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## CORPORATE INFORMATION

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### 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. Umar Farooq

### External Auditors

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

### Internal Auditors

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

### Trustee

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

### Legal Advisors

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

### Bankers

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

### Website

[www.hblasset.com](http://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.

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## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

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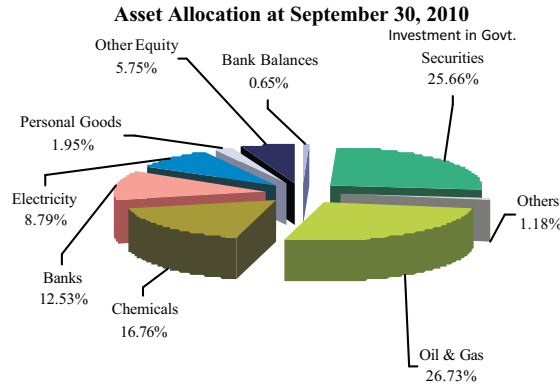
The Board of Directors of HBL Asset Management Limited is pleased to present its report together with first Quarterly Report of HBL Stock Fund (the Fund) for the quarter ended September 30, 2010.

### Fund's Performance

During the period under review the total and net income of the Fund was Rs 44.87 million and Rs 30.17 million respectively. The Net Asset Value (NAV) of the Fund increased from Rs 81.05 per unit at July 1, 2010 to Rs 83.35 per unit as on September 30, 2010, showing an increase of 2.84%. During the same period the bench mark KSE 100 index increased by 3.00%. The Fund was unable to outperform the benchmark due to the reason that the Fund is maintaining higher liquidity by investing in short term treasury securities. The liquidity is being maintained with a view to invest further in blue chip equity securities at an opportune time when the prices have become more attractive.

### Asset Allocation

The asset allocation of the Fund in various sectors and asset classes as on September 30, 2010 was as under:



### Market Review

During the period under review market moved both ways. In the month of July the KSE-100 Index started on a positive note when KSE 100 Index moved up from 9,722 points as on June 30, 2010 by 8.2% to 10,519 as on July 30, 2010. The news reports about margin trading product and inflow by foreign investors were the main factors being the positive sentiment. The bullishness of the market was arrested in the month of July and August 2010 on account of negative news such as increase in discount rate, delay in leverage product and impact of devastating floods in the country. The KSE-100 index declined to 9,537 points or by 9.3% by August 16, 2010 but improved thereafter and managed to close at 10,013 points as on September 30, 2010. The average daily turnover however, declined sharply to 65 million shares only during the period under review as against average daily turnover of 161 million shares during the period July 2009 - June 2010.

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**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: October 28, 2010  
Place: Karachi

**HBL STOCK FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT SEPTEMBER 30, 2010**

	Note	September 30, 2010 (Un-audited)	June 30, 2010 (Audited)
<b>(Rupees in '000)</b>			
<b>Assets</b>			
Bank balances		10,711	117,064
Investments	4	1,610,944	1,481,729
Dividend and profit receivable	5	15,995	3,985
Preliminary expenses and floatation costs		435	492
Advances, deposits, prepayments and other receivables	6	2,936	2,709
<b>Total assets</b>		<b>1,641,021</b>	<b>1,605,979</b>
<b>Liabilities</b>			
Payable to HBL Asset Management Limited - Management Company	7	4,593	8,863
Payable to Central Depository Company of Pakistan Limited - Trustee		216	442
Payable to Securities and Exchange Commission of Pakistan - Annual fee		391	1,592
Accrued expenses and other liabilities	8	4,690	6,548
<b>Total liabilities</b>		<b>9,890</b>	<b>17,445</b>
<b>Net assets</b>		<b>1,631,131</b>	<b>1,588,534</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>1,631,131</b>	<b>1,588,534</b>
<b>Number of units</b>			
<b>Number of units in issue</b>		<b>19,569,859</b>	<b>17,447,558</b>
<b>Rupees</b>			
<b>Net asset value per unit</b>		<b>83.35</b>	<b>91.05</b>

The annexed notes 1 to 13 form an integral part of these financial statements.

