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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 Shakra-e-Faisal, Karachi

Legal Advisors

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

Bankers

Habib Bank Limited
Bank Al-Habib Limited
MCB Bank Limited
JS Bank Limited
The Bank of Punjab
Standard Chartered Bank (Pakistan) Limited
Habib Metropolitan Bank Limited

Website

www.hblasset.com

Head Office

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

Registered Office

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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

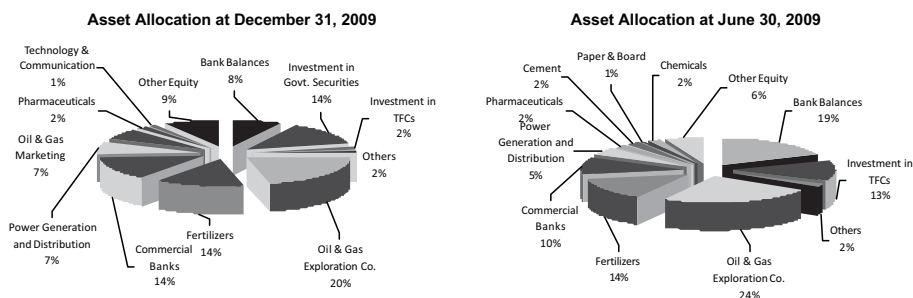
The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Half Yearly Report of **HBL Stock Fund** (the Fund) for the period ended December 31, 2009.

Fund's Performance

During the period under review the total and net income of the Fund was Rs 173.026 million and Rs 144.516 million respectively. The Net Asset Value (NAV) of the Fund increased from Rs 76.18 per unit at July 1, 2009 to Rs 93.32 per unit as on December 31, 2009, showing an increase of 22.50%. During the same period the bench mark KSE 100 index increased by 31.07%.

Asset Allocation

The asset allocation of the Fund in various sectors and asset classes as on December 31, 2009 was as under:



The Fund increased its equity exposure from 66% in June 2008 to 76% as on December 31, 2009. The exposure in equity was mainly increased in Commercial Banks, Oil & Gas Marketing Companies and Power Generation and Distribution sectors.

Market Review and Future Outlook

The capital market was bullish. The KSE-100 index recorded significant growth of 31.07% during the first six months of current fiscal year 2009-10 to close at 9,386.92 points. Overall, KSE 100 index gained 2,804 points during this period, starting with 7,162 points & touching the highest level of 9,978 on October 16, 2009. Trading volume also improved during this period as average daily turnover remained at 172 million shares as compared to 169 million shares in the second half of FY08-09. The improvement in market sentiments can be attributed to multiple factors such as decline in current account deficit due to increase in remittances and fall in imports, declining trend in inflation and

substantial increase in foreign exchange reserves. Moreover, foreign investors invested around \$ 283.7 million in the equity market during the first six months of the current fiscal year 2009-10 against a net withdrawal of \$ 153.84 million during the same period last year.

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 24, 2010

Place: Karachi

TRUSTEE REPORT TO THE UNIT HOLDERS

HBL STOCK FUND

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

The HBL Stock Fund (the Fund), an open-end fund was established under a trust deed dated August 09, 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, 2009 to December 31, 2009 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 Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 24, 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 Stock Fund as at December 31, 2009, and the related condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund 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, 2009. The Management Company (HBL Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the 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 statement of comprehensive income, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarter ended December 31, 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

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, 2009 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

Chartered Accountants

Date: February 24, 2010

Place: Karachi

**HBL STOCK FUND
CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2009**

	(Un-audited) Note December 31, 2009	(Audited) June 30, 2009
Rupees in '000		
Assets		
Bank balances	134,877	269,995
Investments	4 1,578,573	1,113,644
Dividend and profit receivable	5 8,166	19,872
Preliminary expenses and floatation costs	604	719
Advances, deposits, prepayments and other receivables	6 2,773	13,664
Total assets	1,724,993	1,417,894
Liabilities		
Payable to HBL Asset Management Limited - Management Company	7 7,416	6,565
Payable to Central Depository Company of Pakistan Limited - Trustee	228	197
Payable to Securities and Exchange Commission of Pakistan	778	1,358
Payable against purchase of investments - net	3,574	-
Accrued expenses and other liabilities	8 320	263
Total liabilities	12,316	8,383
Net assets	<u>1,712,677</u>	<u>1,409,511</u>
Unit holders' fund (as per statement attached)	<u>1,712,677</u>	<u>1,409,511</u>
Contingencies and Commitments	10	
Number of units		
Number of units in issue	<u>18,353,338</u>	<u>18,502,424</u>
Rupees Rupees		
Net asset value per unit	<u>93.32</u>	<u>76.18</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**HBL STOCK FUND
CONDENSED INTERIM INCOME
STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009**

	Note	Half year ended December 31		Quarter ended December 31	
		2009	2008	2009	2008
Income					
Dividend income		34,290	25,909	16,294	13,796
Income from Continuous Funding System (CFS) transactions		-	2,773	-	-
Profit on bank deposits		5,756	20,787	852	11,430
Income from Term Finance Certificates		4,513	18,290	1,384	9,419
Income from reverse repurchase and other money market transactions		-	255	-	213
Income from Government Securities		13,688	933	8,946	-
Capital gain / (loss) on sale of investments - net		125,401	(34,935)	65,927	(4,127)
		183,648	34,012	93,403	30,731
Unrealised diminution in value of investments at fair value through profit or loss - net	4.6	(351)	(7,808)	(19,644)	(10,439)
Impairment loss on investments classified as 'available for sale'		(3,704)	(737,787)	(3,704)	(737,787)
Provision in respect of advance against subscription towards issue of Term Finance Certificates	6.1	(6,146)	(18,750)	(4,792)	(18,750)
		173,447	(730,333)	65,263	(736,245)
Expenses					
Remuneration of HBL Asset Management Limited - Management Company		24,584	22,617	12,788	10,685
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,323	1,258	678	608
Annual fee - Securities and Exchange Commission of Pakistan		779	746	405	348
Securities transaction cost		1,182	327	652	-
Legal and professional charges		96	-	96	-
Auditors' remuneration		176	154	88	104
Settlement and bank charges		151	22	117	2
Amortisation of preliminary expenses and floatation costs		115	115	58	58
Other expenses		104	67	60	26
		28,510	25,306	14,942	11,831
Net income / (loss) from operating activities		144,937	(755,639)	50,321	(748,076)
Net element of accrued (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(421)	109	211	18
Net income / (loss) for the period before taxation		144,516	(755,530)	50,532	(748,058)
Taxation	9	-	-	-	-
Net income / (loss) for the period after taxation		144,516	(755,530)	50,532	(748,058)
OTHER COMPREHENSIVE INCOME					
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed-amount representing (loss) / income that form part of unit holders' fund		5,917	4,913	7,413	943
Net unrealised appreciation / (diminution) during the period in market value of securities classified as 'available for sale'	4.7	171,269	100,354	(38,995)	362,133
Total comprehensive income / (loss) for the period		<u>321,702</u>	<u>(650,263)</u>	<u>18,950</u>	<u>(384,982)</u>
Earnings per unit	11				

