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## CORPORATE INFORMATION

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### 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. 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. Umar Farooq

### 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 Shakra-e-Faisal, Karachi

### Legal Advisors

Mandviwalla & Zafar, Advocates and Legal Consultants,  
Mandviwalla Chambers, C-15, Block2, Clifton, Karachi.

### Bankers

Habib Bank Limited  
Bank Al Falah Limited  
Bank Al-Habib Limited  
MCB Bank Limited  
Barclays Bank PLC Pakistan  
Faysal Bank Limited  
The Bank of Punjab  
JS Bank Limited  
Standard Chartered Bank (Pakistan) 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.

HBL MULTI ASSET FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2011

		(Un-audited) September 30, 2011	(Audited) June 30, 2011
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances		22,657	15,339
Investments	4	317,454	294,136
Dividend and profit receivable	5	2,129	3,282
Preliminary expenses and floatation costs		275	333
Advances, deposits, prepayments and other receivables	6	5,682	24,412
<b>Total assets</b>		<u>348,197</u>	<u>337,502</u>
<b>LIABILITIES</b>			
Payable to HBL Asset Management Limited - Management Company	7	962	961
Payable to Central Depository Company of Pakistan Limited - Trustee		57	60
Payable to Securities and Exchange Commission of Pakistan		71	317
Accrued expenses and other liabilities	8	2,927	2,825
<b>Total liabilities</b>		<u>4,017</u>	<u>4,163</u>
<b>NET ASSETS</b>		<u>344,180</u>	<u>333,339</u>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<u>344,180</u>	<u>333,339</u>
<b>Number of units</b>			
<b>NUMBER OF UNITS IN ISSUE</b>		<u>3,960,836</u>	<u>3,353,139</u>
<b>Rupees</b>			
<b>NET ASSETS VALUE PER UNIT</b>	3.1	<u>86.8939</u>	<u>99.4110</u>

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

For HBL Asset Management Limited  
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND  
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

		Quarter ended September 30, 2011	2010
	Note	----- (Rupees in '000) -----	
<b>INCOME</b>			
Dividend Income		2,476	3,089
Profit on bank deposits		430	415
Income from Term Finance Certificates		2,331	1,337
Income from Government Securities		1,725	2,218
Capital gain on sale of investments - net		2,739	6,598
Other Income		81	-
		<u>9,782</u>	<u>13,657</u>
Impairment loss on investments classified as 'available for sale'	4.6	(160)	-
Provision against term finance certificates		(3,577)	(8,101)
<b>Total income</b>		<u>6,045</u>	<u>5,556</u>
<b>OPERATING EXPENSES</b>			
Remuneration of HBL Asset Management Limited - Management Company		1,858	1,782
Remuneration of Central Depository Company of Pakistan Limited - Trustee		176	179
Annual fee - Securities and Exchange Commission of Pakistan		71	76
Securities transaction cost		-	7
Auditors' remuneration		115	88
Settlement and bank charges		61	65
Amortisation of preliminary expenses and floatation costs		57	57
Legal and professional charges		-	8
Other expenses		33	39
<b>Total operating expenses</b>		<u>2,371</u>	<u>2,301</u>
<b>Net income from operating activities</b>		<u>3,674</u>	<u>3,255</u>
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		-	(148)
Provision for Workers' Welfare Fund	9	(74)	(63)
<b>Net income for the period before taxation</b>		<u>3,600</u>	<u>3,044</u>
Taxation		-	-
<b>Net income for the period after taxation</b>		<u>3,600</u>	<u>3,044</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Net unrealised appreciation during the period in market value of securities classified as available-for-sale	4.6	7,232	2,475
<b>Total comprehensive income for the period - net</b>		<u>10,832</u>	<u>5,519</u>
<b>Earnings per unit</b>	3.2		

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

For HBL Asset Management Limited  
(Management Company)