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

**Chief Executive**

**Director**

**HBL STOCK FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	Note	September 30, 2010	September 30, 2009
Rupees in '000			
<b>Income</b>			
Dividend income		21,051	17,996
Profit on bank deposits		1,115	4,904
Income from Term Finance Certificates		-	3,129
Income from Treasury Bills		8,525	4,742
Capital (loss) / gain on sale of investments - net		(353)	59,474
		30,338	90,245
Unrealised appreciation in value of investments at fair value through profit or loss - net	4.6	14,527	19,293
Provision in respect of advance against subscription towards issue of Term Finance Certificates		-	(1,354)
		44,865	108,184
<b>Expenses</b>			
Remuneration of HBL Asset Management Limited - Management Company		12,341	11,796
Remuneration of Central Depository Company of Pakistan Limited - Trustee		663	645
Annual fee - Securities and Exchange Commission of Pakistan		391	374
Securities transaction cost		357	530
Legal and Professional Charges		37	-
Auditors' remuneration		88	88
Settlement and bank charges		98	34
Amortisation of preliminary expenses and floatation costs		57	57
Provision for Workers' Welfare Fund		619	-
Other expenses		51	44
		14,702	13,568
<b>Net income from operating activities</b>		30,163	94,616
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		3	(632)
<b>Net income for the period before taxation</b>		30,166	93,984
<b>Taxation</b>		-	-
<b>Net income for the period after taxation</b>		30,166	93,984
<b>OTHER COMPREHENSIVE INCOME</b>			
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed amount representing income / (loss) that form part of unit holders' fund		(58,438)	(1,496)
Net unrealised appreciation during the period in market value of securities classified as available for sale	4.7	14,892	210,264
<b>Total comprehensive (loss) / income for the period - net</b>		(13,380)	302,752
<b>Earnings Per Unit</b>	9		

The annexed notes 1 to 13 form an integral part of these financial statements.

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

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

\_\_\_\_\_  
**Director**

**HBL STOCK FUND**  
**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	September 30, 2010	September 30, 2009
	Rupees in '000	
Accumulated loss brought forward	(305,947)	(529,438)
Net income for the period	30,166	93,984
Element of income / (losses) and capital gains / (losses) included in the price of units issued less those in units redeemed, amount representing income / (losses) that form part of the unit holders' fund	(58,438)	(1,496)
Final distribution for the year ended June 30, 2010 : Rs 10 per unit {(2009 : nil) (Date of Distribution : July 07, 2010)}		
- Cash distribution	(2,646)	-
- Bonus units : 2,120,048 units (2009 : nil)	(171,830)	-
	(174,476)	-
	(202,748)	92,488
Accumulated loss carried forward	(508,695)	(436,950)

The annexed notes 1 to 13 form an integral part of these financial statements.

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

Chief Executive

Director

**HBL STOCK FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	Note	September 30, 2010	September 30, 2009
Rupees in '000			
<b>Net assets at the beginning of the period</b>		1,588,534	1,409,511
Issue of 2,735 units ( 2009 : 25,192 units)		230	2,403
Redemption of 482 units ( 2009 : 203,535 units)		(42)	(18,061)
		188	(15,658)
Element of (income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed			
- amount representing accrued (income)/ losses and capital (gains) / losses - transferred to Comprehensive Income Statement		(3)	632
- amount representing (income) / losses that form part of the Unit holder's fund - transferred to Distribution Statement		58,438	1,496
		58,435	2,128
Net unrealised appreciation during the period in market value of securities classified as 'available for sale'	4.7	14,892	210,264
Capital loss / (gain) on sale of investments		(353)	59,474
Net unrealised appreciation in value of investments 'at fair value through profit or loss' - net	4.6	14,527	19,293
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (loss) that form part of unit holders' fund		(58,438)	(1,496)
Other net loss / (income) for the period less distribution		(158,484)	15,217
		(202,748)	92,488
Issuance of 2,120,048 bonus units for the year ended June 30, 2010 (2009 : nil)		-	-
		171,830	-
		171,830	-
<b>Net assets as at the end of the period</b>		1,631,131	1,698,733

The annexed notes 1 to 13 form an integral part of these financial statements.

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

**Chief Executive**

**Director**

**HBL STOCK FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	September 30, 2010	September 30, 2009
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	30,166	93,984
<b>Adjustments for non-cash and other items:</b>		
Amortisation of preliminary expenses and floatation costs	57	57
Unrealised (appreciation) in value of investments at fair value through profit or loss - net	(14,527)	(19,293)
Element of accrued (income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed	(3)	632
Provision in respect of advance against subscription towards issue of Term Finance Certificates	-	1,354
	15,693	76,734
<b>(Increase) / Decrease in assets</b>		
Investments - net	(99,796)	(317,699)
Dividend and profit receivable	(12,010)	7,487
Advances, deposits and prepayments	(227)	(18,946)
	(112,033)	(329,158)
<b>Increase/ (Decrease) in liabilities</b>		
Accrued expenses and other liabilities	(1,858)	11,059
Payable to HBL Asset Management Limited - Management Company	(4,270)	688
Payable to Central Depository Company of Pakistan Limited - Trustee	(226)	23
Payable to Securities and Exchange Commission of Pakistan	(1,201)	(984)
	(7,555)	10,786
<b>Net cash used in operating activities</b>	(103,895)	(241,638)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from (payments against) issue of units	188	(15,658)
Distribution paid	(2,646)	-
<b>Net cash outflow on financing activities</b>	(2,458)	(15,658)
<b>Net decrease in cash and cash equivalents during the period</b>	(106,353)	(257,296)
<b>Cash and cash equivalents at the beginning of the period</b>	117,064	269,995
<b>Cash and cash equivalents at the end of the period</b>	10,711	12,699

The annexed notes 1 to 13 form an integral part of these financial statements.

