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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. Towfiq 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. Towfiq 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 Shahr-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.hblasst.com

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 its report together with Half Yearly Report of **HBL Stock Fund** (the Fund) for the period ended December 31, 2008.

Fund's Performance

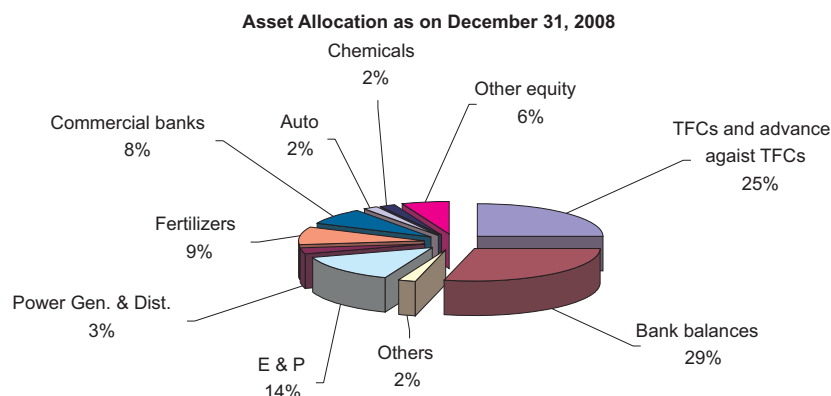
During the period the Fund incurred net loss of Rs 755.53 million. The loss also includes Rs. 737.79 million as impairment loss on investments classified as 'available for sale'. This provision has been recognized in the light of SECP notification dated February 13, 2009 wherein companies and mutual funds have been encouraged to follow the full requirements of IAS-39. Accordingly the Fund has complied with the SECP notification and 100% impairment loss to the investment held as available for sale has been routed through income statement. The management has carried out a scrip wise analysis of the above deficit in accordance with the requirements of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and has determined that deficit amounting to Rs 737.79 million represents a significant decline in the fair value of such equity securities with reference to their cost and accordingly an impairment loss to this extent has been fully recognized.

The size of the Fund reduced from Rs. 1,475 million to Rs. 1,086 million, thereby showing a decline of 26%. The decline in Fund size was mainly due to decline in share prices. The Net Asset Value per unit of the Fund decreased from Rs 92.68 as on July 1, 2008 to Rs 57.98 as on December 31, 2008, thereby showing a decline of 37.44%. During the same period benchmark KSE 100 Index declined by 52%.

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

Asset Allocation

The Fund was invested mainly in Oil and Gas Exploration, Commercial Banks, Fertilizer, Power Generation and Distribution, Automobile Assemblers and Chemicals sectors. The details of asset allocation as on December 31, 2008 is given below:



Market Review and Future Outlook

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

Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and patronage. It would like to place on record its appreciation for the help and guidance provided by Securities & Exchange Commission of Pakistan, Central Depository Company of Pakistan as Trustee, the Lahore Stock Exchange and State Bank of Pakistan.

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

On behalf of the Board of
HBL Asset Management Limited

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

TRUSTEE REPORT TO THE UNIT HOLDERS HBL 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, 2008 to December 31, 2008 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 26, 2009

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

Introduction

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

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

**HBL STOCK FUND
CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2008**

	Note	(Unaudited) December 31 , 2008	(Audited) June 30, 2008
------(Rupees in '000)-----			
Assets			
Bank balances		313,857	311,323
Receivable against Continuous Funding System (CFS) transactions		-	145,760
Investments	4	753,838	1,286,772
Dividend and profit receivable	5	18,440	20,292
Preliminary expenses and floatation costs		831	946
Advances, deposits, prepayments and other receivables	6	8,767	30,126
Total assets		1,095,733	1,795,219
Liabilities			
Payable to HBL Asset Management Limited - Management Company		6,351	7,385
Payable to Central Depository Company of Pakistan Limited - Trustee		197	229
Payable to Securities and Exchange Commission of Pakistan - Annual fee		746	1,417
Payable against purchase of investments		2,078	6,511
Accrued expenses and other liabilities	7	126	4,511
Total liabilities		9,498	20,053
Net assets		1,086,235	1,775,166
Unit holders' fund (as per statement attached)		1,086,235	1,775,166
		------(Number of units)-----	
Number of units in issue		18,736,117	18,016,143
		------(Rupees)-----	
Net asset value per unit		57.98	98.53