Chief Executive

Director

**HBL MULTI ASSET FUND**  
**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Quarter ended September 30,	
	2011	2010
	----- (Rupees in '000) -----	
Accumulated loss brought forward	(13,030)	(11,811)
Net income for the period	3,600	3,044
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing (loss) / income that form part of the unit holders' fund	(11,629)	(9,277)
Final distribution for the year ended June 30, 2011 : Rs 15.25 per unit (Date of distribution : July 7, 2011) [(2010: Rs 16 per unit)] (Date of distribution : July 7, 2010)		
- Cash distribution	-	(12,000)
- Bonus units 607,590 (2010: 594,875 bonus units)	(51,135)	(47,864)
	(51,135)	(59,864)
Net (loss) for the period less distribution	(59,164)	(66,097)
Accumulated loss carried forward	<u>(72,194)</u>	<u>(77,908)</u>

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

For HBL Asset Management Limited  
(Management Company)

Chief Executive

Director

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

	Note	Quarter ended September 30,	
		2011	2010
		----- (Rupees in '000) -----	
Net assets at beginning of the period		333,339	360,909
Issue of 825 units (2010: 885 units)		70	75
Redemption of 718 units (2010: 111,511 units)		(61)	(9,078)
		9	(9,003)
Element of (income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed			
- amount representing (income) / losses and capital (gains) / losses - transferred to Comprehensive income statement		-	148
- amount representing (income) / losses that form part of the unit holders' fund - transferred to Distribution Statement		11,629	9,277
		11,629	9,425
Net unrealised appreciation during the year in market value of securities classified as 'available-for-sale'- transferred from other comprehensive income	4.6	7,232	2,475
Capital gain on sale of investments		2,739	6,598
Other net income / (loss) for the year after taxation		861	(3,554)
<b>Distribution:</b>			
Final distribution for the year ended June 30, 2011 : Rs 15.25 per unit (Date of distribution : July 7, 2011) [(2010: Rs 16 per unit)] (Date of distribution : July 7, 2010)			
- Cash distribution		-	(12,000)
- Bonus units 607,590 (2010: 594,875 bonus units)		(51,135)	(47,864)
		(47,535)	(56,820)
Final Distribution: Issue of 607,590 bonus units (2010: 594,875 bonus units)		51,135	47,864
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund		(11,629)	(9,277)
Net assets as at end of the period		<u>344,180</u>	<u>345,573</u>

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

For HBL Asset Management Limited  
(Management Company)

Chief Executive

Director

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

	Quarter ended September 30,	
	2011	2010
	------(Rupees in '000)-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	3,600	3,044
<b>Adjustments:</b>		
Amortisation of preliminary expenses and floatation costs	57	57
Impairment loss on investments classified as 'available-for-sale'	160	-
Provision against Term finance certificates finance certificates	3,577	8,101
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	-	148
	<u>7,394</u>	<u>11,350</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(19,822)	(25,720)
Dividend and profit receivable	1,153	1,256
Advances, deposits, prepayments and other receivables	18,730	7
	<u>61</u>	<u>(24,457)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to HBL Asset Management Limited - Management Company	1	(720)
Payable to Central Depository Company of Pakistan Limited - Trustee	(3)	(64)
Payable to Securities and Exchange Commission of Pakistan	(246)	(317)
Accrued expenses and other liabilities	102	(44)
	<u>(146)</u>	<u>(1,145)</u>
<b>Net cash generated from operating activities</b>	<u>7,309</u>	<u>(14,252)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net payments against redemption of units	9	(9,003)
Distributions paid	-	(12,000)
<b>Net cash (inflow) /outflow on financing activities</b>	<u>9</u>	<u>(21,003)</u>
<b>Net decrease in cash and cash equivalents during the period</b>	<u>7,318</u>	<u>(35,255)</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>15,339</u>	<u>37,212</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>22,657</u></u>	<u><u>1,957</u></u>

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

For HBL Asset Management Limited  
(Management Company)

Chief Executive

Director

HBL HBL MULTI ASSET 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 Multi Asset Fund (the Fund) was established under a Trust Deed, dated October 08, 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 (SECP) as a unit trust scheme on September 28, 2007.

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

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Lahore Stock Exchange.

The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes, such as equity securities, government securities, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.

JCR-VIS Credit Rating Agency (JCR-VIS) has assigned management quality rating of "AM3+" to the Management Company and 1 year fund performance ranking at MFR 3-Star, two year fund performance ranking at MFR 5-Star and three year fund performance ranking at MFR 4-star to the Fund.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as 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 the 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 year ended June 30, 2011.