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

Chief Executive

Director

**HBL STOCK FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

**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 was 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 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 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.

JCR-VIS Credit Rating Agency has upgraded management quality rating of the Management Company from 'AM3' to 'AM3+' and has assigned one year Fund Performance Ranking at MFR 3-Star and two year Fund Performance Ranking at MFR-4 Star to the Fund based on financial information of year ended June 30, 2010.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2010.

	Note	September 30, 2010 (Un-audited)	June 30, 2010 Audited)
(Rupees in '000)			
<b>4 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
- Listed equity securities	4.1	76,343	139,536
<b>Available for sale</b>			
- Listed equity securities	4.2	1,113,564	1,109,165
- Governments Securities	4.3	421,037	233,028
		<u>1,610,944</u>	<u>1,481,729</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 as a percentage of			
	As at July 01, 2010	Purchases during the period	Bonus/ Rights issue during the period	Sales during the period	As at September 30, 2010	Market Value at September 30, 2010	total investment	Net assets	Paid up capital of the investee company
(Rupees in '000)									
<b>Banks</b>									
Allied Bank Limited	-	5,000	-	-	5,000	258	0.02%	0.02%	0.00%
Bank Al-Falah Limited	200,000	-	-	200,000	-	-	-	-	-
MCB Bank Limited	116,500	72,488	-	140,000	48,988	9,225	0.57%	0.57%	0.01%
National Bank of Pakistan	-	53,600	-	53,600	-	-	-	-	-
United Bank Limited	-	5,000	-	5,000	-	-	-	-	-
	316,500	136,088	-	398,600	53,988	9,483	0.59%	0.58%	-
<b>Non-Life Insurance</b>									
Adamjee Insurance Company Limited	70,500	-	-	21,011	49,489	3,221	0.20%	0.20%	0.04%
	70,500	-	-	21,011	49,489	3,221	0.20%	0.20%	0.04%
<b>Personal Goods</b>									
Nishat Mills Limited	-	58,050	-	47,500	10,550	486	0.03%	0.03%	0.00%
	-	58,050	-	47,500	10,550	486	0.03%	0.03%	0.00%
<b>Construction and Materials</b>									
D.G.Khan Cement Company Limited	-	2,000	-	2,000	-	-	-	-	-
	-	2,000	-	2,000	-	-	-	-	-
<b>Electricity</b>									
Kot Addu Power Company Limited	59,228	28,900	-	-	88,128	3,622	0.22%	0.22%	0.01%
Nishat Channan Power Limited	7,460	-	-	7,460	-	-	-	-	-
	66,688	28,900	-	7,460	88,128	3,622	0.22%	0.22%	-
<b>Oil and Gas</b>									
Attock Petroleum Limited	1,000	-	-	1,000	-	-	-	-	-
Attock Refinery Limited	130,000	33,187	-	109,800	53,387	4,243	0.26%	0.26%	0.06%
Mari Gas Company Limited	-	5,000	-	-	5,000	543	0.03%	0.03%	0.01%
Pakistan Oilfields Limited	128,531	44,000	-	82,500	120,031	28,463	1.77%	1.74%	0.05%
Pakistan Petroleum Limited	57,394	10,000	-	67,394	-	-	-	-	-
Pakistan State Oil Company Limited	167,000	35,000	-	120,000	82,000	22,033	1.37%	1.35%	0.05%
	483,925	127,187	-	350,694	260,418	55,282	3.43%	3.39%	-
<b>Chemicals</b>									
Engro Corporation Limited	34,219	95,500	-	129,719	-	-	-	-	-
Engro Polymer Chemicals Limited	169,830	-	-	169,830	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	156,800	-	-	156,800	4,249	0.26%	0.26%	0.02%
Fauji Fertilizer Company Limited	40,000	25,000	-	65,000	-	-	-	-	-
ICI Pakistan Limited	21,441	25,776	-	47,217	-	-	-	-	-
	265,490	303,076	-	411,766	156,800	4,249	0.26%	0.26%	-
	1,203,103	655,301	-	1,239,031	619,373	76,343	4.74%	4.68%	-
<b>Cost of investment at September 30, 2010</b>						<b>83,077</b>			