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

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

Chief Executive

Director

HBL STOCK FUND CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008

	Note	Six months ended December 31, 2008	For the period August 23, 2007 to December 31, 2007	Quarter ended December 31, 2008	Quarter ended December 31, 2007
------(Rupees in '000)-----					
Income					
Dividend income		25,909	12,171	13,796	10,931
Income from Continuous Funding System (CFS) transactions		2,773	-	-	-
Profit on bank deposits		20,787	14,174	11,430	10,043
Income from Term Finance Certificates		18,290	2,595	9,419	2,456
Income from reverse repurchase and other money market transactions		255	208	213	208
Income from Treasury Bills		933	-	-	-
Capital (loss) / gain on sale of investments		(34,935)	32,302	(4,127)	29,077
Income from spread transactions		-	140	-	140
		34,012	61,590	30,731	52,855
Unrealised diminution in value of investments at fair value through profit or loss - net		(7,808)	(4,858)	(10,439)	(4,858)
Impairment loss on investments classified as 'available for sale'	4.6	(737,787)	-	(737,787)	-
		(711,583)	56,732	(717,495)	47,997
Expenses					
Remuneration of HBL Asset Management Limited - Management Company		22,617	14,244	10,685	12,033
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,258	798	608	651
Annual fee - Securities and Exchange Commission of Pakistan		746	475	348	402
Securities transaction cost		327	2,196	-	2,196
Auditors' remuneration		154	60	104	45
Settlement and bank charges		22	32	2	18
Amortisation of preliminary expenses and floatation costs		115	76	58	57
Provision in respect of advance against subscription of Term Finance Certificates	6.1	18,750	-	18,750	-
Other expenses		67	57	26	54
		44,056	17,938	30,581	15,456
Net (loss) / income from operating activities		(755,639)	38,794	(748,076)	32,541
Net element of accrued income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		109	17,767	18	17,688
Net (loss) / income for the period		(755,530)	56,561	(748,058)	50,229
Earnings per unit	8				

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

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

Chief Executive

Director

HBL STOCK FUND CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008

	Six months ended December 31, 2008	For the period August 23, 2007 to December 31, 2007	Quarter ended December 31, 2008	Quarter ended December 31, 2007
-----Rupees in '000-----				
Undistributed income / (loss) brought forward	106,285	-	(2,612)	6,801
Net (loss) / income for the period	(755,530)	56,561	(748,058)	50,229
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	4,913	(5,786)	943	(6,255)
Final distribution for the period ended June 30, 2008	(105,395)	-	-	-
	(856,012)	50,775	(747,115)	43,974
Undistributed (loss) / income carried forward	<u>(749,727)</u>	<u>50,775</u>	<u>(749,727)</u>	<u>50,775</u>

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

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

Chief Executive

Director

**HBL STOCK FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008**

	Six months ended December 31, 2008	For the period August 23, 2007 to December 31, 2007	Quarter ended December 31, 2008	Quarter ended December 31, 2007
	------(Rupees in '000)-----			
Net assets at the beginning of the period	1,775,166	-	1,475,203	948,926
Issue of 158,449 units (20,058,461 units for the period August 23, 2007 to December 31, 2007)	13,555	2,033,186	-	1,104,917
Redemption of 533,711 units (2,250,053 units for the period August 23, 2007 to December 31, 2007)	(43,313) (29,758)	(240,365) 1,792,821	(3,025) (3,025)	(240,345) 864,572
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 Income Statement	(109)	(17,767)	(18)	(17,688)
- amount representing (income) / losses that form part of the Unit holder's fund - transferred to Distribution Statement	(4,913) (5,022)	5,786 (11,981)	(943) (961)	6,255 (11,433)
Distribution of 1,095,238 bonus units for the period ended June 30, 2008	101,507	-	-	-
Net unrealised appreciation / (diminution) during the period in market value of securities classified as available for sale	100,354	(7,986)	362,133	(22,410)
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	4,913	(5,786)	943	(6,255)
Net (loss) / income for the period	(755,530)	56,561	(748,058)	50,229
Final distribution for the period ended June 30, 2008	(105,395)	-	-	-
Net assets at the end of the period	<u>1,086,235</u>	<u>1,823,629</u>	<u>1,086,235</u>	<u>1,823,629</u>

