic Banks'.

The Fund as a whole incurred total and net loss of Rs. 9.21 million and Rs. 18.06 million respectively during the period under review. The fund size of the fund stood at Rs. 4.53 billion. Performance review for plan is given below:

Active Allocation Plan

During the period under review, the Active allocation plan incurred total and net loss of Rs. 2.14 million and Rs 2.64 million respectively. The net assets of the Active allocation plan stood at Rs. 272 million representing Net Asset Value (NAV) of Rs. 98.5414 per unit as at December 31, 2017. The plan earned a negative return of 1.48% for the period under review. During the same period, the Benchmark return of the Fund was negative 1.27%.

Conservative Allocation Plan

During the period under review, the Conservative allocation plan incurred total and net loss of Rs. 0.30 million and Rs 0.42 million respectively. The net assets of the Conservative allocation plan stood at Rs. 44 million representing Net Asset Value (NAV) of Rs. 98.8090 per unit as at December 31, 2017. The plan earned a negative return of 1.21% for the period under review. During the same period, the Benchmark return of the Fund was negative 1.57%.

Strategic Allocation Plan

During the period under review, the Strategic allocation plan incurred total and net loss of Rs. 6.78 million and Rs 15.00 million respectively. The net assets of the Strategic allocation plan stood at Rs. 4.21 billion representing Net Asset Value (NAV) of Rs. 99.6593 per unit as at December 31, 2017. The plan earned a negative return of 0.48% for the period under review. During the same period, the Benchmark return of the Fund was negative 0.40%.

MANAGEMENT COMPANY RATING

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has upgraded the management quality rating to 'AM2+' (AM Two Plus) to the Management Company and the outlook on the assigned rating has been assessed as 'Stable'.

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 Limited 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.

On behalf of the Board of
HBL Asset Management Limited

Chief Executive Officer

Director

ایکٹیو ایلوکیشن پلان

زیر جائزہ مدت کے تحت ایکٹیو ایلوکیشن پلان کا کل نقصان اور نیٹ نقصان بالترتیب 2.14 ملین روپے اور 2.64 ملین روپے رہا۔ فنڈ کے نیٹ اثاثہ جات کی قیمت (NAV) جو کہ 272 ملین روپے کے ساتھ 31 دسمبر 2017ء کو 98.5414 روپے فی یونٹ ہوگی اور اس منصوبے نے 1.48% کی منفی منافع حاصل کیا۔ زیر جائزہ مدت کے تحت فنڈ کا پیچھا رک ریٹرن منفی 1.27% رہا۔

کنٹروٹیو ایلوکیشن پلان

زیر جائزہ مدت کے تحت آکٹو ورٹیو ایلوکیشن پلان کا کل نقصان اور نیٹ نقصان بالترتیب 0.30 ملین روپے اور 0.42 ملین روپے رہا۔ کنٹروٹیو ایلوکیشن پلان کے نیٹ اثاثہ جات کی قیمت (NAV) جو کہ 44 ملین روپے کے ساتھ 31 دسمبر 2017ء کو 98.8090 روپے فی یونٹ ہوگی اور اس منصوبے نے 1.21% کی منفی منافع حاصل کیا۔ زیر جائزہ مدت کے تحت فنڈ کا پیچھا رک ریٹرن 1.57% منفی رہا۔

اسٹریٹجک ایلوکیشن پلان

زیر جائزہ مدت کے تحت اسٹریٹجک ایلوکیشن پلان کا کل نقصان اور نیٹ نقصان بالترتیب 6.78 ملین روپے اور 15.00 ملین روپے رہا۔ اسٹریٹجک ایلوکیشن پلان کے نیٹ اثاثہ جات کی قیمت (NAV) جو کہ 4.21 ارب روپے کے ساتھ 31 دسمبر 2017ء کو 99.6593 روپے فی یونٹ ہوگی اور اس منصوبے نے 0.48% کی منفی منافع حاصل کیا۔ زیر جائزہ مدت کے تحت فنڈ کا پیچھا رک ریٹرن 0.40% منفی رہا۔

مینجمنٹ کمپنی کوالٹی ریٹنگ

جے سی آر۔ وی آئی ایس کرڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے مینجمنٹ کمپنی کو مینجمنٹ کی درجہ بندی میں "AM2+" (اے ایم ٹو پلس) پر اپ گریڈ کر دیا ہے۔

اعتراف نامہ

آخر میں، ہم ایک بار پھر اس موقع کا فائدہ اٹھاتے ہوئے مسلسل سرپرستی اور حمایت کے لئے اپنے تمام قابل قدر یونٹ ہولڈرز اور نامہ نگاروں کا شکریہ ادا کرتے ہیں۔ ہم وزارت خزانہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، سینٹرل ڈیپازٹری کمپنی آف پاکستان (ڈی سی)، بیننسٹل کلیئرنگ کمپنی آف پاکستان لمیٹڈ اور دیگر ریگولیٹری حکام، مالیاتی ادارے اور آڈیٹرز کی جانب سے مسلسل رہنمائی اور معاونت کرنے پر شکرگزار ہیں۔ بورڈ اپنے اسٹاک ہولڈرز کا ختم حجت اور دلیکٹی کے لئے اور اپنے یونٹ ہولڈرز کا ہم پر کئے گئے مجھرو سے اور اعتماد کے لئے بھی ان کی تعریف ریکارڈ کرنا چاہتا ہے۔

بورڈ کی جانب سے

انجینیئر ایل ایسٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

30 جون 2017 کو 100.62777 روپے فی یونٹ تھی اضافہ ہونے کے بعد 31 دسمبر 2017 کو فی یونٹ 102.626 روپے ہو گئی۔ اس طرح سالانہ %3.94 کا منافع ہوا۔ اسی عرصے کے دوران پیٹھارک ریٹرن (3 ماہ کے بینک ڈپازٹ کی شرح) %2.57 رہی۔

جی سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی ایچ ڈی (JCR-VIS) نے فنڈ کے لیے fAA فنڈ انٹیلیجنٹ ریٹنگ کی تصدیق کر دی ہے

ایچ بی ایل اسلامک انکم فنڈ (سابقہ: پی آئی سی آئی سی اسلامک انکم فنڈ)

31 دسمبر 2017 کو فتح ہونے والے نصف سال کے دوران فنڈ کی مجموعی آمدنی اور نیت آمدنی بالترتیب 125.46 ملین روپے اور 101.05 ملین روپے تھی۔ فنڈ کے نیت اثاثہ جات کی قیمت (NAV) جو کہ 30 جون 2017 کا 101.0699 روپے فی یونٹ تھی اضافہ ہونے کے بعد 31 دسمبر 2017 کو فی یونٹ 103.5094 روپے ہو گئی۔ اس طرح سالانہ %4.79 کا منافع ہوا۔ اسی عرصے کے دوران پیٹھارک ریٹرن (6 ماہ کے بینک ڈپازٹ کی شرح) %2.46 رہی۔

جی سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی ایچ ڈی (JCR-VIS) نے فنڈ کے لیے f+A فنڈ انٹیلیجنٹ ریٹنگ کی تصدیق کر دی ہے

ایچ بی ایل اسلامک اسٹاک فنڈ

31 دسمبر 2017 کے اختتام پر فنڈ کا مجموعی نقصان اور نیت نقصان بالترتیب 104.51 ملین روپے اور 124.57 ملین روپے تھا۔ فنڈ کے نیت اثاثہ جات کی قیمت (NAV) جو کہ 30 جون 2017 کو 130.0225 روپے فی یونٹ تھی کی کے بعد 31 دسمبر 2017 کو 107.3802 فی یونٹ ہو گئی اور %12.71 منفی پیٹھارک کا منافع (30KMڈائریکس) کے خلاف اس مدت کے دوران %17.30 کا منفی ریٹرن حاصل ہوا۔

ایچ بی ایل اسلامک ایکویٹی فنڈ (سابقہ: پی آئی سی آئی سی اسلامک اسٹاک فنڈ)

31 دسمبر 2017 کے اختتام پر فنڈ کی مجموعی نقصان اور نیت نقصان بالترتیب 156.75 ملین روپے اور 177.06 ملین روپے تھا۔ فنڈ کے نیت اثاثہ جات کی قیمت (NAV) جو کہ 30 جون 2017 کو 105.4755 روپے فی یونٹ تھی کی کے بعد 31 دسمبر 2017 کو 88.9087 روپے فی یونٹ ہو گئی اور %12.71 منفی پیٹھارک کا منافع ہوا (30KMڈائریکس) کے خلاف اس مدت کے دوران %15.70 کا منفی ریٹرن حاصل ہوا۔

ایچ بی ایل اسلامک ایسیٹ ایلوکیشن فنڈ

31 دسمبر 2017 کے اختتام پر فنڈ کی مجموعی نقصان اور نیت نقصان بالترتیب 31.02 ملین روپے اور 65.94 ملین روپے تھا۔ فنڈ کے نیت اثاثہ جات کی قیمت (NAV) جو کہ 30 جون 2017 کو 105.5962 روپے فی یونٹ تھی کی کے بعد 31 دسمبر 2017 کو 88.9087 روپے فی یونٹ ہو گئی اور %2.11 منفی پیٹھارک کا منافع ہوا (30KMڈائریکس) کے خلاف اس مدت کے دوران %3.45 کا منفی ریٹرن حاصل ہوا۔ اور 6 ماہ کے سہریٹنگ اور اس سے زیادہ کی بینک ڈپازٹ کی شرح) کے خلاف اس مدت کے دوران %3.45 کا منفی ریٹرن حاصل ہوا۔

ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ

ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ، فنڈز انکم کا ایک شریعہ مکہلت فنڈ ہے۔ اس فنڈ میں تین ذیلی فنڈز (منصوبے) شامل ہیں جن کے نام ایکویٹی ایلیکشن پلان، اکنوم وریو ایلیکشن پلان اور اسٹریٹجک ایلیکشن پلان ہیں۔ 30KMڈائریکس کے حجم میں اور سٹار ریٹرن اور تین اسلامک بینکوں کی 6 ماہ کی اوسط ڈپازٹ کی شرح" فنڈ کے پیٹھارک ہیں۔

مجموعی طور پر فنڈ کا کل نقصان اور نیت نقصان زیر جائزہ مدت کے دوران بالترتیب 9.21 ملین روپے اور 18.06 ملین روپے رہا۔ فنڈ کا فنڈ ماز 4.53 ملین روپے رہا۔ منصوبوں کی کارکردگی کا جائزہ ذیل میں بیان کیا گیا ہے:

جائزہ برائے منسی مارکیٹ

1HFY18 میں، ہائی مارکیٹ میں 5.3 اور 10 سال کے پی آئی بی کی شرح سود میں باہر تہیبہ 82.80 اور 22.90 پی (bps) کا اضافہ ہوا۔ اسی دوران، 3 ماہ اور 6 ماہ کے T-Bills کی شرح سود میں 2bps اضافہ ہوا لیکن 12 ماہ کی ہوریوری۔ پاکستانی حکومت نے جولائی میں 17 پی منصفہ ہونے والی PIB کی نیلا سی کے ذریعہ 54.2 بلین روپے حاصل کیے۔ بھارتی پانچ منصفہ کی گیس PIB کی نیلا سیوں منصفہ ہو گئیں۔ آخری کٹ آفس کی شرح سود باہر تہیبہ 5.3 اور 10 سال پی آئی بی کے لیے 6.4091%، 6.8961% اور 7.9360% p.a. رہی۔ 1HFY18 کے دوران شرح سود کی سٹیجی ترین سطح اور اوپننگ کے کاؤنٹ پروڈاکٹیو سے طویل مدتی پی آئی بی کی خریدی تجارت میں کمی رہی۔

1HFY18 کے دوران، حکومت نے سٹیڈی دل چیکوں سے 345 بلین پاکستانی روپے قرض لئے کیے جو اسی مدت کے دوران پچھلے سال PIB کی بھاری ادائیگیوں کے ساتھ 470 بلین پاکستانی روپے کی ادائیگیوں تھے۔ دریں اثنا، اس مدت کے دوران SBP سے نکلتی قرضوں میں 73 بلین پاکستانی روپے کا اضافہ ہوا جو گزشتہ سال اسی مدت کے دوران 915 بلین پاکستانی روپے رہے۔ GoP نے ٹی بڑے کے ذریعہ 7,500 بلین پاکستانی روپے کے مجموعی ہدف کے متاثرے میں 7,712 بلین پاکستانی روپے (NCB کے علاوہ) قرض لئے اور 6,868 بلین پاکستانی روپے کیا ادائیگیوں کی۔ دسمبر 17 میں منصفہ ہونے والی آخری پی ایل کی نیلا سی میں 6 اور 12 ماہ کے ٹی بڑے میں سے کوئی رقم قبول نہیں کی گئی۔ 3 ماہ کے ٹی بڑے کے لئے کٹ آف کی شرح سود 5.9910% رہی۔ ششماہی کے دوران اسٹیٹ بینک نے بائی ٹریڈ پالیسی میں پالیسی ریٹ کا اعلان 5.75% پر برقرار رکھا۔ حالیہ اقتصادی اشاروں میں تبدیلی کے باعث فریڈرز میں اضافے کی توقع میں اضافہ ہوا ہے اور آگے بڑھتی ہوئے سود کی شرح میں اضافے کا امکان ہے۔ فلوئڈ ریٹ کے انٹرمیڈیٹ کی مانگ میں کمی کا اضافہ ہوا ہے جو کہ بحالی میں جاری ہے۔ ہائیڈرو پاور پراجیکٹوں سے بھی تاخیر ہو رہی ہے۔ جنوری میں 18 SBP نے MPS کی پالیسی کی شرح میں 25bps سے اضافہ کیا ہے اور ہم دراصل ابالی سال میں کم از کم شرح سود میں ایک مرتبہ 25 bps-50bps اضافے کی توقع کرتے ہیں۔

جائزہ برائے اسٹاک مارکیٹ

1HFY18 کے دوران KMI30 انڈیکس 13% کمی کے ساتھ 68,612 پوائنٹس پر بند ہوا۔ سابق وزیر اعظم کی بے دخلی کے بعد مسلسل سیاسی عدم استحکام اور اقتصادی بحران پر موجودہ کاؤنٹ کا خسارہ، زرمبادلہ کے ذخائر پر پڑنے والے دباؤ کے سبب بنا۔ بد بانی تبدیلی کے علاوہ، شیعہ اور مخصوص اسٹاک بھی منفی رہے جس نے بنیادی طور پر بینٹ اور بجلی کی بیو اور اس کے اسٹاک کی قیمتوں میں بھاری کمی کی۔

بھلی ششماہی کے دوران سینٹ بکٹرز میں 37% کمی بلند ترین کی دیکھتے ہیں آئی جس سے انٹرنیٹی میں زائد آمد ہوا جانے اور قیمتوں کی جنگ میں اضافہ ہونے کا امکان کا خدشہ ہے۔ بجلی کی بیو اور اس کے لئے فزس آئل پر کم انحصار کرنے کے لئے حکومتی فیصلے نے باہر تہیبہ آئل مارکیٹنگ کمپنی اور آزاد پاور پروڈیوسرز کے لیے آمدن میں کمی اور کٹیش فلوئس رکاوٹوں سے متعلق سرمایہ کاروں کے خدشات میں اضافہ کر دیا ہے۔ اور گرام کی گیس کی قیمتوں اور دراجی کے طریقہ کار کے تعین میں تبدیلی کرنے کے لیے ہات چیت کے آغاز پر ایس این جی پی بھی 32 فیصد کمی کے ساتھ اہم خسارے میں رہا۔

1HFY18 کے دوران انڈیکس بیوی ڈیٹ آئل اینڈ گیس ایکسیلریٹین نے 26% کا شمار اضافہ حاصل کیا جس میں پی پی ایل، پی او ایل اور او سی ڈی کی قیمتوں میں باہر تہیبہ 44%، 36% اور 19% اضافہ ہوا۔ یہ زبردست اضافہ بنیادی طور پر بجلی کی عالمی قیمتوں میں 40% اضافے کی وجہ سے ممکن ہوا۔

بہاؤ کے لحاظ سے، غیر ملکی 155 بلین امریکی ڈالر کے غیر ملکی ہیڈ آؤٹ فلو کے ساتھ نیٹ فروخت کرنے والے رہے۔ زرمبادلہ مدت کے دوران MSCI ایمریکنجنگ مارکیٹ اسٹیٹیزڈ انڈیکس میں پاکستانی مارکیٹ کا حجم ایڈجسٹ کیا گیا۔ FTSE نے اپنے ایشیا پیسیفک ساہتہ جاپان انڈیکس میں پانچ پاکستانی کمپنیوں (MCB, SNGP, BAFL, MTL, THAD) کی شمولیت کا اعلان کیا۔ MSCI نے امریکنجنگ مارکیٹ اسٹیٹیزڈ انڈیکس میں پاکستانی مارکیٹ کا حجم 0.097% سے کم کر کے 0.075% کر دیا ہے اور ENGRO (1H) کے دوران 11% سے نیچے) خارج بھی کر دیا ہے جس کی نتیجہ میں فروخت کے باوجود میں اضافہ (غیر فعال ٹرانزیکٹ جاوب سے) ہوا ہے۔ 2HFY18 کے دوران غیر ملکی بی سی صورتحال میں کمی (سٹیٹ انتخابات کے اعلان سے) اور پاکستانی روپے کی قدر میں کمی اور دوسری موازنہ منڈل میں ویلیوشن، کاؤنٹ آؤٹ سے ہونے کے باعث غیر ملکی سرمایہ کاری میں اضافے کے ساتھ مارکیٹ کی بہتری کی توقع کرتے ہیں۔

منڈی کی کارکردگی

ایچ بی ایل اسلامک منسی مارکیٹ منڈ

31 دسمبر، 2017 کو ختم ہونے والے نصف سال کے دوران منڈی کی مجموعی آمدنی اور منصفہ آمدنی باہر تہیبہ 22.38 بلین روپے اور 15.65 بلین روپے تھے۔ منڈی کے ختم کے نیٹ اثاثہ جات کی قیمت (NAV) جو کہ

مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

انٹجی ایل ایسٹ مینجمنٹ لیٹیڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2017 کو ختم ہونے والی ششماہی کے اختتام پر مندرجہ ذیل فنڈز کے مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔

- 1۔ انٹجی ایل ایسٹ اسٹاک سٹی مارکیٹ فنڈ
- 2۔ انٹجی ایل ایسٹ انکم فنڈ (سابقہ: پی آئی سی آئی سی اسٹاک انکم فنڈ)
- 3۔ انٹجی ایل ایسٹ اسٹاک انٹناٹنل فنڈ
- 4۔ انٹجی ایل ایسٹ انکم اینڈ ٹیکنالوجی فنڈ (سابقہ: پی آئی سی آئی سی اسٹاک انٹناٹنل فنڈ)
- 5۔ انٹجی ایل ایسٹ ایسٹ ایلیٹیشن فنڈ
- 6۔ انٹجی ایل ایسٹ انٹرنیشنل پلاننگ فنڈ

اقتصادی جائزہ

1HFY18 کے دوران پاکستان کے اقتصادی منظر نامے میں مellow درجہ رکھنے میں نظر آئے۔ LSM کی قوی ترقی کے ساتھ قابل انتظام افراط زر کی سطح اور نجی شعبے میں بھڑکے ہوئے آف ٹیک (قرض لینے کی شرح) جبکہ بیرونی اکاؤنٹس پر پڑنے والے دباؤ میں اضافہ ہوا ہے۔ 2QFY18 کی جانب بڑھتے ہوئے اقتصادی چیلنجوں میں اضافہ ہوا جیسا کہ افراط زر میں کمی نے مجموعی طلب کو مضبوط بنایا جو کہ ابتدائی طور پر درآمدات میں اضافے کا باعث بنی جس کے نتیجے میں تجارتی خسارے میں اضافہ ہوا۔ 2QFY18 کے دوران حکومت نے اقتصادی چیلنجوں کو حل کرنے کے لئے جو اقدامات کیے ہیں ان میں فیئر ضروری مصنوعات کی درآمدات پر ریگولیشنری ڈیوٹی ٹیکس کا ناکارہ ہونا، دسمبر 2017 کے اختتام تک پاکستانی روپے کی قدر میں کمی، تیل کی درآمدات کو روکنے کے لئے فرانس آئل پمپنگ کی پیسہ داری میں کمی (1HFY18 کے دوران مجموعی درآمدات کا 21% ہو گیا) اور بین الاقوامی تجارت کے لئے چینی کرنسی کی حمایت کا اعادہ کرنا شامل ہیں۔