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**HBL STOCK FUND
CONDENSED INTERIM DISTRIBUTION
STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009**

	Half year ended December 31		Quarter ended December 31	
	2009	2008	2009	2008
-----Rupees in '000-----				
Accumulated (loss) / undistributed income brought forward	(529,438)	106,285	(436,950)	(2,612)
Net income / (loss) for the period	144,516	(755,530)	50,532	(748,058)
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - amount representing (loss) / income that form part of the unit holders' fund	5,917	4,913	7,413	943
Final distribution for the year ended June 30, 2009 :Nil [(2008: Rs 5.85 per unit) (Date of Distribution: July 5,2008)]				
- Cash Distribution	-	(3,888)	-	-
- Bonus units (2008: 1,095,238 units)	-	(101,507)	-	-
	-	(105,395)	-	-
	150,433	(856,012)	57,945	(747,115)
Accumulated (loss) / undistributed income carried forward	<u>(379,005)</u>	<u>(749,727)</u>	<u>(379,005)</u>	<u>(749,727)</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**HBL STOCK FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN
UNIT HOLDERS' FUND (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009**

Note	Half year ended December 31		Quarter ended December 31	
	2009	2008	2009	2008
	-----Rupees in '000-----			
Net assets at the beginning of the period	1,409,511	1,775,166	1,698,733	1,475,203
Issue of 59,576 units (2008: 158,449 units) and 33,664 units (2008: Nil units) for the half year and quarter respectively	5,505	13,555	3,102	-
Redemption of 208,663 units (2008: 533,711) units) and 5,128 units (2008: 43,007 units) for the half year and quarter respectively	(18,545) (13,040)	(43,313) (29,758)	(484) 2,618	(3,025) (3,025)
Element of losses / (income) and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing accrued losses / (income) and capital (gains) / losses - transferred to Comprehensive statement of income	421	(109)	(211)	(18)
- amount representing losses/ (income) that form part of the unit holders' fund - transferred to Distribution Statement	(5,917) (5,496)	(4,913) (5,022)	(7,413) (7,624)	(943) (961)
Distribution of Nil units (2008: 1,095,238 units) for the year and period ended June 30,2009	-	101,507	-	-
Net unrealised appreciation/ (diminution) during the period in market value of securities classified as 'available for sale'	4.7 171,269	100,354	(38,995)	362,133
Capital gain / (loss) on sale of investments	125,401	(34,935)	65,927	(4,127)
Net unrealised diminution in value of investments at fair value through profit or loss - net	(351)	(7,808)	(19,644)	(10,439)
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - amount representing (loss) / income that form part of unitholders' fund	5,917	4,913	7,413	943
Other net income for the period	19,466	(712,787)	4,249	(733,492)
Final distribution for the year ended June 30, 2009: Nil (2008: Rs 5.85 per unit)				
Cash distribution	-	(3,888)	-	-
Bonus distribution: Nil (2008: 1,095,238 bonus units)	-	(101,507)	-	-
	-	(105,395)	-	-
	150,433	(856,012)	57,945	(747,115)
Net assets at the end of the period	1,712,677	1,086,235	1,712,677	1,086,235

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**HBL STOCK FUND
CONDENSED INTERIM CASH FLOW
STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009**

	Half year ended December 31		Quarter ended December 31	
	2009	2008	2009	2008
-----Rupees in '000-----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income/ (loss) for the period	144,516	(755,530)	54,236	(748,058)
Adjustments for non-cash and other items:				
Unrealised (diminution) / appreciation in value of investments at fair value through profit or loss - net	351	7,808	19,644	10,439
Amortisation of preliminary expenses and floatation costs	115	115	58	58
Element of accrued (income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed	421	(109)	(211)	(18)
Provision in respect of advance against subscription towards issue of Term Finance Certificates	6,146	18,750	4,792	18,750
Impairment loss on investments classified as 'available for sale'	3,704	737,787	3,704	737,787
	<u>155,253</u>	<u>8,821</u>	<u>82,223</u>	<u>18,958</u>
(Increase)/ Decrease in assets				
Receivable against Continuous Funding System (CFS) transactions	-	145,760	-	-
Investments - net	(303,860)	(112,307)	13,838	3,749
Loans and receivables	-	-	-	100,000
Dividend and profit receivable	11,706	1,852	4,219	6,038
Advances, deposits, prepayments and other receivables	10,890	(307)	29,837	684
	<u>(281,264)</u>	<u>34,998</u>	<u>47,894</u>	<u>110,471</u>
Increase/ (Decrease) in liabilities				
Payable to HBL Asset Management Limited - Management Company	851	(1,034)	163	(321)
Payable to Central Depository Company of Pakistan Limited - Trustee	31	(32)	8	(8)
Payable to Securities and Exchange Commission of Pakistan	(580)	(671)	404	(1,069)
Accrued expenses and other liabilities	3,531	(5,902)	(7,528)	4,458
	<u>3,833</u>	<u>(7,639)</u>	<u>(6,953)</u>	<u>3,060</u>
Net cash (used in) / generated from operating activities	<u>(122,178)</u>	<u>36,180</u>	<u>123,164</u>	<u>132,489</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Net (payments against)/ receipts from (redemption) / issue of units	(12,940)	(29,758)	2,718	(3,025)
Distribution paid	-	(3,888)	-	-
Net cash outflow on financing activities	<u>(12,940)</u>	<u>(33,646)</u>	<u>2,718</u>	<u>(3,025)</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(135,118)</u>	<u>2,534</u>	<u>122,178</u>	<u>129,464</u>
Cash and cash equivalents at the beginning of the period	<u>269,995</u>	<u>311,323</u>	<u>12,699</u>	<u>184,393</u>
Cash and cash equivalents at the end of the period	<u><u>134,877</u></u>	<u><u>313,857</u></u>	<u><u>134,877</u></u>	<u><u>313,857</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

**HBL STOCK FUND
NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009**

1 LEGAL STATUS AND NATURE OF BUSINESS

HBL - Stock Fund (the Fund) was established under a trust deed, dated August 09, 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 August 21, 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 registered 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 August 29, 2007 to August 31, 2007.

