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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited

Board of Director of the Management Company

Mr. R. Zakir Mahmood	Chairman
Mr. Shahid Ghaffar	Chief Executive Officer and Director
Mr. Sohail Malik	Director
Mr. Tawfiq Habib Chinoy	Director
Ms. Sadia Khan	Director
Mr. Abid Sattar	Director

Audit Committee of the Board of Directors of the Management Company

Ms. Sadia Khan	Chairperson
Mr. Sohail Malik	Member
Mr. Abid Sattar	Member

Human Resource Committee of the Board of Directors of the Management Company

Mr. Tawfiq Habib Chinoy	Chairman
Mr. Shahid Ghaffar	Member
Mr. Abid Sattar	Member

Company Secretary

Mr. Rehan N. Shaikh

Chief Financial Officer

Mr. Noman Ahmed Soomro

Fund Manager

Mr. Muhammad Amir Khan

Trustee

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

Auditors

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

Legal Advisor

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

Bankers to the Fund

Habib Bank Limited
Bank of Punjab
Bank Al Habib Limited
MCB Bank Limited
JS Bank Limited

Head Office

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

Registered Office

Suite # 403-404, The Forum, G-20 Khayaben-e-Jami, Clifton, Karachi.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

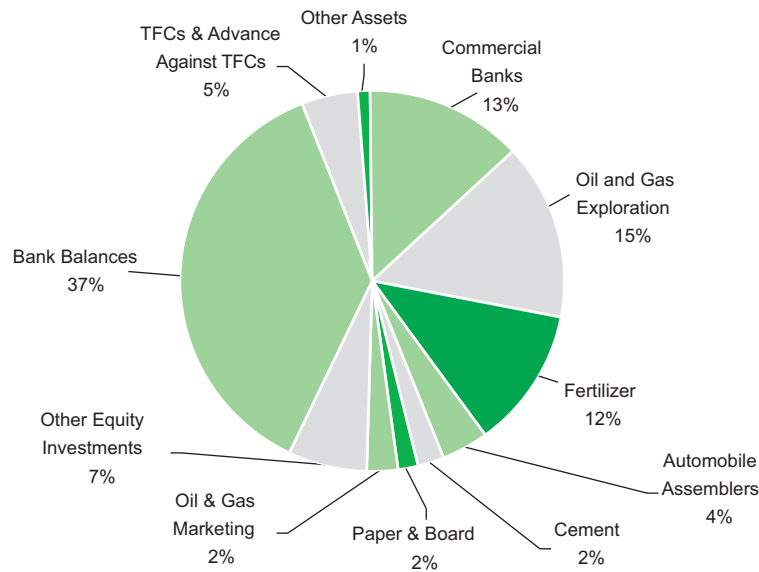
The Board of Directors of HBL Asset Management Limited is pleased to present the half yearly report of HBL Stock Fund for the period from August 23, 2007 to December 31, 2007.

Fund Performance

The Fund has earned total income and net income of Rs. 56.73 million and Rs. 50.78 million respectively for the period under review. The Net Asset Value of the Fund was Rs.102.40 as on December 31, 2007 against offer price of Rs.100. The Fund was invested to the extent of Rs. 1.24 billion including Rs. 1.12 billion in equities. In view of the political uncertainties due to upcoming election, the Fund was keeping liquidity of about 37% of total assets, to avail possible buying opportunities at the stock market at lower levels. The total Fund size was Rs. 1.82 billion as on December 31, 2007.

Asset Allocation

The Fund has made investment mainly in Oil and Gas Exploration, Banking, Fertilizer, Automobile Assemblers, Oil and Gas Marketing, Paper and Board and Cement sectors. The details of asset allocation as on December 31, 2007 is given below:



Market Review and Future Outlook

The stock market started on a bullish note in the month of July 2007 with KSE 100 Index moving upward from 13,930 points on July 2, 2007 to as high as 14,202 points on July 13, 2007. However, bearish tendency mostly prevailed in the market thereafter and the KSE-100 index slipped by 14% to 12,214 points as on August 31, 2007. The market, however, gained a positive momentum in the months of September 2007 and October 2007, closing at its highest level of 14,788 points on October 19, 2007, an appreciation of 21.07% since August 31, 2007. The index moved both ways in the first half of November 2007 but mostly on the bearish side to close at 13,082 points on November 16, 2007. Thereafter, the market was mostly bullish, reaching the highest closing of 14,815 points on December 26, 2007, showing an appreciation of 13.25% since November 16, 2007. However, with the assassination of Mohtarma Benazir Bhutto, the market reacted very negatively, and lost 696 points in one trading session. The market closed at 14,076 points as on December 31, 2007.