**3.1 Net asset value per unit**

The net asset value (NAV) 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 year end.

**3.2 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.

	Note	(Un-audited) September 30, 2011	(Audited) June 30, 2011
(Rupees in '000)			
<b>4 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
- Listed equity securities	4.1	-	-
<b>Available-for-sale</b>			
- Listed equity securities	4.2	209,275	193,302
- Term Finance Certificates - Listed	4.3.1	32,105	36,287
- Term Finance Certificates - Unlisted	4.3.2	26,464	29,781
- Government Securities	4.4	49,610	49,766
		<u>317,454</u>	<u>309,136</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

Name of the investee company	Number of Shares					Market value at September 30, 2011	Market value as a percentage of			
	As at July 01, 2011	Purchases during the period	Bonus/ rights issue during the period	Sales during the period	As at September 30, 2011		Total investment	Net assets	paid-up capital of investee company	
(Rupees in '000)										
<b>Construction and Materials</b>										
Lucky Cement Limited	-	1,000	-	1,000	-	-	-	-	-	-
	-	1,000	-	1,000	-	-	-	-	-	-
<b>Chemicals</b>										
Fauji Fertilizer Bin Qasim Limited		10,000	-	10,000	-	-	-	-	-	-
	-	10,000	-	10,000	-	-	-	-	-	-
<b>Total</b>	-	11,000	-	11,000	-	-	-	-	-	-
Cost of investments as at September 30, 2011										
						-				

#### 4.2 Listed equity securities - available for sale

##### Shares of listed companies - fully paid up ordinary shares of Rs 10 each

Name of the investee company	Number of Shares					Market value at September 30, 2011	Market Value as a percentage of			
	As at July 01, 2011	Purchases during the period	Bonus/ rights issue during the period	Sales during the period	As at September 30, 2011		Total investment	Net assets	Paid-up capital of investee company	
(Rupees in '000)										
<b>Banks</b>										
Allied Bank Limited	33,851	10,000	-	-	43,851	2,653	0.84%	0.77%	0.03%	
Habib Bank Limited - related party	124,677	-	-	-	124,677	14,881	4.69%	4.32%	0.14%	
MCB Bank Limited	41,200	20,000	-	-	61,200	10,604	3.34%	3.08%	0.13%	
National Bank of Pakistan	40,000	10,000	-	-	50,000	2,290	0.72%	0.67%	0.01%	
United Bank Limited	64,595	10,000	-	-	74,595	5,088	1.60%	1.48%	0.04%	
	304,323	50,000	-	-	354,323	35,516	11.19%	10.32%		
<b>Personal Goods</b>										
Nishat Mills Limited	35,000	30,000	-	-	65,000	3,126	0.98%	0.91%	0.09%	
	35,000	30,000	-	-	65,000	3,126	0.98%	0.91%		
<b>Construction and Materials</b>										
D. G. Khan Cement Company Limited	40,297	-	-	10,000	30,297	623	0.20%	0.18%	0.01%	
Lucky Cement Limited	17,189	35,000	-	10,000	42,189	3,186	1.00%	0.93%	0.10%	
	57,486	35,000	-	20,000	72,486	3,809	1.20%	1.11%		
<b>Electricity</b>										
The Hub Power Company Limited	552,000	-	-	-	552,000	22,908	7.22%	6.66%	0.20%	
Kot Addu Power Company Limited	65,645	-	-	-	65,645	2,961	0.93%	0.86%	0.03%	
Nishat Chunian Power Limited	600,905	15,000	-	-	615,905	8,789	2.77%	2.55%	0.24%	
Nishat Power Limited	71,197	40,531	-	-	111,728	1,688	0.53%	0.49%	0.05%	
	1,289,747	55,531	-	-	1,345,278	36,346	11.45%	10.56%		
<b>Oil and Gas</b>										
Attock Petroleum Limited	35,000	2,500	-	7,000	30,500	12,134	3.82%	3.53%	1.76%	
Attock Refinery Limited	-	2,500	-	-	2,500	278	0.09%	0.08%	0.00%	
Oil and Gas Development Company Limited	30,000	10,029	-	-	40,029	5,289	1.67%	1.54%	0.01%	
Pakistan Oilfields Limited	81,000	11,000	-	2,000	90,000	33,152	10.44%	9.63%	1.40%	
Pakistan Petroleum Limited	143,220	12,000	14,872	6,500	163,592	31,012	9.77%	9.01%	0.26%	
Pakistan State Oil Company Limited	13,701	-	-	-	13,701	3,488	1.10%	1.01%	0.20%	
National Refinery Limited	2,500	-	-	-	2,500	918	0.29%	0.27%	0.11%	
	305,421	38,029	14,872	15,500	342,822	86,271	27.18%	25.07%		
<b>Foods Producers</b>										
Engro Foods Limited	-	20,000	-	-	20,000	493	0.16%	0.14%	0.00%	
	-	20,000	-	-	20,000	493	0.16%	0.14%		
<b>Chemicals</b>										
Engro Corporation Limited	76,000	28,037	-	35,000	69,037	9,899	3.12%	2.88%	0.25%	
Fauji Fertilizer Bin Qasim Limited	410,000	-	-	75,000	335,000	19,659	6.19%	5.71%	0.21%	
Fauji Fertilizer Company Limited	100,207	-	-	12,776	87,431	14,156	4.46%	4.11%	0.17%	
	586,207	28,037	-	122,776	491,468	43,714	13.77%	12.70%		
<b>Total</b>	2,578,184	236,597	14,872	158,276	2,671,377	209,275	65.77%	60.67%		
Carrying value of investments as at September 30, 2011										
						169,494				

