

## Table of Contents

Corporate Information	2
Report of the Directors of the Management Company	3
Report of the Trustee to the Unit Holders	5
Auditors' Report to the Unit Holders on Review of Condensed Interim Financial Information	6
Statement of Assets and Liabilities	7
Income Statement	8
Distribution Statement	9
Statement of Movement in Unit Holders' Fund	10
Cash Flow Statement	11
Notes to the Financial Statements	12
Distribution Network	19

## Corporate Information

### Management Company

HBL Asset Management Limited.

### Board of Directors

Chairman	Mr. R. Zakir Mahmood	(Non-Executive Director)
Chief Executive Officer	Mr. Shahid Ghaffar	(Executive Director)
Directors	Mr. Sohail Malik	(Non-Executive Director)
	Mr. Abid Sattar	(Non-Executive Director)
	Mr. Tawfiq Habib Chinoy	(Independent Non-Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

### Audit Committee

Chairperson	Ms. Sadia Khan	(Independent Non-Executive Director)
Members	Mr. Sohail Malik	(Non-Executive Director)
	Mr. Abid Sattar	(Non-Executive Director)

### Human Resource Committee

Chairman	Mr. Tawfiq Habib Chinoy	(Independent Non-Executive Director)
Members	Mr. Shahid Ghaffar	(Chief Executive)
	Mr. Abid Sattar	(Non-Executive Director)

**Company Secretary** Mr. Rehan N. Shaikh

**Chief Financial Officer** Mr. Noman Ahmed Soomro

**Fund Manager** Mr. Muhammad Amir Khan

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

**Internal Auditors** Ford Rhodes Sidat Hyder & Co., Chartered Accountants,  
Progressive Plaza, Beaumont Road,  
P.O. Box No. 15541, Karachi 75530.

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

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

**Bankers** Habib Bank Limited  
MCB Bank Limited  
JS Bank Limited  
The Bank of Punjab  
Standard Chartered Bank (Pakistan) Limited

**Website** [www.hblasset.com](http://www.hblasset.com)

**Head Office** 8B, 8th Floor, Executive Tower, Dolmen City,  
Block 4, Clifton, Karachi.

**Registered Office** Suite # 403-404, The Forum, G-20,  
Khayaban-e-Jami, Clifton, Karachi.

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Half Yearly Report of **HBL Multi Asset Fund** (the Fund) for the period ended December 31, 2008.

### Fund's Performance

During the period the Fund incurred net loss of Rs 231.47 million. The loss also includes Rs. 221.83 million as impairment loss on investments classified as 'available for sale'. This provision has been recognized in the light of SECP notification dated February 13, 2009 wherein companies and mutual funds have been encouraged to follow the full requirements of IAS-39. Accordingly the Fund has complied with the SECP notification and 100% impairment loss to the investment held as available for sale has been routed through income statement. The management has carried out a scrip wise analysis of the above deficit in accordance with the requirements of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and has determined that deficit amounting to Rs 221.83 million represents a significant decline in the fair value of such equity securities with reference to their cost and accordingly an impairment loss to this extent has been fully recognized.

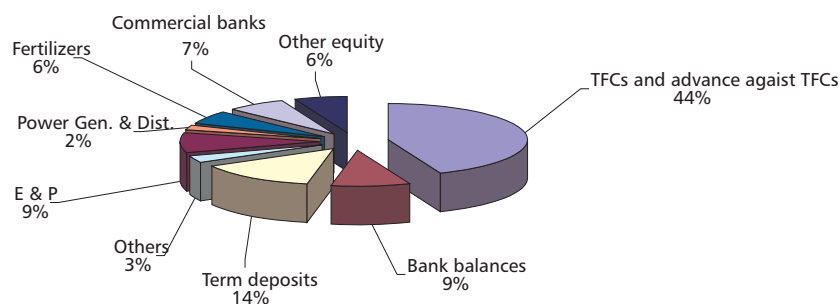
The size of the Fund reduced from Rs. 719 million to Rs. 478 million, thereby showing a decline of 33.52%. The decline in Fund size was mainly due to decline in share prices. The Net Asset Value per unit of the Fund decreased from Rs 97.27 as on July 1, 2008 to Rs 65.20 as on December 31, 2008, thereby showing a decline of 33%. During the same period KSE 100 Index declined by 52%. The one month KIBOR increased from 12.86% in July 2008 to 14.32% in December 2008.

The SECP directed the Mutual Fund industry vide Circular No. 23 of 2008 dated October 07, 2008 to suspend pricing, issuance and redemption of units of open-end scheme with direct exposure to equity securities until the 3rd day of removal of the floor. The floor was removed on December 15, 2008. Your Fund was amongst the very few Equity related Funds which removed suspension and started issuance, redemption and transfer of units from December 18, 2008 i.e. on the date of expiration of SECP directive.

