

HBL IslamicStockFund

Quarterly Report
September 30, 2015
(Un-audited)

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HBL ISLAMIC STOCK FUND

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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Board of Directors

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

Audit Committee

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

Human Resource Committee

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

Risk Management Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

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

Internal Auditors

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

Trustee

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

Legal Advisors

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

Website

www.hblasset.com

Head Office

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

Registered Office

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

FUND INFORMATION

NAME OF FUND **HBL Islamic Stock Fund**

FUND MANAGER **Ms. Samia Aslam**

NAME OF AUDITORS

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

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

NAME OF BANKERS

BankIslami Pakistan Limited
National Bank of Pakistan
Habib Bank Limited

HBL ISLAMIC STOCK FUND
Condensed Interim Statement of Assets and Liabilities
As September 30, 2015

	Note	(Unaudited) September 30, 2015 (Rupees in '000)	(Audited) June 30, 2015
Assets			
Bank balances	4	64,777	75,742
Investments	5	655,247	745,725
Dividend receivable and accrued mark-up	6	10,656	1,656
Preliminary expenses and floatation costs		139	197
Advances, deposits, prepayments and other receivables	7	48,005	2,667
Total assets		778,824	825,987
Liabilities			
Payable to HBL Asset Management Limited - Management Company	8	4,263	4,103
Payable to Central Depository Company of Pakistan Limited - Trustee		146	136
Payable to Securities and Exchange Commission of Pakistan		193	768
Accrued expenses and other liabilities	9	16,962	37,372
Total liabilities		21,564	42,379
Net assets		757,260	783,608
Unit holders' fund (as per statement attached)		757,260	783,608
(Number of units)			
Number of units in issue		6,349,712	6,109,139
(Rupees)			
Net assets value per unit		119.2589	128.2681

The annexed notes 1 to 15 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	Note	For the Quarter ended September 30,	
		2015	2014
		(Rupees in '000)	
Income			
Dividend income		8,903	9,596
Mark-up on deposits with banks		989	2,002
Capital gain on sale of investments - net		17,719	8,309
		<u>27,611</u>	<u>19,907</u>
Impairment loss on equity securities classified as 'available for sale'		(4,320)	-
		<u>23,291</u>	<u>19,907</u>
Expenses			
Remuneration of HBL Asset Management Limited - Management Company		5,367	5,134
Remuneration of Central Depository Company of Pakistan Limited - Trustee		462	385
Annual fee to Securities and Exchange Commission of Pakistan		193	183
Securities transaction costs		115	-
Auditors' remuneration		88	4
Settlement and bank charges		5	5
Amortisation of preliminary expenses and floatation costs		58	57
Other expenses		72	64
		<u>6,360</u>	<u>5,832</u>
Net income from operating activities		<u>16,931</u>	<u>14,075</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		477	(199)
Provision for Workers' Welfare Fund	10	-	(279)
Net income for the period before taxation		<u>17,408</u>	<u>13,597</u>
Taxation		-	-
Net income for the period after taxation		<u>17,408</u>	<u>13,597</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	For the Quarter ended September 30,	
	2015	2014
	(Rupees in '000)	
Net income for the period	17,408	13,597
Other comprehensive income for the period		
<i>Items to be reclassified to income statement in subsequent periods:</i>		
Net unrealised (loss) on re-measurement of investments classified as available for sale	(73,478)	(9,694)
Total comprehensive income for the period	<u>(56,070)</u>	<u>3,903</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	For the Quarter ended September 30,	
	2015	2014
	(Rupees in '000)	
Undistributed income brought forward - realised	26,494	26,330
Net income for the period	17,408	13,597
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income / (loss) that form part of unit holder's fund	1,073	199
Undistributed income carried forward - realised	<u>44,975</u>	<u>40,126</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	For the Quarter ended September 30,	
	2015	2014
	(Rupees in '000)	
Net Assets as at beginning of the period	783,608	778,727
Issue of 656,102 units (2014: 517,245 units)	83,728	67,091
Redemption of 415,530 units (2014: 717,210 units)	(53,530)	(93,385)
	30,198	(26,294)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement	(477)	199
Net income for the period	17,408	13,597
Net unrealised (loss) / gain on re-measurement of investments classified as available for sale	(73,478)	(9,694)
Total comprehensive income for the year	(56,070)	3,903
Net assets as at end of the period	<u>757,260</u>	<u>756,535</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

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

Chief Executive

Director

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

	For the Quarter ended September 30,	
	<i>Note</i> 2015	2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	17,408	13,597
Adjustments		
Amortisation of preliminary expenses and floatation costs	58	57
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(477)	199
	<u>16,989</u>	<u>13,853</u>
(Increase) / decrease in assets		
Investments - net	17,000	(100,713)
Dividend receivable and accrued mark-up	(9,000)	(9,005)
Advances, deposits, prepayments and other receivables	(45,338)	163,077
	<u>(37,338)</u>	<u>53,359</u>
Increase in liabilities		
Payable to HBL Asset Management Limited - Management Company	160	510
Payable to Central Depository Company of Pakistan Limited - Trustee	10	3
Payable to Securities and Exchange Commission of Pakistan	(575)	(368)
Accrued expenses and other liabilities	(20,409)	(20,321)
	<u>(20,814)</u>	<u>(20,176)</u>
Net cash (used in) / generated from operating activities	(41,163)	47,036
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	83,728	67,091
Payment against redemption of units	(53,530)	(93,385)
Net cash generated from / (used in) financing activities	30,198	(26,294)
Net (decrease) / increase in cash and cash equivalents during the period	(10,965)	20,742
Cash and cash equivalents at beginning of the period	75,742	91,913
Cash and cash equivalents at end of the period	4 <u>64,777</u>	<u>112,655</u>

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC STOCK 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 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 (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 09, 2011 to May 10, 2011.