1HFY18 کے دوران اوسط افراط زر مناسب نفاذی اجناس کی فراہمی اور تیار کی قیمتوں میں کمی کے باعث 3.75% YoY رہی۔ البتہ 1HFY18 کے دوران بنیادی افراط زر (نیر فورم) کی غیر توانائی CPI نے لگاتار گئے اندازے کے تحت) اعلیٰ درجے پر 5.5% ریکارڈ کیا گیا جو کہ گزشتہ سال اسی عرصے میں سے 4.9% تھا جو کہ معیشت پر موجود مجموعی طلب کے دباؤ کی عکاسی کرتا ہے۔ بنیادی افراط زر میں دباؤ کے ساتھ 1H کے اختتام کی جانب پاکستانی روپے کی قدر میں 5% کمی اور بین الاقوامی تیل کی قیمتوں میں اضافہ ہونے کے باعث آئندہ آٹے والے ممالکوں میں افراط زر میں مزید اضافہ ہونا رہے گا۔ افراط زر کے دباؤ میں حالیہ اضافے کی وجہ سے FY18 کے اختتام تک M1 افراط زر کی ریٹ ایکٹو کا 5% -5.5% YoY (سالانہ) تک پہنچنے کا امکان ہے جبکہ FY18 کے لئے اوسط 4.5% سے نیچے رہنے کی توقع ہے۔

4MFY18 کے دوران لارج سکیل مینوفیکچرنگ (LSM) نے بنیادی طور پر الیکٹریٹس (+55.7%)، مٹی اور آئرن کی مصنوعات (40.4%)، آٹو موٹو (24.4%)، ٹیکسٹائل اور پیرولیم مصنوعات (+11.6%) اور تیرہ دھاتی معدنی مصنوعات (+11.1%) کی مدد سے YoY 7.2% ترقی حاصل کی۔ مینوفیکچرنگ سیکٹر کی ترقی کے ساتھ بڑی فصلوں کی حوصلہ افزا پیسہ داریوں میں سیکٹر کے لیے اچھی پیش گوئی کا امکان ہے جس کے نتیجے میں FY18 کے لیے ڈی پی پی میں اضافہ ممکن ہے۔ تاہم اب تک، میجر تر اقتصادی ترقی (زیادہ مشینری درآمدات سے متعلق ہے جو کہ خصوصاً CPEC اور پٹرولیم درآمدات کے لیے پار پارٹس کے لیے کارفرما ہیں) نے 1HFY18 کے لیے خارجی معاد کو عدم توازن کا نشانہ کر کے کرنٹ اکاؤنٹ کے خسارے کو 7.4% (یعنی امریکی ڈالر) (ڈی پی پی کا 4.4%) کر دیا ہے جو کہ گزشتہ سال اسی درجے میں 4.7% (یعنی امریکی ڈالر) (ڈی پی پی کا 3.1%) تھا۔ 1HFY18 میں، ایشیا کی درآمدات 18.8% YoY اضافے کے ساتھ 26.1 بلین ڈالر ہو گئیں جبکہ برآمدات 10.8% کے اضافے کے ساتھ 11.8 بلین ڈالر ہو گئیں جس کے نتیجے میں تجارتی خسارہ 14.3 بلین ڈالر رہا جو گزشتہ سال اسی مدت کے دوران 11.3 بلین ڈالر تھا۔ جس کے نتیجے میں 1HFY18 کے آخر میں SBP کے ڈرو میلا کے ذخائر میں 4.7 بلین ڈالر ہو گئیں جس کے نتیجے میں تجارتی خسارہ 14.3 بلین ڈالر کی کمی واقع ہوئی اور وہ 14.1 بلین ڈالر کی سطح پر پہنچ گئے۔ 1HFY18 کے آخر میں، حکومت نے بین الاقوامی ہانڈ مارکیٹ میں 2.5 بلین ڈالر مالیت کے پورہ بانڈ کا اجرا کو کامیابی سے مکمل کر لیا جس سے FX ذخائر کو استحکام ملا۔ اس سلسلے میں اقتصادی استحکام کے لئے FX ذخائر (ذاتی افعال) 3.2 بلین ڈالر درآمدات کا احاطہ کو برقرار رکھنے کے لئے مستحق کو خوشنما بنائی ضروری ہیں۔

HBL

Islamic Money Market Fund

FUND INFORMATION

Name of Fund	HBL Islamic Money Market Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al-Hilal Shariah Advisors (Pvt.) Ltd
Banks	Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited Askari Bank Limited Allied Bank Limited Faysal Bank Limited
Fund Rating	'AA(f)' (JCR-VIS)

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC MONEY MARKET FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Money Market Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six month period ended December 31, 2017 in accordance with the provisions of the following:

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

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

Karachi, February 23, 2018



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Money Market Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

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

Conclusion

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

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Islamic Money Market Fund
Condensed Interim Statement Of Assets And Liabilities
As At December 31, 2017

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	882,299	839,601
Accrued mark-up on deposit with banks		4,602	3,265
Prepayments		173	59
Total assets		887,074	842,925
Liabilities			
Payable to the Management Company	5	842	791
Payable to the Trustee		116	112
Payable to Securities and Exchange Commission of Pakistan		301	471
Accrued expenses and other liabilities	6	4,391	6,269
Total liabilities		5,650	7,643
Net assets		881,424	835,282
Unit holders' fund (as per statement attached)		881,424	835,282
----- (Number of units) -----			
Number of units in issue		8,588,698	8,300,721
----- (Rupees) -----			
Net assets value per unit		102.6261	100.6277

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

Note	Half year ended December 31,		Quarter Ended December 31,		
	2017	2016	2017	2016	
	(Rupees in '000)				
Income					
Mark-up on deposit with banks	20,971	15,974	10,547	8,338	
Mark-up on term deposit receipts	1,407	-	1,048	-	
	22,378	15,974	11,595	8,338	
Expenses					
Remuneration of the Management Company	5.1 & 5.2	4,529	3,055	2,353	1,572
Remuneration of the Trustee		681	458	366	234
Annual fee to the Securities and Exchange Commission of Pakistan		301	203	157	105
Allocation of expenses related to registrar services, accounting, operation and valuation services	5.3	401	270	208	130
Auditors' remuneration		176	178	81	87
Settlement and bank charges		18	20	6	12
Fee and subscription		218	300	136	285
Printing and stationary		89	171	54	116
Total expenses		6,413	4,655	3,361	2,541
Net income from operating activities		15,965	11,319	8,234	5,797
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	3,973	-	3,399
Provision for Sindh Workers' Welfare Fund	6.2	(319)	-	(164)	-
Net income for the period before taxation		15,646	15,292	8,070	9,196
Taxation	7	-	-	-	-
Net income for the period after taxation		15,646	15,292	8,070	9,196
Allocation of net income for the period:					
Income already paid on redemption of units	3.6	1,724		1,177	
Accounting income available for distribution:					
- Relating to capital gains		-		-	
- Excluding capital gains		13,922		6,893	
		13,922		6,893	
		15,646		8,070	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Statement Of Comprehensive Income (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended, December 31,	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net income for the period after taxation	15,646	15,292	8,070	9,196
Other comprehensive income for the period				
Items that will be reclassified to income statement	-	-	-	-
Total comprehensive income for the period	15,646	15,292	8,070	9,196

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,	
	2017	2016
Note	----- (Rupees in '000) -----	
Cash flows from operating activities		
Net income for the period before taxation	15,646	15,292
Adjustments for:		
Mark-up on deposit with banks	(20,971)	(15,974)
Mark-up on term deposit receipts	(1,407)	-
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(3,973)
	<u>(6,732)</u>	<u>(4,655)</u>
(Increase) / decrease in assets		
Advances, prepayment and other receivables	(115)	1,916
(Decrease) / increase in liabilities		
Payable to the Management Company	51	176
Payable to the Trustee	4	11
Payable to Securities and Exchange Commission of Pakistan	(170)	(149)
Accrued expenses and other liabilities	(1,878)	(783)
	<u>(1,993)</u>	<u>(745)</u>
	<u>(8,840)</u>	<u>(3,484)</u>
Mark-up on deposit with banks received	20,182	-
Mark-up on term deposit receipts	860	15,572
	<u>21,042</u>	<u>15,572</u>
Net cash generated from operating activities	<u>12,202</u>	<u>12,088</u>
Cash flows from financing activities		
Amount received on issue of units	393,788	300,411
Payments against redemption of units	(363,292)	(83,303)
Net cash generated from financing activities	<u>30,496</u>	<u>217,108</u>
Net increase in cash and cash equivalents	<u>42,698</u>	<u>229,196</u>
Cash and cash equivalents at beginning of the period	839,601	514,268
Cash and cash equivalents at end of the period	<u>882,299</u>	<u>743,464</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund

Notes To The Condensed Interim Financial Information (Un-audited)

For The Half Year Ended December 31, 2017

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 authorized by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on December 10, 2010.

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 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

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 Company has assigned a management quality rating of AM2+' (AM Two Plus) to the Management Company and 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. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

2.1.1 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 ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS-34. 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 audited financial statements of the Fund for the year ended June 30, 2017.

2.1.3 In compliance with Schedule V of the NBFC Regulations, 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 December 31, 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 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 audited financial statements of the Fund for the year, ended June 30, 2017 except as explained in note 3.6 and 3.7.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2017.

3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to 'element of income' and excludes the element of income from the expression 'accounting income' as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'income statement' and 'statement of movement in unit holders' fund', whereas disclosure with respect to 'distribution statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'income statement' and 'statement of movement in unit holders' fund', prospectively from July 1, 2017 as required by SECP vide its email dated February 08, 2017. Accordingly, corresponding figures have not been restated. The 'distribution statement' has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been higher by Rs.1.517 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

3.7 International Accounting Standard (IAS) 1: 'Presentation of Financial Statements' allows an entity to prepare either two performance statements i.e. income statement and statement of comprehensive income, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2017, has changed its policy with regard to preparation of income statement and other comprehensive income and opted to prepare two separate performance statements i.e. "income statement" and "Statement of comprehensive income" showing separately both income or loss for the period and items of other comprehensive income in separate statements.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year/period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'Income statement' and "statement of comprehensive income" separately.

3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: 'Financial Instruments', (IFRS 9) which will replace IAS 39: Financial Instruments: 'Recognition and Measurement' (IAS 39) of financial assets and financial liabilities. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
4	BANK BALANCES		
Balances with banks in:			
Savings accounts	4.1	727,299	839,601
Term deposit receipts	4.2	155,000	-
		<u>882,299</u>	<u>839,601</u>

- 4.1 This represents bank accounts held with different banks. Mark up rates on these accounts range between 3.57% - 5.50% (June 2017: 4% - 5.50%) per annum.
- 4.2 These term deposit receipts carry mark-up at the rate of 5.95% to 6.10% (June 30, 2017: Nil). These will mature at various dates maximum by March 31, 2018 .

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
5 PAYABLE TO THE MANAGEMENT COMPANY			
Management Fee	5.1	684	643
Sindh Sales Tax	5.2	90	84
Allocation of expenses related to registrar services, accounting, operation and valuation services	5.3	68	64
		<u>842</u>	<u>791</u>

- 5.1 Under the provisions of the Non Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of 1% per annum for the current year (June- 2017: 1% per annum).
- 5.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Finance Act, 2015 effective from July 1, 2016
- 5.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
6 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		176	300
Federal Excise Duty	6.1	2,185	2,185
Withholding tax payable		-	1,898
Provision for Sindh Workers' Welfare Fund	6.2	1,815	1,496
Other payable		215	390
		<u>4,391</u>	<u>6,269</u>

- 6.1 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal which was filed by tax authorities against the order by the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 2.185 million. Had the provision not been made, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.25 per unit (June 30, 2017: 0.26 per unit).

- 6.2 The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare fund is the same as disclosed in note 11.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 1.815 million as at December 31, 2017 in this condensed interim financial information. Had the provision not been made, net assets value per unit at December 31, 2017 would have been higher by Rs. 0.21 per unit (June 30, 2017: Rs. 0.18 per unit).

7 TAXATION

The Fund's income is exempt from income tax as per 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 to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2018 to its unit holders.

Note	(Un-Audited) December 31, 2017	(Un-Audited) December 31, 2016
	----- (Rupees in '000) -----	
8 CASH AND CASH EQUIVALENTS		
Bank balances	4.1 727,299	743,464
Term deposit receipts	155,000	-
	882,299	743,464

9. TRANSACTIONS WITH CONNECTED PERSONS

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 during the period and balances with them at period end, otherwise not disclosed elsewhere in these condensed interim financial information are as follows:

	(Un-Audited) Half year ended December 31, 2017	2016
	----- (Rupees in '000) -----	
9.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee including sales tax thereon	4,529	3,055
Allocation of expenses related to registrar services, accounting, operation and valuation services	401	270
Issue of units 27,577 units(2016:Nil)	2,814	-
Habib Bank Limited - Sponsor		
Profit on bank deposits earned	333	214
Executives and key management personnel		
Issue of 19,257 units (2016: 9,738 units)	1,950	1,000
Redemption of 11,902 units (2016: 9,857 units)	1,200	1,012
MCBFSL Trustee HBL Islamic Financial Planing Fund-Strategic Allocation Plan-Associate		
Issue of 974,853 units (2016: Nil)	100,000	-
Redemption of 785,072 units (2016: Nil)	79,275	-
Atlas battery limited - Connected person due to holding 10% or more		
Issue of 78,568 units (2016: Nil)	8,000	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee Remuneration	681	458

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	----- (Rupees in '000) -----	
9.2 Amounts outstanding as at period end		
HBL Asset Management Limited - Management Company		
Management fee	684	643
Sindh Sales Tax	90	84
Payable against allocation of expenses related to registrar services, accounting, operation and valuation services	68	64
Investment held in the Fund: 27,577 units (June 30, 2017: Nil)	2,829	-
Habib Bank Limited - Sponsor		
Investment held in the Fund: 3,838,107 units (June 30, 2017: 3,838,107 units)	393,804	386,220
Bank balances	5,294	13,370
Markup receivable	19	53
HBL IFPF Strategic Allocation Plan investment held in the Fund 974,852 units (June 30, 2017: 785,072)	100,023	78,999
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including sales tax thereon	116	112
Executives and key management personnel		
Investment held in the Fund: 7,355 units (June 30, 2017: 5,250)	755	530,096
Atlas battery limited - Connected person due to holding 10% or more		
Investment held in the Fund: 971,946 units (June 30, 2017: 893,378 units)	99,725	89,899
MCBFSL Trustee HBL Islamic Financial Planning Fund-Strategic Allocation Plan- Associate		
Investment held in the Fund: 974,853 units (June 30, 2017: 785,072 units)	100,023	79,000

10. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2017 is 0.85% (2016: 0.87%) which includes 0.16% (2016: 0.11%) representing government levy, Worker's Welfare Fund and SECP fees.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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 reporting 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.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" 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.

		December 31, 2017						
		Carrying amount			Fair Value			
		Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total

Note (Rupees in '000)

On-balance sheet financial instruments

Financial assets not measured at fair value 11.1

Bank balances	882,299	-	882,299
Accrued mark-up	4,602	-	4,602
	886,901	-	886,901

Financial liabilities not measured at fair value 11.1

Payable to the Management Company	-	842	842
Payable to the Trustee	-	116	116
Accrued expenses and other liabilities	-	390	390
Unit holder's fund	-	881,424	881,424
	-	882,772	882,772

		June 30, 2017						
		Carrying amount			Fair Value			
		Loans and receivables	Other financial assets / 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	839,601	-	839,601
Accrued mark-up	3,265	-	3,265
	842,866	-	842,866

Financial liabilities not measured at fair value

Payable to the Management Company	-	791	791
Payable to the Trustee	-	112	112
Accrued expenses and other liabilities	-	2,186	2,186
Unit holder's fund	-	835,282	835,282
	-	838,371	838,371

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 repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

11.2 Transfers during the period

There were no transfers between various levels of fair value hierarchy during the period.

12. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorized for issue by the Board of Directors of the Management Company on February 26, 2018.

13. GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees.

13.2 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

13.3 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Income Fund
(Formerly: PICIC ISLAMIC INCOME FUND)

FUND INFORMATION

Name of Fund HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund)

Name of Auditor Deloitte Yousuf Adil Chartered Accountants

Name of Trustee Central Depository Company of Pakistan Limited (CDC)

Name of Shariah Advisor Al-Hilal Shariah Advisors (Pvt.) Ltd

Banks Habib Bank Limited
Dubai Islamic Bank Limited
Bank Islami Pakistan Limited
Al Baraka Bank Pakistan Limited
United Bank Limited
Burj Bank Limited
Faysal Bank Limited
Allied Bank Limited
Askari Bank Limited
Soneri Bank Limited
Summit Bank Limited
Bank Al-Habib Limited

Rating 'A+(f)'

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

**HBL ISLAMIC INCOME FUND
(Formerly PICIC ISLAMIC INCOME FUND)**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund) (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six month period ended December 31, 2017 in accordance with the provisions of the following:

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

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

Karachi, February 23, 2018



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Income Fund [Formerly PICIC Islamic Income Fund]**(the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

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

Conclusion

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

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Condensed Interim Statement Of Assets And Liabilities
As At December 31, 2017

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	3,647,639	3,192,747
Investments	5	1,084,166	1,803,410
Profit receivable		30,397	7,576
Preliminary expenses and floatation costs		1,145	1,557
Deposits and prepayments		4,571	102
Total assets		4,767,918	5,005,392
Liabilities			
Payable to the Management Company	6	3,411	1,320
Payable to the Trustee		453	265
Payable to Securities and Exchange Commission of Pakistan		1,617	353
Dividend payable		20	1,796
Payable against redemption of units		30	533,432
Accrued expenses and other liabilities	7	5,290	6,981
Total liabilities		10,821	544,147
Net assets		4,757,097	4,461,245
Unit holders' fund (as per statement attached)		4,757,097	4,461,245
		----- (Number of units) -----	
Number of units in issue		45,958,134	44,140,526
		----- (Rupees) -----	
Net assets value per unit		103.5094	101.0691

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Condensed Interim Income Statement (Un-audited)
For The Half Year Ended December 31, 2017

		Half year ended		Quarter ended	
		December 31,		December 31,	
		2017	2016	2017	2016
Note ----- (Rupees in '000) -----					
Income					
Capital gain on sale of investments - net		13,316	-	8,616	-
Income from sukus		29,275	1,218	13,748	549
Income from placements		100	-	-	-
Profit on bank deposits		97,346	8,040	50,961	4,496
		140,037	9,258	73,325	5,045
Unrealised (loss) / gain on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net		(14,576)	428	(2,803)	380
		125,461	9,686	70,522	5,425
Expenses					
Remuneration of the Management Company	6.1 & 6.2	14,750	1,143	7,439	660
Remuneration to the Trustee		2,555	303	1,253	173
Annual fee to the Securities and Exchange Commission of Pakistan		1,617	118	789	68
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	2,156	167	1,052	90
Amortisation of preliminary expenses and floatation costs		412	412	206	206
Security transaction, settlement and bank charges		373	23	186	18
Auditors' remuneration		119	126	71	48
Fees and subscription		220	193	125	91
Printing charges		151	105	75	50
		22,353	2,590	11,196	1,404
Net income from operating activities		103,108	7,096	59,326	4,021
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	2,277	-	1,743
Provision for Sindh Workers' Welfare Fund	7.2	(2,062)	(145)	(1,178)	(145)
Net income for the period before taxation		101,046	9,228	58,148	5,619
Taxation	8	-	-	-	-
Net income for the period after taxation		101,046	9,228	58,148	5,619
Allocation of net income for the period					
Income already paid on redemption of units	3.6	18,437		13,914	
Accounting income available for distribution:					
- Relating to capital (losses) / gains		(1,030)		4,422	
- Excluding capital gains		83,639		39,812	
		82,609		44,234	
		101,046		58,148	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Condensed Interim Statement Of Comprehensive Income (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
----- (Rupees in '000) -----				
Net income for the period after taxation	101,046	9,228	58,148	5,619
Other comprehensive income for the period				
Items that may be reclassified subsequently to income statement	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	101,046	9,228	58,148	5,619

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Condensed Interim Statement Of Movement In Unit Holders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

Half year ended December 31,						
2017			2016			
Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	
Note						
(Rupees in '000)						
Net assets at beginning of the period	4,414,052	47,193	4,461,245	-	-	226,967
Issuance of 19,725,767 units (2016: 3,133,564 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,993,666	-	1,993,666			
- Element of income	30,012	-	30,012			
Total proceeds on issuance of units	3.6	2,023,678	2,023,678	-	-	319,684
Redemption of 17,908,159 units (2016: 1,329,290 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(1,809,962)	-	(1,809,962)			
- Income already paid on redemption of units	-	(18,437)	(18,437)			
- Element of loss	(473)	-	(473)			
Total payments on redemption of units	3.6	(1,810,435)	(1,828,872)	-	-	(135,644)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	(3,612)
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6	-	-	-	-	1,335
Net income for the period	-	101,046	101,046	-	-	9,228
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	101,046	101,046	-	-	9,228
Net assets at end of the period	4,627,295	129,802	4,757,097	-	-	417,958
Undistributed income brought forward						
- Realised			34,077			1,146
- Unrealised			13,116			522
Accounting income available for distribution			47,193			1,668
- Relating to capital (loss) / gains			(1,030)			-
- Excluding capital gains			83,639			-
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6		82,609			9,228
Undistributed income carried forward			129,802			12,231
Undistributed income carried forward						
- Realised			144,378			11,803
- Unrealised			(14,576)			428
			129,802			12,231
Net assets value per unit at beginning of the period			101.0691			100.7401
Net assets value per unit at end of the period			103.5094			103.0148

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,	
	2017	2016
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Net income for the period before taxation	101,046	9,228
Adjustments for:		
Capital gain on sale of investments - net	(13,316)	-
Unrealised (loss) / gain on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	14,576	(428)
Amortisation of preliminary expenses and floatation costs	412	412
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(2,277)
Mark up / return on;		
- Bank profits	(97,346)	(1,218)
- Investments	(29,375)	(8,040)
Provision for Sindh Workers' Welfare Fund	2,062	145
	(21,941)	(2,178)
(Increase) / decrease in assets		
Investments - net	717,984	(29,714)
Advance against initial public offering	-	(60,000)
Deposits and prepayments	(4,469)	74
	713,515	(89,640)
Increase / (decrease) in liabilities		
Payable to the Management Company	2,091	574
Payable to the Trustee	189	22
Payable to Securities and Exchange Commission of Pakistan	1,265	(142)
Accrued expenses and other liabilities	(3,752)	(9,318)
	(207)	(8,864)
Income received from sukuk	17,731	760
Profit received on bank deposits	86,169	7,629
	103,900	8,389
Net cash generated from / (used in) operations	795,267	(92,293)
Cash flow from financing activities		
Amount received on issue of units	2,023,677	319,684
Dividend paid	(1,777)	(2,040)
Payment / payable against redemption of units	(2,362,275)	(135,644)
Net cash (used in) / generated from financing activities	(340,375)	182,000
Net increase in cash and cash equivalents	454,892	89,707
Cash and cash equivalents at beginning of the year	3,192,747	197,507
Cash and cash equivalents at end of the year	4 3,647,639	287,214

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund (Formerly: PICIC Islamic Income Fund)
Notes To The Condensed Interim Financial Information (Un-audited)
For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

The HBL Islamic Income Fund (formerly PICIC Islamic Income Fund) ('the fund') was established under a trust deed executed between PICIC Asset Management Company 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/AMCWC/PIIF/949/2014 dated April 4, 2014 and the trust deed was executed on February 20, 2014.