4.2 Listed equity securities - available for sale

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the investee company	Number of Shares					Market Value as a percentage of			
	As at July 01, 2010	Purchases during the period	Bonus/ Rights issue during the period	Sales during the period	As at September 30, 2010	Market Value at September 30, 2010	total investment	Net assets	Paid up capital of the investee company
(Rupees in '000)									
<b>Financial Services</b>									
Orix Leasing Pakistan Limited	-	259,110	-	-	259,110	1,326	0.08%	0.08%	0.00%
	-	259,110	-	-	259,110	1,326	0.08%	0.08%	-
<b>Banks</b>									
Allied Bank Limited	111,485	3,400	-	-	114,885	5,914	0.37%	0.36%	0.01%
Askari Bank Limited	229,511	-	-	174,400	55,111	817	0.05%	0.05%	0.01%
Bank Al-Falah Limited	290,034	-	-	95,000	195,034	1,899	0.10%	0.10%	0.01%
Bank Al-Habib Limited	289,430	-	-	-	289,430	8,987	0.56%	0.55%	0.04%
Habib Bank Limited	929,026	-	-	40,522	888,504	84,603	5.25%	5.19%	0.09%
Habib Metropolitan Bank Limited	221,236	-	-	-	221,236	4,234	0.26%	0.26%	0.03%
MCB Bank Limited	206,531	56,381	-	-	262,912	49,509	3.07%	3.04%	0.03%
Meezan Bank Limited	172,034	-	-	43,300	128,734	1,882	0.12%	0.12%	0.02%
National Bank of Pakistan	86,625	-	-	25,000	61,625	3,906	0.24%	0.24%	0.00%
Samba Bank Limited	446,889	91,249	-	108,000	430,138	779	0.05%	0.05%	0.05%
United Bank Limited	740,366	35,000	-	114,355	661,011	33,983	2.11%	2.08%	0.05%
	3,723,167	186,030	-	600,577	3,308,620	196,213	12.18%	12.03%	-
<b>Non-Life Insurance</b>									
Adamjee Insurance Company Limited	29,000	17,500	-	-	46,500	3,026	0.19%	0.19%	0.04%
	29,000	17,500	-	-	46,500	3,026	0.19%	0.19%	0.04%
<b>Personal Goods</b>									
Nishat Mills Limited	571,750	120,000	-	5,000	686,750	31,591	1.96%	1.94%	0.28%
	571,750	120,000	-	5,000	686,750	31,591	1.96%	1.94%	0.28%
<b>Life Insurance</b>									
New Jubilee Life Insurance Company Limited	122,500	-	-	-	122,500	5,145	0.32%	0.32%	0.20%
	122,500	-	-	-	122,500	5,145	0.32%	0.32%	0.20%