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

JCR-VIS Credit Rating Agency (JCR-VIS) has assigned management quality rating of "AM2-" to the Management Company and 1 year fund performance ranking at MFR 1-Star.

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.

		(Unaudited) September 30, 2015	(Audited) June 30, 2015
4. BANK BALANCES	<i>Note</i>	2015	2015
		(Rupees in '000)	
Savings accounts	4.1	<u>64,777</u>	<u>75,742</u>
4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 4.20% - 6.80% p.a (June 30, 2015 : 5.00% - 8.00% p.a).			
5. INVESTMENTS		(Rupees in '000)	
Available for sale - Listed equity securities	5.1	<u>655,247</u>	<u>745,725</u>
		<u>655,247</u>	<u>745,725</u>

5.1 Listed equity securities - available for sale

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each except for K-Electric and Thal Limited which have face values of Rs. 3.5 and Rs. 5 each respectively.

Name of the Investee Company	Number of shares				As at September 30, 2015	Market value as at September 30, 2015 (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
	As at July 1, 2015	Purchases during the period	Bonus/Rights issue	Sales during the period					
Construction and Materials									
D. G. Khan Cement Company Limited	287,500	-	-	-	287,500	39,393	6.01%	5.20%	0.07%
Kohat Cement Limited	-	127,600	-	-	127,600	24,366	3.72%	3.22%	0.08%
Lucky Cement Limited	80,700	24,100	-	45,200	59,600	31,391	4.79%	4.15%	0.02%
Maple Leaf Cement Factory Limited	526,500	346,000	-	526,500	346,000	23,715	3.62%	3.13%	0.07%
Pioneer Cement Limited	-	344,500	-	100,000	244,500	21,208	3.24%	2.80%	1.08%
	894,700	842,200	-	671,700	1,065,200	140,073	21.38%	18.50%	
Electricity									
K-Electric Limited	3,001,000	4,274,500	-	1,918,500	5,357,000	37,820	5.77%	4.99%	0.02%
The Hub Power Company Limited	626,000	67,000	-	173,500	519,500	51,036	7.79%	6.74%	0.02%
Kot Addu Power Company	273,500	56,500	-	3,000	327,000	30,983	4.73%	4.09%	0.01%
	3,900,500	4,398,000	-	2,095,000	6,203,500	119,839	18.29%	15.82%	
Oil and Gas									
Pakistan Oilfields Limited	111,000	-	-	111,000	-	-	0.00%	0.00%	0.00%
Pakistan Petroleum Limited	206,200	321,800	-	352,000	176,000	20,969	3.20%	2.77%	0.01%
Pakistan State Oil Company Limited	78,800	-	-	39,400	39,400	11,363	1.73%	1.50%	0.01%
Attock Petroleum Limited	49,250	-	-	-	49,250	24,637	3.76%	3.25%	0.06%
	445,250	321,800	-	502,400	264,650	56,969	8.69%	7.52%	
Chemicals									
Fauji Fertilizer Bin Qasim Limited	560,500	-	-	123,000	437,500	26,316	4.02%	3.48%	0.05%
Fauji Fertilizer Company Limited	184,300	35,200	-	219,500	-	-	0.00%	0.00%	0.00%
Fatima Fertilizer Company Limited	-	825,000	-	163,500	661,500	30,614	4.67%	4.04%	0.05%
Engro Fertilizer Limited	410,500	128,500	-	247,000	292,000	26,222	4.00%	3.46%	0.02%
Engro Corporation Limited	188,400	58,400	-	46,100	200,700	59,885	9.14%	7.91%	0.04%
	1,343,700	1,901,100	-	1,653,100	1,591,700	143,037	21.83%	18.89%	
Technology & Communication									
Pakistan telecommunication company limited	-	894,000	-	-	894,000	15,547	2.37%	2.05%	0.02%
	-	894,000	-	-	894,000	15,547	2.37%	2.05%	
Food Producers									
Engro Foods Limited	225,000	40,400	-	265,400	-	-	0.00%	0.00%	0.00%
	225,000	40,400	-	265,400	-	-	0.00%	0.00%	
General Industrials									
Synthetic Products Enterprises Limited	639,000	-	-	204,000	435,000	21,967	3.35%	2.90%	0.56%
Packages Limited	40,200	23,500	-	8,100	55,600	29,663	4.53%	3.92%	0.06%
	679,200	23,500	-	212,100	490,600	51,630	7.88%	6.82%	
Engineering									
Crescent Steel & Allied Product limited	-	188,500	173,500	-	362,000	16,989	2.59%	2.24%	0.58%
	-	188,500	173,500	-	362,000	16,989	2.59%	2.24%	
Household Goods									
Pak Elektron Limited	444,000	105,500	-	143,000	406,500	29,305	4.47%	3.87%	0.10%
	444,000	105,500	-	143,000	406,500	29,305	4.47%	3.87%	
Pharma and Bio Tech									
GlaxoSmithKline PLC	-	35,000	-	-	35,000	7,480	1.14%	0.99%	0.01%
	-	35,000	-	-	35,000	7,480	1.14%	0.99%	
Automobile Assembler									
Pak Suzuki Motors Limited	74,500	-	-	74,500	-	-	0.00%	0.00%	0.00%
Hino Pak Motors Limited	-	31,400	-	-	31,400	36,566	5.58%	4.83%	0.25%
Indus Motors Limited	34,050	-	-	9,580	24,470	24,504	3.74%	3.24%	0.03%
	108,550	31,400	-	84,080	55,870	61,070	9.32%	8.07%	
Automobile Parts and Accessories									
Thal Limited	74,800	-	-	22,200	52,600	13,308	2.03%	1.76%	0.13%
	74,800	-	-	22,200	52,600	13,308	2.03%	1.76%	
Total	8,115,700	8,746,400	173,500	5,648,980	11,386,620	655,247	100.00%	86.53%	
Cost of investments at September 30, 2015						664,062			