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

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

Chief Executive

Director

HBL STOCK FUND CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008

	Six months ended December 31, 2008	For the period August 23, 2007 to December 31, 2007	Quarter ended December 31, 2008	Quarter ended December 31, 2007
	------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss) / gain for the period	(755,530)	56,561	(748,058)	50,229
Adjustments for non-cash and other items:				
Unrealised diminution in value of investments at fair value through profit or loss - net	7,808	4,858	10,439	4,858
Amortisation of preliminary expenses and floatation costs	115	76	58	57
Impairment loss on investments classified as 'available for sale'	737,787	-	737,787	-
Net element of accrued (income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed	(109)	(17,767)	(18)	(17,688)
	(9,929)	43,728	208	37,456
Decrease / (increase) in assets				
Receivable against Continuous Funding System (CFS) transactions	145,760	-	-	-
Investments - net	(112,307)	(1,211,016)	3,749	(676,939)
Loans and receivable	-	-	100,000	-
Dividend and profit receivable	1,852	(6,974)	6,038	(1,956)
Advances, deposits and prepayments	18,443	(2,518)	19,434	47,509
Other assets-subscription for placement in term finance certificates	-	(25,195)	-	(25,195)
	53,748	(1,245,703)	129,221	(656,581)
(Decrease) / increase in liabilities				
Payable to HBL Asset Management Limited - Management Company	(1,034)	16,179	(321)	13,938
Payable to Central Depository Company of Pakistan Limited - Trustee	(32)	256	(8)	109
Payable to Securities and Exchange Commission of Pakistan	(671)	475	(1,069)	401
Accrued expenses and other liabilities	(5,902)	187	4,458	172
	(7,639)	17,097	3,060	14,620
Net cash used in operating activities	36,180	(1,184,878)	132,489	(604,505)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from Issue of units	13,555	2,033,186	-	1,104,917
Payments on redemption of units	(43,313)	(111,141)	(3,025)	(111,141)
Payment for cash dividend	(3,888)	-	-	-
Net cash outflow on financing activities	(33,646)	1,922,045	(3,025)	993,776
Net increase in cash and cash equivalents during the period	2,534	737,167	129,464	389,271
Cash and cash equivalents at the beginning of the period	311,323	-	184,393	347,896
Cash and cash equivalents at the end of the period	313,857	737,167	313,857	737,167

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

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

Chief Executive

Director

HBL STOCK FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008

1 LEGAL STATUS AND NATURE OF BUSINESS

HBL Stock Fund (the Fund) was established under a Trust Deed, dated August 06, 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 (SECP) 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 head office of the Management Company is situated at 8B - 8th Floor, Executive Tower, Dolmen City, Block 4, Clifton, Karachi, Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Lahore Stock Exchange. The units of the Fund were initially offered for public subscription at par from August 29, 2007 to August 31, 2007.

The objective 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.

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

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the requirements of the Non Banking Finance Companies Rules (NBFC Rules) and Non Banking Finance Companies Regulations, 2008 (NBFC Regulations), the requirements of the Companies Ordinance, 1984, directives issued by the SECP and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the NBFC Rules and NBFC Regulations, the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of these standards, the requirements of the NBFC Rules and NBFC Regulations, the Companies Ordinance, 1984 and the said directives take precedence. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard (IAS) 34: 'Interim Financial Reporting'.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published financial statement of the Fund for the period from August 23, 2007 to June 30, 2008.