### Asset Allocation

The equity portfolio of the Fund was invested mainly in Oil and Gas Exploration, Commercial Banks, Fertilizer and Power Generation and Distribution sectors. The debt portfolio of the Fund was invested mainly in Oil and Gas marketing companies, Technology and Communication, leasing and fertilizers. The details of asset allocation as on December 31, 2008 is given below:

**Asset Allocation as on December 31, 2008**



### **Market Review and Future Outlook**

During the period October - December 2008, the money market experienced severe liquidity shortage. During the month of October 2008, overnight call money rates rose as high as 40%. During the month of October 2008, State Bank of Pakistan (SBP) took several steps to improve liquidity position by reducing Cash Reserve Requirement (CRR) for banks from 9% to 5%. The SBP Also allowed banks to avail discounting facility against PIBs classified as HTM (Held to Maturity). In November 2008, the SBP increased the discount rate by 200 bps to 15%. The One month KIBOR increased from 13.79% in September 2008 to 14.32% in December 2008. The IMF approved US \$ 7.6 billion Stand By Arrangement and the first tranche of US \$ 3.1 billion was received in December 2008.

The corporate bond market (TFCs, Sukuk and Commercial Papers) remained illiquid. On November 05, 2008, the SECP through directive marked down the prices of debt securities such as TFCs and Sukuk from 5% to 30% as per their respective ratings.

The floor imposed at KSE on August 27, 2008 after remaining enforced for almost 110 days was removed on December 15, 2008. After removal of the floor, the KSE-100 index dropped sharply and was 5,865 points as on December 31, 2008 i.e. a decline of 36%. During the floor period, the trading volumes at the exchange were extremely low. National Clearing Company of Pakistan Limited (NCCPL) and SECP intervened in the CFS market few times through forced rollover of CFS positions. The market declined sharply resulting in CFS MK-II settlement problems. After extensive consultative process amongst all stake holders, the issue of CFS was finally resolved through a voluntary CFS MK-II Square Up scheme. Under the scheme, the CFS financiers and Government owned institutions agreed to purchase simultaneously and equally upto 60% of the CFS MK-II financed securities and securities deposited as margin against open CFS MK-II transactions. (upto 30% by CFS financiers and upto 30% by Government owned institutions).

### **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 Lahore Stock Exchange and State Bank of Pakistan.

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

On behalf of the Board of  
HBL Asset Management Limited

**R. Zakir Mahmood**  
Chairman  
Date: February 25, 2009  
Place: Karachi

## **TRUSTEE REPORT TO THE UNIT HOLDERS HBL MULTI ASSET FUND**

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

The HBL Multi Asset Fund (the Fund), an open-end fund was established under a trust deed dated October 08, 2007, executed between HBL Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from July 01, 2008 to December 31, 2008 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.

**Muhammad Hanif**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 26, 2009

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

### **Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Multi Asset Fund** as at December 31, 2008, and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2008. The Management Company (HBL Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. 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, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cashflow statement for the quarter ended December 31, 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2008.

### **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 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 as of and for the half year ended December 31, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

**A. F. Ferguson & Co.**  
Chartered Accountants  
Karachi  
Date : February 25, 2009

**HBL MULTI ASSET FUND  
CONDENSED INTERIM STATEMENT OF  
ASSETS AND LIABILITIES (UNAUDITED)  
AS AT DECEMBER 31, 2008**

	Note	(Unaudited) December 31, 2008	(Audited) June 30, 2008
------(Rupees in '000)-----			
<b>Assets</b>			
Bank balances		115,839	153,647
Receivable against Continuous Funding System (CFS) transactions		-	26,122
Investments	4	346,188	424,932
Loans and receivables		-	9,962
Dividend and profit receivable	5	11,613	10,504
Preliminary expenses and floatation costs		899	1,014
Advances, deposits and prepayments	6	6,250	100,706
<b>Total assets</b>		<b>480,789</b>	<b>726,887</b>
<b>Liabilities</b>			
Payable to HBL Asset Management Limited - Management Company		2,132	2,371
Payable to Central Depository Company of Pakistan Limited - Trustee		94	118
Payable to Securities and Exchange Commission of Pakistan - Annual fee		307	358
Payable against purchase of investments		-	4,041
Accrued expenses and other liabilities	7	602	1,150
<b>Total liabilities</b>		<b>3,135</b>	<b>8,038</b>
<b>Net assets</b>		<b>477,654</b>	<b>718,849</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>477,654</b>	<b>718,849</b>
-----Number of units-----			
<b>Number of units in issue</b>		<b>7,326,475</b>	<b>7,390,356</b>
----- Rupees -----			
<b>Net asset value per unit</b>		<b>65.20</b>	<b>97.27</b>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