Name of the investee company	Number of Shares					Market Value at September 30, 2010	Market Value as a percentage of		
	As at July 01, 2010	Purchases during the period	Bonus/ Rights issue during the period	Sales during the period	As at September 30, 2010		total investment	Net assets	Paid up capital of the investee company
(Rupees in '000)									
<b>Construction and Materials</b>									
Attock Cement Pakistan Limited	36,384	-	-	-	36,384	2,341	0.15%	0.14%	0.04%
D. G. Khan Cement Company Limited	285,526	253,200	-	83,000	455,726	10,901	0.68%	0.67%	0.15%
Lucky Cement Limited	75,070	74,223	-	70,000	79,293	5,484	0.34%	0.34%	0.02%
	<b>396,980</b>	<b>327,423</b>	<b>-</b>	<b>153,000</b>	<b>571,403</b>	<b>18,726</b>	<b>1.16%</b>	<b>1.15%</b>	
<b>Electricity</b>									
The Hub Power Company Limited	2,638,850	44,634	-	15,000	2,668,484	88,834	5.51%	5.45%	0.23%
Kot Addu Power Company Limited	569,799	48,210	-	-	618,009	25,400	1.58%	1.56%	0.07%
Nisat Chuanan Power Limited	2,582,853	-	-	164,520	2,418,333	26,408	1.64%	1.62%	0.66%
	<b>5,791,502</b>	<b>92,844</b>	<b>-</b>	<b>179,520</b>	<b>5,704,826</b>	<b>140,642</b>	<b>8.73%</b>	<b>8.62%</b>	
<b>Oil and Gas</b>									
Attock Petroleum Limited	142,195	11,500	-	17,500	136,195	46,382	2.88%	2.84%	0.24%
Attock Refinery Limited	56,700	10,000	-	-	66,700	5,301	0.33%	0.32%	0.08%
Mari Gas Company Limited	70,000	-	-	15,000	55,000	5,970	0.37%	0.37%	0.07%
National Refinery Limited	91,856	-	-	10,400	81,456	16,459	1.02%	1.01%	0.10%
Oil and Gas Development Company Limited	200,000	-	-	83,024	116,976	17,045	1.06%	1.04%	0.00%
Pakistan Oilfields Limited	444,440	5,000	-	-	449,440	106,575	6.62%	6.53%	0.19%
Pakistan Petroleum Limited	644,128	2,500	129,325	-	775,953	133,782	8.30%	8.20%	0.08%
Pakistan State Oil Company Limited	118,500	23,024	-	-	141,524	38,028	2.36%	2.33%	0.08%
Shell Pakistan Limited	71,400	-	-	-	71,400	13,741	0.85%	0.84%	0.10%
	<b>1,839,219</b>	<b>52,024</b>	<b>129,325</b>	<b>125,924</b>	<b>1,894,644</b>	<b>383,283</b>	<b>23.79%</b>	<b>23.50%</b>	
<b>Automobile and Parts</b>									
Indus Motor Company Limited	22,500	-	-	-	22,500	4,873	0.30%	0.30%	0.03%
Pak Suzuki Motor Company	128,294	-	-	10,000	118,294	8,197	0.51%	0.50%	0.14%
	<b>150,794</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>140,794</b>	<b>13,070</b>	<b>0.81%</b>	<b>0.80%</b>	
<b>Fixed Line Telecommunication</b>									
Pakistan Telecommunication Company Limited A	1,550,000	-	-	575,000	975,000	18,330	1.14%	1.12%	0.03%
	<b>1,550,000</b>	<b>-</b>	<b>-</b>	<b>575,000</b>	<b>975,000</b>	<b>18,330</b>	<b>1.14%</b>	<b>1.12%</b>	
<b>Pharma and Bio Tech</b>									
Abbott Laboratories Pakistan Limited	77,343	-	-	25,226	52,117	4,613	0.29%	0.28%	0.05%
Glaxo Smithkline Pakistan Limited	182,010	-	-	9,891	172,119	11,601	0.72%	0.71%	0.10%
	<b>259,353</b>	<b>-</b>	<b>-</b>	<b>35,117</b>	<b>224,236</b>	<b>16,214</b>	<b>1.01%</b>	<b>0.99%</b>	
<b>Chemicals</b>									
BOC Pakistan Limited	91,970	-	-	25,100	66,870	5,149	0.32%	0.32%	0.27%
Clariant Pakistan Limited	20,000	-	-	-	20,000	3,230	0.20%	0.20%	0.07%
Dawood Hercules	55,401	-	-	8,000	47,401	7,854	0.49%	0.48%	0.04%
Engro Corporation Limited	536,281	17,500	-	46,430	507,351	88,386	5.49%	5.42%	0.15%
Fauji Fertilizer Bin Qasim Limited	1,020,000	5,000	-	25,000	1,000,000	27,100	1.68%	1.66%	0.11%
Fauji Fertilizer Company Limited	1,295,100	-	-	28,000	1,267,100	132,843	8.25%	8.14%	0.06%
ICI Pakistan Limited	27,400	31,000	-	5,000	53,400	6,253	0.39%	0.38%	0.04%
	<b>3,046,152</b>	<b>53,500</b>	<b>-</b>	<b>137,530</b>	<b>2,962,122</b>	<b>270,815</b>	<b>16.81%</b>	<b>16.60%</b>	
<b>General Industries</b>									
Packages Limited	165,180	142	-	15,000	150,322	15,183	0.94%	0.93%	0.18%
	<b>165,180</b>	<b>142</b>	<b>-</b>	<b>15,000</b>	<b>150,322</b>	<b>15,183</b>	<b>0.94%</b>	<b>0.93%</b>	
	<b>17,645,597</b>	<b>1,108,573</b>	<b>129,325</b>	<b>1,836,668</b>	<b>17,046,827</b>	<b>1,113,564</b>	<b>69.12%</b>	<b>68.27%</b>	

Cost of investment at September 30, 2010

**1,134,596**

#### 4.3 Government Securities - Available for Sale

Issue date	Tenor	As at July 01, 2010	Face Value		As at September 30, 2010	Market Value at September 30, 2010	Market Value as a	
			Purchases during the period	Sale / Matured during the period			total investment	Net assets
(Rupees in '000)								
<b>Treasury Bill</b>								
July 30, 2009	1 year	-	65,000	65,000	-	-	-	-
February 01, 2010	6 months	-	85,000	85,000	-	-	-	-
February 25, 2010	6 months	-	85,000	85,000	-	-	-	-
April 08, 2010	3 months	150,000	-	150,000	-	-	-	-
April 22, 2010	6 months	-	80,000	-	80,000	79,475	4.93%	4.87%
June 17, 2010	3 months	85,000	-	85,000	-	-	-	-
July 15, 2010	3 months	-	75,000	-	75,000	74,858	4.65%	4.59%
July 29, 2010	3 months	-	65,000	-	65,000	64,574	4.01%	3.96%
August 13, 2010	3 months	-	90,000	-	90,000	88,986	5.52%	5.46%
August 26, 2010	3 months	-	115,000	-	115,000	113,144	7.02%	6.94%
		<b>235,000</b>	<b>660,000</b>	<b>470,000</b>	<b>425,000</b>	<b>421,037</b>	<b>26.14%</b>	<b>25.81%</b>