The principal activity of the Fund is to provide long-term capital growth by investing primarily in a diversified pool of equities and equities related instruments.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM3' to the Management Company and Fund Performance Ranking at MFR 5-Star to the Fund based on financial information of one year period ended June 30, 2009.

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 provisions of 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 the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the 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'.

2.1 These condensed interim financial statements are unaudited. However, limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

2.2 The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the Fund.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2009 except for the changes mentioned below:

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position (referred to as the condensed interim statement of assets and liabilities in these condensed interim financial statements) as at the beginning comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and the comparative period.

The Fund has applied IAS 1 (revised) from July 1, 2009, and has elected to present one performance statement. As a result non-owner changes in equity which were previously credited directly in the statement of movement in unit holders' fund and the distribution statement are now shown as other comprehensive income in the performance statement (referred to as income statement in these condensed interim financial statements). The change in presentation has not affected the values of the net assets of the Fund for either the current or any of the prior periods and hence a restated statement of assets and liabilities has not been presented.

- 3.2** In addition, during the period the Fund has revised the methodology for recognition of element of income and capital gains included in the prices of units issued less those in units redeemed in the financial statements. As per the revised methodology element of income and capital gains included in the prices of units issued less those in units redeemed to the extent that it is represented by distributable income earned during the period is recognised in the income statement and the element of income and capital gains represented by distributable income carried forward from prior periods is included in the distribution statement. Previously, the Fund also used to recognise element of income and capital gains represented by unrealised appreciation in the value of available for sale securities in the distribution statement. The revised methodology, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) and the net income of the Fund. The effect of the change on the distributable income has been incorporated in the current period. Had the methodology not been changed, the distributable income as at December 31, 2009 would have been higher by Rs. 7.179 million.
- 3.3** The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning with effect from July 1, 2009:

IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The adoption of the amendment did not have a significant impact on the Fund's financial statements.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, which would be detailed in the financial statements for the year ending June 30, 2010, but does not have an impact on the Fund's financial position or performance.

IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. One of the particular features is that apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity. In this connection, Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 mandate the payment of 90% of the Fund's profits for the year as dividends, therefore the amendment has not changed the classification of units.

- 3.4** There are other new standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2009 but were considered not to be relevant or did not have any significant effect on the Fund's operations.

	Note	December 31, 2009 (Unaudited)	June 30, 2009 (Audited)
4 INVESTMENTS			
At fair value through profit or loss			
- Listed equity securities	4.1	235,421	70,428
Available for sale			
- Listed equity securities	4.2	1,066,163	865,293
- Term Finance Certificates and Sukuk bonds - Un-listed	4.3	38,017	177,923
- Government securities	4.4	238,972	-
		<u>1,578,573</u>	<u>1,113,644</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, 2009	Market Value as a percentage of			
	As at July 01, 2009	Purchases during the period	Bonus/Rights issue during the period	Sales during the period	As at December 31, 2009		Total investment	Net assets	Paid up capital of the investee company	
	(Rupees in '000)									
Investment Banks / Companies / Securities										
Arif Habib Securities Limited	131,050	63,000	-	194,050	-	-	-	-	-	
Jahangir Siddiqui & Company Limited	217,500	211,800	-	20,000	409,300	12,308	0.78%	0.72%	0.16%	
	<u>348,550</u>	<u>274,800</u>	<u>-</u>	<u>214,050</u>	<u>409,300</u>	<u>12,308</u>	<u>0.78%</u>	<u>0.72%</u>	<u>0.16%</u>	
Commercial Banks										
Arif Habib Bank Limited	-	25,000	-	-	25,000	168	0.01%	0.01%	0.00%	
Bank Al-Falah Limited	2,343	231,000	-	2,343	231,000	3,181	0.20%	0.19%	0.02%	
MCB Bank Limited	25,800	243,410	-	154,500	114,710	25,199	1.60%	1.47%	0.36%	
National Bank of Pakistan	-	356,785	-	178,250	178,535	13,278	0.84%	0.78%	0.12%	
NIB Bank Limited	97,000	-	-	97,000	-	-	-	-	-	
Samba Bank Limited	4,000	-	-	4,000	-	-	-	-	-	
United Bank Limited	-	245,940	-	183,400	62,540	3,655	0.23%	0.21%	0.03%	
	<u>129,143</u>	<u>1,102,135</u>	<u>-</u>	<u>619,493</u>	<u>611,785</u>	<u>45,481</u>	<u>2.88%</u>	<u>2.86%</u>	<u>0.55%</u>	