# HBL MULTI ASSET FUND CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008

	Note	Six months ended December 31, 2008	Quarter ended December 31, 2008	For the period November 8, to December 31, 2007
------(Rupees in '000)-----				
<b>Income</b>				
Dividend income		6,524	3,673	-
Income from Continuous Funding System (CFS) transactions		617	-	23
Profit on bank deposits		7,981	3,819	3,995
Income from Term Finance Certificates		16,104	7,397	-
Income from reverse repurchase and other money market transactions		38	-	-
Loss on sale of investments - net		(12,385)	(1,898)	(52)
Other Income		461	183	76
		19,340	13,174	4,042
Unrealised (diminution) in value of investments at fair value through profit or loss - net		(2,570)	(3,787)	-
Impairment loss on investments classified as 'available for sale'	4.6	(221,827)	(221,827)	-
		(205,057)	(212,440)	4,042
<b>Expenses</b>				
Remuneration of HBL Asset Management Limited - Management Company		6,339	2,996	493
Remuneration of Central Depository Company of Pakistan Limited - Trustee		634	300	49
Annual fee - Securities and Exchange Commission of Pakistan		307	140	25
Securities transaction cost		105	-	3
Auditors' remuneration		154	104	11
Settlement and bank charges		42	5	1
Amortisation of preliminary expenses and floatation costs		114	57	9
Provision in respect of advance against subscription of Term Finance Certificates	6.1	18,750	18,750	-
Other expenses		15	6	2
		26,460	22,358	593
<b>Net (loss) / income from operating activities</b>		(231,517)	(234,798)	3,449
Net element of accrued income and capital gains included in prices of units issued less those in units redeemed		44	95	1
<b>Net (loss) / income for the period</b>		(231,473)	(234,703)	3,450
<b>Earnings per unit</b>	8			

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## HBL MULTI ASSET FUND CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008

	Six months ended December 31, 2008	Quarter ended December 31, 2008	For the period November 8, to December 31, 2007
	----- (Rupees in '000) -----		
Undistributed income brought forward	29,717	5,231	-
Net (loss) / income for the period	(231,473)	(234,703)	3,450
Element of income and capital gains included in the prices of units issued less those in units redeemed - amount representing income that form part of the unit holders' fund	4,221	2,376	-
Final distribution for the period ended June 30, 2008	(29,561)	-	-
	(256,813)	(232,327)	3,450
Undistributed (loss) / income carried forward	(227,096)	(227,096)	3,450

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**HBL MULTI ASSET FUND  
CONDENSED INTERIM STATEMENT OF MOVEMENT  
IN UNIT HOLDERS' FUND (UNAUDITED)  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008**

	Six months ended December 31, 2008	Quarter ended December 31, 2008	For the period November 8, to December 31, 2007
	------(Rupees in '000)-----		
Net assets at the beginning of the period	718,849	627,547	-
Issue of 1,197 units (6,405,143 units for period ended December 31, 2007)	105	(1)	640,515
Redemption of 341,279 units (Nil units for the period ended December 31, 2007)	(27,560) (27,455)	(9,278) (9,279)	- 640,515
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed			
- amount representing accrued (income) and capital (gains) - transferred to Income Statement	(44)	(95)	(1)
- amount representing (income) that form part of the unit holders' fund - transferred to Distribution Statement	(4,221) (4,265)	(2,376) (2,471)	- (1)
Distribution of 276,203 bonus units for the period ended June 30, 2008	25,761	-	-
Net unrealized appreciation / (diminution) during the period in market value of securities classified as available for sale	21,577	94,184	(968)
Element of income and capital gains included in the prices of units sold less those in units redeemed - amount representing income that form part of the Unit Holders' Fund	4,221	2,376	-
Net (loss) / income for the period	(231,473)	(234,703)	3,450
Final distribution for the period ended June 30, 2008	(29,561)	-	-
Net assets at the end of the period	<u>477,654</u>	<u>477,654</u>	<u>642,996</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