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 and Exchange Commission of Pakistan, Central Depository Company of Pakistan as Trustee, 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.

For and on behalf of the Board

R. Zakir Mahmood
Chairman

Date : February 16, 2008
Place : Karachi

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS HBL STOCK FUND

Report of the Trustee Pursuant to Regulation 58(f) of the Non-Banking Finance Companies and Notified Entities Regulation, 2007

HBL Stock Fund (Fund), an open-end fund established under a trust deed executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as Trustee on August 09, 2007. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on August 21, 2007.

In our opinion, the Management Company has in all material respects managed the Fund during the period from August 23, 2007 to December 31, 2007 in accordance with the provisions of the constitutive documents of the Fund (and the modifications authorized by the SECP from time to time) and the Non-Banking Finance Companies and Notified Entities Regulation, 2007.

Mohammad Hanif
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, Dated: February 22, 2008

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, 2007, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' funds together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the period from August 23, 2007 to December 31, 2007. 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 cash flow statement and condensed interim statement of movement in unit holders' funds for the quarter ended December 31, 2007 have not been reviewed, as we are required to review only the cumulative figures for the period from August 23, 2007 to December 31, 2007.

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 December 31, 2007 and for the period from August 23, 2007 to December 31, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A. F. Ferguson & Co.
Chartered Accountants

Date: February 16, 2008

Karachi

**HBL STOCK FUND
CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES (UNAUDITED)
AS AT DECEMBER 31, 2007**

Note December 31,
2007
(Rupees in '000)

Assets

Bank balances		737,167
Receivable against sale of investments		2,595
Investments	4	1,195,577
Dividend and profit receivable		6,974
Advances, deposits and prepayments		2,518
Preliminary expenses and floatation costs		1,059
Other assets - subscription for placements in Term Finance Certificates		25,195
Total assets		1,971,085

Liabilities

Payable to HBL Asset Management Limited - Management Company		17,314
Payable to Central Depository Company of Pakistan Limited - Trustee		256
Payable to Securities and Exchange Commission of Pakistan - Annual fee		475
Payable on redemption of units		129,224
Accrued and other liabilities		187
Total liabilities		147,456

Net assets

1,823,629

Unit Holders' Fund (as per statement attached)

1,823,629

Number of units

Number of units in issue

17,808,408

Rupees

Net asset value per unit

102.40

The annexed notes 1 to 8 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 PERIOD FROM AUGUST 23, 2007 TO DECEMBER 31, 2007

Note	For the period August 23, 2007 to December 31, 2007	Quarter ended December 31, 2007
------(Rupees in '000)-----		

Income

Capital gain on sale of investments	32,302	29,077	
Dividend income	12,171	10,931	
Profit on bank deposits	14,174	10,043	
Income from Term Finance Certificates	2,595	2,456	
Income from reverse repurchase and other money market transactions	208	208	
Income from spread transactions	140	140	
	61,590	52,855	
Unrealised (diminution) in value of investments at fair value through profit or loss - net	4.1 (4,858)	(4,858)	
	56,732	47,997	

Expenses

Remuneration of HBL Asset Management Limited - Management Company	14,244	12,033	
Remuneration of Central Depository Company of Pakistan Limited - Trustee	798	651	
Annual fee - Securities and Exchange Commission of Pakistan	475	402	
Brokerage and Capital Value Tax	2,196	2,196	
Auditors' remuneration	60	45	
Settlement and bank charges	32	18	
Amortisation of preliminary expenses and floatation costs	76	57	
Other expenses	57	54	
	17,938	15,456	

Net income from operating activities

	38,794	32,541	
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Net element of accrued income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed	17,767	17,688	
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Net income for the period

	56,561	50,229	
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Earnings Per Unit

5

The annexed notes 1 to 8 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 PERIOD FROM AUGUST 23, 2007 TO DECEMBER 31, 2007

	For the period August 23, 2007 to December 31, 2007	Quarter ended December 31, 2007
	----- (Rupees in '000) -----	
Undistributed income brought forward	-	6,801
Net income for the period	56,561	50,229
Element of income / (loss) and capital gains / (losses) included in the prices of units sold less those in units redeemed - amount representing income / (loss) that form part of the Unit Holders' Funds	(5,786)	(6,255)
Undistributed income carried forward	50,775	50,775