Name of the investee company	Number of Shares					Market Value at December 31, 2009	Market Value as a percentage of		
	As at July 01, 2009	Purchases during the period	Bonus/ Rights issue during the period	Sales during the period	As at December 31, 2009		Total investment	Net assets	Paid up capital of the investee company
(Rupees in '000)									
Insurance									
Adamjee Insurance Company Limited	14,000	101,072	-	99,410	15,662	1,931	0.12%	0.11%	0.17%
New Jubilee Life Insurance Company Limited - related party	5,000	-	-	5,000	-	-	-	-	-
	19,000	101,072	-	104,410	15,662	1,931	0.12%	0.11%	0.17%
Textile Composite									
Azgard Nine Limited	-	201,538	-	-	201,538	4,190	0.27%	0.24%	0.07%
	-	201,538	-	-	201,538	4,190	0.27%	0.24%	0.07%
Cement									
D. G. Khan Cement Company Limited	-	10,000	-	10,000	-	-	-	-	-
Lucky Cement Limited	-	152,500	-	152,500	-	-	-	-	-
	-	162,500	-	162,500	-	-	-	-	-
Refinery									
Attock Refinery Limited	43,400	123,900	-	161,500	5,800	800	0.05%	0.05%	0.09%
National Refinery Limited	10,100	99,045	-	33,300	75,845	13,411	0.85%	0.78%	1.68%
Pakistan Refinery Limited	23,500	10,000	-	23,571	9,929	1,198	0.08%	0.07%	0.34%
	77,000	232,945	-	218,371	91,574	15,409	0.98%	0.90%	2.11%
Power Generation & Distribution									
The Hub Power Company Limited	-	170,000	-	-	170,000	5,284	0.33%	0.31%	0.05%
Kot Addu Power Company Limited	14,100	23,128	-	20,000	17,228	790	0.05%	0.05%	0.01%
Nisat Chunian Power Limited	-	7,460	-	-	7,460	77	0.00%	0.00%	0.01%
	14,100	200,588	-	20,000	194,888	6,151	0.39%	0.36%	0.06%
Oil and Gas Marketing Companies									
Attock Petroleum Limited	-	10,200	-	-	10,200	3,546	0.22%	0.21%	0.62%
Pakistan State Oil Company Limited	69,900	412,935	-	220,300	262,535	78,088	4.95%	4.56%	4.55%
Shell Pakistan Limited	-	11,345	-	298	11,047	2,766	0.18%	0.16%	0.40%
	69,900	434,480	-	220,598	283,782	84,400	5.35%	4.93%	5.58%
Oil and Gas Exploration Companies									
Mari Gas Company Limited	-	500	-	500	-	-	-	-	-
Oil and Gas Development Company Limited	-	254,000	-	244,000	10,000	1,106	0.07%	0.06%	0.00%
Pakistan Oilfields Limited	12,800	255,874	-	84,800	183,874	42,433	2.69%	2.48%	1.79%
Pakistan Petroleum Limited	-	89,538	1,640	86,178	5,000	948	0.06%	0.06%	0.01%
	12,800	599,912	1,640	415,478	198,874	44,487	2.82%	2.60%	1.81%
Technology & Communications									
Pakistan Telecommunication Company Limited	-	243,401	-	30,000	213,401	3,767	0.24%	0.22%	0.01%
	-	243,401	-	30,000	213,401	3,767	0.24%	0.22%	0.01%
Fertilizers									
Engro Chemicals Pakistan Limited	197,500	252,136	-	383,000	66,636	12,212	0.77%	0.71%	0.41%
Fauji Fertilizer Bin Qasim Limited	-	86,854	-	-	86,854	2,269	0.14%	0.13%	0.24%
Fauji Fertilizer Company Limited	2,170	35,000	-	37,170	-	-	-	-	0.00%
	199,670	373,990	-	420,170	153,490	14,481	0.92%	0.84%	0.65%
Chemicals									
Engro Polymer and Chemicals Pakistan Ltd.	167,000	-	-	10,000	157,000	2,816	0.18%	0.16%	0.05%
Lotte Pakistan PTA Limited	-	25,000	-	25,000	-	-	-	-	-
ICI Pakistan Limited	-	55,032	-	55,032	-	-	-	-	-
	167,000	80,032	-	90,032	157,000	2,816	0.18%	0.16%	0.05%
	1,037,163	4,007,393	1,640	2,515,102	2,531,094	235,421	14.91%	13.75%	11.23%
Cost of investment at December 31, 2009						<u>236,287</u>			

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, 2009	Market Value as a percentage of		
	As at July 01, 2009	Purchases during the period	Bonus/ Rights issue during the period	Sales during the period	As at December 31, 2009		Total investment	Net assets	Paid up capital of the investee company
(Rupees in '000)									
Investment Banks/Companies/Securities									
Arif Habib Securities Limited	5,000	-	-	5,000	-	-	-	-	-
	5,000	-	-	5,000	-	-	-	-	-

