

HBL IslamicStockFund

Quarterly Report
March 31, 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 At March 31, 2015

	<i>Note</i>	March 31, 2015 (Un-Audited)	June 30, 2014 (Audited)
(Rupees in '000)			
Assets			
Bank balances	4	35,116	91,913
Investments	5	720,504	555,941
Dividend receivable and accrued mark-up	6	8,706	1,146
Preliminary expenses and floatation costs		255	427
Advances, deposits, prepayments and other receivables	7	51,258	165,712
Total assets		815,839	815,139
Liabilities			
Payable to HBL Asset Management Limited - Management Company	8	3,774	2,281
Payable to Central Depository Company of Pakistan Limited - Trustee		281	122
Payable to Securities and Exchange Commission of Pakistan		574	551
Dividend payable		-	22,324
Accrued expenses and other liabilities	9	15,485	11,134
Total liabilities		20,114	36,412
Net assets		795,725	778,727
Unit holders' fund (as per statement attached)		795,725	778,727
(Number of units)			
Number of units in issue		6,021,965	5,903,622
(Rupees)			
Net assets value per unit		132.1370	131.9066

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	Note		Quarter ended	
	Nine months ended March 31,		March 31,	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
Income				
Dividend income	29,290	14,255	10,377	1,763
Mark-up on deposits with banks	5,054	3,735	1,658	1,434
Capital gain / (loss) on sale of investments - net	37,573	127,900	(7,069)	56,096
	71,917	145,890	4,966	59,293
Expenses				
Remuneration of HBL Asset Management Limited - Management Company	16,125	10,982	5,653	4,209
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,209	816	424	313
Annual fee to Securities and Exchange Commission of Pakistan	574	387	201	148
Securities transaction costs	356	387	109	2
Auditors' remuneration	239	246	87	73
Settlement and bank charges	184	186	18	14
Amortisation of preliminary expenses and floatation costs	173	173	57	57
Other expenses	247	681	54	323
	19,107	13,858	6,603	5,139
Net income from operating activities	52,810	132,032	(1,637)	54,154
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	1,072	12,323	751	7,757
Provision for Workers' Welfare Fund	10 (1,079)	(2,888)	17	(1,338)
Net income for the period before taxation	52,803	141,467	(869)	60,573
Taxation	11 -	-	-	-
Net income for the period after taxation	52,803	141,467	(869)	60,573
Earning per unit	12			

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2015	2014	2015	2014
	------(Rupees in '000)-----			
Net income for the period	52,803	141,467	(869)	60,573
Other comprehensive income for the period				
<i>Items to be reclassified to income statement in subsequent periods:</i>				
Net unrealised (diminution) on remeasurement of investments classified as available for sale.	(51,836)	(14,740)	(40,685)	(14,976)
Total comprehensive income for the period	<u>967</u>	<u>126,727</u>	<u>(41,554)</u>	<u>45,597</u>

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	Nine months ended	
	March 31,	
	2015	2014
	(Rupees in '000)	
Undistributed income brought forward - realised	26,330	83,566
Net income for the period	52,803	141,467
Element of income / (loss) and capital gains / (losses) included in the price of units issued less those in units redeemed - amount representing income / (loss) that form part of the unit holders' fund	487	3,001
Final distribution for the year ended June 30, 2014: Nil [(Year ended June 30, 2013: Rs. 25 per unit in the form of 575,353 bonus units) (Date of distribution: July 8, 2013)]	-	(75,319)
Undistributed income carried forward - realised	79,620	152,715

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

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 Nine Months & quarter ended March 31, 2015**

	Nine months ended	
	March 31,	
	2015	2014
	(Rupees in '000)	
Net assets at beginning of the period [Rs. 131.9066 per unit (June 30, 2013: Rs. 155.9098 per unit)]	778,727	469,721
Issue of 1,828,830 units (2014: 1,096,095 units)	250,716	165,044
Redemption of 1,710,487 units (2014: 575,388 units)	(233,614)	(86,125)
Issue of bonus units: Nil (2014: 575,353 bonus units)	-	75,319
	17,102	154,238
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	(1,072)	(12,323)
Net income for the period	52,803	141,467
Net unrealised (diminution) on remeasurement of investments classified as available for sale	(51,836)	(14,740)
Total comprehensive income for the period	967	126,727
Final distribution for the year ended June 30, 2014: Nil [(Year ended June 30, 2013: Rs. 25 per unit in the form of 575,353 bonus units) (Date of distribution: July 8, 2013)]	-	(75,319)
Net assets at end of the period [Rs. 132.1370 per unit (2014: Rs. 161.3704 per unit)]	795,725	663,044