#### 4.3 Term Finance Certificates - Available-for-sale

##### 4.3.1 Term finance certificates - Listed

##### All Term Finance Certificates have a face value of Rs 5,000 each

Name of the investee company	Note	Number of certificates				Market / carrying value at September 30, 2011	Market value as a percentage of			
		As at July 01, 2011	Purchases during the period	Sales during the period	As at September 30, 2011		Total investment	Net assets	Issue size	
(Rupees in '000)										
<b>Banks</b>										
NIB Bank Limited		5,400	-	-	5,400	25,963	8.18%	7.54%	0.65%	
		5,400	-	-	5,400	25,963	8.18%	7.54%		
<b>Financial Services</b>										
Saudi Pak Leasing Company Limited	4.7.2	6,000	-	-	6,000	6,142	1.93%	1.78%	0.82%	
		6,000	-	-	6,000	6,142	1.93%	1.78%		
<b>Total</b>		11,400	-	-	11,400	32,105	10.11%	9.32%		
Carrying value of investments as at September 30, 2011										
						35,588				

##### 4.3.2 Term Finance Certificates - Unlisted

##### All Term Finance Certificates have a face value of Rs 5,000 each

Name of the investee company	Number of certificates				Market / carrying value at September 30, 2011	Market value as a percentage of				
	As at July 01, 2011	Purchases during the period	Sales during the period	As at September 30, 2011		Total investment	Net assets	Issue size		
(Rupees in '000)										
<b>Banks</b>										
Bank Al-Habib Limited		-	3,000	-	3,000	15,373	4.97%	4.61%	0.51%	
		-	3,000	-	3,000	15,373	4.97%	4.61%		
<b>Financial Services</b>										
Orix Leasing Pakistan Limited		220	-	-	220	11,091	3.49%	3.22%	0.22%	
(Face value Rs. 100,000 each)		220	-	-	220	11,091	3.49%	3.22%		
		220	-	-	220	11,091	3.49%	3.22%		
<b>Total</b>		220	3,000	-	3,220	26,464	8.46%	7.83%		
Carrying value of investments as at September 30, 2011										
						26,000				

##### 4.3.3 Significant terms and conditions of Term Finance Certificates outstanding as at September 30, 2011 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
NIB Bank Limited	4,993	1.15%+6 Month KIBOR	5-Mar-08	5-Mar-16
Saudi Pak Leasing Company Limited	3,435	6% Fixed Rate	13-Mar-08	13-Mar-17
Orix Leasing Pakistan Limited - Privately Placed	50,000	1.20%+6 Month KIBOR	15-Jan-08	15-Jul-13
Bank Al-Habib Limited - Privately Placed	5,000	15% Fixed Rate	30-Jun-11	30-Jun-21