Name of the investee company	Number of Shares					Market Value at December 31, 2009	Market Value as a percentage of		
	As at July 01, 2009	Purchases during the period	Bonus/Rights issue during the period	Sales during the period	As at December 31, 2009		total investment	net assets	paid-up capital of the investee company
(Rupees in '000)									
Commercial Banks									
Allied Bank Limited	57,986	22,000	-	7,000	72,986	4,286	0.27%	0.25%	0.06%
Askari Commercial Bank Limited	-	197,555	-	-	197,555	5,393	0.34%	0.31%	0.11%
Atlas Bank Limited	18,000	-	-	18,000	-	-	-	-	-
Bank Al-Falah Limited	169,818	37,418	-	207,236	-	-	-	-	-
Bank Al-Habib Limited	143,676	103,476	-	-	247,152	8,097	0.51%	0.47%	0.13%
Habib Bank Limited - related party	918,124	-	-	28,100	890,024	109,865	6.96%	6.41%	1.21%
MCB Bank Limited	12,100	38,500	-	-	50,600	11,116	0.70%	0.65%	0.16%
Meezan Bank Limited	163,842	-	-	-	163,842	2,579	0.16%	0.15%	0.04%
National Bank of Pakistan	169,096	258,407	-	256,000	171,503	12,754	0.81%	0.74%	0.12%
Habib Metropolitan Bank Limited	69,800	46,522	-	-	116,322	3,623	0.23%	0.21%	0.05%
Samba Bank Limited	104,500	120,000	-	-	224,500	743	0.05%	0.04%	0.01%
Standard Chartered Bank (Pakistan) Limited	38,600	-	-	-	38,600	346	0.02%	0.02%	0.00%
United Bank Limited	893,425	165,200	-	404,958	653,667	38,207	2.42%	2.23%	0.34%
	2,758,967	989,078	-	921,294	2,826,751	197,009	12.48%	11.50%	2.22%
Insurance									
Adajme Insurance Company Limited	20,000	-	-	-	20,000	2,466	0.16%	0.14%	0.22%
New Jubilee Life Insurance Company Limited - related party	122,500	-	-	-	122,500	5,416	0.34%	0.32%	0.86%
	142,500	-	-	-	142,500	7,882	0.50%	0.46%	1.08%
Textile Composite									
Nishat Mills Limited	155,900	165,000	-	90,600	230,300	16,098	1.02%	0.94%	0.66%
	155,900	165,000	-	90,600	230,300	16,098	1.02%	0.94%	0.66%
Cement									
Attock Cement Pakistan Limited	21,200	9,120	6,064	-	36,384	1,892	0.12%	0.11%	0.26%
D. G. Khan Cement Company Limited	336,740	251,865	-	329,000	259,605	8,453	0.54%	0.49%	0.28%
Lucky Cement Limited	261,800	64,700	-	201,000	125,500	8,313	0.53%	0.49%	0.26%
Maple Leaf Cement Limited	122,500	207,800	-	100,000	230,300	866	0.05%	0.05%	0.02%
	742,240	533,485	6,064	630,000	651,789	19,524	1.24%	1.14%	0.82%
Refinery									
Attock Refinery Limited	21,840	-	-	-	21,840	3,012	0.19%	0.18%	0.35%
National Refinery Limited	24,800	-	-	-	24,800	4,385	0.28%	0.26%	0.55%
Pakistan Refinery Limited	19,200	-	-	-	19,200	2,318	0.15%	0.14%	0.66%
	65,840	-	-	-	65,840	9,715	0.62%	0.57%	1.56%
Power Generation & Distribution									
The Hub Power Company Limited	2,304,000	299,850	-	180,000	2,423,850	75,333	4.77%	4.40%	0.65%
Kot Addu Power Company Limited	352,600	-	-	-	352,600	16,174	1.02%	0.94%	0.18%
Nishat Chunian Power Limited	-	2,500,000	-	-	2,500,000	25,750	1.63%	1.50%	0.72%
	2,656,600	2,799,850	-	180,000	5,276,450	117,257	7.43%	6.85%	1.55%
Oil & Gas Marketing Companies									
Pakistan State Oil Company Limited	26,500	-	-	-	26,500	7,862	0.50%	0.46%	0.46%
Shell Pakistan Limited	23,125	35,525	-	2,000	56,650	14,183	0.90%	0.83%	2.07%
Sui Northern Gas PipeLines Limited	80,000	312,255	-	20,000	372,255	9,232	0.58%	0.54%	0.17%
	129,625	347,780	-	22,000	455,405	31,297	1.98%	1.83%	2.70%
Oil and Gas Exploration Companies									
Mari Gas Company Limited	112,400	32,214	125,614	64,005	206,223	28,217	1.79%	1.65%	7.68%
Oil and Gas Development Company Limited	1,849,200	15,000	-	907,975	956,225	105,768	6.70%	6.16%	0.25%
Pakistan Oilfields Limited	327,540	110,100	-	105,200	332,440	76,717	4.86%	4.48%	3.24%
Pakistan Petroleum Limited	674,262	85,000	145,052	319,686	584,628	110,840	7.02%	6.47%	1.11%
	2,963,402	242,314	270,666	1,396,866	2,079,516	321,542	20.37%	18.77%	12.28%
Engineering									
International Industries Limited - related party	92,932	-	-	6,316	86,616	5,083	0.32%	0.30%	0.51%
	92,932	-	-	6,316	86,616	5,083	0.32%	0.30%	0.51%
Automobile Assemblers									
Indus Motor Company Limited	46,693	-	-	28,693	18,000	3,537	0.22%	0.21%	0.45%
Pak Suzuki Motor Company	34,800	93,394	-	16,800	111,394	9,910	0.63%	0.58%	1.20%
	81,493	93,394	-	45,493	129,394	13,447	0.85%	0.79%	1.65%
Automobile Parts & Accessories									
Agriautos Industries Limited - (Face value Rs. 5 each)	10,440	-	-	10,440	-	-	-	-	-
	10,440	-	-	10,440	-	-	-	-	-
Technology and Communications									
Pakistan Telecommunication Company Limited-A	484,800	1,020,700	-	256,007	1,249,493	22,054	1.40%	1.29%	0.06%
	484,800	1,020,700	-	256,007	1,249,493	22,054	1.40%	1.29%	0.06%

Name of the investee company	Number of Shares					Market Value at December 31, 2009	Market Value as a percentage of		
	As at July 01, 2009	Purchases during the period	Bonus/ Rights issue during the period	Sales during the period	As at December 31, 2009		Total investment	Net assets	Paid up capital of the investee company
(Rupees in '000)									
Fertilizers									
Dawood Hercules	-	57,865	-	7,500	50,365	9,056	0.57%	0.53%	0.83%
Engro Chemical Pakistan Limited	340,346	-	-	-	340,346	62,375	3.95%	3.64%	2.09%
Fauji Fertilizer Bin Qasim Limited	703,500	524,365	-	178,515	1,049,350	27,420	1.74%	1.60%	0.29%
Fauji Fertilizer Company Limited	1,308,130	-	-	50,030	1,258,100	129,496	8.20%	7.56%	1.91%
	<u>2,351,976</u>	<u>582,230</u>	<u>-</u>	<u>236,045</u>	<u>2,698,161</u>	<u>228,347</u>	<u>14.47%</u>	<u>13.33%</u>	<u>5.12%</u>
Pharmaceuticals									
Abbott Laboratories (Pakistan)	78,300	9,768	-	6,000	82,068	9,948	0.63%	0.58%	1.02%
Glaxo SmithKline	150,800	52,084	-	5,000	197,884	21,623	1.37%	1.26%	1.27%
	<u>229,100</u>	<u>61,852</u>	<u>-</u>	<u>11,000</u>	<u>279,952</u>	<u>31,571</u>	<u>2.00%</u>	<u>1.84%</u>	<u>2.28%</u>
Chemicals									
BOC Pakistan Limited - related party	99,700	2,004	-	35,519	66,185	8,468	0.54%	0.49%	3.38%
ICI Pakistan Limited	22,400	-	-	-	22,400	3,774	0.24%	0.22%	0.27%
Clariant Pakistan Limited	33,900	-	-	6,858	27,042	4,725	0.30%	0.28%	1.73%
Lotte Pakistan PTA Limited	773,500	82,500	-	399,000	457,000	3,578	0.23%	0.21%	0.02%
	<u>929,500</u>	<u>84,504</u>	<u>-</u>	<u>441,377</u>	<u>572,627</u>	<u>20,545</u>	<u>1.30%</u>	<u>1.20%</u>	<u>5.41%</u>
Paper and Boards									
Century Paper and Board Mills	5,500	71,823	-	25,000	52,323	693	0.04%	0.04%	0.10%
Glaxo SmithKline	87,550	100,805	-	21,000	167,355	24,099	1.53%	1.41%	2.86%
Package Limited - related party	93,050	172,628	-	46,000	219,678	24,792	1.57%	1.45%	2.95%
	<u>186,100</u>	<u>345,256</u>	<u>-</u>	<u>72,000</u>	<u>459,356</u>	<u>55,584</u>	<u>3.04%</u>	<u>2.89%</u>	<u>5.91%</u>
	<u>13,893,365</u>	<u>7,092,815</u>	<u>276,730</u>	<u>4,298,438</u>	<u>16,964,472</u>	<u>1,066,163</u>	<u>67.54%</u>	<u>62.25%</u>	<u>40.88%</u>