The annexed notes 1 to 8 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 PERIOD FROM AUGUST 23, 2007 TO DECEMBER 31, 2007**

	Note	For the period August 23, 2007 to December 31, 2007 ------(Rupees in '000)-----	Quarter ended December 31, 2007
Net assets at the beginning of the period		-	948,926
Issue of 20,058,461 units (10,781,244 units for the quarter ended December 31, 2007)		2,033,186	1,104,917
Redemption of 2,250,053 units (2,224,853 units for the quarter ended December 31, 2007)		(240,365)	(240,345)
		1,792,821	864,572
Net element of accrued income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed			
- amount representing accrued (income) / loss and capital (gains) / losses - transferred to Income Statement		(17,767)	(17,688)
- amount representing (income) / loss that form part of the Unit Holders' Fund - transferred to Distribution Statement		5,786 (11,981)	6,255 (11,433)
Net unrealised (diminution) in fair value of investments classified as available for sale	4.2	(7,986)	(22,410)
Net income for the period		56,561	50,229
Element of income / (loss) and capital gains / (losses) included in the prices of units sold less those in units redeemed - amount representing income / (loss) that form part of the Unit Holders' Fund		(5,786)	(6,255)
Net assets as at the end of the period		<u>1,823,629</u>	<u>1,823,629</u>

The annexed notes 1 to 8 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 PERIOD FROM AUGUST 23, 2007 TO DECEMBER 31, 2007

For the period August 23, 2007 to December 31, 2007	Quarter ended December 31, 2007
------(Rupees in '000)-----	

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period	56,561	50,229
Adjustments for non-cash and other items:		
Amortisation of preliminary expenses and floatation costs	76	57
Unrealised diminution in value of investments at fair value through profit or loss - net	4,858	4,858
Net element of accrued (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed	(17,767)	(17,688)
	43,728	37,456
(Increase) / Decrease in assets		
Investments - net	(1,211,016)	(676,939)
Dividend and profit receivable	(6,974)	(1,956)
Advances, deposits and prepayments	(2,518)	47,509
Other assets - subscription for placements in Term Finance Certificates	(25,195)	(25,195)
	(1,245,703)	(656,581)
Increase / (Decrease) in liabilities		
Accrued and other liabilities	187	172
Payable to HBL Asset Management Limited - Management Company	16,179	13,938
Payable to Central Depository Company of Pakistan - Trustee	256	109
Payable to Securities and Exchange Commission of Pakistan	475	401
	17,097	14,620
Net cash outflow on operating activities	(1,184,878)	(604,505)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts / (payments) against issue / redemption of units	1,922,045	993,776
Net increase in cash and cash equivalents	737,167	389,271
Cash and cash equivalents at the beginning of the period	-	347,896
Cash and cash equivalents at the end of the period	737,167	737,167

The annexed notes 1 to 8 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 PERIOD FROM AUGUST 23, 2007 TO DECEMBER 31, 2007

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 Securities and Exchange Commission of Pakistan as a unit trust scheme on August 21, 2007.

The Fund is an open end 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.

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 i.e. August 23, 2007.

2 BASIS OF PREPARATION

2.1 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, 2007 (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'.

2.2 Accounting convention

These condensed interim financial statements are prepared under the historical cost convention except for certain investments which are stated at fair value.

2.3 Critical accounting estimates and judgments

The preparation of condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's condensed interim financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) Classification and valuation of investments
- ii) Amortisation of preliminary expenses and floatation costs

2.4 These condensed interim financial statements have been prepared in Pak Rupees, which is Fund's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these condensed interim financial statements are set out below:

3.1 Cash and cash equivalents

Cash and cash equivalents include demand deposits with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

3.2 Investments

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the asset.

The Management Company determines the appropriate classification of the investments made by the Fund in accordance with the requirements of International Accounting Standard (IAS) 39 - 'Financial Instruments: Recognition and Measurement' at the time of purchase and re-evaluates this classification on a regular basis. Investments of the Fund are categorised as follows:

a) Financial assets at fair value through profit or loss

These financial assets are classified as held for trading or designated by the management at fair value through profit or loss at inception. Financial assets held for trading are those acquired principally for the purpose of selling in the near term. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the income statement. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. The fair value of financial instruments traded in active market is based on quoted market prices. Gains and losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category are taken to the income statement in the period in which they arise.

b) Held to maturity financial assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund has the positive intent and ability to hold to maturity.