4 INVESTMENTS	Note	(Unaudited) December 31 , 2008	(Audited) June 30, 2008
------(Rupees in '000)-----			
At fair value through profit and loss			
- Listed equity securities	4.1	13,591	35,617
Available for sale			
- Listed equity securities	4.2	472,122	977,318
- Term finance certificates and sukuk bonds - un-listed	4.3	268,125	224,770
- Government Treasury Bills	-	-	49,067
		<u>753,838</u>	<u>1,286,772</u>

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

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

Name of the Investee Company	Number of shares					Market Value at December 31, 2008	Market Value as a percentage of total Investment
	As at July 1, 2008	Purchases during the period	Bonus/Rights issue	Sales during the period	As at December 31, 2008		
(Rupees in '000)							
Investment Banks / Companies / Securities							
Arif Habib Securities Limited	-	25,000	6,250	-	31,250	1,314	0.17%
	-	25,000	6,250	-	31,250	1,314	0.17%
Commercial Banks							
Bank Al-Falah Limited	2,000	22,500	-	12,000	12,500	209	0.03%
MCB Bank Limited	-	44,400	-	44,400	-	-	-
National Bank of Pakistan	-	50,500	-	23,000	27,500	1,384	0.18%
NIB Bank Limited	-	35,000	-	35,000	-	-	0.00%
United Bank Limited	200	83,000	-	50,700	32,500	1,199	0.16%
	2,200	235,400	-	165,100	72,500	2,792	0.37%
Insurance							
New Jubilee Life Insurance Company Limited	5,000	-	-	-	5,000	226	0.03%
	5,000	-	-	-	5,000	226	0.03%
Cement							
D. G. Khan Cement Company Limited	-	14,000	-	9,000	5,000	106	0.01%
	-	14,000	-	9,000	5,000	106	0.01%
Refinery							
Attock Refinery Limited	-	10,000	2,000	-	12,000	719	0.10%
Pakistan Refinery Limited	3,300	2,500	-	-	5,800	571	0.08%
	3,300	12,500	2,000	-	17,800	1,290	0.17%
Power Generation & Distribution							
Hub Power Company Limited	100,000	-	-	49,500	50,500	712	0.09%
	100,000	-	-	49,500	50,500	712	0.09%
Oil & Gas Marketing Companies							
Pakistan State Oil Company Limited	1,000	3,000	-	4,000	-	-	-
Shell Pakistan Limited	-	600	-	600	-	-	-
	1,000	3,600	-	4,600	-	-	-
Oil and Gas Exploration Companies							
Oil and Gas Development Company Limited	20,000	73,400	-	53,400	40,000	2,000	0.27%
Pakistan Oilfields Limited	5,000	75,500	3,500	63,000	21,000	2,153	0.29%
Pakistan Petroleum Limited	10,000	37,500	500	42,500	5,500	553	0.07%
	35,000	186,400	4,000	158,900	66,500	4,706	0.62%
Automobile Assemblers							
Pak Suzuki Motor Company	6,800	-	-	6,800	-	-	-
	6,800	-	-	6,800	-	-	-
Automobile Parts & Accessories							
Agriaautos Industries Limited - (Face value Rs. 5 each)	6,900	-	-	6,900	-	-	-
	6,900	-	-	6,900	-	-	-
Fertilizers							
Engro Chemical Pakistan Limited	45,600	31,000	-	76,600	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	55,000	-	10,000	45,000	580	0.08%
Fauji Fertilizer Company Limited	71,300	7,000	-	57,700	20,600	1,210	0.16%
	116,900	93,000	-	144,300	65,600	1,790	0.24%
Chemicals							
Engro Polymer Pakistan Limited	-	45,000	-	-	45,000	655	0.09%
ICI Pakistan Limited	-	5,400	-	5,400	-	-	-
	-	50,400	-	5,400	45,000	655	0.09%

Name of the Investee Company	Number of shares					Market Value at December 31, 2008	Market Value as a percentage of total Investment
	As at July 1, 2008	Purchases during the period	Bonus/ Rights issue	Sales during the period	As at December 31, 2008		
(Rupees in '000)							
Paper and Boards							
Packages Limited	4,200	2,500	-	6,700	-	-	-
	4,200	2,500	-	6,700	-	-	-
	281,300	622,800	12,250	557,200	359,150	13,591	1.80%