Cost of investment at December 31, 2009

1,031,389

4.3 Term Finance Certificates and Sukuk Bonds- Unlisted-Available for sale

All term finance certificates have a face value of Rs. 5,000 each unless stated otherwise

Name of the investee company	Number of Certificates				Market Value at December 31, 2009	Market Value as a percentage of		
	As at July 01, 2009	Purchases during the period	Sales during the period	As at December 31, 2009		Total investment	Net assets	Issue size
(Rupees in '000)								
Leasing Companies								
Orix Leasing Pakistan Limited (Face value of Rs. 100,000 each)	500	-	500	-	-	-	-	-
Fertilizers								
Engro Chemical Pakistan Limited - Perpetual I	15,000	-	10,000	5,000	23,446	1.49%	1.37%	0.59%
Oil and gas marketing companies								
Sui Southern Gas Company Limited - Sukuk	13,000	-	10,000	3,000	14,571	0.92%	0.85%	0.24%
	<u>28,500</u>	<u>-</u>	<u>20,500</u>	<u>8,000</u>	<u>38,017</u>	<u>2.41%</u>	<u>2.22%</u>	<u>0.83%</u>

Cost of investment at December 31, 2009

40,151

4.3.2 Significant terms and conditions of Term Finance Certificates outstanding as at December 31, 2009 are as follows.

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Engro Chemical Pakistan Limited - Perpetual I	5,000	1.7%+6 months KIBOR	March 18, 2008	March 18, 2018
Sui Southern Gas Company Limited - Sukuk	5,000	0.20%+3 months KIBOR	December 31, 2007	December 31, 2012

4.4 Investment in Government Securities - Available for Sale

Issue date	Tenor	Face Value			Market Value at December 31, 2009	Market Value as a percentage of	
		As at July 01, 2009	Purchases during the period	Sales / Matured during the period		Total investment	Net assets
(Rupees in '000)							
Treasury Bill							
February 26, 2009	6 months	-	115,000	115,000	-	-	-
March 26, 2009	6 months	-	25,000	25,000	-	-	-
April 09, 2009	6 months	-	66,000	66,000	-	-	-
May 07, 2009	6 months	-	250,000	250,000	-	-	-
June 04, 2009	6 months	-	50,000	50,000	-	-	-
September 10, 2009	3 months	-	25,000	25,000	-	-	-
September 26, 2009	3 months	-	41,000	41,000	-	-	-
October 22, 2009	3 months	-	240,000	-	240,000	238,972	15.14%
			<u>812,000</u>	<u>572,000</u>	<u>240,000</u>	<u>238,972</u>	<u>15.14%</u>

Cost of investment at December 31, 2009

238,974

- 4.5 Investments include shares with market value aggregating to Rs 30.02 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 the Securities and Exchange Commission of Pakistan.

	December 31, 2009 (Unaudited)	June 30, 2009 (Audited)
	'(Rupees in '000)	
4.6 Net unrealised (diminution) / appreciation in value of investments 'at fair value through profit or loss'		
Market value of investments	235,421	70,428
Less: Cost of investments	<u>236,287</u>	<u>70,943</u>
	(866)	(515)
Less: Net unrealised diminution / (appreciation) in the fair value of investments at fair value through profit or loss at the beginning of the period	515	(5,127)
	<u>(351)</u>	<u>4,612</u>

- 4.7 Net unrealised appreciation / (diminution) in fair value of investments
classified as 'available for sale'**

Market value of investments	1,343,152	1,043,216
Less: Cost of investments	<u>1,310,514</u>	<u>1,290,774</u>
Less: Impairment	<u>(230,897)</u>	<u>(339,824)</u>
	1,079,617	950,950
	263,535	92,266
Less: Net unrealised (appreciation) / diminution in fair value of investments at the beginning of period	(92,266)	132,733
	<u>171,269</u>	<u>224,999</u>

- 4.8 As at June 30, 2009, an impairment loss of Rs 339.824 million was held in respect of equity securities classified as available for sale. During the period, impairment loss amounting to Rs 112.631 million has been reversed due to sale of related shares and a further impairment of Rs 3.704 million has been booked.

	December 31, 2009	June 30, 2009
	Rupees in '000	
5 DIVIDEND AND PROFIT RECEIVABLE		
Profit receivable on bank deposits	460	1,712
Income accrued on Term Finance Certificates	1,038	8,986
Dividend receivable	<u>6,668</u>	<u>9,174</u>
	<u>8,166</u>	<u>19,872</u>

- 6 ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES**

Advance against subscription towards issue of Term Finance Certificates	25,000	25,000
Security deposits with National Clearing Company of Pakistan Limited	2,500	2,500
Security deposits with Central Depository Company of Pakistan Limited	100	100
Prepaid annual listing fee	15	-
Prepaid rating fee	50	-
Receivable from broker - net	-	4,811
Other receivables	<u>4</u>	<u>3</u>
	27,669	32,414
Less: Provision in respect of advance against subscription towards issue of Term Finance Certificates	(24,896)	(18,750)
	<u>2,773</u>	<u>13,664</u>

- 6.1 The Fund had subscribed towards the Term Finance Certificates of an issuer as Pre-IPO on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer as at December 31, 2009. In addition, profit on the advance against subscription, due after 6 months from the date of subscription, has also not been received by the Fund. As at June 30, 2009, management had made a provision of Rs 18.75 million against the said advance, which was seventy five percent of the total amount of advance. During the current period, Board of Directors of the Management Company decided in their meeting that the said advance should be fully provided by the 455th day (January 7, 2010) from the due date to complete the public offering (October 9, 2008), in accordance with Circular No. 1 of 2009 issued by the Securities and Exchange Commission of Pakistan.