SECP 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. After the merger, trust deed was revised on February 17, 2017.

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 at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund has been categorised as a Shariah Compliant Income Scheme as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (CIS) and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

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 into 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 a management quality rating of 'AM2+' (AM Two Plus) to the Management Company and Fund stability rating of A+(f) to the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 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 ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevails.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. 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 audited financial statements of the Fund for the year ended June 30, 2017

2.1.3 In compliance with Schedule V of the NBFC Regulations, 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 December 31, 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 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 audited financial statements of the Fund for the year, ended June 30, 2017 except as explained in note 3.6 and note 3.7.

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- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2017.
- 3.6 'The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to 'element of income' and excludes the element of income from the expression 'accounting income' as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'income statement' and 'statement of movement in unit holders' fund', whereas disclosure with respect to 'distribution statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the income statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'income statement' and 'statement of movement in unit holders' fund', prospectively from July 1, 2017 as required by email dated February 08, 2018. Accordingly, corresponding figures have not been restated. The 'distribution statement' has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rs. 11.11 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'income statement' and 'statement of movement in unit holders' fund which have been incorporated in these statements.

- 3.7 International Accounting Standard (IAS) 1: 'Presentation of Financial Statements' allows an entity to prepare either two performance statements i.e. income statement and statement of comprehensive income, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2017, has changed its policy with regard to preparation of income statement and other comprehensive income and opted to prepare two separate performance statements i.e. 'income statement' and 'statement of comprehensive income' showing separately both income or loss for the period and items of other comprehensive income in separate statements.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year/period except that items of other comprehensive income previously presented under 'statement of income and other comprehensive income' in single statement are now presented within 'income statement' and 'statement of comprehensive income' separately.

- 3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: 'Financial Instruments' (IFRS 9), which will replace IAS 39: Financial Instruments: 'Recognition and Measurement' (IAS 39) of financial assets and financial liabilities. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.
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	Note	December 31, 2017 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2017 (Audited)
4. BANK BALANCES			
In savings accounts	4.1	2,547,639	2,492,747
Term deposit receipt	4.2	1,100,000	700,000
		<u>3,647,639</u>	<u>3,192,747</u>

4.1 Mark-up rates on these accounts range between 5.70% - 5.80% per annum (June 30, 2017: 5.45% - 6.10% per annum).

4.2 These term deposit receipts carry mark up at the rate of 5.95% - 7.46% (June 30, 2017: 5.75% - 5.80% per annum). These will mature at various dates maximum by March 31, 2018.

	Note	December 31, 2017 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2017 (Audited)
5 INVESTMENTS			
Financial assets 'at fair value through profit or loss' - held-for-trading			
- Privately placed sukuk certificates	5.1	919,163	102,755
- GOP Ijarah sukuk	5.2	999	1,661,055
Loans and receivable			
- Advance against initial public offering		-	39,600
- Commercial paper	5.3	164,004	-
		<u>1,084,166</u>	<u>1,803,410</u>

5.1 Privately placed sukuk certificates

Name of the Investee Company	Number of units				Market value as at Dec 31, 2017 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales during the period	As at Dec 31, 2017		Total Investments	Net Assets

Corporate Sukuks

K Electric Limited	-	5,000	-	5,000	23,006	2.12	0.48
International Brands Limited	-	1,040	-	1,040	104,000	9.59	2.19
Dawood Hercules	-	5,070	-	5,070	507,000	46.76	10.66
AGP Limited		631	131	500	45,293	4.17	0.95
Dubai Islamic Bank Limited	-	395	205	190	193,339	17.83	4.06
Ghani Gasses Limited	530	-	-	530	46,525	4.29	0.98
Fatima Fertilizer Company Limited	10,943	27,162	38,105	-			
	<u>11,473</u>	<u>39,298</u>	<u>38,441</u>	<u>12,330</u>	<u>919,163</u>	<u>84.76</u>	<u>19.32</u>

Cost of investments at December 31, 2017

933,737

5.1.1 These Sukuk carry semi annual mark-up at the rate ranging from 5.24% - 7.25% per annum. (June 30, 2017: semi annual mark-up at the rate of 7.14% & 7.25% per annum) respectively.

5.2 GOP Ijarah sukuk

Issue Date	Number of units				Market value as at Dec 31, 2017 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2017	Purchases during the period	Sales during the period	As at Dec 31, 2017		Total Investments	Net Assets
1-Jul-17	16,500	700,000	706,500	10,000	999	0.092	0.021
	16,500	700,000	706,500	10,000	999	0.092	0.021
Cost of investments at December 31, 2017					<u>1,000</u>		

5.3 Commercial paper

Name of Company	As at July 1, 2017	Placement made during the period	Income Accrued	Matured during the period	As at Dec 31, 2017	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----							
Hascol Petroleum Limited (5.3.1)	-	163,904	100	-	164,004	15.127	3.448

5.3.1 The clean placement carries mark-up at the rate of 7.46% per annum and will be matured on June 29, 2018.

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
6 PAYABLE TO THE MANAGEMENT COMPANY			
Management fee	6.1	2,431	858
Sindh sales tax	6.2	316	111
Sales load payable		280	233
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	384	117
		<u>3,411</u>	<u>1,320</u>

6.1 As per the offering document of the Fund, the Management Company shall charge a fee at the rate of 10% of gross earnings of the Scheme, calculated on daily basis not exceeding 1.50% of the average daily net assets of the Scheme and subject to a minimum fee of 0.50% of the average daily net assets of the Scheme subject to the guidelines as may be issued by the Commission from time to time. The fee is payable monthly in arrears.

6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

6.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
7	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Withholding tax payable	360	4,127
	Federal excise duty	7.1 1,344	1,344
	Provision for Sindh Workers' Welfare Fund	7.2 3,239	1,177
	Auditors' remuneration	122	140
	Payable to brokers	77	97
	Printing charges	119	80
	Other payables	29	16
		5,290	6,981
		5,290	6,981

7.1 Provision for Federal Excise Duty

The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal filed by tax authorities against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.344 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.02 per unit (June 30, 2017: Rs. 0.03 per unit).

7.2 Provision for Sindh Workers' Welfare Fund

The legal status of applicability of Sindh workers' welfare fund (SWWF) is same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

The Fund, as a matter of abundant caution, recognised provision for SWWF amounting to Rs. 2.062 million for the half year ended December 31, 2017 in this Condensed Interim Financial Information. Had the provision not been made, net assets value per unit at December 31, 2017 would have been higher by Rs. 0.07 per unit (June 30, 2017: Rs. 0.02 per unit).

8. TAXATION

The Fund's income is exempt from income tax as per 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 to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2018 to its unit holders.

9. 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:

9.1 Transactions during the period	Half year ended	
	December 31,	
	2017	2016
	----- (Rupees in '000) -----	
HBL Asset Management Limited - Management Company		
Remuneration of Management Company	13,053	736
Sindh Sales Tax on remuneration of Management Company	1,697	95
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,156	125
Sales load paid	4	284
Redemption of Nil units 2017: (2016: 248,136 units)	-	25,400
Habib Bank Limited - Sponsor		
Bank charges paid	18	2
Profit on bank deposits earned	103	13
Profit on bank deposits received	103	13
Issuance of units 2017: 2,422,199 (2016: Nil units)	250,000	-
Executives of the Management Company		
Issuance of units 2017: 107,564 (2016: 15,702 units)	10,943	1,585
Redemption of units 2017: 75,576 (2016: 7,980 units)	7,705	810
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	2,555	303
Central Depository Service charges	35	3
MCBFSL Trustee HBL Islamic Financial Planning Fund Active Allocation Plan*		
Issuance of units 2017: 1,143,123 (2016: Nil units)	116,100	-
Redemption of units 2017: 1,128,259 (2016: Nil units)	115,000	-
MCBFSL Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan*		
Issuance of units 2017: 466,554 (2016: Nil units)	47,500	-
Redemption of units 2017: 584,593 (2016: Nil units)	59,720	-
MCBFSL Trustee HBL Islamic Financial Planning Fund Strategic Allocation Plan*		
Redemption of units 2017: 13,340,608 (2016: Nil units)	1,362,800	-
HBL Islamic Asset Allocation Fund		
Purchase of Dubai Islamic Bank Limited - Sukuk Certificate	96,000	-
Jubilee Life Insurance Company Limited		
Sale of Ijarah Sukuk	700,000	-
	December 31,	June 30,
	2017	2017
	(Un-Audited)	(Audited)
	----- (Rupees in '000) -----	
9.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	2,431	858
Sindh Sales Tax on remuneration of the Management Company	316	111
Sales load payable	280	233
Allocation of expenses related to registrar services, accounting, operation and valuation services	384	117

	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	----- (Rupees in '000) -----	
Habib Bank Limited - Sponsor		
Bank balances	31,688	8,722
Executives of the Management Company		
Investment held in the Fund : 163,211 units (June 30,2017: 131,223 units)	16,889	13,298
MCBFSL Trustee HBL Islamic Financial Planning Fund Strategic Allocation Plan-Associated company		
Investment held in the Fund : 24,066,001 units (June 30, 2017: 37,406,609 units)	2,490,374	3,780,652
MCBFSL Trustee HBL Islamic Financial Planning Fund Active Allocation Plan		
Investment held in the Fund : 1,527,342 units (June 30, 2017: 1,512,478 units)	158,051	152,865
MCBFSL Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan		
Investment held in the Fund : 266,500 units (June 30, 2017: 384,899 units)	27,578	38,901
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	453	265
Security deposit	100	100

* Comparative transactions / balances of these parties have not been disclosed as these parties were not related parties in last period

10. FAIR VALUE AND CATEGORIES 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. Consequently, differences can arise between carrying values and the fair value estimates.

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 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..

The Fund classifies 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:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and"
- Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. 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.

		December 31, 2017							
		Carrying amount			Fair Value				
		At fair value through profit or loss - 'held-for-trading'	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
		919,163	-	-	919,163	-	919,163	-	919,163
		999	-	-	999	-	999	-	999
		920,162	-	-	920,162	-	920,162	-	920,162
	10.1								
Financial assets not measured at fair value									
		-	3,647,639	-	3,647,639				
		-	164,004	-	164,004				
		-	30,397	-	30,397				
		-	3,842,040	-	3,842,040				
	10.1								
Financial liabilities not measured at fair value									
		-	-	3,411	3,411				
		-	-	453	453				
		-	-	374	374				
				30	30				
				4,757,097	4,757,097				
		-	-	4,761,365	4,761,365				
		June 30, 2017							
		Carrying amount			Fair Value				
		Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
		1,763,810	39,600	-	1,803,410	-	1,803,410	-	1,803,410
		1,763,810	39,600	-	1,803,410	-	1,803,410	-	1,803,410
	10.1								
Financial assets not measured at fair value									
		-	3,192,747	-	3,192,747	-	-	-	-
		-	7,576	-	7,576	-	-	-	-
		-	3,200,323	-	3,200,323	-	-	-	-
	10.1								
Financial liabilities not measured at fair value									
		-	-	1,320	1,320	-	-	-	-
		-	-	265	265	-	-	-	-
		-	-	533,432	533,432	-	-	-	-
		-	-	333	333	-	-	-	-
		-	-	4,461,245	4,461,245	-	-	-	-
		-	-	4,996,595	4,996,595	-	-	-	-

10.1 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.

10.2 Transfers during the period

There were no transfers between various levels of fair value hierarchy during the period

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), 57the total expense ratio of the Fund for the half year ended December 31, 2017 is 0.57% (2016: 0.87%) which includes 0.13% (2016: 0.14%) representing government levy, Sindh Worker's Welfare Fund and SECP fee.

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 February 26, 2018.

13. GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees.

13.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

13.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Stock Fund

FUND INFORMATION

Name of Fund	HBL Islamic Stock Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al-Hilal Shariah Advisors (Pvt.) Ltd
Banks	Habib Bank Limited Dubai Islamic Bank Limited Bank Islami Pakistan Limited

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
CDC House, 99-8, Block 'B',
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Tel: (92-21) 111-111-500
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URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC STOCK FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Stock Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six month period ended December 31, 2017 in accordance with the provisions of the following:

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


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

Karachi, February 23, 2018



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Stock Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

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

Conclusion

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

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Islamic Stock Fund
Condensed Interim Statement Of Assets And Liabilities
As At December 31, 2017

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	312,120	67,149
Investments	5	1,162,534	1,046,359
Dividend and profit receivable		5,724	3,559
Receivable against sale of investment		11,725	-
Deposits, prepayments and other receivables		2,714	24,737
Total assets		1,494,817	1,141,804
Liabilities			
Payable to the Management Company	6	4,113	3,547
Payable to the Trustee		225	194
Payable to Securities and Exchange Commission of Pakistan		559	882
Payable against conversion and redemption of units		-	70,418
Accrued expenses and other liabilities	7	50,854	23,219
Total liabilities		55,751	98,260
Net assets		1,439,066	1,043,544
Unit holders' fund (as per statement attached)		1,439,066	1,043,544
		----- (Number of units) -----	
Number of units in issue		13,401,588	8,025,872
		----- (Rupees) -----	
Net assets value per unit		107.3802	130.0225

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Note	Half year ended December 31,		Quarter ended December 31,	
		2017	2016	2017	2016
(Rupees in '000)					
Income					
Dividend income		29,154	22,139	22,751	14,132
Profit on bank deposits		5,301	1,569	3,400	818
Capital (loss) / gain on sale of investments - net		(62,826)	88,047	(44,365)	40,136
		(28,371)	111,755	(18,214)	55,086
Net unrealised (diminution) / appreciation on re-measurement of investments classified at fair value through profit or loss - held-for-trading		(9,113)	-	5,389	-
Impairment loss on investments classified as available for sale	5.4	(67,023)	-	(67,023)	-
		(104,507)	111,755	(79,848)	55,086
Expenses					
Remuneration of the Management Company	6.1 & 6.2	13,309	9,637	7,418	4,818
Remuneration of the Trustee		1,233	964	614	478
Annual fee to Securities and Exchange Commission of Pakistan		559	405	311	202
Selling and marketing expenses	6.3	2,352	-	3,373	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.4	589	426	328	209
Securities transaction costs		1,283	178	947	178
Auditors' remuneration		176	173	82	85
Settlement and bank charges		400	150	189	145
Shariah advisory fee		41	63	21	41
Fees and subscription		33	203	25	194
Printing charges		89	99	60	75
		20,064	12,298	13,368	6,425
		(124,571)	99,457	(93,216)	48,661
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	8,551	-	9,168
Provision for Sindh Workers' Welfare Fund	7.2	-	-	-	-
Net (loss) / income for the period before taxation		(124,571)	108,008	(93,216)	57,829
Taxation	8	-	-	-	-
Net (loss) / income for the period after taxation		(124,571)	108,008	(93,216)	57,829
Allocation of net income for the period	3.6	-	-	-	-

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Statement Of Comprehensive Income (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended, December 31,	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(124,571)	108,008	(93,216)	57,829
Other comprehensive income for the period				
Item that may be reclassified subsequently to Income Statement				
Unrealised gain on re-measurement of investments classified as available-for-sale	48,059	177,873	152,849	136,197
Net reclassification adjustments relating to available-for-sale	(123,095)	(88,047)	(111,388)	(40,136)
	(75,036)	89,826	41,461	96,061
Total comprehensive (loss) / income for the period	(199,607)	197,834	(51,755)	153,890

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Statement Of Movement In Unit Holders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended							
	December 31,							
	2017				2016			
Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Total	Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Total	
Note	(Rupees in '000)							
Net assets at beginning of the period	904,856	78,478	60,210	1,043,544	-	-	-	784,634
Issue of units 6,684,239 (2016: 2,755,561 units)								
- Capital value (at net asset value per unit at the beginning of the period)	869,102	-	-	869,102	-	-	-	-
- Element of loss	(121,608)	-	-	(121,608)	-	-	-	-
Total proceeds on issuance of units	3.6	747,494	-	747,494	-	-	-	397,867
Redemption of 1,308,523 units (2016: 2,769,269 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(170,137)	-	-	(170,137)	-	-	-	-
- Element of income	17,772	-	-	17,772	-	-	-	-
Total payments on redemption of units	3.6	(152,365)	-	(152,365)	-	-	-	(391,070)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	-	-	(8,167)
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6	-	-	-	-	-	-	(384)
Net (loss) / income for the period after taxation		(124,571)	-	(124,571)	-	-	-	108,008
Other comprehensive (loss) / income for the period		-	(75,036)	(75,036)	-	-	-	89,826
Total comprehensive (loss) / income for the period		(124,571)	(75,036)	(199,607)	-	-	-	197,834
Net assets at end of the period	1,499,985	(46,093)	(14,826)	1,439,066	-	-	-	980,714
Undistributed income brought forward								
- Realised			78,478					116,929
- Unrealised			-					-
			78,478					116,929
Net (loss) / income for the period			(124,571)					108,008
Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6		-					(384)
(Accumulated loss) / undistributed income carried forward			(46,093)					224,553
(Accumulated loss) / undistributed income carried forward								
- Realised			(36,980)					224,553
- Unrealised			(9,113)					-
			(46,093)					224,553
			Rupees					Rupees
Net assets value per unit at beginning of the period			130,0225					128,0108
Net assets value per unit at end of the period			107,3802					160,3593

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,	
	2017	2016
Note	----- (Rupees in '000) -----	
Cash flows from operating activities		
Net (loss) / income for the period before taxation	(124,571)	108,008
Adjustments		
Capital loss / (gain) during the period	62,826	(88,047)
Dividend Income	(29,154)	(22,139)
Profit on bank deposits	(5,301)	(1,569)
Unrealised diminution on re-measurement of investments classified at fair value through profit or loss - held-for-trading	9,113	-
Impairment loss on investments classified as available for sale	67,023	-
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(8,551)
	<u>(20,064)</u>	<u>(12,298)</u>
(Increase) / decrease in assets		
Investments - net	(378,618)	29,185
Deposits, prepayments and other receivables	22,023	3,803
	<u>(356,595)</u>	<u>32,988</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	566	481
Payable to the Trustee	31	18
Payable to Securities and Exchange Commission of Pakistan	(323)	(328)
Accrued expenses and other liabilities	(6,063)	34,730
	<u>(5,789)</u>	<u>34,901</u>
Net cash (used in) / generated from operations	(382,448)	55,591
Dividend received	27,847	21,072
Profit received on bank deposits	4,443	1,458
	<u>32,290</u>	<u>22,530</u>
Net cash (used in) / generated from operating activities	(350,158)	78,121
Cash flows from financing activities		
Amount received on issue of units	747,494	397,867
Payment against redemption of units	(152,365)	(391,070)
Net cash generated from financing activities	595,129	6,797
Net increase in cash and cash equivalents	244,971	84,918
Cash and cash equivalents at beginning of the period	67,149	48,402
Cash and cash equivalents at end of the period	4 <u><u>312,120</u></u>	<u><u>133,320</u></u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund

Notes To The Condensed Interim Financial Information (Un-audited)

For The Half Year Ended December 31, 2017

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 registered as Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, 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 Limited. 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 Company has assigned a management quality rating of AM2+ (AM Two Plus) 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. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 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 ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS-34. 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 audited financial statements of the Fund for the year ended June 30, 2017.