Cost of investment at December 31, 2008 26,526

4.2 Listed equity securities - available for sale

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

Name of the Investee Company	Number of shares					Market Value at December 31, 2008	Market Value as a percentage of total Investment
	As at July 1, 2008	Purchases during the period	Bonus/ Rights issue	Sales during the period	As at December 31, 2008		
(Rupees in '000)							
Investment Banks/Companies/Securities							
IGI Investment Bank Limited	23,000	109,000	-	41,500	90,500	285	0.04%
	23,000	109,000	-	41,500	90,500	285	0.04%
Commercial Banks							
Allied Bank Limited	38,260	19,000	-	-	57,260	1,793	0.24%
Atlas Bank Limited	49,000	4,500	-	5,000	48,500	161	0.02%
Bank Al-Falah Limited	35,000	29,500	-	10,000	54,500	912	0.12%
Bank Al-Habib Limited	101,660	12,000	-	5,600	108,060	2,687	0.36%
Habib Bank Limited	581,370	152,500	-	-	733,870	54,938	7.29%
MCB Bank Limited	-	20,000	-	14,600	5,400	679	0.09%
Meezan Bank Limited	33,000	10,000	3,698	-	46,698	1,003	0.13%
National Bank of Pakistan	102,880	104,500	-	5,000	202,380	10,184	1.35%
NIB Bank Limited	379,000	194,000	-	518,500	54,500	255	0.03%
Habib Metropolitan Bank Limited	18,000	10,000	-	-	28,000	737	0.10%
United Bank Limited	274,950	77,000	-	22,000	329,950	12,178	1.62%
	1,613,120	633,000	3,698	580,700	1,669,118	85,527	11.35%
Insurance							
New Jubilee Life Insurance Company Limited	46,500	21,000	-	-	67,500	3,046	0.40%
	46,500	21,000	-	-	67,500	3,046	0.40%
Textile Composite							
Nishat Mills Limited	89,300	10,700	-	15,000	85,000	1,921	0.25%
Nishat Mills Limited (Right)	-	-	42,500	-	42,500	11	0.00%
	89,300	10,700	42,500	15,000	127,500	1,932	0.25%
Cement							
Attock Cement Pakistan Limited	21,200	-	-	-	21,200	799	0.11%
D. G. Khan Cement Company Limited	196,700	12,000	-	29,500	179,200	3,812	0.51%
Lucky Cement Limited	222,000	25,000	-	55,000	192,000	6,004	0.80%
Maple Leaf Cement Factory Limited	496,500	-	-	78,000	418,500	1,716	0.23%
	936,400	37,000	-	162,500	810,900	12,331	1.64%
Refinery							
Attock Refinery Limited	700	10,000	2,140	-	12,840	769	0.10%
National Refinery Limited	9,300	-	-	5,500	3,800	362	0.05%
	10,000	10,000	2,140	5,500	16,640	1,131	0.15%