Cost of investment at September 30, 2010

**421,026**

4.4 Investments include shares with market value aggregating to Rs 31.81 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP.

4.5 As at June 30, 2010, an impairment loss of Rs 226.209 million was held in respect of equity securities classified as available for sale. During the period, impairment loss amounting to Rs 19.059 million has been reversed due to sale of related shares.

	September 30, 2010 (Un-audited)	September 30, 2009 (Un-audited)
	(Rupees in '000)	
<b>4.6 Net unrealised appreciation in value of investments at fair value through 'profit or loss'</b>		
Market value of investments	76,343	147,321
Less: Cost of investments	83,077	128,543
	(6,734)	18,778
Less: Net unrealised (diminution) in the fair value of investments at fair value through profit or loss at the beginning of the period	(21,261)	(515)
	<u>14,527</u>	<u>19,293</u>
<b>4.7 Net unrealised appreciation in value of investments classified as 'available for sale'</b>		
Market value of investments	1,534,601	1,512,226
Less: Cost of investments	1,555,622	1,480,232
Less: Impairment	(207,152)	(270,535)
	1,348,470	1,209,697
Less: Net unrealised appreciation in the fair value of investments classified as 'available for sale' beginning of the period	186,131	302,529
	(171,239)	92,265
	<u>14,892</u>	<u>210,264</u>
	<b>September 30, 2010 (Un-audited)</b>	<b>June 30, 2010 (Audited)</b>
	<b>(Rupees (in '000))</b>	
<b>5 DIVIDEND AND PROFIT RECEIVABLE</b>		
Profit receivable on bank deposits	290	340
Dividend receivable	15,705	3,645
	<u>15,995</u>	<u>3,985</u>
<b>6 ADVANCES, DEPOSITS, PREPAYMENTS &amp; OTHER RECEIVABLES</b>		
Advance against subscription of TFCs-net	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 listing fee	22	-
Prepaid rating fee	75	105
Receivable from broker - net	235	-
Other receivables	4	4
	27,936	27,709
Less: Provision against advance against TFCs - Dewan Cement Limited	(25,000)	(25,000)
	<u>2,936</u>	<u>2,709</u>
<b>6.1</b>	The Fund had subscribed towards the Term Finance Certificates of an issuer as Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer as at September 30, 2010. 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, 2010, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.	

	September 30, 2010 (Un-audited) (Rupees (in '000))	June 30, 2010 (Audited)
<b>7 PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
Management fee	4,003	8,233
Preliminary expenses and floatation costs incurred on behalf of the Fund	490	530
Security deposit to CDC paid by the management company on behalf of the Fund	100	100
	<u>4,593</u>	<u>8,863</u>
<b>8 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration	106	260
Payable to unit holders	1	1
Payable against purchase of investments	-	2,323
Provision for Workers' Welfare Fund	4,567	3,948
Others	16	16
	<u>4,690</u>	<u>6,548</u>
<b>9 EARNINGS PER UNIT</b>		

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.

**10 PROVISION FOR WORKERS' WELFARE FUND**

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund (WWF) Ordinance, 1971, whereby the definition of "industrial establishment" was amended to include therein, any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. Management Company of the Fund, based on a legal advice obtained through Mutual Funds Association of Pakistan (MUFAP) was of a firm view that Collective Investment Scheme (CIS) were not establishments and therefore, the WWF Ordinance should not be applicable to such schemes. The MUFAP had also filed a constitutional petition in the High Court of Sindh (the Court) on behalf of the members, challenging the applicability of WWF to the CIS. The said petition was dismissed by the Court vide its order dated May 25, 2010 on the main ground that the MUFAP (Petitioner) could not be held entitled to maintain a petition in respect of its members as it was not the aggrieved party, and the main ground could be examined when the aggrieved parties directly approached the Court for redressal.

Consequently, on June 30, 2010, a constitutional petition was filed in the High Court of Sindh by certain representative CIS and approved pension funds under the Voluntary Pension System Rules, 2005, through their trustees, M/S Central Depository Company of Pakistan Limited, and with the management companies, which is pending adjudication.