5.2 Investments include shares having market value aggregating to Rs. 40.92 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.

		(Unaudited) September 30,	(Audited) June 30,
5.3 Net unrealised gain on re-measurement of investments classified as available for sale	<i>Note</i>	2015	2015
		(Rupees in '000)	
Market value of investments	5.1	655,247	745,725
Less: Cost of investments		664,062	681,062
		<u>(8,815)</u>	<u>64,663</u>

6. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP

Mark-up accrued on deposits with banks		396	299
Dividend receivable		10,260	1,357
		<u>10,656</u>	<u>1,656</u>

7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Receivable against sales of securities		45,355	-
Prepaid expenses		50	67
		<u>48,005</u>	<u>2,667</u>

		(Unaudited) September 30,	(Audited) June 30,
8. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	<i>Note</i>	2015	2015
		(Rupees in '000)	
Management fee	8.1	1,272	1,326
Sindh Sales Tax	8.2	207	230
Sales load payable		2,784	2,547
		<u>4,263</u>	<u>4,103</u>

8.1 Under the provision of 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 percentage of the average annual net asset 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 two percent per annum for the current period.

8.2 The Sindh Government has levied Sindh Sales Tax at the rate of 14% (June 30, 2015 : 15%) on the remuneration of the Management Company through Sindh Sales Tax on Service Act, 2011.

9. ACCRUED EXPENSES AND OTHER LIABILITIES	(Unaudited) September 30,	(Audited) June 30,
	2015	2015
Auditors' remuneration payable	389	301
Charity payable	1,900	1,885
Federal Excise Duty	4,959	4,322
Withholding tax payable	-	4,906
Capital gain tax payable	131	154
Payable to unit holders against redemption	-	906
Payable to HBL Money Market Fund against conversion of units	-	15,067
Other payables	66	52
Brokerage Commission payable	1,243	1,505
Provision for Workers' Welfare Fund	8,274	8,274
	<u>16,962</u>	<u>37,372</u>

- 9.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. 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. 5.358 million out of which Rs. 0.399 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. 0.7809 per unit.

10. PROVISION FOR WORKERS' WELFARE FUND

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

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. 8.274 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. 8.274 has not been reversed.

11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of 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.

12. Earnings per unit (EPU)

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

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee 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)		
13.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee	5,367	5,134
Habib Bank Limited - Sponsor		
Mark-up earned during the year	157	383
Mark-up received during the year	135	140
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	462	385
Central Depository system charges	37	61
Executives and their relatives		
Issue of Nil units (2014: 15,904 units)	-	2,004
Redemption of Nil units (2014: 15,308 units)	-	1,955

	(Un-audited) September 30, 2015	(Audited) June 30, 2015
13.2 Amounts outstanding as at period end		
HBL Asset Management Limited - Management Company		
Management fee payable	1,272	1,326
Sindh Sales Tax payable	207	230
Sales load payable	2,784	2,547
Habib Bank Limited - Sponsor		
Investment held in the Fund: 5,028,952 units (June 30, 2015: 4,400,595 units)	599,747	645,054
Bank balances	17,256	26,169
Mark-up receivable on deposits with banks	69	47
HBL Money Market Fund - Associate		
Payable to HBL Money Market Fund against conversion of units	-	15,067
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	146	136
Security deposit	100	100
Executives of the Management Company and their relatives		
Investment held in the Fund : 18,357 units (June 30, 2015: 18,357 units)	2,189	2,355
Directors of connected persons		
Investment held in the Fund: 71,117 units (June 30, 2015: 71,117 units)	8,481	9,122

14. 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**.

15. 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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