Name of the Investee Company	Number of shares					Market Value at December 31, 2008	Market Value as a percentage of total Investment
	As at July 1, 2008	Purchases during the period	Bonus/Rights issue	Sales during the period	As at December 31, 2008		
(Rupees in '000)							
Power Generation & Distribution							
Hub Power Company Limited	1,943,000	81,000	-	-	2,024,000	28,518	3.78%
Kot Addu Power Company Limited	101,900	15,000	-	23,300	93,600	2,954	0.39%
Karachi Electric Supply Company Limited - (Face value of Rs. 3.5 each)	74,500	-	-	500	74,000	153	0.02%
	<u>2,119,400</u>	<u>96,000</u>	<u>-</u>	<u>23,800</u>	<u>2,191,600</u>	<u>31,625</u>	<u>4.20%</u>
Oil & Gas Marketing Companies							
Pakistan State Oil Company Limited	4,000	3,000	-	7,000	-	-	-
Shell Pakistan Limited	-	15,500	3,525	1,400	17,625	5,469	0.73%
	<u>4,000</u>	<u>18,500</u>	<u>3,525</u>	<u>8,400</u>	<u>17,625</u>	<u>5,469</u>	<u>0.73%</u>
Oil and Gas Exploration Companies							
Mari Gas Company Limited	44,900	30,000	-	2,000	72,900	7,213	0.96%
Oil and Gas Development Company Limited	1,148,800	97,900	-	8,000	1,238,700	62,922	8.35%
Pakistan Oilfields Limited	118,100	101,100	42,040	9,000	252,240	25,852	3.43%
Pakistan Petroleum Limited	489,120	52,800	50,942	32,500	560,362	56,384	7.48%
	<u>1,800,920</u>	<u>281,800</u>	<u>92,982</u>	<u>51,500</u>	<u>2,124,202</u>	<u>152,371</u>	<u>20.21%</u>
Engineering							
International Industries Limited	60,560	14,800	12,872	-	88,232	4,056	0.54%
International Industries Limited (Right)	-	-	16,090	-	16,090	-	-
	<u>60,560</u>	<u>14,800</u>	<u>28,962</u>	<u>-</u>	<u>104,322</u>	<u>4,056</u>	<u>0.54%</u>
Automobile Assemblers							
Indus Motor Company Limited	79,493	7,000	-	4,800	81,693	10,038	1.33%
Pak Suzuki Motor Company	141,700	6,100	-	38,700	109,100	8,685	1.15%
	<u>221,193</u>	<u>13,100</u>	<u>-</u>	<u>43,500</u>	<u>190,793</u>	<u>18,723</u>	<u>2.48%</u>
Automobile Parts & Accessories							
Agriaautos Industries Limited - (Face value Rs. 5 each)	34,200	-	6,840	-	41,040	1,267	0.17%
	<u>34,200</u>	<u>-</u>	<u>6,840</u>	<u>-</u>	<u>41,040</u>	<u>1,267</u>	<u>0.17%</u>
Transport							
Pakistan International Airline Corporation-A	35,500	-	-	2,000	33,500	118	0.02%
	<u>35,500</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>33,500</u>	<u>118</u>	<u>0.02%</u>
Technology and Communications							
Pakistan Telecommunication Company Limited-A	783,100	-	-	5,200	777,900	13,139	1.74%
	<u>783,100</u>	<u>-</u>	<u>-</u>	<u>5,200</u>	<u>777,900</u>	<u>13,139</u>	<u>1.74%</u>
Fertilizers							
Engro Chemical Pakistan Limited	146,990	104,500	-	20,600	230,890	22,272	2.95%
Fauji Fertilizer Bin Qasim Limited	1,861,000	165,500	-	52,500	1,974,000	25,465	3.38%
Fauji Fertilizer Company Limited	806,200	78,600	-	-	884,800	51,964	6.89%
	<u>2,814,190</u>	<u>348,600</u>	<u>-</u>	<u>73,100</u>	<u>3,089,690</u>	<u>99,701</u>	<u>13.23%</u>
Pharmaceuticals							
Abbott Laboratories (Pakistan) Limited	68,600	6,300	-	700	74,200	6,649	0.88%
Glaxo Smith Kline (Pakistan) Limited	81,800	2,600	-	3,500	80,900	6,144	0.82%
	<u>150,400</u>	<u>8,900</u>	<u>-</u>	<u>4,200</u>	<u>155,100</u>	<u>12,793</u>	<u>1.70%</u>

Name of the Investee Company	Number of shares					Market Value at December 31, 2008	Market Value as a percentage of total Investment
	As at July 1, 2008	Purchases during the period	Bonus/Rights issue	Sales during the period	As at December 31, 2008		
(Rupees in '000)							
Chemicals							
BOC Pakistan Limited	71,800	12,600	-	-	84,400	9,522	1.26%
ICI Pakistan Limited	14,300	33,700	-	12,100	35,900	2,467	0.33%
Clariant Pakistan Limited	33,800	-	-	-	33,800	5,520	0.73%
Pakistan PTA Limited	301,000	-	-	-	301,000	479	0.06%
	<u>420,900</u>	<u>46,300</u>	<u>-</u>	<u>12,100</u>	<u>455,100</u>	<u>17,988</u>	<u>2.39%</u>
Paper and Boards							
Century Paper and Board Mills Limited	7,500	-	-	-	7,500	216	0.03%
Packages Limited	94,350	35,200	-	1,400	128,150	10,404	1.38%
	<u>101,850</u>	<u>35,200</u>	<u>-</u>	<u>1,400</u>	<u>135,650</u>	<u>10,620</u>	<u>1.41%</u>
	<u>11,264,533</u>	<u>1,683,900</u>	<u>180,647</u>	<u>1,030,400</u>	<u>12,098,680</u>	<u>472,122</u>	<u>62.63%</u>