In the meantime, clarification has been obtained by the MUFAP from the Ministry of Labour & Manpower, Workers' Welfare Fund, Government of Pakistan, which, through their letter No.s WWF (A – II)11.(5)/2010 dated July 8, 2010 and July 15, 2010, has clarified that the WWF Ordinance, 1971 does not have any provisions for the applicability of WWF on those entities whose income are exempt from income tax under any provisions of any law, and that mutual funds are a product being managed / sold by asset management companies which are liable to contribute towards the said WWF levy. Varying treatments have been followed in the industry with regard to recognition of provision for WWF as some funds have recognised provision for WWF while others have not. The various clarifications and legal advises obtained by the MUFAP are presently under consideration of the management. In the meantime, as a matter of prudence and abundant caution, the management company of the Fund has decided to recognise a provision for WWF in these financial statements.

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**11 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:

	<b>For the period ended September 30, 2010</b>	<b>For the period ended September 30, 2009</b>
<b>11.1 Transactions during the period</b>	<b>Rupees in '000</b>	
<b>HBL Asset Management Limited - Management Company</b>		
Management Fee	12,341	11,796
<b>Habib Bank Limited - Sponsor</b>		
Issue of 1,731,411 bonus units (2009 : nil bonus units)	140,331	-
Bank charges paid	40	10
Profit on bank deposits earned	108	2,974
Profit on bank deposits received	117	2,876
Sale of 40,522 ordinary shares (2009 : 28,100 ordinary shares)	3,974	3,033
Loss on sale of shares	(2,572)	(1,960)
<b>Directors and Executives of the Management Company and their relatives</b>		
<b>Directors and their relatives</b>		
Issue of 8,092 bonus units (2009 : nil bonus units)	656	-
<b>Executives and their relatives</b>		
Issue of 66 bonus units (2009 : nil bonus units)	5	-
<b>Associated Companies</b>		
<b>HBL Employees Provident Fund</b>		
Issue of 327,365 bonus units (2009 : nil bonus units)	26,533	-
<b>BOC Pakistan Limited</b>		
Purchase of nil ordinary shares (2009 : 14,519 shares)	-	1,763
Sale of 25,100 ordinary shares (2009 : nil shares)	1,868	-
Loss on sale of shares	(2,547)	(1,289)
<b>Packages Limited</b>		
Purchase of 142 ordinary shares (2009 : 25,746 shares)	18	4,243
Sale of 15,000 ordinary shares (2009 : 21,000 shares)	1,648	3,534
Loss on sale of shares	(1,267)	(1,449)
<b>Central Depository Company of Pakistan Limited</b>		
Remuneration	663	645
CDS Charges	13	25

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	September 30, 2010	June 30, 2010
<b>11.2 Balances outstanding as at period end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management Fee	4,003	340
Sales Load Payable	-	1,850
Preliminary expenses and floatation cost payable	490	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
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund : 15,764,501 units (June 30, 2010: 14,033,090 units)	1,313,971	1,069,041
Bank balances	2,003	152,759
Profit receivable on bank deposits	16	108
Shares held : 888,504 ordinary shares (June 30, 2010 : 929,026 shares)	84,603	79,014
<b>Directors and Executives of the Management Company and their relatives</b>		
<b>Directors and their relatives</b>		
Investment held in the Fund : 73,682 units (June 30, 2010 : 65,589 units)	6,141	4,997
<b>Executives and their relatives</b>		
Investment held in the Fund : 597 units (June 30, 2010 : 532 units)	50	41
<b>Associated Companies</b>		
<b>HBL Employees Provident Fund</b>		
Investment held in the Fund : 2,980,655 units (June 30, 2010 : 2,653,290 units)	248,438	202,128
<b>BOC Pakistan Limited</b>		
Shares held - 66,870 ordinary shares (June 30, 2010 : 91,970 shares)	5,149	11,465
<b>New Jubilee Life Insurance Company (Pakistan) Limited</b>		
Shares held - 122,500 ordinary shares (June 30, 2010 : 122,500 shares)	5,145	4,845
<b>Packages Limited</b>		
Shares held - 150,322 ordinary shares (June 30, 2010 : 165,180 shares)	15,183	13,749
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	216	197

**12 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 28, 2010.

**13 GENERAL**

**13.1** Figures are rounded off to the nearest thousand rupees.

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

Chief Executive

Director

## **DISTRIBUTION NETWORK**

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### **1. Branches of Habib Bank Limited**

#### **Sindh Karachi**

**Habib bank Limited**  
Bahadurabad Branch,  
Mariam Complex, Bahadurabad, Karachi.  
Phone: 021-34940585-6  
Fax: 021-34940584