# HBL MULTI ASSET FUND CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008

	Six months ended December 31, 2008	Quarter ended December 31, 2008	For the period November 8, to December 31, 2007
	-----Rupees in '000)-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the period	(231,473)	(234,703)	3,450
<b>Adjustments</b>			
Unrealized diminution on investments at fair value through profit or loss - net	2,570	3,787	-
Amortisation of preliminary expenses and floatation costs	114	57	9
Impairment loss on investments classified as 'available for sale'	221,827	221,827	-
Net element of accrued income and capital gains included in prices of units issued less those in units redeemed	(44)	(95)	(1)
	(7,006)	(9,127)	3,458
<b>Decrease / (increase) in assets</b>			
Receivable against Continuous Funding System (CFS) transactions	26,122	-	(59,002)
Investments-net	(124,076)	(35,775)	(18,949)
Loans and receivables	9,962	-	-
Dividend and profit receivable	(1,109)	2,286	(1,574)
Advances, deposits , prepayments and other receivables	94,456	84,448	(51,719)
	5,355	50,959	(131,244)
<b>Increase / (decrease) in liabilities</b>			
Payable to HBL Asset Management Limited - Management Company	(239)	(108)	524
Payable to Central Depository Company of Pakistan Limited - Trustee	(24)	(11)	49
Payable to Securities and Exchange Commission of Pakistan	(51)	(218)	25
Accrued expenses and other liabilities	(4,588)	(904)	13
	(4,902)	(1,241)	611
<b>Net cash used in operating activities</b>	(6,553)	40,591	(127,175)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Receipts from Issue of units	105	(1)	640,515
Payments on redemption of units	(27,560)	(9,278)	-
Payments for cash dividend	(3,800)	-	-
<b>Net cash out flow on financing activities</b>	(31,255)	(9,279)	640,515
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(37,808)	31,312	513,340
<b>Cash and cash equivalents at the beginning of the period</b>	153,647	84,527	-
<b>Cash and cash equivalents at the end of the period</b>	115,839	115,839	513,340

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

# HBL MULTI ASSET FUND

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008

#### 1. LEGAL STATUS AND NATURE OF BUSINESS

HBL - Multi Asset Fund (the Fund) was established under a Trust Deed dated October 08, 2007, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund has been authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on September 28, 2007.

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 head office of the Management Company is situated at 8B - 8th Floor, Executive Tower, Dolmen City, Block 4, 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 Lahore Stock Exchange. The units of the Fund were initially offered for public subscription at par from December 14, 2007 to December 17, 2007.

The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes, such as equity, equity related instruments, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.

In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Trust Property was first paid or transferred to the Trustee.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM3' to the Management Company. However, the Fund is not currently rated.

#### 2. STATEMENT OF COMPLIANCE

"These condensed interim 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 requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. The condensed interim financial statements are unaudited but have been reviewed by the external auditors of the fund."

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published financial statements of the Fund for the period ended June 30, 2008.

#### 4. INVESTMENTS

	Note	(Unaudited) December 31, 2008	(Audited) June 30, 2008
------(Rupees in '000)-----			
Assets at fair value through profit or loss - held for trading	4.1	4,694	14,728
Available for sale			
- Listed equity securities	4.2	132,742	244,175
- Term finance certificate - listed	4.3.1	110,002	55,985
- Term finance certificate and sukuk bonds -unlisted	4.3.2	98,750	110,044
		<u>346,188</u>	<u>424,932</u>

#### 4.1 Listed equity securities - at fair value through profit or loss

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 at December 31, 2008	Market Value as a percentage of total investments
	As at July 01, 2008	Purchases during the period	Bonus/ Rights issue	Sales during the period	As at December 31, 2008		
(Rupees in '000)							
<b>Investment Banks/Companies/Securities</b>							
Arif Habib Securities Limited	-	10,000	2,500	-	12,500	526	0.15%
	-	10,000	2,500	-	12,500	526	0.15%
<b>Commercial Banks</b>							
Bank Al-Falah Limited	-	12,500	-	5,000	7,500	125	0.04%
MCB Bank Limited	-	20,500	-	20,500	-	-	-
National Bank of Pakistan	-	21,000	-	11,000	10,000	503	0.15%
NIB Bank Limited	-	10,000	-	10,000	-	-	-
United Bank Limited	100	44,000	-	34,100	10,000	369	0.11%
	100	108,000	-	80,600	27,500	997	0.29%
<b>Cement</b>							
Maple Leaf Cement Factory Limited	15,000	-	-	15,000	-	-	-
	15,000	-	-	15,000	-	-	-
<b>Refinery</b>							
Pakistan Refinery Limited	3,200	-	-	-	3,200	315	0.09%
	3,200	-	-	-	3,200	315	0.09%
<b>Oil &amp; Gas Marketing Companies</b>							
Pakistan State Oil Company Limited	5,000	9,000	-	14,000	-	-	-
	5,000	9,000	-	14,000	-	-	-
<b>Oil and Gas Exploration Companies</b>							
Oil and Gas Development Company Limited	33,500	27,000	-	36,000	24,500	1,225	0.35%
Pakistan Oilfields Limited	-	36,500	600	33,500	3,600	369	0.11%
Pakistan Petroleum Limited	-	24,500	200	22,500	2,200	221	0.06%
	33,500	88,000	800	92,000	30,300	1,815	0.52%
<b>Chemicals</b>							
ICI Pakistan Limited	-	5,000	-	-	5,000	344	0.10%
	-	5,000	-	-	5,000	344	0.10%
<b>Technology and Communications</b>							
Pakistan Telecommunication Company Limited-A	45,000	-	-	19,000	26,000	439	0.13%
	45,000	-	-	19,000	26,000	439	0.13%
<b>Fertilizers</b>							
Engro Chemical Pakistan Limited	20,500	7,000	-	27,500	-	-	-
Fauji Fertilizer Bin Qasim Limited	9,000	20,000	-	9,000	20,000	258	0.07%
	29,500	27,000	-	36,500	20,000	258	0.07%
	131,300	247,000	3,300	257,100	124,500	4,694	1.36%
<b>Cost of investments at December 31, 2008</b>						<b>9,595</b>	