2.1.3 In compliance with Schedule V of the NBFC Regulations, 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 December 31, 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1 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 audited financial statements of the Fund for the year, ended June 30, 2017 except as explained in note 3.6 and note 3.7.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to 'element of income' and excludes the element of income from the expression 'accounting income' as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'income statement' and 'statement of movement in unit holders' fund', whereas disclosure with respect to 'distribution statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the income statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'income statement' and 'statement of movement in unit holders' fund', prospectively from July 1, 2017 as required by SECP vide its email dated February 8, 2018. Accordingly, corresponding figures have not been restated. The 'distribution statement' has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rs. 103.835 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income statement' and 'statement of movement in unit holders' fund' which have been incorporated in these statements.

- 3.7 International Accounting Standard (IAS) 1: 'Presentation of Financial Statements' allows an entity to prepare either two performance statements i.e. income statement and statement of comprehensive income, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2017, has changed its policy with regard to preparation of income statement and other comprehensive income and opted to prepare two separate performance statements i.e. 'income statement' and 'statement of comprehensive income' showing separately both income or loss for the period and items of other comprehensive income in separate statements.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year/period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'income statement' and 'statement of comprehensive income' separately.

- 3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: 'Financial Instruments' (IFRS 9), which will replace IAS 39: 'Financial Instruments: Recognition and Measurement' (IAS 39) of Financial assets and Financial liabilities. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.

	Note	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
(Rupees in '000)			
4. BANK BALANCES			
Balances with banks in:			
savings accounts	4.1	312,005	67,033
current account		115	116
		<u>312,120</u>	<u>67,149</u>

4.1 The balance in savings accounts carry expected profit which ranges from 3.68% to 6.00% (June 30, 2017: 3.75% to 6.60%) per annum.

	Note	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
(Rupees in '000)			
5. INVESTMENTS			
Available-for-sale			
- Listed equity securities	5.1	442,767	1,046,359
Held-for-trading			
- Listed equity securities	5.2	719,767	-
		<u>1,162,534</u>	<u>1,046,359</u>

5.1 Listed equity securities - Available-for-sale

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

Name of the Investee Company	As at	Purchases	Bonus /	Sales	As at	Market	Market value	Market value	Par value as a
	July 01, 2017	during the period	Rights issue	during the period	December 31, 2017	value as at December 31, 2017	as a percentage of Total Investments	as a percentage of Net Assets	percentage of issued capital of the investee company
	Number of shares					Rupees in '000'		%	
Personal Goods									
Nishat Mills Limited	386,800	-	-	229,000	157,800	23,591	2.03	1.64	0.04
Construction and Material									
D.G. Khan Cement Company Limited	201,600	-	-	78,000	123,600	16,528	1.42	1.15	0.03
Lucky Cement Limited	95,050	-	-	31,750	63,300	32,752	2.82	2.28	0.02
Pioneer Cement Limited	317,300	-	-	172,000	145,300	9,171	0.79	0.64	0.06
Cherat Cement Company Limited	178,300	-	-	178,300	-	-	-	-	-
	<u>792,250</u>	<u>-</u>	<u>-</u>	<u>460,050</u>	<u>332,200</u>	<u>58,451</u>	<u>5.03</u>	<u>4.07</u>	
Leather and Tanneries									
Service Industries Limited	7,150	-	-	-	7,150	5,363	0.46	0.37	0.06
Transport									
Pakistan National Shipping Corporation	85,900	-	-	25,000	60,900	6,319	0.54	0.44	0.05

Name of the Investee Company	As at	Purchases	Bonus /	Sales	As at	Market	Market value	Market value	Par value as a
	July 01, 2017	during the period	Rights issue	during the period	December 31, 2017	value as at December 31, 2017	as a percentage of Total Investments	as a percentage of Net Assets	percentage of issued capital of the investee company
	Number of shares					Rupees in '000'		%	
Commercial Banks									
Meezan Bank Limited	278,000	-	-	278,000	-	-	-	-	-
Meezan Bank Limited - LoR	-	16,680	-	16,680	-	-	-	-	-
	278,000	16,680	-	294,680	-	-	-	-	-
Electricity									
The Hub Power Company Limited	527,900	-	-	20,000	507,900	46,219	3.98	3.21	0.04
Oil and Gas Exploration Companies									
Mari Petroleum Company Limited	27,210	-	-	3,500	23,710	34,400	2.96	2.39	0.02
Pakistan Oilfields Limited	59,800	-	-	25,500	34,300	20,383	1.75	1.42	0.01
Pakistan Petroleum Limited	171,800	-	-	119,000	52,800	10,872	0.94	0.76	0.00
Oil and Gas Development Company Limited	307,000	-	-	62,000	245,000	39,884	3.43	2.77	0.01
	565,810	-	-	210,000	355,810	105,539	9.08	7.34	
Fertilizers									
Engro Corporation Limited	167,900	-	-	12,000	155,900	42,834	3.68	2.98	0.03
Engro Fertilizer Limited	483,000	-	-	483,000	-	-	-	-	-
	650,900	-	-	495,000	155,900	42,834	3.68	2.98	
Chemicals									
Engro Polymer & Chemicals Limited	557,000	-	-	557,000	-	-	-	-	-
Paper and Board									
Packages Limited	34,850	-	-	6,500	28,350	14,454	1.24	1.00	0.03
Cable and Electrical Goods									
Pak Elektron Limited	496,500	-	-	364,000	132,500	6,292	0.54	0.44	0.03
Pharma and Bio Tech									
Searle Company Limited	97,201	-	16,440	20,000	93,641	29,484	2.54	2.05	0.05
Automobile Assembler									
Pak Suzuki Motor Company Limited	39,200	-	-	21,000	18,200	9,059	0.78	0.63	0.02
Honda Atlas Cars (Pakistan) Limited	12,050	-	-	12,050	-	-	-	-	-
Millat Tractors Limited	15,000	-	-	-	15,000	17,574	1.51	1.22	0.03
	66,250	-	-	33,050	33,200	26,633	2.29	1.85	
Automobile parts and Accessories									
Thal Limited (par value of Rs. 5 each)	16,400	-	-	16,400	-	-	-	-	-
Oil and Gas Marketing Companies									
Hascol Petroleum Limited	125,500	-	-	45,000	80,500	19,887	1.71	1.38	0.06
Pakistan State Oil Company Limited	74,000	14,000	9,400	41,000	56,400	16,531	1.42	1.15	0.02
Sui Northern Gas Pipeline Limited	355,000	-	-	187,200	167,800	15,876	1.37	1.10	0.03
	554,500	14,000	9,400	273,200	304,700	52,294	4.50	3.63	

Name of the Investee Company	As at July 01, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017	Market value as at December 31, 2017 Rupees in '000'	Market value	Market value	Par value as a percentage of issued capital of the investee company
							as a percentage of Total Investments	as a percentage of Net Assets	
----- Number of shares -----						----- % -----			
Sugar and Allied Industries									
Faran Sugar Mills Limited	59,700	-	-	59,700	-	-	-	-	-
Engineering									
Amrell Steels Limited	125,000	-	-	125,000	-	-	-	-	-
International Industries Limited	62,500	-	-	31,000	31,500	7,563	0.65	0.53	0.03
International Steels Limited	440,500	-	-	273,800	166,700	17,731	1.53	1.23	0.04
Crescent Steel and Allied Products Limited	83,300	-	-	83,300	-	-	-	-	-
	711,300	-	-	513,100	198,200	25,294	2.18	1.76	
Grand total	5,888,499	30,680	25,840	3,576,680	2,368,251	442,767	38.09	30.78	

Cost of investments at December 31, 2017

533,981

- 5.1.1** Investments include shares having market value aggregating to Rs. 66.613 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.
- 5.1.2** These includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.673 million at December 31, 2017 (June 30, 2017: Rs. 0.327 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.
- 5.2** **Listed equity securities - Held-for-trading**

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

Name of the Investee Company	As at July 01, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017	Market value as at December 31, 2017 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
----- Number of shares -----						----- % -----			
Personal Goods									
Nishat Mills Limited	-	222,900	-	-	222,900	33,324	2.87	2.32	0.06
Construction and Material									
D.G. Khan Cement Company Limited	-	294,500	-	-	294,500	39,381	3.39	2.74	0.07
Lucky Cement Limited	-	75,150	-	-	75,150	38,883	3.34	2.70	0.02
Fauji Cement Company Limited	-	770,000	-	-	770,000	19,258	1.66	1.34	0.06
Pioneer Cement Limited	-	150,000	-	-	150,000	9,468	0.81	0.66	0.07
Kohat Cement Limited	-	225,500	-	78,000	147,500	20,939	1.80	1.46	0.10
Cherat Cement Company Limited	-	55,000	-	55,000	-	-	-	-	-
	-	1,570,150	-	133,000	1,437,150	127,929	11.00	8.90	

Name of the Investee Company	As at	Purchases	Bonus /	Sales	As at	Market	Market value as	Market value	Par value as a	
	July 01,	during the	Rights	during the	December	value as at	a percentage of	as a	percentage of	
	2017	period	issue	period	31, 2017	December	Total	percentage of	issued capital of	
						31, 2017	Investments	Net	the investee	
						31, 2017		Assets	company	
	Number of shares					Rupees in '000'		%		
Leather and Tanneries										
Service Industries Limited	-	240	-	-	240	180	0.02	0.01	0.002	
Transport										
Pakistan National Shipping Corporation	-	69,600	-	-	69,600	7,222	0.62	0.50	0.05	
Commercial Banks										
Meezan Bank Limited	-	325,680	-	16,680	309,000	20,734	1.78	1.44	0.03	
Electricity										
The Hub Power Company Limited	-	498,100	-	-	498,100	45,327	3.90	3.15	0.04	
Oil and Gas Exploration Companies										
Mari Petroleum Company Limited	-	19,840	-	-	19,840	28,785	2.48	2.00	0.02	
Pakistan Oilfields Limited	-	85,200	-	-	85,200	50,631	4.36	3.52	0.04	
Pakistan Petroleum Limited	-	378,000	-	-	378,000	77,834	6.70	5.41	0.02	
Oil and Gas Development Company Limited	-	343,500	-	-	343,500	55,918	4.81	3.89	0.01	
	-	826,540	-	-	826,540	213,168	18.35	14.82		
Fertilizers										
Engro Corporation Limited	-	151,000	-	-	151,000	41,487	3.57	2.88	0.03	
Fauji Fertilizer Company Limited	-	325,000	-	325,000	-	-	-	-	-	
Engro Fertilizer Limited	-	909,000	-	-	909,000	61,557	5.30	4.28	0.07	
	-	1,385,000	-	325,000	1,060,000	103,044	8.87	7.16		
Chemicals										
Engro Polymer & Chemicals Limited	-	265,000	-	265,000	-	-	-	-	-	
Paper and Board										
Packages Limited	-	24,200	-	-	24,200	12,338	1.06	0.86	0.03	
Cable and Electrical Goods										
Pak Elektron Limited	-	432,000	-	-	432,000	20,516	1.76	1.43	0.09	
Pharma and Bio Tech										
Searle Company Limited	-	2,650	-	-	2,650	834	0.07	0.06	0.001	
Automobile Assembler										
Pak Suzuki Motor Company Limited	-	10,800	-	-	10,800	5,376	0.46	0.37	0.01	
Millat Tractors Limited	-	18,800	-	-	18,800	22,027	1.89	1.53	0.04	
	-	29,600	-	-	29,600	27,403	2.35	1.90		
Oil and Gas Marketing Companies										
Hascol Petroleum Limited	-	23,100	-	-	23,100	5,707	0.49	0.40	0.02	
Hascol Petroleum Limited - LoR	-	19,100	-	19,100	-	-	-	-	-	
Pakistan State Oil Company Limited	-	78,000	2,400	-	80,400	23,566	2.03	1.64	0.02	
Sui Northern Gas Pipeline Limited	-	185,000	-	-	185,000	17,503	1.51	1.22	0.03	
	-	307,600	-	19,100	288,500	46,776	4.03	3.26		
Engineering										
Amrell Steels Limited	-	400,900	-	92,700	308,200	28,558	2.46	1.98	0.10	
International Industries Limited	-	106,200	-	-	106,200	25,500	2.19	1.77	0.09	
International Steels Limited	-	65,000	-	-	65,000	6,914	0.59	0.48	0.01	
Crescent Steel and Allied Products Limited	-	47,000	-	47,000	-	-	-	-	-	
	-	619,100	-	139,700	479,400	60,972	5.24	4.23		
Grand total	-	6,575,960	2,400	898,480	5,679,880	719,767	61.92	50.04		
Cost of investments at December 31, 2017						<u>728,880</u>				

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
5.3 Net unrealised (diminution) / appreciation on re-measurement of investments classified as available for sale			
Market value / carrying value of investments	5.1	442,767	1,046,359
Cost of investments	5.1	533,981	995,514
Provision against equity securities	5.4	(76,388)	(9,365)
		457,593	986,149
		(14,826)	60,210

5.4 Movement in impairment against investments

Opening balance		9,365	10,525
Add: Charge for the period / year		67,023	9,365
Less: Reversals made during the year		-	(10,525)
Net charge / (reversals)		67,023	(1,160)
Closing balance		76,388	9,365

6. PAYABLE TO THE MANAGEMENT COMPANY

Management fee	6.1	2,279	1,783
Sindh Sales Tax on Management Company's remuneration	6.2	296	232
Sales load payable		111	51
Selling and marketing payable	6.3	1,313	1,392
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.4	114	89
		4,113	3,547

6.1 As per the offering document of the fund, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2.00 percent of average annual net assets. The Management Company has charged its remuneration at the rate of 2.00 percent per annum (June 30, 2017: 2.00 percent per annum) of the average net assets for the current period. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

SECP vide its circular No.SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever is lower. The Fund has started accruing expense on this account at 0.4% per annum of net assets of the Fund effective from March 21, 2017. During the period, a clarification was received from the SECP on September 19, 2017 and in compliance of such clarification expense charged previously to the Fund in annual financial statements for the year ended June 30, 2017, amounting to Rs. 1.392 million was reversed during the quarter ended September 30, 2017.

Subsequent to quarter ended September 30, 2017, another clarification was received from the SECP according to which these expenses can be charged to the Fund. Accordingly, selling and marketing expenses were charged during the quarter ended December 31, 2017, which also included amount pertaining to previous quarter amounting to Rs. 1.312 million."

6.4 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
Note	----- (Rupees in '000) -----	
7. ACCRUED EXPENSES AND OTHER LIABILITIES		
Payable against purchase of investments	33,698	-
Federal Excise Duty	7.1 6,793	6,793
Provision for Sindh Workers' Welfare Fund	7.2 6,312	6,312
Charity payable	7.3 3,705	155
Withholding tax payable	34	8,464
Auditors' remuneration	176	300
Payable to brokers	-	989
Others	136	206
	50,854	23,219

- 7.1 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 6.793 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.51 per unit (June 30, 2017: 0.85 per unit).

- 7.2 The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 14 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

As there is loss for the half year ended December 31, 2017, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.47 per unit (June 30, 2017: 0.79 per unit).

- 7.3 This represents amount attributable to income earned from shariah non-compliant avenues, earmarked for onward distribution as charity in accordance with the instructions of the Shariah Advisor.

8. TAXATION

The Fund's income is exempt from income tax as per 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 to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2018 to its unit holders.

9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties 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 agreed / contracted rates and terms determined in accordance with market rates. and the Trust Deed respectively.

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

Details of significant transactions with connected persons during the period / year and balances with them at period / year end, if not disclosed elsewhere in this condensed interim financial information are as follows:

	Half year ended	
	December 31,	
	2017	2016
	----- (Rupees in '000) -----	
9.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee including sales tax thereon	13,309	9,637
Allocation of expenses related to registrar services, accounting, operation and valuation services	589	426
Selling and marketing expenses	2,352	-
Habib Bank Limited - Sponsor		
Bank charges paid	10	9
Bank profit	1,377	359
International Steels Limited - Common Directorship		
Purchase of 65,000 shares (2016: nil shares)	6,890	-
Sale of 273,800 shares (2016: nil shares)	29,023	-
Dividend earned	167	-
Executives and their relatives		
Issue of 2,031 units (2016 : nil units)	250	-
Redemption nil (2016 : 5,517 units)	-	850
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,233	964
Central Depository services charges	71	66
MCBFSL Trustee HBL Islamic Financial Planning Fund Active Allocation Plan		
Issue of 276,020 units (2016 : nil units)	30,000	-
MCBFSL Trustee HBL Islamic Financial Planning Fund Strategic Allocation Plan		
Issue of 4,522,270 units (2016 : nil units)	490,500	-
	(Un-Audited)	(Audited)
	December 31,	June 30,
	2017	2017
	----- (Rupees in '000) -----	
9.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management fee	2,279	1,783
Sindh Sales Tax on Management Company's remuneration	296	232
Sales load payable	111	51
Selling and marketing payable	1,313	1,392
Allocation of expenses related to registrar services, accounting, operation and valuation services	114	89
Investment held in the Fund 215,061 units (June 30, 2017 : 215,061 units)	23,126	27,308
Habib Bank Limited - Sponsor		
Investment held in the Fund 6,198,853 units (June 30, 2017 : 6,198,853 units)	666,568	792,817
Bank balances	17,216	50,608
Profit receivable	85	218
International Steels Limited - Common Directorship		
Investment held of 231,700 shares (June 30, 2017 : nil shares)	24,646	-

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	----- (Rupees in '000) -----	

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable including sales tax thereon	225	194
Security deposit	100	100

Executives and their relatives

Investment held in the Fund : 19,059 units (June 30, 2017 : 16,067 units)	2,049	1,180
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MCBFSL Trustee HBL Islamic Financial Planning Fund Active Allocation Plan

Investment held in the Fund : 276,020 units (June 30, 2017 : nil)	29,681	-
---	--------	---

MCBFSL Trustee HBL Islamic Financial Planning Fund Strategic Allocation Plan

Investment held in the Fund : 4,522,270 units (June 30, 2017 : nil)	486,283	-
---	---------	---

10. 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. Consequently, differences can arise between carrying values and the fair value estimates.

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 reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (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.

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

10.2 Transfers during the period

There were no transfers between various levels of fair value hierarchy during the period.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2017 is 1.39% (December 31, 2016 : 1.49%), which includes 0.16% (December 31, 2016 : 0.20%) representing government levy, Workers' Welfare Fund and SECP fee.

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 February 26, 2018.

13. GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees.

13.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

13.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures presented in condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Equity Fund

(Formerly: PICIC ISLAMIC STOCK FUND)

FUND INFORMATION

Name of Fund	HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund)
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al-Hilal Shariah Advisors (Pvt.) Ltd
Banks	Bank Islami Pakistan Limited Al Baraka Bank Pakistan Limited United Bank Limited Burj Bank Limited MCB Bank Limited Faysal Bank Limited

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
CDC House, 99-B, Block 'B',
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Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
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TRUSTEE REPORT TO THE UNIT HOLDERS

**HBL ISLAMIC EQUITY FUND
(Formerly PICIC ISLAMIC STOCK FUND)**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund) (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six month period ended December 31, 2017 in accordance with the provisions of the following:

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


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

Karachi, February 23, 2018



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Stock Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

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

Conclusion

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

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)
Condensed Interim Statement Of Assets And Liabilities
As At December 31, 2017

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	190,283	209,464
Investments	5	1,062,818	708,091
Dividends and profit receivable		8,861	2,678
Deposits, prepayments and other receivables		2,646	2,632
Receivable against sale of investments		30,045	-
Preliminary and floatation costs		285	386
Total assets		1,294,938	923,251
Liabilities			
Payable to the Management Company	6	3,960	2,293
Payable to the Trustee		223	216
Payable to Securities and Exchange Commission of Pakistan		551	451
Payable against redemption of units		87	116,993
Accrued expenses and other liabilities	7	9,954	13,391
Total liabilities		14,775	133,344
Net assets		1,280,163	789,907
Unit holders' fund (as per statement attached)		1,280,163	789,907
----- (Number of units) -----			
Number of units in issue		14,398,617	7,489,015
----- (Rupees) -----			
Net assets value per unit		88.9087	105.4755

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)
Condensed Interim Income Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Note	Half year ended December 31,		Quarter ended December 31,	
		2017	2016	2017	2016
(Rupees in '000)					
Income					
Capital (loss) / gain on sale of investments - net		(65,047)	40,990	(57,721)	26,302
Dividend income		31,564	10,453	23,324	7,066
Profit on bank deposits		6,024	1,531	3,478	403
		(27,459)	52,974	(30,919)	33,771
Unrealised (diminution) / appreciation on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net		(129,305)	56,795	(11,461)	45,798
		(156,764)	109,769	(42,380)	79,569
Expenses					
Remuneration of the Management Company	6.1 & 6.2	13,105	5,209	7,413	2,737
Remuneration of the Trustee		1,201	521	656	274
Annual fee to Securities and Exchange Commission of Pakistan		551	220	312	116
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	580	230	328	84
Selling and marketing expense	6.4	2,319	-	2,655	-
Securities transaction costs		1,798	2,154	768	1,390
Amortization of preliminary and floatation costs		102	102	51	51
Auditors' remuneration		119	127	71	48
Settlement and bank charges		249	228	249	117
Fees and subscription		122	101	51	31
Printing charges		149	125	73	37
		20,295	9,017	12,627	4,885
Net (loss) / income from operating activities		(177,059)	100,752	(55,007)	74,684
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	3.6	-	(367)	-	10,924
Provision for Sindh Workers' Welfare Fund	7.2	-	(2,568)	-	(2,568)
Net (loss) / income for the period before taxation		(177,059)	97,817	(55,007)	83,040
Taxation	8	-	-	-	-
Net (loss) / income for the period after taxation		(177,059)	97,817	(55,007)	83,040
Allocation of net income for the period	3.6	-	-	-	-

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)
Condensed Interim Statement Of Comprehensive Income (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(177,059)	97,817	(55,007)	83,040
Other comprehensive income for the period				
Item that may be reclassified subsequently to Income Statement	-	-	-	-
Total comprehensive income for the period	(177,059)	97,817	(55,007)	83,040

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)
Condensed Interim Statement Of Movement In Unit Holders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

Half year ended December 31,						
2017			2016			
(Rupees in '000)						
Note	Capital value	Undistributed income / (Accumulated loss)	Total	Capital value	Undistributed income / (Accumulated loss)	Total
	748,901	41,006	789,907	-	-	348,924
Net assets at beginning of the period						
Issuance of 9,376,649 units (2016: 2,144,394 units)						
- Capital value (at net asset value per unit at the beginning of the period)	989,007	-	989,007	-	-	-
- Element of loss	(96,309)	-	(96,309)	-	-	-
Total proceeds on issuance of units	3.6	892,698	-	892,698	-	-
						258,177
Redemption of 2,467,047 units (2016: 1,730,758 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(260,213)	-	(260,213)	-	-	-
- Element of income	34,830	-	34,830	-	-	-
Total payments on redemption of units	3.6	(225,383)	-	(225,383)	-	(214,502)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6	-	-	-	-	3,045
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distributed statement	3.6	-	-	-	-	(2,678)
Net (loss) / income for the period						
Other comprehensive income for the period	-	(177,059)	(177,059)	-	-	97,817
Total comprehensive income for the period						
		(177,059)	(177,059)	-	-	97,817
Net assets at end of the period	1,416,216	(136,053)	1,280,163	-	-	490,783
Undistributed income brought forward						
- Realised			29,237			18,253
- Unrealised			11,769			2,962
			41,006			21,215
Net (loss) / income for the period			(177,059)			97,817
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	3.6		-			2,678
(Accumulated loss) / undistributed income carried forward			(136,053)			121,710
(Accumulated loss) / undistributed income carried forward						
- Realised			(6,748)			64,915
- Unrealised			(129,305)			56,795
			(136,053)			121,710
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			105.4755			106.4738
Net assets value per unit at end of the period			88.9087			132.9773

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31,	
	2017	2016
Note	----- (Rupees in '000) -----	
Cash flows from operating activities		
Net (loss) / income for the period before taxation	(177,059)	97,817
Adjustments		
Dividend income	(31,564)	(10,453)
Profit from bank deposits	(6,024)	(1,531)
Capital loss / (gain) on sale of investments - net	65,047	(40,990)
Amortisation of preliminary and flotation costs	102	102
Unrealised diminution / (appreciation) on remeasurement of investments at fair value through profit or loss - held-for-trading - net	129,305	(56,795)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	367
Provision for Sindh Workers' Welfare Fund	-	2,568
	(20,193)	(8,915)
(Increase) / decrease in assets		
Investments - net	(579,124)	(123,945)
Deposits, prepayments and other receivables	(14)	(21)
	(579,138)	(123,966)
(Decrease) / increase in liabilities		
Payable to the Management Company	1,667	518
Payable to the Trustee	7	21
Payable to Securities and Exchange Commission of Pakistan	100	(157)
Accrued expenses and other liabilities	(3,437)	(6,308)
	(1,663)	(5,926)
	(600,994)	(138,807)
Dividend received	26,172	9,236
Profit received on bank deposit	5,232	1,664
Net cash used in operating activities	(569,590)	(127,907)
Cash flows from financing activities		
Amount received on issue of units	892,698	258,177
Payment / payable against redemption of units	(342,289)	(225,863)
Dividend paid	-	(1,630)
Net cash generated from financing activities	550,409	30,684
Net decrease in cash and cash equivalents	(19,181)	(97,223)
Cash and cash equivalents at beginning of the period	209,464	111,376
Cash and cash equivalents at end of the period	4 190,283	14,153

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund (Formerly: PICIC Islamic Stock Fund)

Notes To The Condensed Interim Financial Information (Un-audited)

For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Equity Fund (formerly 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 23, 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 (CIS) and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

SECP 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. After the merger, trust deed was revised on February 17, 2017.

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 at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The objective of HBL Islamic Equity Fund (formerly 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 an asset management quality rating of 'AM2+' (AM Two Plus) to the Management Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 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 ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevails.

- 2.1.2 The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of IAS - 34. 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 audited financial statements of the Fund for the year ended June 30, 2017.

- 2.1.3 In compliance with Schedule V of the NBFC Regulations, 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 December 31, 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING JUDGEMENT AND CHANGES THEREIN

- 3.1 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 audited financial statements of the Fund for the year ended June 30, 2017 except as explained in note 3.6 and note 3.7.

- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements of the Fund for the year ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to 'element of income' and excludes the element of income from the expression 'accounting income' as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'income statement' and 'statement of movement in unit holders' fund', whereas disclosure with respect to 'distribution statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'income statement' and 'statement of movement in unit holders' fund', prospectively from July 1, 2017 as required by email dated February 08, 2018. Accordingly, corresponding figures have not been restated. The 'distribution statement' has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rs. 61.48 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'income statement' and 'statement of movement in unit holders' fund' which have been incorporated in these statements.

- 3.7 International Accounting Standard (IAS) 1: 'Presentation of Financial Statements' allows an entity to prepare either two performance statements i.e. income statement and statement of comprehensive income, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2017, has changed its policy with regard to preparation of income statement and other comprehensive income and opted to prepare two separate performance statements i.e. 'income statement' and 'statement of comprehensive income' showing separately both income or loss for the period and items of other comprehensive income in separate statements.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year/period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'income statement' and 'statement of comprehensive income' separately.

- 3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: 'Financial Instruments' (IFRS 9), which will replace IAS 39: Financial Instruments: 'Recognition and Measurement' (IAS 39) of financial assets and financial liabilities. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the fund.
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		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
4. BANK BALANCES			
Current accounts		1,435	2,546
Savings accounts	4.1	188,848	206,918
		<u>190,283</u>	<u>209,464</u>

4.1 Mark-up rates on these accounts range between 5.45% to 6.00% p.a (June 30, 2017: 5.45% - 6.10% p.a).

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
5. INVESTMENTS			
Financial assets 'at fair value through profit or loss' held for trading			
- Listed equity securities	5.1	1,062,818	708,091
		<u>1,062,818</u>	<u>708,091</u>

5.1 Financial assets 'at fair value through profit or loss' - held for trading - listed equity securities

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			Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2017	As at December 31, 2017 (Rupees in '000)	As a percentage of total Investments	
Automobile Assembler								
Millat Tractors Limited	11,000	19,500	-	-	30,500	35,735	3.36	2.79
Pak Suzuki Motor Company Limited	23,500	46,000	-	44,000	25,500	12,693	1.19	0.99
	<u>34,500</u>	<u>65,500</u>	<u>-</u>	<u>44,000</u>	<u>56,000</u>	<u>48,428</u>	<u>4.55</u>	<u>3.78</u>
Automobiles Parts & Accessories								
Thal Limited (Par value Rs 5 per share)	8,000	-	-	8,000	-	-	-	-
Cable & Electrical Goods								
Pak Elektron Limited	387,500	380,000	-	283,000	484,500	23,009	2.16	1.80
Cement								
Cherat Cement Company Limited	145,400	30,000	-	175,400	-	-	-	-
D.G Khan Cement Company Limited	146,000	276,200	-	52,900	369,300	49,383	4.65	3.86
Fauji Cement Company Limited	-	710,000	-	50,000	660,000	16,507	1.55	1.29
Kohat Cement Limited	-	162,800	-	31,000	131,800	18,710	1.76	1.46
Lucky Cement Limited	78,300	84,000	-	34,500	127,800	66,125	6.22	5.17
Pioneer Cement Limited	240,400	155,000	-	131,800	263,600	16,638	1.57	1.30
	<u>610,100</u>	<u>1,418,000</u>	<u>-</u>	<u>475,600</u>	<u>1,552,500</u>	<u>167,363</u>	<u>15.75</u>	<u>13.08</u>
Chemicals								
Engro Polymer & Chemicals Limited	388,000	495,000	-	883,000	-	-	-	-
Commercial Bank								
Meezan Bank Limited	146,500	311,290	-	155,290	302,500	20,298	1.91	1.59
Meezan Bank Limited - LoR	-	8,790	-	8,790	-	-	-	-
	<u>146,500</u>	<u>320,080</u>	<u>-</u>	<u>164,080</u>	<u>302,500</u>	<u>20,298</u>	<u>1.91</u>	<u>1.59</u>
Engineering								
Amreli Steels Limited	42,500	371,600	-	125,500	288,600	26,742	2.52	2.09
Crescent Steel & Allied Products Limited	101,600	77,000	-	178,600	-	-	-	-
International Industries Limited	-	141,300	-	13,000	128,300	30,806	2.90	2.41
International Steels Limited	314,000	123,000	-	240,000	197,000	20,955	1.97	1.64
	<u>458,100</u>	<u>712,900</u>	<u>-</u>	<u>557,100</u>	<u>613,900</u>	<u>78,503</u>	<u>7.39</u>	<u>6.14</u>
Fertilizer								
Engro Corporation Limited	127,300	167,500	-	20,000	274,800	75,501	7.10	5.90
Engro Fertilizers Limited	195,000	812,000	-	155,000	852,000	57,697	5.43	4.51
	<u>322,300</u>	<u>979,500</u>	<u>-</u>	<u>175,000</u>	<u>1,126,800</u>	<u>133,198</u>	<u>12.53</u>	<u>10.41</u>

Name of the Investee Company	Number of shares				Market value			Par value as a percentage of issued capital of the investee company	
	As at July 1, 2017	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2017	As at December 31, 2017 (Rupees in '000)	As a percentage of total Investments		As a percentage of net Assets
Oil and Gas Exploration Companies									
Mari Petroleum Company Limited (5.1.1)	20,810	27,280	-	2,000	46,090	66,871	6.29	5.22	0.04
Oil & Gas Development Company Limited	181,600	428,000	-	78,100	531,500	86,523	8.14	6.76	0.01
Pakistan Oilfields Limited	40,100	106,700	-	38,500	108,300	64,358	6.06	5.03	0.05
Pakistan Petroleum Limited	189,200	311,000	-	121,000	379,200	78,081	7.35	6.10	0.02
	431,710	872,980	-	239,600	1,065,090	295,833	27.84	23.11	
Oil and Gas Marketing Companies									
Hascol Petroleum Limited	70,000	41,000	-	5,000	106,000	26,186	2.46	2.05	0.09
Hascol Petroleum Limited - LoR	-	15,200	-	15,200	-	-	-	-	-
Pakistan State Oil Company Limited (5.1.2)	49,500	101,000	10,400	45,500	115,400	33,825	3.18	2.64	0.04
Sui Northern Gas Pipeline Limited	250,500	238,000	-	173,000	315,500	29,849	2.81	2.33	0.05
	370,000	395,200	10,400	238,700	536,900	89,860	8.45	7.02	
Power Generation & Distribution									
Hub Power Company Limited	378,100	625,000	-	21,800	981,300	89,298	8.40	6.98	0.08
Pharmaceuticals									
Abbott Laboratories (Pakistan) Limited	14,850	-	-	14,850	-	-	-	-	-
The Searle Company Limited (5.1.2)	52,850	44,000	18,070	22,500	92,420	29,099	2.74	2.27	0.06
	67,700	44,000	18,070	37,350	92,420	29,099	2.74	2.27	
Paper & Board									
Packages Limited	23,350	24,200	-	-	47,550	24,242	2.28	1.89	0.05
Transport									
Pakistan National Shipping Corp Ltd	-	119,600	-	-	119,600	12,410	1.17	0.97	0.09
Textile Composite									
Nishat Mills Limited	196,400	302,900	-	157,800	341,500	51,054	4.80	3.99	0.10
Technology & Communication									
Systems Limited (5.1.1)	102,000	-	-	99,000	3,000	223	0.03	0.02	0.00
December 31, 2017 Total:	3,924,260	6,754,860	28,470	3,384,030	7,323,560	1,062,818	100.00	83.05	
Carrying value as at December 31, 2017						1,192,123			

5.1.1 The above investments include shares with market value aggregating to Rs. 79.88 million (June 30, 2017: 39.157 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.

5.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.871 million at December 31, 2017 (June 30, 2017: Rs. 0.473 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

6. PAYABLE TO THE MANAGEMENT COMPANY	Note	December 31, 2017	June 30, 2017
		(Un-Audited)	(Audited)
		----- (Rupees in '000) -----	
Remuneration to the Management Company	6.1	2,244	1,022
Sindh Sales Tax on Management Company's remuneration	6.2	292	133
Sales load payable to Management Company		-	402
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	112	51
Selling and marketing payable	6.4	1,312	685
		3,960	2,293

- 6.1 As per the offering document of the Fund, the Management Company is entitled to a remuneration at the rate of 2% of the average annual net assets on daily basis of the scheme subject to the guidelines as may be issued by the SECP from time to time. Therefore, the management fee is charged at 2%. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.
- 6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 % (June 30 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.
- 6.4 SECP vide its circular No.SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower. The Fund has accrued expense on this account at 0.4% per annum of net assets of the Fund effective from March 01, 2017. During the period a clarification was received from the SECP on September 19, 2017 and as a result expense charged to the Fund amounting to Rs. 1.530 million have been reversed which includes Rs. 0.685 million pertaining to the year ended June 30, 2017.

On October 11, 2017, the SECP further clarified that expenses other than related to opening of new branches can be charged to the Fund. Accordingly, the Fund has been charged Rs. 3.849 million in respect of selling and marketing resulting net impact of Rs. 2.319 million in income statement.

	Note	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
----- (Rupees in '000) -----			
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty on Management fee	7.1	3,268	3,268
Provision for Sindh Workers' Welfare Fund	7.2	3,194	3,194
Donation payable	7.3	2,968	1,535
Payable to brokers		160	522
Withholding tax payable		-	4,605
Auditors' remuneration		123	140
Printing charges		119	80
Zakat payable		9	-
Others		113	47
		9,954	13,391

- 7.1 The legal status of applicability of Federal Excise Duty on the Fund is the same as disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal which was filed by tax authorities against the order by the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 3.268 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.23 per unit (June 30, 2017: Rs. 0.44 per unit).

- 7.2 The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is the same as disclosed in note 13.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

As there is loss for the half year ended December 31, 2017, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.22 per unit (June 30, 2017: Rs. 0.43 per unit).

- 7.3 This represents amount attributable to income earned from shariah non-compliant avenues, earmarked for onward distribution as charity in accordance with the instructions of the Shariah Advisor.

8. TAXATION

The Fund's income is exempt from income tax as per 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 to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year ended June 30, 2018 to its unit holders.

9. 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.

As mentioned in note 1, PICIC Asset Management Company Limited merged with and into HBL Asset Management Limited, therefore PICIC Asset Management Company Limited remained related party till August 31, 2016.

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:

	Half year ended December 31,	
	2017	2016
	----- (Rupees in '000) -----	
9.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	11,597	3,209
Sindh Sales Tax on remuneration of the Management Company	1,508	417
Sales load paid	-	230
Allocation of expenses related to registrar services, accounting, operation and valuation services	580	153
Selling and marketing expense	2,319	-
Redemption of 787,166 units (2016: Nil units)	70,000	-
Executives of the Management Company		
Issue of Nil units (2016: 4,130 units)	-	460
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	1,201	521
Central Depository Service charges	76	61
Connected person due to holding of more than 10%		
MCBFSL Trustee HBL Islamic Financial Planning Fund *		
Strategic Allocation Plan		
Issuance of units 8,183,464 units (2016: Nil units)	775,000	-
MCBFSL Trustee HBL Islamic Financial Planning Fund *		
Conservative Allocation Plan		
Issuance of units 103,445 units (2016: Nil units)	9,425	-
Redemption of 120,244 units (2016: Nil units)	11,338	-

		Half year ended December 31,	
		2017	2016
		----- (Rupees in '000) -----	
MCBFSL Trustee HBL Islamic Financial Planning Fund *			
Active Allocation Plan			
	Issuance of units 566,975 units (2016: Nil units)	54,000	-
	Redemption of 55,258 units (2016: Nil units)	5,000	-
		December 31,	June 30,
		2017	2017
		----- (Rupees in '000) -----	
9.3	Balances outstanding as at period / year end	(Un-Audited)	(Audited)
HBL Asset Management Company Limited			
	Units held: 914,962 (June 30, 2017: 1,702,128) units	81,355	179,533
	Management fee payable	2,536	1,155
	Sales load payable	-	402
Central Depository Company of Pakistan Limited - Trustee			
	Trustee Fee payable	223	216
Directors and executives of the Management Company			
	Units held: 25,748 (June 30, 2017: 10,569) units	2,289	2,716
Connected Person due to holding more than 10% units:			
MCBFSL - Trustee HBL Islamic Financial Planning Fund Strategic Allocation Plan			
	Units held: 10,204,265 (June 30, 2017: 2,020,801) units	907,324	213,145
MCBFSL - Trustee HBL Islamic Financial Planning Fund Active Allocation Plan			
	Units held: 688,330 (June 30, 2017: 176,613) units	61,204	18,628
MCBFSL - Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan			
	Units held: 89,065 (June 30, 2017: 105,864) units	7,919	11,166
MCB Bank Limited			
	Units held: Nil (June 30, 2017: 916,259) units	-	96,643
	Deposits in current accounts	1,435	2,546

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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 reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (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.

		December 31, 2017							
		Carrying amount			Fair Value				
		Fair value through profit or loss - held-for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Note (Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value		10.1							
Investments									
- Listed equity securities		1,062,818	-	-	1,062,818	1,062,818	-	-	1,062,818
		<u>1,062,818</u>	<u>-</u>	<u>-</u>	<u>1,062,818</u>	<u>1,062,818</u>	<u>-</u>	<u>-</u>	<u>1,062,818</u>
Financial assets not measured at fair value		10.1							
Bank balances		-	190,283	-	190,283				
Dividends and profit receivable		-	8,861	-	8,861				
Receivable against sale of investments		-	30,045	-	30,045				
		<u>-</u>	<u>229,189</u>	<u>-</u>	<u>229,189</u>				
Financial liabilities not measured at fair value		10.1							
Payable to the Management Company		-	-	3,960	3,960				
Payable to the Trustee		-	-	223	223				
Payable against redemption in units		-	-	87	87				
Accrued expenses and other liabilities		-	-	426	426				
Unit holders' fund		-	-	1,280,163	1,280,163				
		<u>-</u>	<u>-</u>	<u>1,284,859</u>	<u>1,284,859</u>				

		June 30, 2017							
		Carrying amount			Fair Value				
		Fair value through profit or loss - held-for-trading	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									
10.1	Investments								
	- Listed equity securities	708,091	-	-	708,091	708,091	-	-	708,091
		<u>708,091</u>	<u>-</u>	<u>-</u>	<u>708,091</u>	<u>708,091</u>	<u>-</u>	<u>-</u>	<u>708,091</u>
Financial assets not measured at fair value									
10.1	Bank balances	-	209,464	-	209,464				
	Dividends and profit receivable	-	2,678	-	2,678				
		<u>-</u>	<u>212,142</u>	<u>-</u>	<u>212,142</u>				
Financial liabilities not measured at fair value									
10.1	Payable to the Management Company	-	-	2,293	2,293				
	Payable to the Trustee	-	-	216	216				
	Payable against redemption in units	-	-	116,993	116,993				
	Accrued expenses and other liabilities	-	-	789	789				
	Unit holders' fund	-	-	789,907	789,907				
		<u>-</u>	<u>-</u>	<u>910,198</u>	<u>910,198</u>				

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

10.2 Transfers during the period

No transfers were made between various levels of fair value hierarchy during the period.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2017 is 1.76% (June 2017: 4.32%) which includes 0.21% (June 2017: 0.98%) representing government levy and SECP fee.