Held to maturity investments are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition these investments are carried at amortised cost.

c) Available for sale

Investments intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices, are classified as 'available for sale'.

Investments categorised as available for sale are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, 'available for sale' investments are measured at fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity until the available for sale investment is derecognised. At the time of derecognition, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset classified as available for sale is impaired. If evidence of impairment exists, the cumulative loss recognised in equity is removed from equity and recognised in the income statement.

3.3 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are initially recognised at fair value plus transaction costs. Subsequent to initial recognition these are carried at amortised cost.

3.4 Securities purchased under resale agreements

Securities purchased under an agreement to resell (reverse repurchase transactions) are included, in the balance sheet as 'receivable against reverse repurchase of securities' at the fair value of the consideration given. All such transactions are accounted for on the settlement date. The difference between purchase and sale price is treated as "Income from reverse repurchase transactions" and is recognised over the term of the transaction.

3.5 Spread transactions (Ready-Future Transactions)

The Fund enters into certain transactions involving purchase of a security in the ready market and simultaneous sale of the same security in the futures market. Securities purchased by the Fund in the ready market are carried on the Statement of Assets and Liabilities till their eventual disposal, and the forward sale of securities in the futures market is accounted for separately as a 'derivative' in accordance with the requirements of International Accounting Standard 39: "Financial Instruments: Recognition and Measurement".

3.6 Due from and due to brokers

Amounts due from and to brokers represents receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the balance sheet date, respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker.

3.7 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in the financial statements.

3.8 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years as permitted under the provisions contained in the Trust Deed of the Fund.

3.9 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.10 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost.

3.11 Taxation

The income of 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 period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company has the intention to distribute at least 90 percent of the Fund's accounting income for the period ending June 30, 2008 as reduced by capital gains (whether realised or unrealised) to its unit holders.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that these will be available for set off against future taxable profits. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Fund has not recognised any amount for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least 90 percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised to its unit holders every year.

3.12 Financial Assets and Financial Liabilities

Financial assets carried on the Statement of Assets and Liabilities include bank balances, receivable against sale of investments, investments, income receivable and deposits and certain other receivables.

Financial liabilities carried on the Statement of Assets and Liabilities include payable to HBL Asset Management Limited - Management Company, payable to Central Depository Company of Pakistan Limited - Trustee, and accrued expenses and other liabilities.

The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

3.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.14 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to income / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

3.15 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company. Currently the Fund is charging sales load at the rate of 2.5%.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Currently the Fund is not charging any back-end load or duties or charges on redemption.

3.16 Net asset value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

3.17 Revenue recognition

- Gains/ losses arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Income on reverse repurchase (reverse repo) transactions and Continuous Funding System (CFS) transactions is recognised on accrual basis.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Income on Term Finance Certificates is recognised on time proportion basis.
- Profit on bank deposits is recognised on accrual basis.

4 INVESTMENTS

Assets at fair value through profit or loss - held for trading

	Note	December 31, 2007 (Rupees in '000)
- Listed equity securities	4.1	52,020
Available for sale		
- Listed equity securities	4.2	1,068,557
- Debt securities	4.3	75,000
		<u>1,195,577</u>