	December 31, 2009	June 30, 2009
	------(Rupees in '000)-----	
7 PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Management fee	4,299	3,450
Preliminary expenses and floatation costs incurred on behalf of the Fund	1,135	1,135
Annual listing fee paid by the Management Company on behalf of the Fund	30	30
Security deposits with Central Depository Company of Pakistan Limited	100	100
Paid by the Management Company on behalf of the Fund		
Sales load payable	1,852	1,850
	<u>7,416</u>	<u>6,565</u>
8 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	206	262
Payable against redemption of units	101	1
Others	13	-
	<u>320</u>	<u>263</u>

9 TAXATION

No provision for taxation has been made as the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund intends to distribute at least 90 percent of such accounting income relating to the year ending June 30, 2010 to its unit holders. Accordingly, no tax liability has been recorded in the current period.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

10 CONTINGENCIES AND COMMITMENTS

Through Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. Management, based on a legal advice, is of a firm view that Collective Investment Schemes are paper entities and are not establishments, accordingly the WWF Ordinance is not applicable and therefore no provision is required in the financial statements. However, in a remotely probable event, if the Collective Investment Schemes are considered as industrial establishments, the impact on the NAV per unit will be Rs. (0.16) as of December 31, 2009.

Mutual Funds Association of Pakistan (MUFAP), of which the Management Company is a member, has filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that the Collective Investment Schemes are not establishments and as a result are not liable to pay contribution to the WWF. The legal proceedings in respect of the aforementioned petition are currently in progress.

11 EARNINGS PER UNIT

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

12 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 Ltd. being the trustee of the Fund, the Directors of the Management Company and 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 norms.

Details of the transactions with connected persons and balances with them, if not disclosed in relevant notes are as follows:

12.1 Transactions during the period	For the period ended December 31, 2009 Rupees in '000	For the period ended December 31, 2008 Rupees in '000
HBL Asset Management Limited - Management Company		
Management Fee	24,584	22,617
Habib Bank Limited - Sponsor		
Bank charges paid	59	3
Profit on bank deposits earned	3,401	5,008
Profit on bank deposits received	3,220	3,165
Purchase of shares: Nil (2008: 152,500 shares)	-	23,385
Sale of 28,100 shares (2008 : Nil shares)	3,033	-
(Loss) / Gain on sale of shares	(1,959)	2
Issue of bonus units: Nil (2008: 833,184 bonus units)	-	77,219
Directors and Executives of the Management Company and their relatives		
Issue of bonus units: Nil (2008: 3,926 bonus units)	-	364
Redemption of units: Nil (2008: 532 units)	-	42
Executives of the Management Company and their relatives		
Issue of bonus units: Nil (2008: 32 units)	-	3
HBL Income Fund		
Purchase of Term Finance Certificates	-	75,000
Associated Companies		
HBL Employees Provident Fund		
Issue of bonus units: Nil (2008: 157,533 units)	-	14,600
BOC Pakistan Limited		
Purchase of 2,004 ordinary shares (2008 : 12,600 shares)	240	2,327
Sale of 35,519 ordinary shares (2008 : Nil shares)	4,433	-
Loss on sale of shares	(2,989)	-
New Jubilee Life Insurance Company (Pakistan) Limited		
Purchase of shares: Nil (2008: 21,000 shares)	-	934
Sale of 5,000 ordinary shares (2008 : Nil shares)	182	-
Loss on sale of shares	(219)	-
IGI Investment Bank Limited		
Purchase of shares: Nil (2008: 109,000 shares)	-	592
Sale of shares: Nil (2008: 41,500 shares)	-	202
Loss on sale of shares	-	(96)
International Industries Limited		
Sale of 6,316 ordinary shares (2008 : Nil shares)	398	-
Loss on sale of shares	(215)	-
Packages Limited		
Purchase of 100,805 ordinary shares (2008 : 37,700 shares)	16,383	7,134
Sale of 21,000 ordinary shares (2008 : 8100 shares)	3,539	1,785
Loss on sale of shares	(1,449)	(173)
Central Depository Company of Pakistan Limited		
Trustee Remuneration	1,323	1,258
Central Depository Services charges	39	31
		20

12.2 Balances outstanding as at period/year end	(Un-audited) December 31, 2009	(Audited) June 30, 2009
HBL Asset Management Limited - Management Company		
Management Fee	4,299	3,450
Sales Load Payable	1,852	1,850
Preliminary expenses and floatation cost payable	1,135	1,135
Security deposit paid by Management Company on behalf of the Fund to Central Depository Company of Pakistan - payable	100	100
Annual Listing fee paid by Management Company on behalf of the Fund	30	30
Habib Bank Limited - Sponsor		
Investment held in the Fund : 14,033,090 units (June 30, 2009 : 14,033,090 units)	1,309,568	1,069,041
Bank balances	125,508	152,759
Profit receivable on bank deposits	290	108
Shares held : 890,024 ordinary shares (June 30, 2009 : 918,124 shares)	109,865	79,014
Directors of the Management Company and their relatives		
Investment held in the Fund : 65,589 units (June 30, 2009 : 65,589 units)	6,121	4,997
Executives of the Management Company and their relatives		
Investment held in the Fund : 532 units (June 30, 2009 : 532 units)	50	41
Associated Companies		
HBL Employees Provident Fund		
Investment held in the Fund : 2,653,290 units (June 30, 2009 : 2,653,290 units)	247,605	202,128
BOC Pakistan Limited		
Shares held - 66,185 ordinary shares (June 30, 2009 : 99,700 shares)	8,468	11,465
New Jubilee Life Insurance Company (Pakistan) Limited		
Shares held - 122,500 ordinary shares (June 30, 2009 : 127,500 shares)	5,416	4,845
International Industries Limited		
Shares held - 86,616 ordinary shares (June 30, 2009 : 92,932 shares)	5,083	4,190
Packages Limited		
Shares held - 167,355 ordinary shares (June 30, 2009 : 87,550 shares)	24,099	13,749
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	228	197

13 GENERAL AND CORRESPONDING FIGURES

There were no significant reclassifications of corresponding figures except the following:

- Provision in respect of advance against subscription towards issue of Term Finance Certificates has been shown separately in the condensed interim cash flow statement.

Figures have been rounded off to the nearest thousand rupees.

14 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on February 24, 2010.