Cost of investment at December 31, 2008

1,209,906

4.3 Term finance certificates and sukuk bonds- Unlisted

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, 2008	Market Value as a percentage of total Investment
	As at July 1, 2008	Purchases during the period	Sales during the period	As at December 31, 2008		
(Rupees in '000)						
Technology and communication						
Pakistan Mobile Communications Limited	15,000	-	-	15,000	65,625	8.71%
Leasing Companies						
Orix Leasing Pakistan Limited (Face value of Rs. 100,000)	500	-	-	500	45,000	5.97%
Fertilizers						
Engro Chemical Pakistan IV	-	15,000	-	15,000	67,500	8.95%
Oil and gas marketing companies						
Sui Southern Gas Company Limited - Sukuk	20,000	-	-	20,000	90,000	11.94%
	<u>35,500</u>	<u>15,000</u>	<u>-</u>	<u>50,500</u>	<u>268,125</u>	<u>35.57%</u>

Cost of investment at December 31, 2008

300,523

4.4 Investments include shares with market value aggregating to Rs 15.06 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP.

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

- 4.6 The Fund has a gross amount of Rs 737.795 million as deficit on revaluation of its portfolio of listed equity securities classified as available for sale. The deficit has been computed based on the market value of the equity securities as at December 31, 2008. The management has carried out a scrip wise analysis of the above deficit and has determined that deficit amounting to Rs 737.787 million represents a significant decline in the fair value of such equity securities with reference to their cost and accordingly an impairment loss to this extent has been fully recognised in the condensed interim income statement.

	Note	(Unaudited) December 31 , 2008	(Audited) June 30, 2008
------(Rupees in '000)-----			
5 DIVIDEND AND PROFIT RECEIVABLE			
Income accrued on Continuous Funding System (CFS) transactions		-	503
Profit receivable on bank deposits		3,131	2,638
Profit receivable on term finance certificates		9,942	4,838
Dividend receivable		5,367	10,917
Others		-	1,396
		18,440	20,292

6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advance against subscription of TFCs	6.1	25,000	25,000
Security deposits with National Clearing Company of Pakistan Limited		2,500	2,500
Others		17	2,626
		27,517	30,126
Less: Provision in respect of advance against subscription of TFCs		(18,750)	-
		8,767	30,126

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

		(Unaudited) December 31 , 2008	(Audited) June 30, 2008
------(Rupees in '000)-----			
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		89	200
Payable to unit holders against redemption of units		1	2,040
Broker commission payable		24	1,103
Others		12	1,168
		126	4,511

8 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.

9 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited being the Trustee of the Fund, other collective investment schemes managed by the management company, directors and officers 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 rates.

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

Details of the transactions with connected persons and balances with them at December 31, 2008 are as follows:

	(Unaudited) For the period ended December 31, 2008	(Unaudited) For the period August 23, 2007 to December 31, 2007
	------(Rupees in '000)-----	
9.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management Fee	22,617	14,244
Habib Bank Limited - Sponsor		
Issue of units (2007: 13,199,906 units)	-	1,344,000
Issue of 833,184 bonus units	77,219	-
Bank charges paid	3	11
Profit on bank deposits earned	5,008	8,533
Profit on bank deposits received	3,165	8,009
Purchase 152,500 ordinary shares (2007: 570,300 ordinary shares)	23,385	158,629
Sale of shares (2007: 65,000 ordinary shares)	-	25,296
Gain on sale of shares	-	2
Directors and Executives of the Management Company and their relatives		
Directors and their relatives		
Issue of 3,926 bonus units	364	-
Issue of units (2007: 66,695 units)	-	6,750
Redemption of 532 units	42	-
Executives and their relatives		
Issue of 32 bonus units	3	-
HBL Income Fund		
Purchase of Term finance certificates	75,000	-
Other Associates		
HBL Employees Provided Fund		
Issue of units (2007: 2,495,757 units)	-	249,576
Issue of 157,533 bonus units	14,600	-
BOC Pakistan Limited		
Purchase of 12,600 ordinary shares (2007: 4,100 ordinary shares)	2,327	716
Sale of shares (2007: 4,100 ordinary shares)	-	834
Gain on sale of shares	-	118
New Jubilee Life Insurance Company (Pakistan) Limited		
Purchase of 21,000 ordinary shares (2007: 64,000 ordinary shares)	934	4,520
Sale of shares (2007: 64,000 ordinary shares)	-	5,010
Gain on sale of shares	-	490
IGI Investment Bank Limited		
Purchase of 109,000 ordinary shares (2007: 10,000 ordinary shares)	592	120
Sale of 41,500 ordinary shares (2007: nil)	202	-
Loss on sale of shares	(96)	-
International Industries Limited		
Purchase of shares (2007: 5,900 ordinary shares)	-	675
Received 16,090 right shares	-	-
Received 12,872 ordinary bonus shares	-	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,258	798
Central Depository System Charges	31	45