4.1 Listed equity securities - 'At fair value through profit or loss' - held for trading

Name of the Investee Company	Number of shares				Market Value December 31, 2007	Market Value as a %age of Net Assets
	Purchases during the period	Bonus/Rights Issue	Sales during the period	As at December 31, 2007		
(Rupees in '000)						
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise						
Investment Banks/Companies/Securities						
Arif Habib Securities Limited	85,500	-	85,500	-	-	-
Javed Omar Vohra & Company	15,000	-	15,000	-	-	-
	<u>100,500</u>	<u>-</u>	<u>100,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Commercial Banks						
Allied Bank Limited	3,600	-	3,600	-	-	-
Askari Bank Limited	25,000	-	25,000	-	-	-
Bank Al-Falah Limited	46,500	-	46,500	-	-	-
Bank Islami Pakistan Limited	27,500	-	27,500	-	-	-
Bank of Punjab Limited	76,500	-	58,300	18,200	1,780	0.10%
Habib Bank Limited	25,900	-	25,900	-	-	-
MCB Bank Limited	297,600	-	297,600	-	-	-
National Bank of Pakistan Limited	458,900	-	437,400	21,500	4,991	0.27%
NIB Bank Limited	312,000	-	302,000	10,000	219	0.01%
United Bank Limited	85,500	-	78,800	6,700	1,158	0.06%
	<u>1,359,000</u>	<u>-</u>	<u>1,302,600</u>	<u>56,400</u>	<u>8,148</u>	<u>0.45%</u>
Insurance						
Adamjee Insurance Company Limited	224,800	-	224,800	-	-	-
New Jubilee Life Insurance Company Limited	8,500	-	8,500	-	-	-
Pakistan Reinsurance Limited	12,200	-	12,200	-	-	-
	<u>245,500</u>	<u>-</u>	<u>245,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Textile Composite						
Nishat Mills Limited	164,200	-	143,500	20,700	2,178	0.12%
	<u>164,200</u>	<u>-</u>	<u>143,500</u>	<u>20,700</u>	<u>2,178</u>	<u>0.12%</u>
Cement						
Attock Cement Pakistan Limited	6,000	-	6,000	-	-	-
D. G. Khan Cement Company Limited	248,800	-	238,800	10,000	947	0.05%
Lucky Cement Limited	186,000	-	186,000	-	-	-
Maple Leaf Cement Limited	166,000	-	87,000	79,000	1,517	0.08%
	<u>606,800</u>	<u>-</u>	<u>517,800</u>	<u>89,000</u>	<u>2,464</u>	<u>0.14%</u>
Refinery						
Attock Refinery Limited	323,800	7,300	308,800	22,300	5,604	0.31%
National Refinery Limited	36,400	-	36,400	-	-	-
	<u>360,200</u>	<u>7,300</u>	<u>345,200</u>	<u>22,300</u>	<u>5,604</u>	<u>0.31%</u>
Power Generation & Distribution						
Hub Power Company Limited	57,500	-	57,500	-	-	-
	<u>57,500</u>	<u>-</u>	<u>57,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Oil & Gas Marketing Companies						
Attock Petroleum Limited	40,100	-	40,100	-	-	-
Pakistan State Oil Company Limited	181,900	-	177,300	4,600	1,870	0.10%
	<u>222,000</u>	<u>-</u>	<u>217,400</u>	<u>4,600</u>	<u>1,870</u>	<u>0.10%</u>
Oil and Gas Exploration Companies						
Mari Gas Company Limited	19,800	-	19,800	-	-	-
Oil and Gas Development Company Limited	55,600	-	38,200	17,400	2,078	0.11%
Pakistan Oilfields Limited	349,700	-	328,700	21,000	7,022	0.39%
Pakistan Petroleum Limited	291,800	-	291,800	-	-	-
	<u>716,900</u>	<u>-</u>	<u>678,500</u>	<u>38,400</u>	<u>9,100</u>	<u>0.50%</u>
Automobile Assemblers						
Indus Motor Company Limited	78,100	-	53,500	24,600	7,852	0.43%
Pakistan Suzuki Motor Company Limited	20,800	-	20,300	500	165	0.01%
	<u>98,900</u>	<u>-</u>	<u>73,800</u>	<u>25,100</u>	<u>8,017</u>	<u>0.44%</u>
Automobile Parts & Accessories						
Agriaautos Industries Limited	38,600	-	-	38,600	4,179	0.23%
	<u>38,600</u>	<u>-</u>	<u>-</u>	<u>38,600</u>	<u>4,179</u>	<u>0.23%</u>
Synthetic & Rayon						
Dewan Salman Fibre Limited	100,000	-	78,500	21,500	161	0.01%
	<u>100,000</u>	<u>-</u>	<u>78,500</u>	<u>21,500</u>	<u>161</u>	<u>0.01%</u>
Technology and Communications						
Pakistan Telecommunication Company Limited	75,000	-	63,000	12,000	505	0.03%
	<u>75,000</u>	<u>-</u>	<u>63,000</u>	<u>12,000</u>	<u>505</u>	<u>0.03%</u>
Fertilizers						
Engro Chemical Pakistan Limited	220,700	-	199,700	21,000	5,581	0.31%
Fauji Fertilizer Bin Qasim Limited	177,500	-	177,500	-	-	-
Fauji Fertilizer Company Limited	5,000	-	5,000	-	-	-
	<u>403,200</u>	<u>-</u>	<u>382,200</u>	<u>21,000</u>	<u>5,581</u>	<u>0.31%</u>
Pharmaceuticals						
GlaxoSmithKline (Pakistan) Limited	1,800	-	1,800	-	-	-
	<u>1,800</u>	<u>-</u>	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Chemicals						
ICI Pakistan Limited	44,100	-	42,100	2,000	393	0.02%
	<u>44,100</u>	<u>-</u>	<u>42,100</u>	<u>2,000</u>	<u>393</u>	<u>0.02%</u>
Paper and Boards						
Packages Limited	10,500	-	-	10,500	3,820	0.21%
	<u>10,500</u>	<u>-</u>	<u>-</u>	<u>10,500</u>	<u>3,820</u>	<u>0.21%</u>
	<u>4,604,700</u>	<u>7,300</u>	<u>4,249,900</u>	<u>362,100</u>	<u>52,020</u>	<u>2.85%</u>
Cost of Investments at December 31, 2007					<u>56,878</u>	