#### 4.2 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 at December 31, 2008	Market Value as a percentage of total investments
	As at July 01, 2008	Purchases during the period	Bonus/Rights issue	Sales during the period	As at December 31, 2008		
(Rupees in '000)							
<b>Commercial Banks</b>							
Allied Bank Limited	13,800	11,000	-	-	24,800	777	0.22%
Bank Al-Falah Limited	5,000	17,500	-	3,500	19,000	318	0.09%
Habib Bank Limited	112,340	103,000	-	-	215,340	16,121	4.66%
MCB Bank Limited	5,000	7,500	-	7,500	5,000	629	0.18%
National Bank of Pakistan	78,330	75,100	-	-	153,430	7,721	2.23%
Habib Metropolitan Bank	6,000	-	-	-	6,000	158	0.05%
United Bank Limited	152,625	37,500	-	6,900	183,225	6,763	1.95%
	<u>373,095</u>	<u>251,600</u>	<u>-</u>	<u>17,900</u>	<u>606,795</u>	<u>32,487</u>	<u>9.38%</u>
<b>Textile Composite</b>							
Nishat Mills Limited	12,000	13,000	-	-	25,000	565	0.16%
Nishat Mills Limited (Rights)	-	-	12,500	-	12,500	-	-
	<u>12,000</u>	<u>13,000</u>	<u>12,500</u>	<u>-</u>	<u>37,500</u>	<u>565</u>	<u>0.16%</u>
<b>Cement</b>							
D. G. Khan Cement Company Limited	44,200	12,000	-	7,000	49,200	1,047	0.30%
Lucky Cement Limited	95,100	15,000	-	22,000	88,100	2,755	0.80%
	<u>139,300</u>	<u>27,000</u>	<u>-</u>	<u>29,000</u>	<u>137,300</u>	<u>3,802</u>	<u>1.10%</u>
<b>Power Generation &amp; Distribution</b>							
The Hub Power Company Limited	401,500	10,000	-	1,000	410,500	5,784	1.67%
Kot Addu Power Company Limited	47,100	-	-	-	47,100	1,486	0.43%
	<u>448,600</u>	<u>10,000</u>	<u>-</u>	<u>1,000</u>	<u>457,600</u>	<u>7,270</u>	<u>2.10%</u>
<b>Oil and Gas Exploration Companies</b>							
Mari Gas Company Limited	10,000	25,000	-	2,000	33,000	3,265	0.94%
Oil and Gas Development Company Limited	250,000	24,000	-	-	274,000	13,697	3.96%
Pakistan Oilfields Limited	48,300	57,000	19,060	10,000	114,360	11,721	3.39%
Pakistan Petroleum Limited	65,500	42,500	9,750	10,500	107,250	10,792	3.12%
	<u>373,800</u>	<u>148,500</u>	<u>28,810</u>	<u>22,500</u>	<u>528,610</u>	<u>39,475</u>	<u>11.40%</u>
<b>Engineering</b>							
International Industries Limited	17,200	7,000	3,740	-	27,940	1,285	0.37%
International Industries Limited (Rights)	-	-	4,675	-	4,675	-	-
	<u>17,200</u>	<u>7,000</u>	<u>8,415</u>	<u>-</u>	<u>32,615</u>	<u>1,285</u>	<u>0.37%</u>
<b>Automobile Assemblers</b>							
Indus Motor Company Limited	29,256	1,300	-	2,000	28,556	3,509	1.01%
Pak Suzuki Motor Company	65,000	7,500	-	23,500	49,000	3,901	1.13%
	<u>94,256</u>	<u>8,800</u>	<u>-</u>	<u>25,500</u>	<u>77,556</u>	<u>7,410</u>	<u>2.14%</u>
<b>Technology and Communications</b>							
Pakistan Telecommunication Company Limited - A	125,300	-	-	-	125,300	2,117	0.61%
	<u>125,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,300</u>	<u>2,117</u>	<u>0.61%</u>
<b>Fertilizers</b>							
Engro Chemical Pakistan Limited	75,990	43,000	-	10,000	108,990	10,513	3.04%
Fauji Fertilizer Bin Qasim Limited	590,500	45,000	-	-	635,500	8,198	2.37%
Fauji Fertilizer Company Limited	92,200	49,000	-	2,000	139,200	8,175	2.36%
	<u>758,690</u>	<u>137,000</u>	<u>-</u>	<u>12,000</u>	<u>883,690</u>	<u>26,886</u>	<u>7.77%</u>
<b>Pharmaceuticals</b>							
Abbott Laboratories (Pakistan) Limited	32,800	900	-	-	33,700	3,020	0.87%
Glaxo Smithkline (Pakistan) Limited	17,100	-	-	-	17,100	1,299	0.38%
	<u>49,900</u>	<u>900</u>	<u>-</u>	<u>-</u>	<u>50,800</u>	<u>4,319</u>	<u>1.25%</u>
<b>Chemicals</b>							
BOC Pakistan Limited	30,500	-	-	-	30,500	3,441	0.99%
Clariant Pakistan Limited	4,000	-	-	-	4,000	653	0.19%
	<u>34,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,500</u>	<u>4,094</u>	<u>1.18%</u>
<b>Paper and Boards</b>							
Packages Limited	26,645	10,700	-	-	37,345	3,032	0.88%
	<u>26,645</u>	<u>10,700</u>	<u>-</u>	<u>-</u>	<u>37,345</u>	<u>3,032</u>	<u>0.88%</u>
	<u>2,453,286</u>	<u>614,500</u>	<u>49,725</u>	<u>107,900</u>	<u>3,009,611</u>	<u>132,742</u>	<u>38.34%</u>
Cost of investments at December 31, 2008						<u>354,569</u>	