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	Note	Nine months ended	
		March 31,	
		2015	2014
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		52,803	141,467
Adjustments			
Amortisation of preliminary expenses and floatation costs		173	173
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		(1,072)	(12,323)
		51,904	129,317
(Increase) / decrease in assets			
Investments - net		(216,399)	(176,771)
Dividend receivable and accrued mark-up		(7,560)	(1,683)
Advances, deposits, prepayments and other receivables		114,454	(37)
		(109,505)	(178,491)
Increase / (decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		1,493	522
Payable to Central Depository Company of Pakistan Limited - Trustee		159	22
Payable to Securities and Exchange Commission of Pakistan		23	30
Dividend payable		(22,324)	-
Accrued expenses and other liabilities		4,351	4,686
		(16,298)	5,260
Net cash generated from / (used in) operating activities		(73,899)	(43,914)
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		250,716	165,044
Payment against redemption of units		(233,614)	(86,125)
Net cash generated from in financing activities		17,102	78,919
Net decrease / (increase) in cash and cash equivalents		(56,797)	35,005
Cash and cash equivalents at beginning of the period		91,913	29,241
Cash and cash equivalents at end of the period	4	35,116	64,246

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

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 Nine Months & quarter ended March 31, 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 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 has assigned management quality rating of 'AM2-' to the Management Company and has assigned one year Fund performance ranking at 'MFR 2-Star' and three year Fund performance ranking at 'MFR 1-Star' to the Fund.

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

2. STATEMENT OF COMPLIANCE

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

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2014.