4.2 Listed equity securities - 'Available for sale'

Name of the Investee Company	Number of shares				Market Value December 31, 2007	Market Value as a %age of Net Assets
	Purchases during the period	Bonus/ Rights Issue	Sales during the period	As at December 31, 2007		
(Rupees in '000)						
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise						
Investment Banks/Companies/Securities						
Arif Habib Securities Limited	35,100	-	27,100	8,000	1,386	0.08%
IGI Investment Bank Limited	10,000	-	-	10,000	148	0.01%
Javed Omar Vohra & Company	36,000	-	36,000	-	-	-
	<u>81,100</u>	<u>-</u>	<u>63,100</u>	<u>18,000</u>	<u>1,534</u>	<u>0.09%</u>
Commercial Banks						
Allied Bank Limited	101,900	-	82,100	19,800	2,577	0.14%
Atlas Bank Limited	111,000	13,500	51,000	73,500	1,250	0.07%
Bank Al-Falah Limited	78,200	-	78,200	-	-	-
Bank Al-Habib Limited	48,200	-	-	48,200	3,721	0.20%
Bank of Punjab Limited	35,000	-	35,000	-	-	-
Habib Bank Limited	570,300	-	65,000	505,300	121,221	6.65%
MCB Bank Limited	27,000	-	27,000	-	-	-
Meezan Bank Limited	68,500	-	41,000	27,500	1,059	0.06%
National Bank of Pakistan Limited	698,100	-	387,000	311,100	72,222	3.96%
NIB Bank Limited	1,280,000	-	-	1,280,000	27,968	1.53%
United Bank Limited	448,800	-	323,300	125,500	21,699	1.19%
	<u>3,467,000</u>	<u>13,500</u>	<u>1,089,600</u>	<u>2,390,900</u>	<u>251,717</u>	<u>13.80%</u>
Insurance						
Adamjee Insurance Company Limited	72,000	-	53,000	19,000	6,809	0.37%
New Jubilee Life Insurance Company Limited	64,000	-	64,000	-	-	-
	<u>136,000</u>	<u>-</u>	<u>117,000</u>	<u>19,000</u>	<u>6,809</u>	<u>0.37%</u>
Textile Composite						
Nishat Mills Limited	216,700	-	23,000	193,700	20,377	1.12%
	<u>216,700</u>	<u>-</u>	<u>23,000</u>	<u>193,700</u>	<u>20,377</u>	<u>1.12%</u>
Cement						
Attock Cement Pakistan Limited	13,200	-	-	13,200	1,316	0.07%
D. G. Khan Cement Company Limited	457,900	-	327,500	130,400	12,349	0.68%
Lucky Cement Limited	666,600	-	546,700	119,900	13,968	0.77%
Maple Leaf Cement Limited	582,500	-	-	582,500	11,184	0.61%
	<u>1,720,200</u>	<u>-</u>	<u>874,200</u>	<u>846,000</u>	<u>38,817</u>	<u>2.13%</u>
Refinery						
Attock Refinery Limited	111,100	-	101,100	10,000	2,513	0.14%
National Refinery Limited	4,000	-	-	4,000	1,444	0.08%
	<u>115,100</u>	<u>-</u>	<u>101,100</u>	<u>14,000</u>	<u>3,957</u>	<u>0.22%</u>
Power Generation & Distribution						
Hub Power Company Limited	974,500	-	-	974,500	29,722	1.63%
Kot Addu Power Company Limited	84,900	-	10,000	74,900	3,629	0.20%
Karachi Electric Supply Corporation Limited	179,500	-	105,000	74,500	395	0.02%
	<u>1,238,900</u>	<u>-</u>	<u>115,000</u>	<u>1,123,900</u>	<u>33,746</u>	<u>1.85%</u>
Oil & Gas Marketing Companies						
Pakistan State Oil Company Limited	383,500	-	272,400	111,100	45,173	2.48%
	<u>383,500</u>	<u>-</u>	<u>272,400</u>	<u>111,100</u>	<u>45,173</u>	<u>2.48%</u>
Oil and Gas Exploration Companies						
Mari Gas Company Limited	102,600	-	25,500	77,100	20,875	1.14%
Oil and Gas Development Company Limited	569,800	-	-	569,800	68,063	3.73%
Pakistan Oilfields Limited	438,700	-	271,900	166,800	55,778	3.06%
Pakistan Petroleum Limited	698,600	31,120	154,500	575,220	140,958	7.73%
	<u>1,809,700</u>	<u>31,120</u>	<u>451,900</u>	<u>1,388,920</u>	<u>285,674</u>	<u>15.67%</u>
Engineering						
International Industries Limited	5,900	-	-	5,900	832	0.05%
	<u>5,900</u>	<u>-</u>	<u>-</u>	<u>5,900</u>	<u>832</u>	<u>0.05%</u>
Automobile Assemblers						
Indus Motor Company Limited	164,600	-	45,400	119,200	38,049	2.09%
Pakistan Suzuki Motor Company Limited	93,700	-	-	93,700	30,888	1.69%
	<u>258,300</u>	<u>-</u>	<u>45,400</u>	<u>212,900</u>	<u>68,937</u>	<u>3.78%</u>
Automobile Parts & Accessories						
Agriaautos Industries Limited	43,000	-	12,800	30,200	3,269	0.18%
	<u>43,000</u>	<u>-</u>	<u>12,800</u>	<u>30,200</u>	<u>3,269</u>	<u>0.18%</u>
Transport						
Pakistan International Airline Corporation Limited	50,500	-	15,000	35,500	224	0.01%
	<u>50,500</u>	<u>-</u>	<u>15,000</u>	<u>35,500</u>	<u>224</u>	<u>0.01%</u>