#### 4.3 Term Finance Certificates

All Term Finance Certificates have a face value of Rs 5,000 each unless stated otherwise

Name of the Investee Company	Number of Certificate			As at December 31, 2008	Market Value at December 31, 2008	Market Value as a percentage of total investments
	As at July 01, 2008	Purchases during the period	Sales during the period			
(Rupees in '000)						
<b>4.3.1 Term finance certificates- listed</b>						
<b>Commercial Banks</b>						
NIB Bank Limited	2,000	-	-	2,000	8,498	2.45%
Faysal Bank Limited	2,758	-	2,758	-	-	-
	4,758	-	2,758	2,000	8,498	2.45%
<b>Fertilizers</b>						
Engro Chemicals Pakistan Limited	2,281	2,000	-	4,281	19,257	5.56%
Engro Chemicals Pakistan Limited (PRP-1)	-	5,000	-	5,000	22,500	6.50%
	2,281	7,000	-	9,281	41,757	12.06%
<b>Leasing Companies</b>						
Saudi Pak Leasing Company Limited	4,000	-	-	4,000	15,997	4.62%
	4,000	-	-	4,000	15,997	4.62%
<b>Technology and communication</b>						
Pakistan Mobile Communication Limited	-	10,000	-	10,000	43,750	12.64%
	-	10,000	-	10,000	43,750	12.64%
	<b>11,039</b>	<b>17,000</b>	<b>2,758</b>	<b>25,281</b>	<b>110,002</b>	<b>31.77%</b>

#### 4.3.2 Term finance certificates and sukuk bonds - Unlisted

<b>Leasing Companies</b>						
Orix Leasing Pakistan Limited	500	-	-	500	45,000	13.00%
(Face value Rs. 100,000 each)	500	-	-	500	45,000	13.00%
<b>Technology and communication</b>						
Pakistan Mobile Communication Limited	2,000	-	-	2,000	8,750	2.53%
	2,000	-	-	2,000	8,750	2.53%
<b>Oil and gas marketing companies</b>						
Sui Southern Gas Company Limited - Sukuk	10,000	-	-	10,000	45,000	13.00%
	10,000	-	-	10,000	45,000	13.00%
	12,500	-	-	12,500	98,750	28.52%
	<b>23,539</b>	<b>17,000</b>	<b>2,758</b>	<b>37,781</b>	<b>208,752</b>	<b>60.30%</b>
<b>Cost of investments at December 31, 2008</b>					<b>237,079</b>	

4.4 Investments include shares with market value aggregating to Rs 1.16 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

4.5 The SECP vide its circular no. 26/2008 dated November 5, 2008 has changed the basis of valuation of the term finance certificates and Sukuk bonds. Under the said directive, all open-end mutual funds are required to value term finance certificates at the lower of discounted redeemable face value of term finance certificates and the market value as determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP). The discount rates are based on the credit rating of the respective entities / issuers as notified by the rating agencies. Prior to the issuance of the said directive, investment in term finance certificates and Sukuk bonds were valued at the rates notified by MUFAP.

4.6 The Fund has an aggregate amount of Rs 221.827 million as deficit on revaluation of its portfolio of listed equity securities classified as available for sale. The deficit has been computed based on the market value of the equity securities as at December 31, 2008. The management has carried out a scrip wise analysis of the above deficit and has determined that the above deficit represents a significant decline in the fair value of such equity securities with reference to their cost and has accordingly fully recognised this amount in the condensed interim income statement.