4. BANK BALANCES	Note	(Un-Audited)	(Audited)
		March 31, 2015	June 30, 2014
(Rupees in '000)			
Savings accounts		35,116	91,913
		<u>35,116</u>	<u>91,913</u>
5. INVESTMENTS			
Available for sale - Listed equity securities	5.1	720,504	555,941
		<u>720,504</u>	<u>555,941</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	Number of shares				Market value as a percentage of				Par value as a percentage of issued capital of
	As at July 1, 2014	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2015	Market value as at March 31, 2015 (Rupees in '000)	Total Investments	Net Assets	
Personal Goods (Textile)									
Nishat Mills Limited	350,000	1,246,100	-	1,596,100	-	-	-	-	-
	350,000	1,246,100	-	1,596,100	-	-	-	-	-
Construction and Materials									
Cherat Cement Limited	-	1,385,000	-	1,385,000	-	-	-	-	-
D.G. Khan Cement Company Limited	430,000	1,520,000	-	1,520,000	430,000	48,074	6.67%	6.04%	0.10%
Kohat Cement Limited	474,000	125,000	-	599,000	-	-	-	-	-
Lucky Cement Limited	69	581,400	-	456,969	124,500	55,520	7.71%	6.98%	0.04%
Maple Leaf Cement Factory Limited	-	2,793,000	-	2,293,000	500,000	24,020	3.33%	3.02%	0.09%
Pioneer Cement Limited	-	2,025,000	-	2,025,000	-	-	-	-	-
	904,069	8,429,400	-	8,278,969	1,054,500	127,614	17.71%	16.04%	
Electricity									
K-Electric Limited**	3,000,000	-	-	3,000,000	-	-	-	-	-
Kot Addu Power Company Limited	-	300,000	-	-	300,000	23,334	3.24%	2.93%	0.03%
The Hub Power Company Limited	-	1,850,500	-	927,000	923,500	78,848	10.94%	9.91%	0.08%
	3,000,000	2,150,500	-	3,927,000	1,223,500	102,182	14.18%	12.84%	
Oil and Gas									
Attock Refinery Limited	-	240,000	-	240,000	-	-	-	-	-
Mari Petroleum Company Limited	100,800	179,300	-	280,100	-	-	-	-	-
Oil & Gas Development Company Limited	239,346	198,000	-	437,346	-	-	-	-	-
Pakistan Oilfields Limited	102,800	293,000	-	395,800	-	-	-	-	-
Pakistan Petroleum Limited	230,148	214,900	-	445,048	-	-	-	-	-
Pakistan State Oil Company Limited	141,350	748,800	-	701,350	188,800	65,023	9.02%	8.17%	0.07%
Attock Petroleum	-	59,000	-	-	59,000	30,677	4.26%	3.86%	0.07%
National Refinery Limited	-	185,000	-	185,000	-	-	-	-	-
	814,444	2,118,000	-	2,684,644	247,800	95,700	13.27%	12.03%	
Chemicals									
Fauji Fertilizer Bin Qasim Limited	-	2,330,000	-	2,330,000	-	-	-	-	-
Engro	-	265,000	-	95,000	170,000	43,673	6.06%	5.49%	0.03%
I.C.I. Pakistan Limited	140,800	-	-	-	140,800	54,156	7.52%	6.81%	0.15%
	140,800	2,595,000	-	2,425,000	310,800	97,829	13.58%	12.29%	
Commercial Bank									
Meezan Bank Limited	-	800,000	-	800,000	-	-	-	-	-
	-	800,000	-	800,000	-	-	-	-	-
Food Producers									
Engro Foods Limited	-	355,000	-	355,000	-	-	-	-	-
National Foods Limited** (Note 5.1.1)	75,055	85,055	-	-	160,110	61,420	8.52%	7.72%	0.15%
	75,055	440,055	-	355,000	160,110	61,420	8.52%	7.72%	
General Industrials									
Packages Limited	-	76,250	-	4,000	72,250	40,099	5.57%	5.04%	0.08%
Synthetic Products Limited	-	923,500	-	-	923,500	45,362	6.30%	5.70%	1.09%
Thall Limited**	-	240,000	-	119,400	120,600	30,794	4.27%	3.87%	0.30%
	-	1,239,750	-	123,400	1,116,350	116,255	16.14%	14.61%	
Industrial Transportation									
Pakistan National Shipping Corporation	-	305,000	-	305,000	-	-	-	-	-
	-	305,000	-	305,000	-	-	-	-	-
Pharma and Bio Tech									
Searle Company Limited	68,400	575,000	-	643,400	-	-	-	-	-
	68,400	575,000	-	643,400	-	-	-	-	-
Automobile and Parts									
Indus Motor Company Limited	-	40,500	-	-	40,500	41,109	5.71%	5.17%	0.05%
Pak Suzuki Motor Company	-	547,000	-	426,500	120,500	41,753	5.79%	5.25%	0.15%
	-	547,000	-	426,500	120,500	82,862	11.50%	10.41%	
Engineering									
Milfat Tractors	-	32,300	-	32,300	-	-	-	-	-
	-	32,300	-	32,300	-	-	-	-	-
Fertilizers									
Fauji Fertilizer Company	-	275,000	-	-	275,000	36,642	5.10%	4.60%	0.01%
	-	275,000	-	-	275,000	36,642	5.10%	4.60%	
	5,352,768	20,753,105	-	21,597,313	4,508,560	720,504	100.00%	90.54%	
Cost of investments at March 31, 2015						689,717			

** The shares of K-electric have face value of Rs. 3.5 each and shares of National Foods Limited and Thall Limited have face value of Rs. 5 each.

5.1.1 Shareholders of National Foods Limited, vide special resolution in Annual General Meeting dated October 22, 2014, approved the subdivision of the company's paid up and authorised share capital in a manner that each ordinary share at November 27, 2014 having face value of Rs. 10 each be subdivided into two ordinary shares having face value of Rs. 5 each. The market value at the book closure date i.e. November 27, 2014 was split exactly in the same ratio. The Fund has holding of 80,055 ordinary shares as of the date and consequently received 80,055 shares without any consideration.

5.2 Investments include shares having market value aggregating to Rs. 35.224 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.