  

Issue Date	Tenor	Face Value				Market value at September 30, 2011	Market Value as percentage of		
		As at July 01, 2011	Purchases during the period	Sales / Mature during the period	As at September 30, 2011		Total investment	Net assets	
(Rupees in '000)									
<b>Market treasury bills</b>									
April 21, 2011	3 Months	50,000	-	50,000	-	-	-	-	
June 02, 2011	3 Months	-	20,000	20,000	-	-	-	-	
July 14, 2011	3 Months	-	50,000	20,000	30,000	29,946	9.43%	8.70%	
August 25, 2011	3 Months	-	20,000	-	20,000	19,664	6.19%	5.71%	
		50,000	90,000	90,000	50,000	49,610	15.62%	14.41%	
Carrying value of investments as at September 30, 2011									
						49,618			

	(Un-audited) September 30, 2011 ------(Rupees in '000)-----	(Audited) June 30, 2011
<b>4.6 Net unrealised appreciation on re-measurement of investments classified as 'available-for-sale'</b>		
Market / carrying value of investments	317,454	309,136
Less: Cost of investments	280,700	286,055
	36,754	23,081
Impairment loss on listed equity securities classified as 'available-for-sale'		
- transferred to income statement	4.7.1 160	617
Provision against term finance certificates	4.7.2 3,577	9,561
	3,737	10,178
	40,491	33,259
Less: Net unrealised diminution in the fair value of investments classified as 'available-for-sale' at the beginning of the period	33,259	13,935
	7,232	19,324

4.7.1 As at September 30, 2011, the management has carried out a scrip wise analysis of impairment in respect of equity securities classified as available-for-sale and has determined that an impairment loss amounting to Rs. 0.16 million (2010: Rs nil million) be charged to the Income Statement.

4.7.2 The Issuer of TFCs defaulted towards payment falling due in September 2010. Accordingly, the exposure was classified as non-performing and provision was recognised in accordance with the SECP's provisioning guidelines.

Subsequently, on the request of the Issuer, TFC holders approved the restructuring of the facility by extending repayment period from 5 years to 9 years and by reducing markup rate to 6% for 24 months from restructuring date and 8% for next 24 months and thereafter fixing the markup rate at 1 month KIBOR. Further, half of the accrued markup is to be paid in cash and the balance is being deferred.

Circular 1 of 2009 dated January 6, 2009 read with Circular 3 of 2010 dated January 20, 2010 issued by the SECP state that a debt security can be classified as performing once all arrears (principal & mark-up) have been received in cash and debt security is regular on all payments for the next two instalments. The above exposure has been classified as performing by the MUFAP as arrears due on the date of restructuring were rescheduled and the investee company has settled the next two instalments. The management, based on its assessment, maintains that provision should be retained against this company keeping in view factors like deterioration in liquidity and financial condition and other operating uncertainties.

Accordingly, based on management assessment, provision of Rs 13.14 million has been made against this exposure and mark-up income due amounting to Rs 1.92 million has also not been accrued.

	(Un-audited) September 30, 2011	(Audited) June 30, 2010
<b>5 DIVIDEND AND PROFIT RECEIVABLE</b>		
Dividend receivable	721	816
Profit receivable on bank deposits	203	114
Income accrued on term finance certificates	1,205	2,352
	2,129	3,282
<b>6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advance against subscription of term finance certificates	25,000	25,000
Security deposits with National Clearing Company of Pakistan Limited	3,016	3,016
Security deposits with Central Depository Company of Pakistan Limited	100	100
Receivable from brokers	2,566	6,296
	30,682	34,412
Less: Provision in respect of advance against subscription of term finance certificates	6.1 (25,000)	(25,000)
	5,682	9,412

6.1 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, 2011. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at September 30, 2011, 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.

	(Un-audited) September 30, 2011	(Audited) June 30, 2011
<b>7 PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
Management fee	7.1 642	584
Preliminary expenses and floatation costs incurred on behalf of the Fund	294	351
Sales load payable	26	26
	962	961

7.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities 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 at the rate of two percent per annum of the average annual net assets of the Fund for the current period.

