

HBL IslamicMoneyMarketFund

Quarterly Report
September 30, 2015
(Un-audited)

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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Rehan N. Shaikh	(Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Salim Amlani	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Audit Committee

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

Human Resource Committee

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

Risk Management Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

KPMG Taseer Hadi & Co., Chartered Accountants,
Sheikh Sultan Trust Building No 02
Beaumont Road, Karachi-75530, Pakistan

Internal Auditors

A.F. Ferguson & Co., Chartered Accountants,
State Life Building No.1-C, I.I Chundrigar Road,
P.O. Box 4716, Karachi.

Trustee

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

Legal Advisors

Mandviwalla & Zafar, Advocates and Legal Consultants,
Mandviwalla Chambers, C-15, Block 2, Clifton, Karachi.

Website

www.hblasset.com

Head Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

FUND INFORMATION

NAME OF FUND **HBL Islamic Money Market Fund**

FUND MANAGER **Mr. Fahad Aziz**

NAME OF AUDITORS

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

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

NAME OF BANKERS

National Bank of Pakistan
Meezan Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Statement of Assets and Liabilities
As at September 30, 2015

	(Un-audited) September 30, 2015	(Audited) June 30, 2015	
Note	(Rupees in '000)		
Assets			
Bank balances	4	472,720	464,049
Accrued mark-up		2,441	2,363
Preliminary expenses and flotation costs		140	197
Prepaid expenses		-	62
Other receivables		342	263
Total assets		475,643	466,934
Liabilities			
Payable to HBL Asset Management Limited - Management Company	5	449	470
Payable to Central Depository Company of Pakistan Limited - Trustee		5	55
Payable to Securities and Exchange Commission of Pakistan		88	358
Accrued expenses and other liabilities	6	5,171	8,703
Total liabilities		5,713	9,586
Net assets		469,930	457,348
Unit holders' fund (as per statement attached)		469,930	457,348
		(Number of units)	
Number of units in issue		4,624,418	4,554,184
		(Rupees)	
Net assets value per unit		101.6192	100.4237

The annexed notes 1 to 12 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Income Statement (Un-Audited)
For the quarter ended September 30, 2015

	Note	For the Quarter ended September 30,	
		2015	2014
		(Rupees in '000)	
Income			
Mark-up on deposits with banks		<u>7,611</u>	<u>10,116</u>
		7,611	10,116
Expenses			
Remuneration of HBL Asset Management Limited - Management Company		<u>1,554</u>	<u>1,553</u>
Remuneration of Central Depository Company of Pakistan Limited - Trustee		<u>200</u>	<u>175</u>
Annual fee to Securities and Exchange Commission of Pakistan		<u>88</u>	<u>87</u>
Auditors' remuneration		<u>88</u>	<u>92</u>
Settlement and bank charges		<u>7</u>	
Amortisation of preliminary expenses and floatation costs		<u>57</u>	<u>58</u>
Other expenses		<u>78</u>	<u>58</u>
		<u>2,072</u>	<u>2,023</u>
Net income from operating activities		<u>5,539</u>	<u>8,093</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		<u>(12)</u>	<u>320</u>
Provision for Workers' Welfare Fund	7	<u>-</u>	<u>(182)</u>
Net income for the year before taxation		<u>5,527</u>	<u>8,231</u>
Taxation	8	<u>-</u>	<u>-</u>
Net income for the year after taxation		<u>5,527</u>	<u>8,231</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the quarter ended September 30, 2015

	For the Quarter ended September 30,	
	2015	2014
	(Rupees in '000)	
Net income for the period	5,527	8,231
Other comprehensive income for the period		
<i>Items to be reclassified to income statement in subsequent periods:</i>		
Net unrealised gain on re-measurement of investments classified as available for sale	-	-
Total comprehensive income for the period	<u>5,527</u>	<u>8,231</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Distribution Statement (Un-Audited)
For the quarter ended September 30, 2015

	For the Quarter ended	
	September 30,	
	2015	2014
	(Rupees in '000)	
Undistributed income brought forward - realised	1,815	816
Net income for the period	5,527	8,231
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (loss) that form part of the unit holder's fund	1	-
Undistributed income carried forward - realised	<u>7,343</u>	<u>9,047</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the quarter ended September 30, 2015

	For the Quarter ended	
	September 30,	
	2015	2014
	(Rupees in '000)	
Net assets at beginning of the period	457,348	446,142
Issue of 330,871 units (2014: 883,598 units)	33,345	70,385
Redemption of 260,637 units (2014: 531,766 units)	(26,302)	(41,642)
	7,043	28,743
Element of income/ loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement	12	(320)
Total Comprehensive income for the period	5,527	8,231
Net assets at end of the period	469,930	482,796

The annexed notes 1 to 12 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the quarter ended September 30, 2015