5.3 Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	Note	(Un-Audited)	(Audited)
		March 31, 2015	June 30, 2014
		(Rupees in '000)	
Market value of investments	5.1	720,504	555,941
Cost of investments - net		689,717	473,318
		30,787	82,623

6. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP

Mark-up accrued on deposits with banks		317	507
Dividend receivable		8,389	639
		8,706	1,146

**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
Advance against subscription towards issue of equity shares	7.1	-	28,798
Receivable against sales of securities		48,540	134,268
Prepaid expenses		118	46
		51,258	165,712

7.1 The Fund had participated in the initial public offering (IPO) of Pakistan Petroleum Limited. However, no shares were allotted to the Fund and subsequent to the year end June 30, 2014, the subscription amount was refunded.

8. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	(Un-Audited)	(Audited)
		March 31, 2015	June 30, 2014
		(Rupees in '000)	
Management fee	8.1	1,453	1,220
Sindh Sales Tax	8.2	253	227
Sales load payable		2,068	834
		3,774	2,281

- 8.1 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 two percent per annum for the current period.
- 8.2 The Sindh Government has levied Sindh Sales Tax at the rate of 15% (June 30, 2014: 16%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011 effective from July 1, 2011.

9. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-Audited)	(Audited)
		March 31, 2015	June 30, 2014
(Rupees in '000)			
Auditors' remuneration		260	200
Federal Excise Duty	9.1	3,613	1,671
Payable to brokers		2,677	1,575
Provision for Workers' Welfare Fund	10	7,306	6,227
Charity payable		1,582	1,438
Other payables		47	23
		<u>15,485</u>	<u>11,134</u>

- 9.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by Mutual Funds Association of Pakistan, where various options are being considered. On September 09, 2013, the Honourable High Court of Sindh in a Constitutional petition relating to levy of FED on Mutual Fund has granted a stay order for the recovery of FED. As a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 4.012 million out of which Rs. 0.399 million have been paid to the Management Company. Had the provision not being made, the Net Asset Value per unit of the Fund as at March 31, 2015 would have been higher by Rs. 0.666 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 Man power (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

Furthermore in 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 7.306 million (including Rs. 1.079 million for the current period). Had the provision not been made, the Net Asset Value per unit of the fund as at March 31, 2015 would have been higher by Rs. 1.213 per unit.

9.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by Mutual Funds

11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ended June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unit holders.

12. EARNINGS PER UNIT (EPU)

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

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

13.1 Transactions during the period

	Nine months ended	
	March 31,	
	2015	2014
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	16,125	10,982
Habib Bank Limited - Sponsor		
Issue of bonus units: Nil (2014: 544,114 bonus units)	-	71,230
Bank charges paid	25	9
Mark-up on deposits with bank earned	1,162	2,089
Mark-up on deposits with bank received	1,247	2,038
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,209	816
Central Depository services charges	149	114

	Nine months ended March 31,	
	2015	2014
	(Rupees in '000)	
Executives of the Management Company and their relatives		
Executives and their relatives		
Issue of 38,545 units (2014: 10,146 units)	5,185	1,454
Issue of bonus units: Nil (2014: 1,583 bonus units)	-	207
Redemption of 28,966 units (2014: 20,338 units)	3,809	2,868
Profit earned on units redeemed	10	47
13.2 Amounts outstanding as at period end	(Un-Audited)	(Audited)
	March 31,	June 30,
	2015	2014
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	1,453	1,220
Sindh Sales Tax	253	227
Sales load payable	2,068	834
Habib Bank Limited - Sponsor		
Investment held in the Fund: 4,400,595 units (June 30, 2014: 4,400,595 units)	581,481	580,468
Bank balances	19,306	35,697
Mark-up receivable on deposits with bank	64	149
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	281	122
Security Deposit	100	100
Executives of the Management Company and their relatives		
Investment held in the Fund: 16,743 units (June 30, 2014: Nil units)	2,212	-
Directors of connected persons		
Investment held in the Fund: 62,285 units (June 30, 2014: 62,285 units)	8,230	8,216
Persons having 10% or more units - other than above		
Investment held in the Fund: 579,833 units (June 30, 2014: 579,833 units)	76,617	76,484

14. DATE OF AUTHORISATION FOR ISSUE

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

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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HBL Asset Management Limited



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