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 February 26, 2018.

13. GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees.

13.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

13.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Asset Allocation Fund

FUND INFORMATION

Name of Fund	HBL Islamic Asset Allocation Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisor	Al-Hilal Shariah Advisors (Pvt.) Ltd
Banks	Bank Al-Habib Limited Habib Bank Limited Askari Bank Limited Allied Bank Limited Dubai Islamic Bank Limited Soneri Bank Limited Bank Islami Pakistan Limited Summit Bank Limited

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC ASSET ALLOCATION FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Asset Allocation Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six month period ended December 31, 2017 in accordance with the provisions of the following:

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


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

Karachi, February 23, 2018



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Asset Allocation Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation condensed of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

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

Conclusion

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

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Islamic Asset Allocation Fund
Condensed Interim Statement Of Assets And Liabilities
As At December 31, 2017

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	1,669,434	1,962,227
Investments	5	987,964	740,627
Dividend receivable and accrued mark-up		18,729	10,715
Preliminary expenses and floatation costs		652	758
Advances, deposits and other receivables	6	204,614	2,600
Total assets		2,881,393	2,716,927
Liabilities			
Payable to the Management Company	7	6,896	6,113
Payable to the Trustee		351	310
Payable to the Securities and Exchange Commission of Pakistan		1,231	1,344
Payable against purchase of investment		3,951	42,320
Accrued expenses and other liabilities	8	8,666	43,522
Total liabilities		21,095	93,609
Net assets		2,860,298	2,623,318
Unit holders' fund (as per statement attached)		2,860,298	2,623,318
		----- (Number of units) -----	
Number of units in issue		28,051,016	24,842,911
		----- (Rupees) -----	
Net assets value per unit		101.9677	105.5962

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31, 2017	Half year ended December 31, 2016	Quarter ended December 31, 2017	Quarter ended December 31, 2016
Note ----- (Rupees in '000) -----				
Income				
Mark-up / return on investments - net	10,598	9,482	5,756	2,957
Mark-up on deposits with banks	45,040	9,652	21,643	7,971
Dividend income	20,279	7,001	14,726	5,535
Capital (loss) / gain on sale of investments - net	(29,767)	49,725	(29,718)	21,569
	46,150	75,860	12,407	38,032
Net unrealised appreciation on remeasurement of investments classified as 'fair value through profit and loss - held-for-trading'	5,085	-	5,739	-
Impairment loss on equity securities classified as available-for-sale	5.7.1 (82,250)	-	(82,250)	-
	(31,015)	75,860	(64,104)	38,032
Expenses				
Remuneration to the Management Company	7.1 & 7.2 21,952	9,072	10,790	4,659
Remuneration of the Trustee	2,033	1,158	1,004	214
Annual fee to Securities and Exchange Commission of Pakistan	1,231	455	605	222
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.4 1,295	616	636	343
Selling and marketing expenses	7.3 5,180	-	7,001	-
Auditors' remuneration	184	240	89	69
Amortization of preliminary expenses and floatation costs	106	108	58	54
Settlement and bank charges	264	123	135	27
Printing charges	89	181	59	12
Fee and subscription	55	-	(9)	2
Charity expense	1,908	101	1,889	373
Securities transaction cost	552	-	450	90
Shariah advisory fee	73	125	73	15
	34,922	12,179	22,780	6,080
Net (loss) / income from operating activities	(65,937)	63,681	(86,884)	31,952
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	3.6 -	(3,237)	-	1,971
Provision for Sindh Workers' Welfare Fund	8.3 -	(1,683)	-	(1,683)
Net (loss) / income for the period before taxation	(65,937)	58,761	(86,884)	32,240
Taxation	9 -	-	-	-
Net (loss) / income for the period after taxation	(65,937)	58,761	(86,884)	32,240
Allocation of net income for the period	3.6 -	-	-	-

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Statement Of Comprehensive Income (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31,		Quarter ended, December 31,	
	2017	2016	2017	2016
	(Rupees in '000)			
Net (loss) / income for the period after taxation	(65,937)	58,761	(86,884)	32,240
Other comprehensive income for the period				
Item that may be reclassified subsequently to income statement				
Unrealised gain on re-measurement of investments classified as available-for-sale	88,935	(22,290)	180,570	6,314
Net reclassification adjustments relating to available-for-sale financial assets	(113,464)	49,725	(111,968)	21,569
	(24,529)	27,435	68,602	27,883
Total comprehensive income for the period	(90,466)	86,196	(18,282)	60,123

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Statement Of Movement In Unit Holders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

Note	Hal year ended December 31,							
	2017				2016			
	Capital Value	Undistributed income / (accumulated loss)	Unrealised (losses) / gains on investment	Total	Capital Value	Undistributed income / (accumulated loss)	Unrealised (losses) / gains on investment	Total
	(Rupees in 000)							
Net assets as at the beginning of the period	2,490,358	105,876	27,084	2,623,318	-	-	-	1,349,890
Issuance of 9,909,375 units (2016: 3,974,634 units)								
- Capital value (at net asset value per unit at the beginning of the period)	1,046,392	-	-	1,046,392	-	-	-	-
- Element of loss	(24,337)	-	-	(24,337)	-	-	-	-
Total proceeds on issuance of units	1,022,055	-	-	1,022,055	-	-	-	418,714
Redemption of 6,701,270 units (2016: 7,045,261 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(707,629)	-	-	(707,629)	-	-	-	-
- Element of income	13,020	-	-	13,020	-	-	-	-
Total payments on redemption of units	(694,609)	-	-	(694,609)	-	-	-	(736,811)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - net	-	-	-	-	-	-	-	(11,040)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - transferred to Distribution statement - net	-	-	-	-	-	-	-	(7,803)
Net (loss) / income for the period	-	(65,937)	-	(65,937)	-	-	-	58,761
Other comprehensive income for the period	-	-	(24,529)	(24,529)	-	-	-	27,435
Total comprehensive income for the period	-	(65,937)	(24,529)	(90,466)	-	-	-	86,196
Net assets as at the end of the period	2,817,804	39,939	2,555	2,860,298	-	-	-	1,121,226
Undistributed income brought forward								
- Realised				105,876				10,329
- Unrealised				-				-
				105,876				10,329
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - transferred to Distribution statement - net	-	-	-	-	-	-	-	(7,803)
Net (loss) / income for the period				(65,937)				58,761
Undistributed income carried forward				39,939				61,287
Undistributed income carried forward								
- Realised				34,854				61,287
- Unrealised				5,085				-
				39,939				61,287
Net asset value per unit at the beginning of the period				105.5962				102.5411
Net asset value per unit at end of the period				101.9677				111.0812

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

Note	December 31, 2017	December 31, 2016
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Net (loss) / income for the period	(65,937)	58,761
Adjustments for non cash items:		
Capital loss / (gain) on sale of investments - net	29,767	(49,725)
Mark-up on deposits with banks	(45,040)	(9,652)
Mark-up / return on investments - net	(10,598)	(9,482)
Dividend income	(20,279)	(7,001)
Impairment loss on equity securities classified as available-for-sale	82,250	-
Amortization of preliminary expenses and floatation costs	106	108
Net unrealised appreciation on remeasurement of investments classified at fair value through profit and loss - held-for-trading	(5,085)	-
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	3,237
	(34,816)	(13,754)
(Increase) / decrease in assets		
Investments - net	(417,167)	260,117
Advances, deposits and other receivables	(202,014)	(158,082)
	(619,181)	102,035
(Decrease) / increase in liabilities		
Payable to the Management Company	783	(993)
Payable to the Trustee	41	28
Payable to Securities and Exchange Commission of Pakistan	(113)	78
Accrued expenses and other liabilities	(33,678)	33,082
	(32,967)	32,195
Bank profit received	46,335	8,727
Dividend income received	19,642	7,340
Markup on investments received	1,926	12,724
	(619,061)	149,267
Net cash (used in) / generated from operating activities	(619,061)	149,267
Cash flows from financing activities		
Amount received on issue of units	1,022,055	418,714
Payment / Payable against redemption of units	(695,787)	(736,810)
Net cash generated from / (used in) financing activities	326,268	(318,096)
Net decrease in cash and cash equivalents	(292,793)	(168,829)
Cash and cash equivalents at beginning of the period	1,962,227	608,618
Cash and cash equivalents at end of the period	1,669,434	439,789

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund

Notes To The Condensed Interim Financial Information (Un-audited)

For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed, dated September 07, 2015, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on October 28, 2015.

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 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The initial public offer period was from January 07, 2016 to January 08, 2016 (both days inclusive). The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The primary objective of the Fund is to provide superior returns through investments in shari'ah compliant equity securities and shari'ah compliant income/ money market instruments.

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company while the Fund is currently not rated.

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. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

2.1.1 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 ("IFRSs") issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. 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 audited financial statements of the Fund for the year ended June 30, 2017.

2.1.3 In compliance with Schedule V of the NBFC Regulations, 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 December 31, 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2017 except as explained in note 3.6 and note 3.7.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.

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- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting periods beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to 'element of income' and excludes the element of income from the expression 'accounting income' as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'income statement' and 'statement of movement in unit holders' Fund', whereas disclosure with respect to 'distribution statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the income statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'income statement' and 'statement of movement in unit holders' fund', prospectively from July 1, 2017 as required by SECP vide its email dated February 08, 2017. Accordingly, corresponding figures have not been restated. The 'distribution statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rs. 11.317 million. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

- 3.7 International Accounting Standard (IAS) 1 'Presentation of Financial Statements' allows an entity to prepare either two performance statements i.e. income statement and statement of comprehensive income, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2017, has changed its policy with regard to preparation of income statement and other comprehensive income and opted to prepare two separate performance statements i.e. 'income statement' and 'statement of comprehensive income' showing separately both income or loss for the period and items of other comprehensive income in separate statements.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year/period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'income statement' and 'statement of comprehensive income' separately.

- 3.8 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Fund except for IFRS 9: Financial Instruments (IFRS 9), which will replace IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities (IAS 39). The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on Collective Investment Schemes (CIS). Management is currently in process of assessing impact of this standard on the Fund.
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(Un-Audited) (Audited)
December 31, June 30,
2017 2017
Note ----- (Rupees in '000) -----

4 BANK BALANCES

Balances with banks in:

PLS saving deposit accounts under shariah arrangements	4.1	1,669,434	1,962,227
		1,669,434	1,962,227

4.1 Mark-up on these accounts ranges between 3.75% - 5.60% per annum (June 30, 2017: 3.75% - 6.75%) per annum.

(Un-Audited) (Audited)
December 31, June 30,
2017 2017
Note ----- (Rupees in '000) -----

5 INVESTMENTS

Listed equity securities

- Available-for-sale	5.1	393,260	685,184
- Held-for-trading	5.2	325,776	-

Government of Pakistan - Ijarah sukuk

- Available-for-sale	5.4	-	-
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Listed Sukuk's certificates

- Available-for-sale	5.5	218,049	55,443
- Held-for-trading	5.6	50,879	-

987,964 **740,627**

5.1 Listed equity securities - 'Available-for-sale'

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

Name of the Investee Company	-----Number of shares-----					Market value as at December 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017		Total Investments	Net Assets	
Textile Composite									
Nishat Mills Limited	201,500	10,000	-	82,000	129,500	19,360	1.96	0.68	0.04
Chemical									
Engro Polymer & Chemicals Limited	432,000	-	-	432,000	-	-	-	-	-
Cement									
Cherat Cement Company Limited	121,400	-	-	121,400	-	-	-	-	-
D G Khan Cement Company Limited	149,000	7,500	-	50,000	106,500	14,241	1.44	0.50	0.02
Lucky Cement Limited	52,850	-	-	8,500	44,350	22,947	2.32	0.80	0.01
Pioneer Cement Limited	236,400	-	-	10,000	226,400	14,290	1.45	0.50	0.10
	559,650	7,500	-	189,900	377,250	51,478	5.21	1.80	
Power Generation & Distribution									
Hub Power Company Limited	323,100	93,700	-	-	416,800	37,929	3.84	1.33	-

Name of the Investee Company	Number of shares					Market value as at December 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017		Total Investments	Net Assets	
Engineering									
Amreli Steels Limited	122,000	-	-	122,000	-	-	-	-	-
Crescent Steel & Allied Products Limited	73,300	-	-	73,300	-	-	-	-	-
International Industries Limited	25,000	-	-	18,000	7,000	1,681	0.17	0.06	0.01
International Steels Limited	220,000	-	-	96,000	124,000	13,190	1.34	0.46	0.03
	440,300	-	-	309,300	131,000	14,871	1.51	0.52	
Automobile Assembler									
Honda Atlas Cars (Pakistan) Limited	18,900	-	-	18,900	-	-	-	-	-
Millat Tractors Limited	13,500	-	-	-	13,500	15,817	1.60	0.55	0.03
Pak Suzuki Motor Company Limited	18,900	3,000	-	12,000	9,900	4,928	0.50	0.17	0.01
	51,300	3,000	-	30,900	23,400	20,745	2.10	0.72	
Automobile Parts & Accessories									
Thal Limited (Par value Rs.5 per share)	10,800	-	-	10,800	-	-	-	-	-
Cable & Electrical Goods									
Pak Elektron Limited	282,000	20,000	-	205,000	97,000	4,607	0.47	0.16	0.02
Transport									
Pakistan National Shipping Corp Limited	68,600	-	-	-	68,600	7,118	0.72	0.25	0.05
Pharmaceuticals									
The Searle Company Limited	56,810	8,000	11,162	24,000	51,972	16,364	1.66	0.57	0.03
Paper & Board									
Packages Limited	21,350	-	-	-	21,350	10,885	1.10	0.38	0.02
Leather & Tanneries									
Service Industries Limited	7,460	-	-	-	7,460	5,595	0.57	0.20	0.06
Oil & Gas Exploration Companies									
Mari Petroleum Company Limited	18,360	-	-	-	18,360	26,638	2.70	0.93	0.02
Oil & Gas Development Company Limited	233,300	-	-	19,000	214,300	34,886	3.53	1.22	0.00
Pakistan Oilfields Limited	39,400	-	-	13,000	26,400	15,688	1.59	0.55	0.01
Pakistan Petroleum Limited	183,400	-	-	47,000	136,400	28,086	2.84	0.98	0.01
	474,460	-	-	85,000	389,460	105,298	10.66	3.68	
Oil & Gas Marketing Companies									
Hascal Petroleum Limited	62,200	15,000	-	25,000	52,200	12,895	1.31	0.45	0.04
Pakistan State Oil Company Limited	62,000	-	6,980	27,100	41,880	12,275	1.24	0.43	0.01
Sui Northern Gas Pipeline Limited	207,500	17,000	-	91,500	133,000	12,583	1.27	0.44	0.02
	331,700	32,000	6,980	143,600	227,080	37,753	3.82	1.32	
Fertilizer									
Engro Corporation Limited	141,700	11,000	-	17,000	135,700	37,284	3.77	1.30	0.03
Engro Fertilizers Limited	394,000	-	-	40,000	354,000	23,973	2.43	0.84	0.03
	535,700	11,000	-	57,000	489,700	61,257	6.20	2.14	
	3,796,730	185,200	18,142	1,569,500	2,436,572	393,260	39.82	13.75	
Carrying value as at December 31, 2017						476,767			

5.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee companies have withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.327 million at December 31, 2017 (June 30, 2017: Rs. 0.067 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

5.2 Fair value through profit and loss - Held-for-trading

5.2.1 Listed equity securities

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 at December 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017		Total Investments	Net Assets	
------%-----									
TEXTILE COMPOSITE									
Nishat Mills Limited	-	102,000	-	-	102,000	15,249	1.54	0.53	0.03
CEMENT									
D G Khan Cement Company Limited	-	172,000	-	-	172,000	23,000	2.33	0.80	0.04
Fauji Cement Company Limited	-	665,000	-	-	665,000	16,632	1.68	0.58	0.05
Lucky Cement Limited	-	41,900	-	-	41,900	21,679	2.19	0.76	0.01
Pioneer Cement Limited	-	18,000	-	-	18,000	1,136	0.11	0.04	0.01
	-	896,900	-	-	896,900	62,447	6.31	2.18	
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	-	193,200	-	-	193,200	17,581	1.78	0.61	0.02
K- electric Limited	-	1,500,000	-	-	1,500,000	9,465	0.96	0.33	0.02
	-	1,693,200	-	-	1,693,200	27,046	2.74	0.94	
ENGINEERING									
Amreli Steels Limited	-	230,300	-	36,000	194,300	18,004	1.82	0.63	0.07
International Industries Limited	-	67,300	-	-	67,300	16,159	1.64	0.56	0.06
International Steels Limited	-	20,000	-	-	20,000	2,127	0.22	0.07	0.00
	-	317,600	-	36,000	281,600	36,290	3.68	1.26	
AUTOMOBILE ASSEMBLER									
Millat Tractors Limited	-	6,500	-	-	6,500	7,616	0.77	0.27	0.01
Pak Suzuki Motor Company Limited	-	8,500	-	-	8,500	4,231	0.43	0.15	0.01
	-	15,000	-	-	15,000	11,847	1.20	0.41	
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	-	223,000	-	-	223,000	10,590	1.07	0.37	0.04
TRANSPORT									
Pakistan National Shipping Corporation Limited	-	16,000	-	-	16,000	1,660	0.17	0.06	0.01
PHARMACEUTICALS									
The Searle Company Limited	-	2,500	-	-	2,500	787	0.08	0.03	0.00
PAPER & BOARD									
Packages Ltd	-	14,000	-	-	14,000	7,138	0.72	0.25	0.02
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	-	9,880	-	-	9,880	14,335	1.45	0.50	0.01
Oil & Gas Development Co Limited	-	172,200	-	-	172,200	28,032	2.84	0.98	0.00
Pakistan Oilfields Limited	-	58,500	-	-	58,500	34,764	3.52	1.22	0.02
Pakistan Petroleum Limited	-	118,400	-	-	118,400	24,380	2.47	0.85	0.01
	-	358,980	-	-	358,980	101,511	10.28	3.55	

Name of the Investee Company	Number of shares					Market value as at December 31, 2017 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2017		Total Investments	Net Assets	

OIL & GAS MARKETING COMPANIES

Hascol Petroleum Limited	-	17,800	-	-	17,800	4,397	0.45	0.15	0.01
Pakistan State Oil Company Limited	-	46,800	-	-	46,800	13,718	1.39	0.48	0.01
Sui Northern Gas Pipeline Limited	-	61,800	-	-	61,800	5,847	0.59	0.20	0.01
	-	126,400	-	-	126,400	23,962	2.43	0.83	

FERTILIZER

Engro Corporation Limited	-	46,800	-	-	46,800	12,858	1.30	0.45	0.01
Engro Fertilizers Limited	-	212,500	-	-	212,500	14,391	1.46	0.50	0.02
	-	259,300	-	-	259,300	27,249	2.76	0.95	

Chemicals

Engro Polymer & Chemicals Limited	-	60,000	-	60,000	-	-	-	-	-
	-	60,000	-	60,000	-	-	-	-	-
Total as at December 31, 2017	-	4,084,880	-	96,000	3,988,880	325,776	32.98	11.37	

Carrying value as at December 31, 2017

320,749

5.3 The above investments include shares with market value aggregating to Rs. 57.745 million (June 30, 2017: Rs. 67.809 million) which have been pledged with the National Clearing Company of Pakistan Limited (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.