**Habib bank Limited**  
Iqbal Library Branch  
Gigar Muradabadi Road, Near Islamia College,  
Karachi.  
Phone: 021-34922310, 021-34913311  
Fax: 021-34914411

**Habib bank Limited**  
Tariq Road Commercial Center Branch,  
172-u, Block-2, Karachi.  
Phone: 021-34534748, 021-34534681  
Fax: 021-34522627

**Habib bank Limited**  
Shahra-e-Pakistan Branch,  
F.B Area Karachi.  
Phone: 021-36331445, 021-36317073  
Fax: 021-36317086

**Habib bank Limited**  
Corporate Branch,  
2<sup>nd</sup> Floor, HBL Plaza, I.I. Chundrigar  
Road, Karachi.  
Phone: 021-32418000  
Fax: 021-32413839

**Habib bank Limited**  
Kehkashan Branch,  
F-101/5, Block-7, Kehkashan Clifton, Karachi.  
Phone: 021-35875935-40  
Fax: 021-35875914

**Habib bank Limited**  
Foreign Exchange Branch,  
M.A. Jinnah Road, Habib Squre, Karachi.  
Phone: 021-39213996-97  
Fax: 021-39213436

**Habib bank Limited**  
Clifton Broadway Branch,  
Broadway House, Karachi.  
Phone: 021-35301074-76  
Fax: 021-35873310

**Habib bank Limited**  
Nursery Branch,  
Main Shahra-e-Faisal, Jamshed Town, Karachi.  
Phone: 021-34381304, 021-34524661  
Fax: 021-34538482

**Habib bank Limited**  
Khayaban-e-Saadi Branch,  
Block-2, Clifton, Karachi.  
Phone: 021-35810045-46  
Fax: 021-35810047

**Habib bank Limited**  
Shahra-e-Jahangir Branch,  
Block L, North Nazimabad, Karachi.  
Phone: 021-36648034-36629671  
Fax: 021-36642090

#### **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: 042-37840560, 042-37841464  
Fax: 042-37446584

**Habib Bank Limited**  
Bank Square, Model Town Branch,  
Lahore.  
Phone: 042-35915574-75, 042-35844842  
Fax: 042-35915573

**Habib Bank Limited**  
The Mall Road Branch, 5, Bank square,  
Nila Gumbad, Lahore.  
042-37232422-27-35-51-37-46  
Fax: 042-37232537-479

**Habib Bank Limited**  
Cantonment Branch  
322-H. Sarwar Road, Cantt Lahore.  
Phone: 042-36622620-6  
Fax: 042-36622625

**Habib Bank Limited**  
Gulberg Main Market Branch,  
Lahore.  
Phone: 042-35757575, 042-35755602,  
Fax: 042-35760636

**Habib Bank Limited**  
Lahore Development Authority Branch  
7-Egertan Road, Data Gunj Bukhsh  
Town, Lahore.  
Phone: 042-36375299/36375974-76-78  
Fax: 042-36302032

**Habib Bank Limited**  
19-Ali Block New Garden Town Branch, Lahore  
Phone: 042-35912481-85  
Fax: 042-35912486

**Habib Bank Limited**  
Corporate Branch  
Habib Bank Corporate Centre, 102,103  
Upper Mall, Lahore.  
Phone: 042-36281655, 042-36281820,  
042-36281665 Fax: 042-36281661

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## 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-Gullistan, Quetta.  
Phone: 081-22836575, 081-2829379  
Fax: 081-2825791

## 2. DISTRIBUTORS LIST

Alfalah Securities (Pvt.) Limited  
12<sup>th</sup> Floor, Saima Trade Tower,  
I.I Chundrigar Road, Karachi.  
Phone: 021-39217810-19  
Fax: 021-39217827

ANZ Financial Consultant  
F-26/2, Block-5, Kehkashan,  
Clifton, Karachi.  
Phone: 021-35379511  
Fax: 021-35874348

Elixir Securities Pakistan (Pvt.) Limited  
First Floor, P & O Plaza,  
I.I Chundrigar Road, Karachi.  
Phone: 021-111-354-947  
Fax: 021-32420527- 32418925

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, 2<sup>nd</sup> Floor, Business &  
Finance Centre,  
I.I Chundrigar Road, Karachi.  
Phone: 021-32473954-58  
Fax: 021-32473951

The First National Equities Limited  
19-C, Sunset Lane- 6, South Park Avenue  
Ext. 11, D.H.A Karachi.  
Phone: 021-35395902-08  
Fax: 021-35395925

Yam & Company  
Office No.11, Quality Arcade,  
Mezzanine Floor, BC-7,  
Block-7, Clifton, Karachi.  
Phone: 021-35876823-4  
Fax: 021-35879146