	(Un-audited) September 30, 2011	(Audited) June 30, 2011
<b>8 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration payable	381	266
Payable to brokers	51	229
Provision for Workers' Welfare Fund	16 2,366	2,291
Other payables	129	39
	2,927	2,825
<b>9 PROVISION FOR WORKERS' WELFARE FUND</b>		

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 (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the first quarter financial statements for the year ended June 30, 2012.

Subsequent to the year ended September 30, 2010, 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. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

Subsequent to the quarter ended September 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 decided to continue to maintain the provision for WWF amounting to Rs. 2.366 million (including Rs. 0.074 million for the current period) in these financial statements.

## 10 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, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and the Trustee.

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 the NBFC Regulations and the Trust Deed respectively.

Details of transactions with connected persons and balances with them, if not disclosed elsewhere in these financial statements are as follows:

	Note	Quarter ended September 30,	
		2011	2010
------(Rupees in '000)-----			
<b>10.1 Details of the transactions with connected persons are as follows:</b>			
<b>HBL Asset Management Limited - Management Company</b>			
Management fee		1,858	1,782
<b>Habib Bank Limited - Sponsor</b>			
Bonus units issued: 5,66,374 units (2010: 518,462 units)		47,667	41,716
Bank charges paid during the period		2	15
Profit on bank deposits earned during the period		-	69
Profit on bank deposits received during the period		-	110
Sale of shares: nil ordinary shares (2010: 45,815 ordinary shares)		-	4,475
<b>Directors and Executives of the Management Company and their relatives</b>			
Bonus units issued: 1,133 units (2010: 11406 units )		95	918
<b>OTHER ASSOCIATES</b>			
<b>BOC Pakistan Limited</b>			
Sale of shares: Nil ordinary shares (2010: 10,679 ordinary shares)		-	788
<b>Packages Limited</b>			
Sale of shares: Nil ordinary shares (2010: 12,000 ordinary shares)		-	1,318
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Trustee remuneration		176	179
Central Depository Service charges		3	3
<b>10.2 Transactions involving shares of connected persons:</b>			
Loss on sale of shares of Habib Bank Limited		-	(2,218)
Loss on sale of shares of BOC Pakistan Limited		-	(737)
Loss on sale of shares of Packages Limited		-	(730)
		(Un-audited)	(Audited)
		September 30,	June 30,
		2011	2011
		(Rupees in '000)	
<b>10.3 Balances outstanding as at year end</b>			
<b>HBL Asset Management Limited - Management Company</b>			
Management fee payable		642	584
Sales load payable		26	26
Preliminary expenses and floatation costs payable		294	351

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

<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund: 3,692,051 units (2010: 3,125,678 units)	320,824	310,727
Bank balances	2,315	6,959
Profit receivable on bank deposits	12	26
<b>Directors and Executives of the Management Company and their relatives</b>		
Investment held in the Fund: 7,384 units (2010: 68,764 units)	642	6,836
<b>Associated Companies</b>		
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	57	60
<b>Shares held in associated undertakings</b>		
Ordinary shares held in Habib Bank Limited: 124,667 ordinary shares (2010: 124,677 ordinary shares)	14,881	14,470

## 11 DISCLOSURE UNDER CIRCULAR NO. 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORIZATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide Circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The HBL Asset Management Limited (Management Company) classified HBL Multi Asset Fund (the Fund) as 'Balanced Scheme' in accordance with the said circular. As at September 30, 2011, the Fund is compliant with all the requirements of the said circular except for clause 2(iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus). However, the following investment had a rating below the minimum specified rating.

Name of Non-Complaint Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	% of Net Assets	% of Gross Assets
Saudi Pak Leasing Company Limited	TFC	19,280	13,138	6,142	1.78%	1.76%
Dewan Cement Limited	TFC	25,000	25,000	-	-	-

## 12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassifications made in the current period.

## 13 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.

## 14 GENERAL

Figures have been rounded off to the nearest thousand rupees.

For HBL Asset Management Limited  
(Management Company)

Chief Executive

Director