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

Chief Executive

Director

DISTRIBUTION NETWORK

1. Branches of Habib Bank Limited

Sindh Karachi

Habib bank Limited
Bahadurabad Branch,
Mariam Complex, Bahadurabad, Karachi.
Phone: 021-4940585-6
Fax: 021-4940584

Habib bank Limited
Iqbal Library Branch
Gigar Muradabadi Road, Near Islamia College,
Karachi.
Phone: 021-4922310, 021-4913311
Fax: 021-4914411

Habib bank Limited
Tariq Road Commercial Center Branch,
172-u, Block-2, Karachi.
Phone: 021-4534748, 021-4534681
Fax: 021-4522627

Habib bank Limited
Shahra-e-Pakistan Branch,
F.B Area Karachi.
Phone: 021-6331445, 021-6317073
Fax: 021-6317086

Habib bank Limited
Corporate Branch,
2nd Floor, HBL Plaza, I.I. Chundrigar Road, Karachi.
Phone: 021-2418000
Fax: 021-2413839

Habib bank Limited
Kehkashan Branch,
F-101/5, Block-7, Kehkashan Clifton, Karachi.
Phone: 021-5875935-40
Fax: 021-5875914

Habib bank Limited
Foreign Exchange Branch,
M.A. Jinnah Road, Habib Squre, Karachi.
Phone: 021-9213996-97
Fax: 021-9213436

Habib bank Limited
Clifton Broadway Branch,
Broadway House, Karachi.
Phone: 021-5301074-76
Fax: 021-5873310

Habib bank Limited
Nursery Branch,
Main Shahra-e-Faisal, Jamshed Town, Karachi.
Phone: 021-4381304, 021-4524661
Fax: 021-4538482

Habib bank Limited
Khayaban-e-Saadi Branch,
Block-2, Clifton, Karachi.
Phone: 021-5810045-46
Fax: 021-5810047

Habib bank Limited
Shahra-e-Jahangir Branch,
Block L, North Nazimabad, Karachi.
Phone: 021-6648034-6629671
Fax: 021-6642090

Jacobabad

Habib Bank Limited
Quid-e Azam Road,
Jacobabad.
Phone: 0722-653977,0722-650933

Punjab Lahore

Habib bank Limited
Allama Iqbal Town Branch
Dubai Chowk, Lahore.
Phone: 042-7840560, 042-7841464
Fax: 042-7446584

Habib Bank Limited
Bank Square, Model Town Branch,
Lahore.
Phone: 042-5915574-75, 042-5844842
Fax: 042-5915573

Habib Bank Limited
The Mall Road Branch, 5, Bank square,
Nila Gumbad, Lahore.
042-7232422-27-35-51-37-46
Fax: 042-7232537-479

Habib Bank Limited
Cantonment Branch
322-H. Sarwar Road, Cantt Lahore.
Phone: 042-6622620-6
Fax: 042-6622625

Habib Bank Limited
Gulberg Main Market Branch,
Lahore.
Phone: 042-5757575, 042-5755602,
Fax: 042-5760636

Habib Bank Limited
Lahore Development Authority Branch
7-Egertan Road, Data Gunj Bukhsh Town, Lahore.
Phone: 042-6375299/6375974-76-78
Fax: 042-6302032

Habib Bank Limited
19-Ali Block New Garden Town Branch,
Lahore
Phone: 042-5912481-85
Fax: 042-5912486

Habib Bank Limited
Corporate Branch
Habib Bank Corporate Centre, 102,103
Upper Mall, Lahore.
Phone: 042-6281655, 042-6281820,
042-6281665 Fax: 042-6281661

Gujranwala

Habib Bank Limited
Satellite Town Branch
Main Market, Satellite Town, Gujranwala.
Phone: 055-9200590-1
Fax: 055-9200590

Faisalabad

Habib Bank Limited
Madina Town Branch
Madina Town, Faisalabad.
Phone: 041-9220122, 041-9220124
Fax: 041-9220123

Habib Bank Limited
West Canal Road, Faisalabad.
Phone: 041-8532077
Fax: 041-8531985

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

Rawalpindi

Habib Bank Limited
Kashmir Road Branch
Kashmir Road Saddar, Cantt, Rawalpindi.
Phone: 051-5700107, 051-5582905
Fax: 051-5567928

Islamabad

Habib Bank Limited
Jinnah Avenue Branch, Islamabad
Phone: 051-2201761, 051-2201228
Fax: 051-2822290

Habib Bank Limited
Corporate Branch
Ground Floor, HBL Tower, Blue Area,
Islamabad
Phone: 051-2820683
Fax: 051-2822206

NWFP Peshawar

Habib Bank Limited
Arbab Road Branch
Peshawar Cantt. Peshawar.
Phone: 091-5272167, 091-9211161
Fax: 091-5278869

Balochistan Quetta

Habib Bank Limited
Complex Branch
Shahrah-e-Gulistan, Quetta.
Phone: 081-22836575, 081-2829379
Fax: 081-2825791

2. DISTRIBUTORS LIST

Alfalah Securities (Pvt.) Limited
12th Floor, Saima Trade Tower,
I.I Chundrigar Road, Karachi.
Phone: 021-9217810-19
Fax: 021-9217827

ANZ Financial Consultant
F-26/2, Block-5, Kehkashan,
Clifton, Karachi.
Phone: 021-5379511
Fax: 021-5874348

Elixir Securities Pakistan (Pvt.) Limited
First Floor, P & O Plaza,
I.I Chundrigar Road, Karachi.
Phone: 021-111-354-947
Fax: 021-2420527- 2418925

IGI Investment Bank Limited
Floor-7, The Forum, Suit 701-713, G-20,
Block, Khayaban-e-Jami, Karachi.
Phone: 021-111-234-234
Fax: 021-111-567-567

Pearl Securities (Pvt.) Limited
Room No. 204, 2nd Floor, Business &
Finance Centre,
I.I Chundrigar Road, Karachi.
Phone: 021-2473954-58
Fax: 021-2473951

The First National Equities Limited
19-C, Sunset Lane- 6, South Park Avenue
Ext. 11, D.H.A Karachi.
Phone: 021-5395902-08
Fax: 021-5395925

Yam & Company
Office No.11, Quality Arcade,
Mezzanine Floor, BC-7,
Block-7, Clifton, Karachi.
Phone: 021-5876823-4
Fax: 021-5879146