	For the Quarter ended September 30,		
	Note	2015	2014
	(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		5,527	8,231
Adjustments			
Amortisation of preliminary expenses and floatation costs		57	58
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		12	(320)
		<u>5,596</u>	<u>7,969</u>
(Increase) / decrease in assets			
Investments		-	-
Accrued mark-up		(78)	(3,055)
Prepaid expenses		62	(1,779)
Other receivables		(79)	-
		<u>(95)</u>	<u>(4,834)</u>
Increase / (decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		(21)	31
Payable to Central Depository Company of Pakistan Limited - Trustee		(50)	4
Payable to Securities and Exchange Commission of Pakistan		(270)	(263)
Accrued expenses and other liabilities		(3,532)	1,827
		<u>(3,873)</u>	<u>1,599</u>
Net cash generated from operating activities		<u>1,628</u>	<u>4,734</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issue of units		33,345	70,385
Payment against redemption of units		(26,302)	(41,642)
Net cash increased in financing activities		<u>7,043</u>	<u>28,743</u>
Net increase in cash and cash equivalents		<u>8,671</u>	<u>33,477</u>
Cash and cash equivalents at beginning of the year		464,049	449,096
Cash and cash equivalents at end of the period	4	<u>472,720</u>	<u>482,573</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND

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

For the quarter ended September 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the period ended June 30, 2015.

		(Un-audited) September 30, 2015	(Audited) June 30, 2015
4. BANK BALANCES	<i>Note</i>	2015	2015
		(Rupees in '000)	
Savings accounts		<u>472,720</u>	<u>464,049</u>
4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 4.2% - 6.5% p.a (June 30, 2015: 5.75% - 8% p.a).			
		(Un-audited) September 30, 2015	(Audited) June 30, 2015
5. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	<i>Note</i>	2015	2015
		(Rupees in '000)	
Management fee	5.1	386	400
Sindh Sales Tax	5.2	<u>63</u>	<u>70</u>
		<u>449</u>	<u>470</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 period.
- 5.2 The Sindh Government has levied Sindh Sales Tax at the rate of 14% (June 30, 2015 : 15%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act 2011.

6. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-audited)	(Audited)
		September 30, 2015	June 30, 2015
(Rupees in '000)			
Auditors' remuneration		436	301
Federal Excise Duty	6.1	1,644	1,430
Payable to HBL Money Market Fund against conversion of units		-	2,972
Withholding tax payable			834
Provision for Workers' Welfare Fund	7	2,802	2,802
Payable againsts redemption of units		37	
Other payable		252	364
		<u>5,171</u>	<u>8,703</u>

- 6.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. In 2014, the Honourable High Court of Sindh in a Constitutional petition relating to levy of FED on Mutual Fund has granted a stay order for the recovery of FED. As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 1.822 million out of which Rs. 0.178 million have been paid to the Management Company.

Had the provision not been made, the Net Asset Value per unit of the Fund as at September 30, 2015 would have been higher by Rs. 0.3939 per unit.

7. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

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

Furthermore, in 2011 the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of SHC in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, SHC has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before SHC. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC.

However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, continued to provide for WWF amounting to Rs. 2.802 million upto June 30, 2015.

After the exclusion of the Mutual Funds from Federal Statute on Workers Welfare Fund, from 1st July 2015, the Fund has discontinued making the provision in this regard. Since the amendments in Federal Statute are applicable prospectively, therefore the provision amounting to Rs. 2.802 has not been reversed.

8. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current year as the Management Company has intended to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2016 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

9. Earnings per unit (EPU)

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

10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee to the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and directors of connected persons.

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

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

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

	For the Quarter ended September 30, 2015	For the Quarter ended September 30, 2014
	(Rupees in '000)	
10.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management Fee	1,554	1,553
Habib Bank Limited - Sponsor		
Mark-up earned during the period	349	909
Mark-up received during the period	1,082	548
Executives of the Management Company and their relatives		
Issue of Nil units (2014: 99 units)	-	10
Redemption of Nil units (2014: 99 units)	-	10
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	200	175

	(Un-audited) September 30, 2015	(Audited) June 30, 2015
	(Rupees in '000)	
10.2 Amounts outstanding as at year end		
HBL Asset Management Limited - Management Company		
Management fee	386	400
Sindh Sales tax	63	70
Habib Bank Limited - Sponsor		
Investment held in the Fund: 3,539,777 units (June 30, 2015: 3,539,777 units)	359,709	355,477
Bank balances	21,469	17,979
Mark-up receivable on bank deposits	39	772
HBL Money Market Fund - Associate		
Payable to HBL Money Market Fund against conversion of units	-	2,972
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	5	55

11. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **October 30, 2015**.

12. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

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- 📊 Risk profiler*
- 📊 Financial calculator
- 📧 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📝 Online Quizzes



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HBL Asset Management Limited



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