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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Board of Directors

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

Audit Committee

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

Human Resource Committee

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

Company Secretary

Mr. Rehan N. Shaikh

Chief Financial Officer

Mr. Noman Ahmed Soomro

Fund Manager

Mr. Muhammad Amir Khan

External Auditors

KPMG Taseer Hadi & Co. Chartered Accountants,
Sheikh Sultan Trust Building No. 2
Beaumont Road, Karachi-75530, Pakistan.

Internal Auditors

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

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, Block2, Clifton, Karachi.

Bankers

Habib Bank Limited
National Bank of Pakistan

Website

www.hblasset.com

Head Office

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

Registered Office

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

HBL ISLAMIC MONEY MARKET FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2011

	Note	(Unaudited) September 30, 2011 (Rupees in '000)	(Audited) June 30, 2011 (Rupees in '000)
ASSETS			
Bank balances		2,297	142,469
Term Deposit Receipts		400,000	250,000
Profit receivable		9,357	5,615
Preliminary expenses and floatation costs		1,060	1,118
Advances, deposits, prepayments and other receivables		100	-
Total assets		412,814	399,202
LIABILITIES			
Payable to HBL Asset Management Limited - Management Company	4	1,568	1,504
Payable to Central Depository Company of Pakistan Limited - Trustee		57	55
Payable to Securities and Exchange Commission of Pakistan - Annual fee		76	41
Accrued expenses and other liabilities	5	496	164
Total liabilities		2,197	1,764
NET ASSETS		410,617	397,438
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		410,617	397,438
		Number of units	Number of units
NUMBER OF UNITS IN ISSUE		4,003,197	3,917,140
		Rupees	Rupees
NET ASSET VALUE PER UNIT		102.5724	101.4612

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	For the quarter ended September 30, 2011 (Rupees in '000)
INCOME	
Income on term deposit receipts	9,496
Profit on bank deposits	2,519
	12,015
EXPENSES	
Remuneration of HBL Asset Management Limited - Management Company	1,124
Remuneration of Central Depository Company of Pakistan Limited - Trustee	173
Annual fee - Securities and Exchange Commission of Pakistan	76
Auditors' remuneration	75
Amortisation of preliminary expenses and floatation costs	58
Other expenses	47
	1,553
Net income from operating activities	10,462
Element of income and capital gains included in prices of units issued less those in units redeemed	41
Provision for Workers' Welfare Fund	(210)
Net income for the period before taxation	10,293
Taxation	-
Net income for the period after taxation	10,293
OTHER COMPREHENSIVE INCOME	
Total comprehensive income for the period - net	10,293

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
 CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	For the quarter ended September 30, 2011 (Rupees in '000)
Accumulated Profit brought forward	5,724
Net income for the period	10,293
Final distribution for the period ended June 30, 2011: Rs. 1.46 per unit (Date of distribution : July 7, 2011) - 57,189 bonus units	(5,719)
Net income for the period less distribution	4,574
Undistributed income carried forward - realised	10,298

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
 CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	For the quarter ended September 30, 2011 (Rupees in '000)
Net Assets as at beginiing of the period	397,438
Issue of 33,986 units	3,445
Redemption of 5,118 units	(518)
	2,927
Element of income and capital gains included in prices of units issued less those in units redeemed	
- amount representing accrued income and capital gain - transferred to income statement	(41)
- amount representing accrued income 8that form part of the statement of unit holders' fund - transfered to distribution statement	-
	(41)
Net income for the period	10,293
Final Distrubution for the year ended June 30, 2011	(5,719)
	4,574
Issuance of 57,189 bonus units for the year ended June 30, 2011	5,719
Net income for the period	10,293
Net assets as at the end of the period	410,617