Name of the Investee Company	Number of shares				Market Value December 31, 2007	Market Value as a %age of Net Assets
	Purchases during the period	Bonus/Rights Issue	Sales during the period	As at December 31, 2007		
(Rupees in '000)						
Technology and Communications						
Pakistan Telecommunication Company Limited	537,500	-	26,000	511,500	21,509	1.18%
	537,500	-	26,000	511,500	21,509	1.18%
Fertilizers						
Engro Chemical Pakistan Limited	473,200	-	78,500	394,700	104,891	5.75%
Fauji Fertilizer Bin Qasim Limited	650,500	-	-	650,500	27,353	1.50%
Fauji Fertilizer Company Limited	826,800	-	20,000	806,800	95,807	5.25%
	1,950,500	-	98,500	1,852,000	228,051	12.50%
Pharmaceuticals						
Abbott Laboratories (Pakistan) Limited	7,200	-	-	7,200	1,525	0.08%
GlaxoSmithKline (Pakistan) Limited	54,700	-	-	54,700	10,524	0.58%
	61,900	-	-	61,900	12,049	0.66%
Chemicals						
BOC Pakistan Limited	4,100	-	4,100	-	-	-
ICI Pakistan Limited	182,100	-	113,500	68,600	13,490	0.74%
Pakistan PTA Limited	301,000	-	-	301,000	1,520	0.08%
	487,200	-	117,600	369,600	15,010	0.82%
Paper and Boards						
Century Paper and Board Mills Limited	6,500	-	-	6,500	495	0.03%
Packages Limited	141,700	-	58,200	83,500	30,377	1.67%
	148,200	-	58,200	90,000	30,872	1.70%
	12,711,200	44,620	3,480,800	9,275,020	1,068,557	58.60%
Cost of investments at December 31, 2007					1,076,543	

4.3 Debt securities - 'Available for sale'

Name of the Investee Company	Number of shares			Market Value December 31, 2007	Market Value as a %age of Net Assets
	Purchases during the period	Sales during the period	As at December 31, 2007		
(Rupees in '000)					
All Term Finance Certificates have a face value of Rs 5,000 each					
Privately Placed TFCS- unlisted					
Pakistan Mobile Communications Limited	15,000	-	15,000	75,000	4.11%
	15,000	-	15,000	75,000	4.11%
Cost of Investments at December 31, 2007				75,000	

4.3.1 The fair value of unlisted debt securities at December 31, 2007 is not materially different from the cost / carrying value.

5 EARNINGS PER UNIT

Earnings per unit for the period has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units is not practicable.