	(Unaudited) December 31, 2008	(Audited) June 30, 2008
----- (Rupees in '000) -----		
<b>5. DIVIDEND AND PROFIT RECEIVABLE</b>		
Income accrued on Continuous Funding System (CFS) transactions	-	52
Profit receivable on bank deposits	1,965	1,112
Profit receivable on term finance certificates	8,287	7,695
Dividend receivable	1,362	1,645
	<u>11,613</u>	<u>10,504</u>
<b>6. ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
Advance against subscription of TFCs	25,000	75,000
Security deposits with National Clearing Company of Pakistan Limited	-	15,691
Others	-	10,015
	<u>25,000</u>	<u>100,706</u>
Less: Provision in respect of advance against subscription of TFCs	<u>(18,750)</u>	<u>-</u>
	<u>6,250</u>	<u>100,706</u>

- 6.1 The Fund had subscribed Term Finance Certificates of an issuer as a Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering had been carried out by the issuer as at December 31, 2008. In addition, profit on the advance against subscription, due after 6 months from date of subscription, has also not been received by the Fund. As a matter of prudence, the fund has made a provision of 75% against this advance amounting to Rs. 18.75 million.

	(Unaudited) December 31, 2008	(Audited) June 30, 2008
----- (Rupees in '000) -----		
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration	95	200
Broker commission payable	6	377
Others	501	573
	<u>602</u>	<u>1,150</u>
<b>8. EARNINGS PER UNIT</b>		

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

**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 Ltd. being the trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and the entities having common directorship with the Management Company.

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 the Management company and Trustee is determined in accordance with the provisions of NBFC Regulation and the Trust Deed respectively.

Details of the transactions with connected persons and balances with them are as follows:

	(Unaudited) For the period ended December 31, 2008	(Unaudited) For the period November 8, 2007 to December 31, 2007
	----- (Rupees in '000) -----	
<b>9.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	6,339	493
<b>Habib Bank Limited - Sponsor</b>		
Bonus units issued 107,216 (2007: nil units)	10,000	-
Units issued nil units (2007:2,500,000 units)	-	250,000
Bank charges paid	2	1
Profit on bank deposits earned	1,266	3,995
Profit on bank deposits received	70	2,520
<b>Directors of the Management Company and their relatives</b>		
Bonus units issued 2,445 (2007: nil units)	228	-
Units issued (nil units ; 2007:57,000 units)	-	5,700
<b>HBL Income Fund</b>		
Purchase of Term finance certificates	34,998	-
<b>Other Associates</b>		
<b>Central Depository Company Pakistan Limited</b>		
Trustee Remuneration	634	49
CDC Charges	15	-
	(Unaudited) December 31, 2008	(Audited) June 30, 2008
	----- (Rupees in '000) -----	
<b>9.2 Balances outstanding at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	939	1,178
Sales load payable	28	28
Preliminary expenses	1,165	1,165
<b>Habib Bank Limited - Sponsor</b>		
Units held 2,607,216 (June 30, 2008: 2,500,000 units)	169,990	243,175
Bank balances including TDR	70,759	2,864
Profit receivable on bank deposits including TDR	1,234	38
Shares held 215,340 ordinary shares (June 30, 2008: 112,340 ordinary shares)	16,121	23,438
<b>Directors of the management company and their relatives</b>		
Units held 57,358 (June 30, 2008: 57,000 units)	3,740	5,544
<b>Other Associates</b>		
<b>BOC Pakistan Limited</b>		
Shares held 30,500 ordinary shares (June 30, 2008: 30,500 ordinary shares)	3,441	6,666
<b>International Industries Limited</b>		
Shares held 27,940 ordinary shares (June 30, 2008: 17,200 ordinary shares)	1,285	2,158
<b>International Industries Limited (Right)</b>		
Shares held 4,675 ordinary shares	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	94	118
		17

**10. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 25, 2009 by the Board of Directors of the Management Company.

**11. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

# Distribution Network

## 1. Branches Of Habib Bank Limited

### SINDH

#### Karachi

**Corporate Branch**  
2nd Floor, HBL Plaza,  
I.I. Chundrigar Road, Karachi.  
Phone: 021-2418000  
Fax: 021-2441492

**Kehkashan Branch**  
DC-7, Block-7, Schon Circle, Clifton,  
Karachi. Phone: 021-9250802, 021-9250768  
Fax: 021-9250803

**Foreign Exchange Branch**  
Foreign Exchange Centre,  
M. A. Jinnah Road, Habib Square, Karachi.  
Phone: 021-9213997, 021-9213939  
Fax: 021-9213436