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Note	For the quarter ended September 30, 2011 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period		10,293
Adjustments for non-cash and other items:		
Amortisation of preliminary expenses and floatation costs		58
Element of accrued income and capital gains included in prices of units issued less those in units redeemed		(41)
		<u>10,310</u>
Increase in assets		
Profit receivable		(3,742)
Advances, deposits, prepayments and other receivables		(100)
		<u>(3,842)</u>
Decrease in liabilities		
Payable to HBL Asset Management Limited - Management Company		64
Payable to Central Depository Company of Pakistan Limited - Trustee		2
Payable to Securities and Exchange Commission of Pakistan		35
Accrued expenses and other liabilities		332
		<u>433</u>
Net cash generated from operating activities		<u>6,901</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments received against issue/ redemption of units		2,927
Net cash inflow on financing activities		<u>2,927</u>
Net increase in cash and cash equivalents during the period		<u>9,828</u>
Cash and cash equivalents at the beginning of the period		392,469
Cash and cash equivalents at the end of the period	8	<u><u>402,297</u></u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL ISLAMIC MONEY MARKET FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Money Market Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (the SECP) as a unit trust scheme on December 10, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 8B - 8th Floor, Executive Tower, Dolmen City, Block 4, Clifton, Karachi, Pakistan.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Lahore Stock Exchange. The units of the Fund were initially offered for public subscription at par from May 09, 2011 to May 10, 2011.

The principal activity of the Fund is to seek high liquidity and comparative Shariah Compliant return for investors by investing in low risk securities of shorter duration and maturity.

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

Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.

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 SECP prevail.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial report are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2011.

3.1 Net Asset Value per unit

The Net Asset Value per unit as disclosed in 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.

Note	(Unaudited)	(Audited)
	September 30, 2011	June 30, 2011
(Rupees in '000)		
4 PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Management fee	4.1	388
Preliminary expenses and floatation costs incurred on behalf of the Fund		1,150
Other payable		30
		<u>1,568</u>
		<u>1,504</u>

4.1 Under the provisions of the NBFC Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration of the rate of 1% per annum for the period.

	Note	(Un-audited) September 30, 2011	(Audited) June 30, 2011
(Rupees in '000)			
5 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		101	25
Provision for Workers' Welfare Fund	6	327	117
Rating fee payable		68	22
		<u>496</u>	<u>164</u>

6 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

Subsequent to the year ended June 30, 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has made the provision for WWF amounting to Rs. 0.327 million in these financial statements.

7 EARNINGS PER UNIT (EPU)

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

	(Un-audited) September 30, 2011	(Audited) June 30, 2011
(Rupees in '000)		
8 CASH AND CASH EQUIVALENT		
Savings Account	2,297	142,469
Term Deposit Receipts (TDRs)	400,000	250,000
	<u>402,297</u>	<u>392,469</u>

9 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 and officer of the Management Company, entities having common directorship with the Management Company and other collective investment schemes managed by 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.

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, if not disclosed anywhere else in these financial statements, are as follows:

(Unaudited)
For the
quarter ended
September
30, 2011
(Rupees in '000)

9.1 Transaction during the period

HBL Asset Management Limited - Management Company

Management Fee 1,124

Habib Bank Limited - Sponsor

Issued : 37,485 bonus units 3,749
Profit on bank deposits and TDRs earned 12,015
Profit on bank deposits and TDRs received 8,272

Directors and Executives of the Management Company and their relatives

Directors and their relatives

Units issued: 3,946 units 400
Issued : 22 bonus units 2
Units redeemed: 1,733 units 175

Central Depository Company of Pakistan Limited - Trustee

Remuneration 173

	(Un-audited) September 30, 2011	(Audited) June 30, 2011
(Rupees in '000)		

9.2 Balances outstanding as at period end

HBL Asset Management Limited - Management Company

Management Fee 388 324
Preliminary expenses and floatation cost payable 1,150 1,150
Other payable 30 30

Habib Bank Limited - Sponsor

Investment held in the Fund (2,604,955 units ;2011: 2,567,470 units) 267,196 260,499
Bank balances including TDRs 400,000 392,469
Profit receivable on bank deposits including TDRs 9,357 5,614

Directors and their relatives

Investment held in the Fund (3,723 units ; 2011 988 units) 382 100

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable 57 55

10 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 11, 2011.

11 GENERAL

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director