6 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited being the Trustee of the Fund, 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 elsewhere in these condensed interim financial statements, are as follows:

For the period August 23, 2007 to December 31, 2007
 Quarter ended December 31, 2007
 -----(Rupees in '000)-----

6.1 Transactions during the period

HBL Asset Management Limited - Management Company		
Management fee	14,244	12,033
Habib Bank Limited - Sponsor		
Units issued (13,199,906 units)	1,344,000	1,000,000
Bank charges paid	11	1
Profit on bank deposits earned	8,533	6,053
Profit on bank deposits received	8,009	7,517
Purchase of shares (570,300 ordinary shares)	158,629	101,103
Sale of shares (65,000 ordinary shares)	25,296	25,296
Gain on sale of shares	2	2
Directors, Executives and their relatives		
Units issued (66,695 units) during the period	6,750	81
Other Associates -		
HBL Employees Provident Fund		
Units issued (2,495,757 units)	249,576	249,576
BOC Pakistan Limited		
Purchase of shares (4,100 ordinary shares)	716	716
Sale of shares (4,100 ordinary shares)	834	834
Gain on sale of shares	118	118
New Jubilee Life Insurance Company (Pakistan) Limited		
Purchase of shares (64,000 ordinary shares)	4,520	1,255
Sale of shares (64,000 ordinary shares)	5,010	3,335
Gain on sale of shares	490	387
IGI Investment Bank Limited		
Purchase of shares (10,000 ordinary shares)	120	-
International Industries Limited		
Purchase of shares (5,900 ordinary shares)	675	-

December 31,
2007
(Rupees in '000)

6.2 Balances outstanding as at the period end

HBL Asset Management Limited - Management Company

Management fee	14,244
Sales load payable	1,905
Preliminary expenses	1,165

Habib Bank Limited - Sponsor

Units held (13,199,906 units)	1,351,670
Bank balances	396,338
Profit receivable on bank deposits	524
Shares held (505,300 ordinary shares)	121,221

Directors, Executives and their relatives

Units held (66,695 units)	6,830
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Other Associates:

HBL Employees Provident Fund

Units held (2,495,757 units)	255,566
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IGI Investment Bank Limited

Shares held (10,000 ordinary shares)	148
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International Industries Limited

Shares held (5,900 ordinary shares)	832
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7 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 16, 2008 by the Board of Directors of the Management Company.

8 GENERAL

Figures are rounded off to the nearest thousand rupees unless otherwise specified.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

Distribution Network

1) **HBL Asset Management Limited (Head Office)**
8B,8th Floor, Executive Tower, Dolmen City, Block 4 Clifton Karachi

2) **Habib Bank Limited**
The following branches of HBL are designated for distribution of HBL-stock Fund:

List of authorized HBL Branches

SINDH

Karachi

Corporate Branch

2nd Floor, HBL Plaza,
I.I Chundrigger Road, Karachi
Phone: 021-2418000
Fax: 021-2441492

Kekhaskan Branch

DC-7, Block 7, Schone 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

Kheyaban-e-Saadi Branch

Block 2, Clifton, Karachi.
Phone: 021-5810045-46

Shahrah-e-Jahangir

Block L, North Nazimabad, Karachi
Phone: 021-6648034, 021-6629671
Fax: 021-6642090

PUNJAB

Lahore

Lahore development Authority Branch

7 Egertan Road, Data Gunj Bakhsh 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: 042-9212223

Corporate Branch

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

Gujrawala**Satellite Town Branch**

Main Market, Satellite Town, Gujrawala.
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 sadder, Rawalpindi.
Phone: 051-5700107, 051-5582905
Fax: 0241-5567928

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**Peshawer****Arbab Road Branch**

Peshawer Cantt, Peshawer.
Phone: 091-272167, 091-9211161
Fax: 091-278869

BALUCHISTAN**Quetta****Complex Branch**

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

OTHER DISTRIBUTORS

IGI Investment Bank Limited

Floor 7, The Forum, Suite 701-713,
G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi - 75600, Pakistan.
Phone : 021-111-234-234, Fax : 021-111-567-567
Toll Free No: 0800 2 34 34

Yam & Company.

11, Quality Arcade, Mezanine Floor, BC 7, Block 7,
Clifton, Karachi.
Phone : 021-5876823, Cell: 0333-2241661

First National Equities Limited

19-C, Sunset Lane 6, South Park Avenue, Phase II,
Extension, D.H.A. Karachi
PABX: 5395903-08, Fax: 5395900
Email: info@fnetrade.com