	(Unaudited) December 31, 2008	(Audited) June 30, 2008
	----- (Rupees in '000) -----	
9.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management Fee	3,355	4,389
Sales Load Payable	1,831	1,831
Preliminary expenses and floatation cost payable	1,135	1,135
Annual listing fee	30	30
Habib Bank Limited - Sponsor		
Units held 14,033,090 (June 30, 2008: 13,199,906.30 units)	813,639	1,300,587
Bank balances	256,881	133,011
Profit receivable on bank deposits	1,899	56
Shares held 733,870 ordinary shares (June 30, 2008: 581,370 ordinary shares)	54,938	121,291
Directors and Executives of the Management Company and their relatives		
Directors and their relatives		
Units held 65,589 (June 30, 2008: 69,305.15 units)	3,803	6,829
Executives and their relatives		
Units held 532 (June 30, 2008: 500 units)	31	49
Other Associates		
HBL Employees Provident Fund		
Units held 2,653,290 (June 30, 2008: 2,495,757.21 units)	153,838	245,907
BOC Pakistan Limited		
Shares held 84,400 ordinary shares (June 30, 2008: 71,800 ordinary shares)	9,522	15,693
New Jubilee Life Insurance Company (Pakistan) Limited		
Shares held 72,500 ordinary shares (June 30, 2008: 51,500 ordinary shares)	3,272	2,957
IGI Investment Bank Limited		
Shares held 90,500 ordinary shares (June 30, 2008: 23,000 ordinary shares)	285	182
International Industries Limited		
Shares held 88,232 ordinary shares (June 30, 2008: 60,560 ordinary shares)	4,056	7,598
International Industries Limited (Right)		
Shares held 16,090 ordinary shares	-	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	197	229

10 DATE OF AUTHORISATION FOR ISSUE

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

11 GENERAL

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

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

Chief Executive

Director

DISTRIBUTION NETWORK

1. BRANCHES OF HABIB BANK LIMITED

Sindh Karachi

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

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

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

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

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

Bahadurabad branch
Marium Complex, Bahadurabad,
Karachi.
Ph: 021-4940585, 4940388

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

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

Iqbal Library Branch
Clayton Road, Off Giger
Murad Abdi Road, Union
Councial, Jamshed Quarters,
Karachi.
Ph: 5711290

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

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

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

Punjab Lahore

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

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

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

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

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

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

New Garden Ali Town Branch,
Opposite Barkat Market,
Lahore.
Ph: 042-9230802

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

Gujranwala

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

Faisalabad

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

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

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

Rawalpindi

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

Islamabad

Jinnah Avenue Branch

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

Corporate Branch

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

NWFP

Peshawar

Arbab Road Branch

Peshawar Cantt., Peshawar.
Phone: 091-5272167, 091-9211161
Fax: 091-5278869

Balochistan

Quetta

Complex Branch

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

2. OTHER DISTRIBUTORS

Yam & Company.

Office # 11, Quality Arcade, Mezanine Floor BC
7, Block 7, Clifton, Karachi
Phone # 021-5876823-24
Cell: 0333-2241661

IGI Investment Bank

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

First National Equities Limited

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

Elixir Securities Pakistan (Pvt.) Ltd.

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

ANZ Financial Consultant

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

Alfalsh Securities Pvt. Ltd.

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

Pearl Securities Pvt. Limited (Stock)

Room No.204 2nd Floor Business and Finance Center.
I.I Chundrigar Road, Karachi
Phone: 021-2473954
Fax: 021-2473951