5.4 Government of Pakistan - Ijarah sukuk

Issue Date	Tenure	Face Value				Market Value as at December 31, 2017	Market value as a percentage of	
		As at July 01, 2017	Purchases during the period	Sales during the period	As at December 31, 2017		Total Investments	Net Assets

(Number of certificates) (Rs in '000) %

June 29, 2017	3 year	-	3,000	3,000	-	-	-	-
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Cost of investments at December 31, 2017

-

5.5 Listed Sukuk's certificates- Available-for-sale

Name of the Investee Company	Tenure	As at July 1, 2017	Purchases during the period	Sales during the period	As at December 31, 2017	Market Value as at December 31, 2017	Market value as percentage of	
							Total Investments	Net Assets

(Number of certificates) (Rs 000) %

Fatima Fertilizer Company Limited	3 year	11,791	-	2,065	9,726	39,974	4.05	1.40
Dubai Islamic Bank Limited	10 year	-	271	96	175	178,075	18.02	6.23
		11,791	271	2,161	9,901	218,049	22.07	7.63

Cost of Investment

214,237

Significant terms and conditions of Sukuk bonds outstanding as at December 31, 2017 are as follows:

Name of Security	Remaining Principal (per Sukuk)	Mark-up rate (per annum)	Issue Date	Maturity Date
Fatima Fertilizer Company Limited	4,000	6 months KIBOR +1.10%	28-Nov-16	28-Nov-21
Dubai Islamic Bank Limited	1,000,000	6 months KIBOR + 0.50%	14-Jul-17	14-Jul-27

5.6 Listed Sukuk's certificates - Held-for-trading

Name of the Investee Company	As at July 1, 2017	Purchases during the period	Sales during the period	As at December 31, 2017	Market value as at December 31, 2017	Market value as percentage of		
						Total Investments	Net Assets	
----- (Number of certificates) ----- (Rs in '000) ----- % -----								
Dubai Islamic Bank Limited	-	50	-	50	50,879	5.15%	1.78%	
Cost of Investment	50,821							

Dubai Islamic Bank Limited

Cost of Investment

Significant terms and conditions of Sukuk bonds outstanding as at December 31, 2017 are as follows:

Name of Security	Remaining Principal (per Sukuk)	Mark-up rate (per annum)	Issue Date	Maturity Date
Dubai Islamic Bank Limited	1,000,000	6 months KIBOR + 0.50%	14-Jul-17	14-Jul-27

(Un-Audited) (Audited)
December 31, June 30,
2017 2017

Note ----- (Rupees in '000) -----

5.7 Net unrealized appreciation on re-measurement of investments classified as available-for-sale

Market value of investments	5.1, 5.4 & 5.5	611,309	740,627
Cost of investments	5.1, 5.4 & 5.5	691,004	716,931
Provision against equity securities	5.7.1	(82,250)	(3,388)
		<u>608,754</u>	<u>(713,543)</u>
		<u>2,555</u>	<u>27,084</u>

5.7.1 Movement in impairment against equity securities

Opening balance		3,388	-
Add: Charge for the period / year		82,250	3,388
Closing balance		<u>85,638</u>	<u>3,388</u>

6 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Advance against Initial Public Offer (IPO) of Sukuks	6.1	202,000	-
Prepaid listing fee		14	-
		<u>204,614</u>	<u>2,600</u>

- 6.1 This represents advance paid to subscribe 2,020 sukuk certificates of Dawood Hercules Corporation Limited having face value of Rs 100,000 each.

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
7	PAYABLE TO THE MANAGEMENT COMPANY		
	Management fee	3,391	2,889
	Sindh Sales Tax	441	375
	Sales load payable	292	-
	Selling and marketing expenses payable	2,546	2,657
	Allocation of expenses related to registrar services, accounting, operation and valuation services	226	192
		<u>6,896</u>	<u>6,113</u>

- 7.1 As per the offering document of the fund, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 3% of average annual net assets. The Management Company has charged its remuneration at the rate of 1.5% (June 30, 2017: 1.5%) of the average net assets for the current period. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.

- 7.2 The Sindh Government had levied Sindh Sales Tax at the rate of 13% (June 30, 2017 : 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

- 7.3 SECP vide its circular No.SCD/PRDD/Circular/361/2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. According to said circular, the selling and marketing expenses have been allowed initially for a period of three years (from January 01, 2017 till December 31, 2019) being chargeable to open end equity, asset allocation and index funds. Maximum cap on the expenses has been set at 0.4% per annum of net assets of fund or actual expenses, whichever being lower. The Fund has accrued expense on this account at 0.4% per annum of net assets of the Fund effective from March 01, 2017. During the period a clarification was received from the SECP on September 19, 2017 and as a result expense charged to the Fund amounting to Rs. 4.958 million have been reversed which includes Rs. 2.657 million pertaining to the year ended June 30, 2017.

On October 11, 2017, the SECP further clarified that expenses other than related to opening of new branches can be charged to the Fund.- Accordingly, the Fund has been charged Rs. 7.001 million in respect of selling and marketing resulting net impact of Rs. 5.180 million in income statement.

- 7.4 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets, being lower amount, to the Fund during the period.

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees in '000) -----	
8	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration payable	184	300
	Charity payable	1,908	103
	Federal Excise Duty	1,063	1,063
	Withholding tax payable	-	22,100
	Advance received against sale of units	-	5
	Payable to brokers	198	685
	Provision for Sindh Workers' Welfare Fund	4,508	4,508
	Payable against redemption of units	-	1,178
	Dividend payable	32	459
	Sales load - payable to related parties	385	12,984
	Payable to NCCPL	29	-
	Payable to Shariah advisory	24	-
	Other payable	335	137
		<u>8,666</u>	<u>43,522</u>

- 8.1 This represents amount attributable to income earned from shariah non-compliant avenues, earmarked for onward distribution as charity in accordance with the instructions of the Shariah Advisor.
- 8.2 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal filed by tax authorities against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.063 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.0379 per unit (June 30, 2017: 0.0428 per unit).

- 8.3 The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is the same as that disclosed in note 13.3 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

As there is loss for the half year ended December 31, 2017, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.1607 per unit (June 30, 2017: 0.1815 per unit).

9 TAXATION

The Fund's income is exempt from income tax as per 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 to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2018 to its unit holders.

10 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2017 is 1.36% (December 31, 2016: 1.31%) which includes 0.16% (December 31, 2016: 0.31%) representing government levy, Sindh Workers' Welfare Fund and SECP fee.

11 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 carried out 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 during the period and balances with them at period end, if not disclosed elsewhere in the condensed interim financial information are as follows:

	(Un-Audited) Half year ended December 31, 2017	(Un-Audited) Half year ended December 31, 2016
	----- (Rupees in '000) -----	
11.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee	19,427	8,028
Sindh Sales Tax	2,525	1,044
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,295	616
Selling and marketing expenses	5,180	-
Habib Bank Limited - Sponsor		
Issuance of 4,947,704 units	500,000	-
Bank charges	21	2
Mark-up earned during the period	717	1,056
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	2,033	1,158
CDC charges	38	-

	(Un-Audited) Half year ended December 31, 2017	(Un-Audited) Half year ended December 31, 2016
	----- (Rupees in '000) -----	
HBL Islamic Income Fund		
Sale of Dubai Islamic Bank Limited - Sukuk Certificates	<u>96,000</u>	<u>-</u>
11.2 Amounts outstanding as at period end	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management Fee	<u>3,391</u>	<u>2,889</u>
Sindh Sales Tax	<u>441</u>	<u>375</u>
Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>226</u>	<u>192</u>
Sale load payable	<u>292</u>	<u>-</u>
Selling and marketing expense	<u>2,546</u>	<u>2,657</u>
Habib Bank Limited - Sponsor		
Investment held in the Fund : 6,022,636 units (June 30, 2017: 1,074,932 units)	<u>614,031</u>	<u>113,508</u>
Bank balances	<u>16,295</u>	<u>501,362</u>
Mark-up receivable on deposits with banks	<u>28</u>	<u>299</u>
Sales load payable	<u>385</u>	<u>12,984</u>
HBL Asset Management Limited - Employees Gratuity Fund - Associate		
Investment held in the Fund : 4,508 units (June 30, 2017: Nil units)	<u>460</u>	<u>460</u>
HBL Asset Management Limited - Employees Provident Fund - Associate		
Investment held in the Fund : 13,014 units (June 30, 2017 : Nil units)	<u>1,327</u>	<u>1,327</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>311</u>	<u>275</u>
Sindh Sales Tax	<u>40</u>	<u>36</u>
Security deposit	<u>100</u>	<u>100</u>
Executives of Management Company		
Units held : Nil units (June 30, 2017: 584 units)	<u>-</u>	<u>62</u>
Al Mizan Foundation - Connected Person due to holding more than 10% units		
Units held : 4,208,255 units (June 30,2017: 4,208,255 units)	<u>429,048</u>	<u>444,373</u>
SIUT Trust - Connected Person due to holding more than 10% units		
Units held : 2,798,347 units (June 30,2017: 2,798,347 units)	<u>285,302</u>	<u>295,493</u>
Sheikh Khalid Zaheer Siddiqui - Connected Person due to holding more than 10% units		
Units held : 3,079,217 units (June 30, 2017: Nil units)	<u>313,938</u>	<u>-</u>

12 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. Consequently, differences can arise between carrying values and the fair value estimates.

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 reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (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.

		December 31, 2017 (Un-Audited)								
		Carrying amount				Fair Value				
		Available-for-sale	Held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
- Listed equity securities		393,260	325,776	-	-	719,036	719,036	-	-	719,036
- Listed Sukuk bonds		218,049	50,879	-	-	268,928	-	268,928	-	268,928
		<u>611,309</u>	<u>376,655</u>	<u>-</u>	<u>-</u>	<u>987,964</u>	<u>719,036</u>	<u>268,928</u>	<u>-</u>	<u>987,964</u>
Financial assets not measured at fair value										
	12.1									
Bank balances		-	-	1,669,434	-	1,669,434				
Dividend receivable and accrued markup		-	-	18,729	-	18,729				
		<u>-</u>	<u>-</u>	<u>1,688,163</u>	<u>-</u>	<u>1,688,163</u>				
Financial liabilities not measured at fair value										
	12.1									
Payable to the Management Company		-	-	-	6,896	6,896				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	351	351				
Accrued expenses and other liabilities		-	-	-	3,095	3,095				
Unit holders' fund		-	-	-	2,860,298	2,860,298				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,870,640</u>	<u>2,870,640</u>				

		June 30, 2017 (Audited)								
		Carrying amount				Fair Value				
		Available- for-sale	Held-for- trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
	- Listed equity securities	685,184	-	-	-	685,184	685,184	-	-	685,184
	- Listed Sukuk bonds	55,443	-	-	-	55,443	-	55,443	-	55,443
		<u>740,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>740,627</u>	<u>685,184</u>	<u>55,443</u>	<u>-</u>	<u>740,627</u>
Financial assets not measured at fair value										
12.1	Bank balances	-	-	1,962,227	-	1,962,227				
	Dividend receivable and accrued mark-up	-	-	10,715	-	10,715				
		<u>-</u>	<u>-</u>	<u>1,972,942</u>	<u>-</u>	<u>1,972,942</u>				
Financial liabilities not measured at fair value										
12.1	Payable to the Management Company	-	-	-	6,113	6,113				
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	310	310				
	Accrued expenses and other liabilities	-	-	-	58,171	58,171				
	Unit holders' fund	-	-	-	2,623,318	2,623,318				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,687,912</u>	<u>2,687,912</u>				

12.1 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.

12.2 Transfers during the period

No transfers have been made between various levels of fair value hierarchy during the period.

13 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue by the Board of Directors of the Management Company on February 26, 2018.

14 GENERAL

14.1 Figures have been rounded off to the nearest thousand rupees.

14.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

14.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

For HBL Asset Management Limited (Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Financial Planning Fund

FUND INFORMATION

Name of Fund	HBL Islamic Financial Planning Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	MCB Financial Services Limited
Name of Shariah Advisor	Al-Hilal Shariah Advisors (Pvt.) Ltd
Banks	Bank Islami Pakistan Limited Habib Bank Limited Dubai Islamic Bank Limited

**TRUSTEE REPORT TO THE UNIT HOLDERS
HBL ISLAMIC FINANCIAL PLANNING FUND**



MCB FINANCIAL SERVICES LIMITED

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

HBL ISLAMIC FINANCIAL PLANNING FUND

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

HBL Islamic Financial Planning Fund, an open-end Scheme established under a Trust Deed dated March 22, 2017 executed between HBL Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Fund commenced its operations from June 17, 2017.

1. HBL Asset Management Company Limited, the Management Company of HBL Islamic Financial Planning Fund has, in all material respects, managed HBL Islamic Financial Planning Fund during the period ended 31st December 2017 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

A handwritten signature in black ink, appearing to read 'Anwar', is positioned above the printed name of the Chief Executive Officer.

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: February 19, 2018*

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Financial Planning Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

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

Conclusion

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

Chartered Accountants

Engagement Partner

Naresh Kumar

Date: February 26, 2018

Place: Karachi

HBL Islamic Financial Planning Fund
Condensed Interim Statement Of Assets And Liabilities
As At December 31, 2017

Note	December 31, 2017 (Un-Audited)				June 30, 2017 (Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
(Rupees in '000)									
Assets									
Bank balances	4	23,518	9,061	214,777	247,356	25,286	5,166	2,018	32,470
Investments	5	248,935	35,501	3,984,005	4,268,441	171,493	50,067	4,072,801	4,294,361
Accrued mark-up		89	52	978	1,119	149	47	3,629	3,825
Receivable against sale of investment		-	-	-	-	-	-	131,500	131,500
Receivable against sale of units		-	19	-	19	32,217	11,240	27,282	70,739
Preliminary expenses and flotation costs		77	21	3,598	3,696	85	23	4,811	4,919
Deposits, Prepayments and Other receivables		22	6	11,591	11,619	-	-	-	-
Total assets		272,641	44,660	4,214,949	4,532,250	229,230	66,543	4,242,041	4,537,814
Liabilities									
Payable to the Management Company	6	597	150	586	1,333	279	44	12,633	12,956
Payable to the Trustee		23	4	271	298	6	2	92	100
Payable to Securities and Exchange Commission of Pakistan		117	26	2,015	2,158	6	2	132	140
Accrued expenses and other liabilities	7	82	38	818	938	50	28	3,627	3,705
Dividend payable		2	-	-	2	2	-	-	2
Payable against redemption of units		-	-	-	-	34,683	8,129	-	42,812
Total liabilities		821	218	3,690	4,729	35,026	8,205	16,484	59,715
Net assets		271,820	44,442	4,211,259	4,527,521	194,204	58,338	4,225,557	4,478,099
Unit holders' fund (as per statement attached)		271,820	44,442	4,211,259	4,527,521	194,204	58,338	4,225,557	4,478,099
(Units)									
Number of units in issue		2,758,441	449,786	42,256,558	45,464,785	1,941,784	583,282	42,249,517	44,774,583
(Rupees)									
Net asset value per unit		98.5414	98.8090	99.6593		100.0133	100.0178	100.0143	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Income Statement (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

Note	Half year ended December 31, 2017 (note 1.1)				Quarter ended December 31, 2017 (note 1.1)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
(Rupees in '000)									
Income									
Mark-up on deposits with bank	523	137	5,440	6,100	299	55	2,999	3,353	
Capital gain / (loss) on sale of investment - net	92	(202)	14,750	14,640	(9)	(101)	10,889	10,779	
Unrealised (diminution) / appreciation on re-measurement of investments at fair value through profit or loss - held-for-trading ¹ - net	(2,750)	(232)	(26,971)	(29,953)	396	476	(6,462)	(5,590)	
Back end load	-	-	4	4	-	-	4	4	
	(2,135)	(297)	(6,777)	(9,209)	686	430	7,430	8,546	
Expenses									
Remuneration of the Management Company	6.1	95	21	1,116	1,232	44	12	594	650
Sindh Sales Tax on remuneration of the Management Company	6.2	12	3	145	160	5	2	77	84
Remuneration of the Trustee		125	28	1,706	1,859	68	16	849	933
Annual fee to the Securities and Exchange Commission of Pakistan		117	26	2,015	2,158	64	15	1,006	1,085
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	122	27	2,121	2,270	66	15	1,059	1,140
Amortisation of preliminary expenses and flotation costs		8	2	1,213	1,223	4	1	617	622
Auditors' remuneration		9	3	187	199	5	2	95	102
Printing charges		3	1	70	74	1	-	35	36
Bank charges		23	18	17	58	23	18	17	58
Fees and subscription		6	1	118	125	4	-	83	87
Shariah advisory fee		4	1	70	75	2	-	34	36
		524	131	8,778	9,433	286	81	4,466	4,833
Net (loss) / income from operating activities		(2,659)	(428)	(15,555)	(18,642)	400	349	2,964	3,713
Reversal of selling and marketing expense	6.4	24	7	555	586	-	-	-	-
Provision for Sindh Workers' Welfare Fund	7.1	-	-	-	-	-	-	-	-
Net (loss) / income for the period before taxation		(2,635)	(421)	(15,000)	(18,056)	400	349	2,964	3,713
Taxation	8	-	-	-	-	-	-	-	-
Net (loss) / income for the period after taxation		(2,635)	(421)	(15,000)	(18,056)	400	349	2,964	3,713
Allocation of net income for the period		-	-	-	-	-	-	-	-

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Statement Of Comprehensive Income (Un-audited)
For The Half Year and Quarter Ended December 31, 2017

	Half year ended December 31, 2017 (note 1.1)				Quarter ended December 31, 2017 (note 1.1)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- (Rupees in '000) -----								
Net (loss) / income for the period after taxation	(2,635)	(421)	(15,000)	(18,056)	400	349	2,964	3,713
Other comprehensive income for the period								
Item that may be reclassified subsequently to Income Statement	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(2,635)	(421)	(15,000)	(18,056)	400	349	2,964	3,713

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Statement Of Movement In Unit Holders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31, 2017 (note 1.1)		
	Active Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)		
Net assets at beginning of the period	194,178	26	194,204
Issuance of 1,843,714 units			
- Capital value (at net asset value per unit at the beginning of the period)	184,396	-	184,396
- Element of loss	(2,706)	-	(2,706)
Total proceeds on issuance of units	181,690	-	181,690
Redemption of 1,027,058 units			
- Capital value (at net asset value per unit at the beginning of the period)	(102,719)	-	(102,719)
- Element of income	1,280	-	1,280
Total payments on redemption of units	(101,439)	-	(101,439)
Net loss for the period	-	(2,635)	(2,635)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(2,635)	(2,635)
Net assets at end of the period	274,429	(2,609)	271,820
Undistributed income brought forward			
- Realised			204
- Unrealised			(178)
			26
Net loss for the period			(2,635)
Accumulated loss carried forward			(2,609)
Accumulated loss carried forward			
- Realised			141
- Unrealised			(2,750)
			(2,609)
			(Rupees)
Net assets value per unit at beginning of the period			100.0133
Net assets value per unit at end of the period			98.5414

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Statement Of Movement In Unit Holders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31, 2017 (note 1.1)		
	Conservative Allocation Plan		
	Capital value	Undistributed income / (accumulated loss) (Rupees in '000)	Total
Net assets at beginning of the period	58,328	10	58,338
Issuance of 597,214 units			
- Capital value (at net asset value per unit at the beginning of the period)	59,732	-	59,732
- Element of loss	(807)	-	(807)
Total proceeds on issuance of units	58,925	-	58,925
Redemption of 730,710 units			
- Capital value (at net asset value per unit at the beginning of the period)	(73,084)	-	(73,084)
- Element of income	683	-	683
Total payments on redemption of units	(72,401)	-	(72,401)
Net loss for the period	-	(421)	(421)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(421)	(421)
Net assets at end of the period	44,853	(411)	44,442
Undistributed income brought forward			
- Realised			(39)
- Unrealised			49
			10
Net loss for the period			(421)
Accumulated loss carried forward			(411)
Accumulated loss carried forward			
- Realised			(179)
- Unrealised			(232)
			(411)
			(Rupees)
Net assets value per unit at beginning of the period			100.0178
Net assets value per unit at end of the period			98.8090

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Statement Of Movement In Unit Holders' Fund (Un-audited)
For The Half Year Ended December 31, 2017

	Half year ended December 31, 2017 (note 1.1)		
	Strategic Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)		
Net assets at beginning of the period	4,224,907	650	4,225,557
Issuance of 10,819 units			
- Capital value (at net asset value per unit at the beginning of the period)	1,084	-	1,084
- Element of loss	(4)	-	(4)
Total proceeds on issuance of units	1,080	-	1,080
Redemption of 3,778 units			
- Capital value (at net asset value per unit at the beginning of the period)	(378)	-	(378)
- Element of loss	(1)	-	(1)
Total payments on redemption of units	(379)	-	(379)
Net loss for the period	-	(15,000)	(15,000)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(15,000)	(15,000)
Net assets at end of the period	4,225,609	(14,350)	4,211,259
Undistributed income brought forward			
- Realised			(834)
- Unrealised			1,484
			650
Net loss for the period			(15,000)
Accumulated loss carried forward			(14,350)
Accumulated loss carried forward			
- Realised			12,621
- Unrealised			(26,971)
			(14,350)
			(Rupees)
Net assets value per unit at beginning of the period			100.0143
Net assets value per unit at end of the period			99.6593

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended December 31, 2017

Note	Half year ended December 31, 2017 (note 1.1)			Total
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	
------(Rupees in '000)-----				
Cash flows from operating activities				
Net loss for the period before taxation	(2,635)	(421)	(15,000)	(18,056)
Adjustments for non-cash items				
Mark-up on deposits with bank	(523)	(137)	(5,440)	(6,100)
Capital (gain) / loss on sale of investment - net	(92)	202	(14,750)	(14,640)
Unrealised diminution on re-measurement of investments investments at 'fair value through profit or loss - held-for-trading' - net	2,750	232	26,971	29,953
Amortisation of preliminary expenses and flotation costs	8	2	1,213	1,223
	(492)	(122)	(7,006)	(7,620)
(Increase) / decrease in assets				
Investments	(80,100)	14,132	208,075	142,107
Other receivables	(22)	(6)	(11,591)	(11,619)
	(80,122)	14,126	196,484	130,488
Increase / (decrease) in liabilities				
Payable to the Management Company	318	106	(12,047)	(11,623)
Payable to the Trustee	17	2	179	198
Payable to Securities and Exchange Commission of Pakistan	111	24	1,883	2,018
Accrued expenses and other liabilities	32	10	(2,809)	(2,767)
	478	142	(12,794)	(12,174)
	(80,136)	14,146	176,684	110,694
Profit received on bank deposits	583	132	8,091	8,806
Net cash (used in) / generated from operating activities	(79,553)	14,278	184,775	119,500
Cash flows from financing activities				
Amount received / receivable on issue of units	213,907	70,147	28,363	312,417
Amount paid / payable on redemption of units	(136,122)	(80,530)	(379)	(217,031)
Net cash generated from / (used in) financing activities	77,785	(10,383)	27,984	95,386
	(1,768)	3,895	212,759	214,886
Net (decrease) / increase in cash and cash equivalents	(1,768)	3,895	212,759	214,886
Cash and cash equivalents at the beginning of the period	25,286	5,166	2,018	32,470
Cash and cash equivalents at the end of the period	23,518	9,061	214,777	247,356

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund

Notes To The Condensed Interim Financial Information (Un-audited)

For The Half Year Ended December 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Financial Planning Fund (the "Fund"), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 4, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from June 17, 2017.