**Clifton Broadway Branch**  
Broadway House, Karachi.  
Phone: 021-9250899, 021-9250800  
Fax: 021-5873310

**Nursery Branch**  
Main Shahrah-e-Faisal, Jamshed Town,  
Karachi. Phone: 021-4521127, 021-4381304  
Fax: 021-4538482

**Bahadurabad Branch**  
Marium Complex, Bahadurabad,  
Karachi.  
Ph: 021-4940585-6, 4940388

**Shahrah-e-Pakistan Branch**  
Plot No. G-55, B/2 Abbas Square,  
Block-7, F.B.Area, Karachi.

**Tariq Road Branch**  
Main Tariq Road, P.E.C.H.S  
Karachi.  
Ph: 021-4534681

**Iqbal Library Branch,**  
Clayton Road / Off Giger  
Murad Abadi Road, Union  
Council, Jamshed Quarters,  
Karachi. Ph: 021-5711290

**Khayaban-e-Saadi Branch**  
Block-2, Clifton, Karachi.  
Phone: 021-5810045-46

**Shahrah-e-Jahangir Branch**  
Block-L, North Nazimbad, Karachi.  
Phone: 021-6648034, 021-6629671  
Fax: 021-6642090

### Jacobabad

Quaid-e-Azam Road, Branch  
Union Council No. 3 Jacobabad  
Tehsil & Distt. Jacobabad.

### PUNJAB

#### Lahore

**Lahore Development Authority Branch**  
7 Egertan Road, Data Gunj Bukhsh Town,  
Lahore. Phone: 042-6365015, 042-9200275  
Fax: 042-6302032

**Shahrah-e-Quaid-e-Azam Branch**  
The Mall, 5 Bank Square, Data Gunj Bukhsh Town,  
Lahore. Phone: 042-9212212, 042-9212226  
Fax: 042-9212233

**Corporate Branch**  
Habib Bank Corporate Centre,  
102-103 Upper Mall, Lahore, Phone: 042-9201022  
Fax: 042-9201051

**Model Town Branch,**  
Bank Square, Model Town, Block-C,  
Lahore. Ph: 042-9230932-34

**Cantonment Branch**  
Sarwar Road, Lahore Cantt.  
Ph: 042-9220300-303

**Allama Iqbal Town Branch,**  
Moon Market, Dubai Chowk,  
Lahore. Ph: 042-7840560

**New Garden Ali Town Branch,**  
Opposite Barkat Market,  
Lahore. Ph: 042-912485

**Gulberg Branch,**  
Gulberg Main Market Branch,  
Lahore. Ph: 042-5757575

### Gujranwala

**Satellite Town Branch**  
Main Market, Satellite Town, Gujranwala.  
Phone: 055-9200590, 055-9200591  
Fax: 055-9200590

### Faisalabad

**Madina Town Branch**  
Madina Town, Faisalabad.  
Phone: 041-9220122, 041-9220124  
Fax: 041-9220123

**Canal Road Branch**  
West Canal Road, Faisalabad.  
Phone: 041-8532077, Fax: 041-8531985

**Corporate Branch**

HBL Corporate Centre,  
1152 Circular Road, Faisalabad.  
Phone: 041-9200038  
Fax: 041-9201041

**Rawalpindi****Kashmir Road Branch**

Kashmir Road, Saddar, Cantt.,  
Rawalpindi. Phone: 051-5700107, 051-5582905  
Fax: 051-5567928

**Islamabad****Jinnah Avenue Branch**

Jinnah Avenue, Islamabad.  
Phone: 051-2201761, 051-2201228  
Fax: 051-2822290

**Corporate Branch**

Ground Floor, HBL Tower, Blue Area,  
Islamabad. Phone: 051-2820683  
Fax: 051-2822206

**NWFP****Peshawar****Arbab Road Branch**

Peshawar Cantt., Peshawar.  
Phone: 091-272167, 091-9211161  
Fax: 091-278869  
Balochistan  
Quetta

**Complex Branch**

Shahrah-e-Gulistan, Quetta.  
Phone: 081-2836575, 081-2829379  
Fax: 081-2825791

**2. OTHER DISTRIBUTORS****IGI Investment Bank**

Head Office  
Floor 7, The Forum,  
Suite 701-713, G-20, Block 9,  
Khayaban-e-Jami, Clifton,  
Karachi - 75600, Pakistan.  
UAN  
Telephone: 111-234-234  
Fax: 111-567-567,  
Toll Free No: 0800 2 34 34

**Elixir Securities Pakistan (Pvt.) Ltd.**

First Floor, P&O Plaza,  
I.I Chundrigar Road,  
Karachi Phone: 111-354-947  
Fax: 021-2420527

**ANZ Financial Consultant**

f-26/2 Block 5 Kehkashan, Clifton,  
Karachi Phone: 5379511  
Fax: 5874348

**Alfalah Securities (Pvt.) Ltd.**

12th Floor, Tower A,  
Saima Trade Tower,  
I.I. Chudrigar Road, Karachi  
Phone: 9217810-19  
Fax: 021-9217827