The Fund is an open ended shariah compliant fund of fund scheme and is listed on Pakistan Stock Exchange Limited. The Fund has three different plans namely Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation Plan (collectively referred as 'Plans'). The units of Conservative Allocation and Active Allocation Plan were initially offered to public (IPO) on June 16, 2016 whereas units of Strategic Allocation Plan were offered from June 15, 2016 to June 16, 2016. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the Fund is perpetual however the allocation plans may have a set time frame. Each Allocation Plan announce separate NAVs which rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

The objective of the Fund is to generate returns on Investment as per the respective Allocation Plan by investing in Shariah Compliant Mutual Funds in line with the risk tolerance of the investor. The investment policy for each of the Plan are as follows;

- The "Conservative Allocation Plan" is an Allocation Plan under the Fund and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of shariah compliant investments in equity, income and money market funds. This Allocation Plan is suitable for investors who have moderate risk tolerance and have a short to medium term investment horizon.
- The "Active Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active asset allocation between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market scheme(s) based on the Fund Manager's outlook on the asset classes.
- The "Strategic Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active allocation of funds between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market scheme(s) based on fundamental analysis of economic indicators, underlying asset values and a strategy of risk aversion to market volatility. Fund Manager take a medium term strategic view of the portfolio assets to deliver competitive returns to investors. The duration of this plan is 24 months (Two Years).

JCR-VIS Credit Rating Company has assigned a management quality rating of AM2+ (AM Two Plus) to the Management Company.

Title to the assets of the Fund are held in the name of the trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** 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 ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. 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 audited financial statements of the Fund for the year ended June 30, 2017.

- 2.1.3** In compliance with Schedule V of the NBFC Regulations, 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 December 31, 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

- 3.1 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 audited financial statements of the Fund for the period ended June 30, 2017. except as explained in note 3.6 and note 3.7.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the period from June 17, 2017 to June 30, 2017.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Fund for the period ended June 30, 2017.
- 3.6 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to 'element of income' and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'income statement' and 'statement of movement in unit holders' fund', whereas disclosure with respect to 'distribution statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'income statement' and 'statement of movement in unit holders' fund', prospectively from July 1, 2017 as required by SECP vide its email dated February 8, 2018 Accordingly, corresponding figures have not been restated. The 'distribution statement' has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss would have been lower by Rs. 1.425 million in Active Allocation Plan, Rs. 0.123 million in Conservative Allocation Plan and loss would have been higher by Rs. 0.002 million in Strategic Allocation Plan. However, the change in accounting policy does not have any impact on the 'cash flow statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of assets and liabilities' and 'statement of movement in unit holders' fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'income statement' and 'statement of movement in unit holders' fund' which have been incorporated in these statements.

- 3.7 International Accounting Standard (IAS) 1: 'Presentation of Financial Statements' allows an entity to prepare either two performance statements i.e. income statement and statement of comprehensive income, or one performance statement only i.e. income statement and statement of comprehensive income (showing both items of income or loss for the period and items of other comprehensive income). The Fund, with effect from July 01, 2017, has changed its policy with regard to preparation of income statement and other comprehensive income and opted to prepare two separate performance statements i.e. 'income statement' and 'statement of comprehensive income' showing separately both income or loss for the period and items of other comprehensive income in separate statements.

This change has no impact on the items of income or loss or other comprehensive income recognized in prior year / period except that items of other comprehensive income previously presented under 'statement of income statement and other comprehensive income' in single statement are now presented within 'income statement' and 'statement of comprehensive income' separately.

Name of Investee Funds	As at July 1, 2017	Purchases during the period	Redemptions during the period	As at December 31, 2017	Total carrying value as at December 31, 2017	Total market value as at December 31, 2017	Appreciation/ (diminution) as at December 31, 2017	Market value as a percentage of net assets	Market value as a percentage of total value of Investment
	----- Number of units -----				----- (Rupees in '000) -----			----- % -----	
Conservative Allocation Plan									
HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund)	384,899	466,592	584,938	266,500	27,098	27,582	484	62.06	77.69
HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund)	105,864	103,444	120,243	89,065	8,635	7,919	(716)	17.82	22.31
	490,763	570,036	355,603	355,565	35,733	35,501	(232)	79.88	100.00
Strategic Allocation Plan									
HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund)	37,406,609	-	13,340,609	24,066,000	2,432,331	2,490,374	58,043	59.14	62.51
HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund)	2,020,801	8,183,463	-	10,204,264	988,145	907,325	(80,820)	21.55	22.77
HBL Islamic Money Market Fund	785,072	974,853	785,072	974,853	100,000	100,022	22	2.38	2.51
HBL Islamic Stock Fund	-	4,522,270	-	4,522,270	490,500	486,284	(4,216)	11.55	12.21
	40,212,482	13,680,586	14,125,681	39,767,382	4,010,976	3,984,005	(26,971)	94.62	100.00
Total as at December 31, 2017	42,392,336	16,236,740	16,014,397	42,614,692	4,298,394	4,268,441	(29,953)		

6. Payable to the Management Company

	December 31, 2017 (Un-Audited)				June 30, 2017 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
Note	----- (Rupees in '000) -----							
Formation cost	-	-	-	-	85	23	4,891	4,999
Management fee	6.1	17	3	204	224	54	11	484
Sindh Sales Tax on Management Company's remuneration	6.2	2	-	27	29	7	1	63
Allocation of expenses related to registrar services, accounting, operational and valuation services	6.3	23	4	355	382	6	2	139
Selling and marketing expense	6.4	-	-	-	-	24	7	555
Sales load payable		555	143	-	698	103	-	6,501
		597	150	586	1,333	279	44	12,633
								12,956

- 6.1 As per the offering document of the fund, the Management Company shall charge a fee at the rate of 1% of the average annual net assets on daily basis of the plans. However, no management fee is charged on that part of the net assets which have been invested in mutual funds managed by the Management Company. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.
- 6.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.
- 6.3 As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.
- 6.4 During the period Management Company has stopped charging these expenses to the Fund and reversed the entire provision till June 30, 2017, as these expenses are not applicable to the Fund of Fund category.

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	December 31, 2017 (Un-Audited)				June 30, 2017 (Audited)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	
	(Rupees in '000)								
Withholding tax	37	23	212	272	37	22	3,144	3,203	
Provision for Sindh Workers' Welfare Fund	7.1	7	4	330	341	7	4	330	341
Printing	2	1	59	62	4	1	95	100	
Auditors' remuneration	9	3	185	197	2	1	48	51	
Other payables	27	7	32	66	-	-	10	10	
	82	38	818	938	50	28	3,627	3,705	

7.1 Sindh Workers' Welfare Fund

The legal status of applicability of Sindh workers' welfare fund is same as that disclosed in note 9.1 to the audited financial statements of the Fund for the period from June 17, 2017 to June 30, 2017.

As there is loss for the half year ended December 31, 2017, therefore, no provision for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit as at December 31, 2017 would have been higher by Rs. 0.0025, Rs. 0.0089 and Rs. 0.0078 per unit of Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively (June 30, 2017: 0.0036, 0.0069 and 0.0078 per unit).

8. TAXATION

The Fund's income is exempt from income tax as per 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 to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2018 to its unit holders.

9. TRANSACTIONS WITH CONNECTED PERSONS

The Fund is an open ended shariah compliant fund of fund scheme and is listed on Pakistan Stock Exchange Limited. The Fund has three different plans namely Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation Plan (collectively referred as 'Plans'). The units of Conservative Allocation and Active Allocation Plan were initially offered to public (IPO) on June 16, 2016 whereas units of Strategic Allocation Plan were offered from June 15, 2016 to June 16, 2016. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the Fund is perpetual however the allocation plans may have a set time frame. Each Allocation Plan announce separate NAVs which rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

9.1 Transactions during the period

	Half year ended December 31, 2017 (note 1.1)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)			
HBL Asset Management Limited - Management Company				
Remuneration of the Management Company	95	21	1,116	1,232
Sindh Sales Tax on remuneration of the Management Company	12	3	145	160
Allocation of expenses related to registrar services, accounting, operation and valuation services	122	27	2,121	2,270
Habib Bank Limited - Sponsor				
Mark-up on deposits with bank	247	100	723	1,070

Half year ended December 31, 2017 (note 1.1)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
------(Rupees in '000)-----				
MCB Financial Services Limited - Trustee				
Remuneration of the Trustee	125	28	1,706	1,859
Kulsoom Khan - Connected person due to 10% holding				
Issue of 500,665 units	49,331	-	-	49,331
HBL Islamic Income Fund (Formerly PICIC Islamic Income Fund) - CIS managed by Management Company				
Purchase of 1,143,123 units	116,100	-	-	116,100
Purchase of 466,592 units	-	47,500	-	47,500
Redemption of 1,128,261 units	115,000	-	-	115,000
Redemption of 584,954 units	-	59,720	-	59,720
Redemption of 13,340,609 units	-	-	1,362,800	1,362,800

Half year ended December 31, 2017 (note 1.1)				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
------(Rupees in '000)-----				
HBL Islamic Equity Fund (Formerly PICIC Islamic Stock Fund) - CIS managed by Management Company				
Purchase of 566,975 units	54,000	-	-	54,000
Purchase of 103,444 units	-	9,425	-	9,425
Purchase of 8,183,463 units	-	-	775,000	775,000
Redemption of 55,258 units	5,000	-	-	5,000
Redemption of 120,243 units	-	11,338	-	11,338
HBL Islamic Money Market Fund - CIS managed by Management Company				
Purchase of 974,853 units	-	-	100,000	100,000
Redemption of 785,072 units	-	-	79,275	79,275
HBL Islamic Stock Fund - CIS managed by Management Company				
Purchase of 276,020 units	30,000	-	-	30,000
Purchase of 4,522,270 units	-	-	490,500	490,500

	Half year ended December 31, 2017 (note 1.1)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- (Rupees in '000) -----				
Shamima Azhar - Connected Person due to 10% holding				
Issue of 54,019 units	-	5,458	-	5,458
Darayus Happy Minwalla - Connected Person due to 10% holding				
Issue of 2,383 units	-	-	237	237
Imperial Developers & Builders (Pvt) Ltd - Connected Person due to 10% holding				
Issue of 1,574 units	-	-	157	157

9.2 Balances outstanding as at period / year end

	December 31, 2017 (Un-Audited)				June 30, 2017 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
----- (Rupees in '000) -----								
HBL Asset Management Limited - Management Company								
Management fee	17	3	204	224	54	11	484	549
Sindh Sales Tax on Management Company's remuneration	2	-	27	29	7	1	63	71
Selling and marketing expense	-	-	-	-	24	7	555	586
Allocation of expenses related to registrar services, accounting, operation and valuation services	23	4	355	382	6	2	139	147
Sales load payable	555	143	-	698	103	-	6,501	6,604
Formation cost	77	21	3,598	3,696	85	23	4,891	4,999
Habib Bank Limited - Sponsor								
Mark-up accrued on deposits with bank	20	41	3	64	94	36	672	802
Balance in savings account	7,478	7,457	450	15,385	10,468	2,359	1,687	14,514
MCB Financial Services Limited - Trustee								
Remuneration payable to the Trustee	20	4	240	264	5	2	81	88
Sindh Sales Tax on Trustee's remuneration	3	-	31	34	1	-	11	12
Darayus Happy Minwalla - Connected Person due to 10% holding								
Units held 15,142,575 units (June 30, 2017: 15,140,192 units)	-	-	1,509,092	1,509,092	-	-	1,514,236	1,514,236

	December 31, 2017 (Un-Audited)				June 30, 2017 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Total
	(Rupees in '000)							
Kulsoom Khan - Connected person due to 10% holding								
Units held 500,665 units (June 30, 2017: nil units)	49,331	-	-	49,331	-	-	-	-
Shamima Azhar - Connected Person due to 10% holding								
Units held 54,019 units (June 30, 2017: nil units)	-	5,337	-	5,337	-	-	-	-
Imperial Developers & Builders (Pvt) Ltd - Connected Person due to 10% holding								
Units held 20,001,574 units (June 30, 2017: 20,000,000 units)	-	-	1,993,335	1,993,335	-	-	2,000,287	2,000,287
Mohsin Safdar - Connected Person due to 10% holding								
Units held 59,748 units (June 30, 2017: 59,748 units)	-	5,903	-	5,903	-	5,976	-	5,976

Units as at December 31, 2017 are calculated on the basis of latest announced NAV i.e December 29, 2017.

10. FAIR VALUE AND CATEGORIES 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. Consequently, differences can arise between carrying values and the fair value estimates.

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. units of mutual funds are based on the quoted NAVs at the close of the reporting 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.

The Fund classifies 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:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. 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.

December 31, 2017 (Un-Audited)
Active Allocation Plan

	Carrying amount				Fair Value			
	Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note (Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Units of mutual funds	248,935	-	-	248,935	248,935	-	-	248,935
	<u>248,935</u>	<u>-</u>	<u>-</u>	<u>248,935</u>	<u>248,935</u>	<u>-</u>	<u>-</u>	<u>248,935</u>
Financial assets not measured at fair value								
	10.1							
Bank balances	-	23,518	-	23,518				
Accrued mark-up	-	89	-	89				
Other receivables	-	22	-	22				
		<u>23,629</u>	<u>-</u>	<u>23,629</u>				
Financial liabilities not measured at fair value								
	10.1							
Payable to the Management Company	-	-	595	595				
Payable to the Trustee	-	-	23	23				
Accrued expenses and other liabilities	-	-	38	38				
Dividend payable	-	-	2	2				
Unit Holders' Fund	-	-	271,820	271,820				
		<u>-</u>	<u>272,478</u>	<u>272,478</u>				

June 30, 2017 (Audited)
Active Allocation Plan

	Carrying amount				Fair Value			
	Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note (Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Units of mutual funds	5	171,493	-	-	171,493	171,493	-	-
		<u>171,493</u>	<u>-</u>	<u>-</u>	<u>171,493</u>	<u>171,493</u>	<u>-</u>	<u>-</u>
Financial assets not measured at fair value								
	10.1							
Bank balances	-	25,286	-	25,286				
Accrued mark-up	-	149	-	149				
Receivable against sale of units	-	32,217	-	32,217				
		<u>57,652</u>	<u>-</u>	<u>57,652</u>				
Financial liabilities not measured at fair value								
	10.1							
Payable to the Management Company	-	-	279	279				
Payable to the Trustee	-	-	6	6				
Accrued expenses and other liabilities	-	-	6	6				
Dividend payable	-	-	2	2				
Payable against redemption of units	-	-	34,683	34,683				
Unit Holders' Fund	-	-	194,204	194,204				
		<u>-</u>	<u>229,180</u>	<u>229,180</u>				

December 31, 2017 (Un-Audited)

Conservative Allocation Plan

	Carrying amount				Fair Value			
	Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	Note (Rupees in '000)							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Units of mutual funds	35,501	-	-	35,501	35,501	-	-	35,501
	<u>35,501</u>	<u>-</u>	<u>-</u>	<u>35,501</u>	<u>35,501</u>	<u>-</u>	<u>-</u>	<u>35,501</u>
Financial assets not measured at fair value								
	10.1							
Bank balances	-	9,061	-	9,061				
Accrued mark-up	-	52	-	52				
Receivable against sale of units	-	19	-	19				
Other receivables	-	6	-	6				
		<u>9,138</u>	<u>-</u>	<u>9,138</u>				
Financial liabilities not measured at fair value								
	10.1							
Payable to the Management Company	-	-	150	150				
Payable to the Trustee	-	-	4	4				
Accrued expenses and other liabilities	-	-	11	11				
Unit Holders' Fund	-	-	44,442	44,442				
		<u>-</u>	<u>-</u>	<u>44,607</u>	<u>44,607</u>			

June 30, 2017 (Audited)

Conservative Allocation Plan

	Carrying amount				Fair Value			
	Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	Note (Rupees in '000)							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Units of mutual funds	50,067	-	-	50,067	50,067	-	-	50,067
	<u>50,067</u>	<u>-</u>	<u>-</u>	<u>50,067</u>	<u>50,067</u>	<u>-</u>	<u>-</u>	<u>50,067</u>
Financial assets not measured at fair value								
	10.1							
Bank balances	-	5,166	-	5,166				
Accrued mark-up	-	47	-	47				
Receivable against sale of units	-	11,240	-	11,240				
		<u>16,453</u>	<u>-</u>	<u>16,453</u>				
Financial liabilities not measured at fair value								
	10.1							
Payable to the Management Company	-	-	44	44				
Payable to the Trustee	-	-	2	2				
Accrued expenses and other liabilities	-	-	2	2				
Payable against redemption of units	-	-	8,129	8,129				
Unit Holders' Fund	-	-	58,338	58,338				
		<u>-</u>	<u>66,515</u>	<u>66,515</u>				

December 31, 2017 (Un-Audited)

Strategic Allocation Plan

Carrying amount				Fair Value				
Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total	
Note (Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Units of mutual funds	3,984,005	-	-	3,984,005	3,984,005	-	-	3,984,005
	<u>3,984,005</u>	<u>-</u>	<u>-</u>	<u>3,984,005</u>	<u>3,984,005</u>	<u>-</u>	<u>-</u>	<u>3,984,005</u>
Financial assets not measured at fair value								
10.1	Bank balances	-	214,777	-	214,777			
	Accrued mark-up	-	978	-	978			
	Other receivables	-	11,591	-	11,591			
		<u>-</u>	<u>227,346</u>	<u>-</u>	<u>227,346</u>			
Financial liabilities not measured at fair value								
10.1	Payable to the Management Company	-	-	559	559			
	Payable to the Trustee	-	-	271	271			
	Accrued expenses and other liabilities	-	-	276	276			
	Unit Holders' Fund	-	-	4,211,259	4,211,259			
		<u>-</u>	<u>-</u>	<u>4,212,365</u>	<u>4,212,365</u>			

June 30, 2017 (Audited)

Strategic Allocation Plan

Carrying amount				Fair Value				
Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total	
Note (Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Units of mutual funds	4,072,801	-	-	4,072,801	4,072,801	-	-	4,072,801
	<u>4,072,801</u>	<u>-</u>	<u>-</u>	<u>4,072,801</u>	<u>4,072,801</u>	<u>-</u>	<u>-</u>	<u>4,072,801</u>
Financial assets not measured at fair value								
10.1	Bank balances	-	2,018	-	2,018			
	Accrued mark-up	-	3,629	-	3,629			
	Receivable against sale of investment	-	131,500	-	131,500			
	Receivable against sale of units	-	27,282	-	27,282			
		<u>-</u>	<u>164,429</u>	<u>-</u>	<u>164,429</u>			
Financial liabilities not measured at fair value								
10.1	Payable to the Management Company	-	-	12,633	12,633			
	Payable to the Trustee	-	-	92	92			
	Accrued expenses and other liabilities	-	-	153	153			
	Unit Holders' Fund	-	-	4,225,557	4,225,557			
		<u>-</u>	<u>-</u>	<u>4,238,435</u>	<u>4,238,435</u>			

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

10.2 Transfers during the period

No transfers were made between various levels of fair value hierarchy during the period.

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio for the half year ended December 31, 2017 is 0.19%, 0.29% and 0.21% (YTD) which includes 0.05%, 0.07% and 0.06% representing government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively.

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 26, 2018 by the Board of Directors of the Management Company.

13. GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees.

13.2 Corresponding figures have been arranged and reclassified, wherever necessary, for the purpose of comparison and more appropriate presentation, the effect of which is not material.

13.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures presented in the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

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

Chief Financial Officer

Chief Executive Officer








Director










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HBL

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