

CORPORATE INFORMATION

Board of Directors

Azhar Hamid Chairman

Yasir Qadri

Chief Executive Officer

Syed Furrukh Zaeem

Zia Iiaz Director

Sharjeel Shahid Director

Mirza Muhammad Sadeed Hassan Barlas - Director

Naz Khan Director

Audit Committee Naz Khan

Chair

Zia Ijaz Member

Sharjeel Shahid Member

Mirza Muhammad Sadeed

Hassan Barlas Member

Risk Management Committee

Chairman

Sved Furrukh Zaeem

Member

Yasir Qadri Member

Azhar Hamid Member

Sharjeel Shahid Member

HR & Compensation Committee

Azhar Hamid Chairman

Naz Khan Member

Syed Furrukh Zaeem

Zia Ijaz Member

Yasir Qadri Member

Shariah Advisory Board

Mufti Muhammad Hassaan Kaleem Member

Mufti Muhammad Najeeb Khan

Member

Chief Financial Officer

Umair Ahmed

Company Secretary Fawaz Taj Siddiqui

Registered Office

4th Floor, STSM Building, Beaumont Road, Civil Lines,

Karachi, Pakistan.

Operations Office 4th Floor, STSM Building,

Beaumont Road, Civil Lines, Karachi, Pakistan.

UAN: (92-21) 111-825-262 Fax: (92-21) 32214930

Date of incorporation of the Management

Company/ Pension Fund Manager Incorporated in Pakistan on 3 April 2001 as a Public Limited Company under the Companies

Ordinance, 1984

Management Quality Rating

AM1 by JCR-VIS Credit Rating Company

Funds Under Management UBL Liquidity Plus Fund Launch Date: 21 June 2009

UBL Government Securities Fund Launch Date: 27 July 2011

UBL Money Market Fund Launch Date: 14 October 2010

UBL Income Opportunity Fund Mirza Muhammad Sadeed Barlas

Launch Date: 29 March 2013

UBL Growth & Income Fund

(Formerly United Growth & Income Fund)

Launch Date: 2 March 2006

UBL Asset Allocation Fund Launch Date: 20 August 2013

UBL Stock Advantage Fund Launch Date: 4 August 2006

Al-Ameen Islamic Sovereign Fund Launch Date: 07 November 2010

Al-Ameen Islamic Aggressive Income Fund

Launch Date: 20 October 2007

Al-Ameen Islamic Cash Fund Launch Date: 17 September 2012

Al-Ameen Shariah Stock Fund Launch Date: 24 December 2006

Al-Ameen Islamic Asset Allocation Fund Launch Date: 10 December 2013

Al- Ameen Islamic Financial Planning Fund

Launch Date: 23 June 2015

UBL Retirement Savings Fund Launch Date: 10 May 2010

Al-Ameen Islamic Retirement Savings Fund

Launch Date: 10 May 2010

Al-Ameen Islamic Dedidcated Equity Fund

Launch Date: 05 Jan 2016

Al- Ameen Islamic Financial Planning Fund - II Launch Date: 21 February 2017

UBL Capital Protected Fund - III Launch Date: 26 January 2017

UBL Financial Planning Fund Launch Date: 28 September 2017

Conventional Investment Plans

UBL Mahana Munafa Plan

UBL Children Savings Plan

UBL Equity Builder Plan

UBL Wealth Builder Plan

Islamic Investment Plans

Al-Ameen Mahana Munafa Plan Al-Ameen Children Savings Plan

Al-Ameen Equity Builder Plan

Al-Ameen Wealth Builder Plan

Al-Ameen Hajj Savings Plan



Directors' Report

The Board of Directors of UBL Fund Managers Limited is pleased to present to you the reports of its UBL Liquidity Plus Fund (ULPF), UBL Money Market Fund (UMMF), UBL Government Securities Fund (UGSF), UBL Growth and Income Fund (UGIF), UBL Stock Advantage Fund (USF), UBL Income Opportunity Fund (UIOF), UBL Gold Fund (UGF), UBL Asset Allocation Fund (UAAF), UBL Capital Protected Fund - III (UCPF – III), and UBL Conservative Allocation Plan (UCONAP) for the six-months ended December 31, 2017.

Economy & Money Market Review – 1HFY18

Pakistan's economy continued to uptick during the 1HFY18 concocting positive prospects to post a robust above 5% GDP amid accelerated growth in LSM index, expansion in private credit off-take for both working capital and fixed investment, coupled with better security & energy situation. Further, progress into the CPEC and PSDP related activities and GoP policy reforms to arrest twin deficit situation are favorable for sustained GDP growth for the remaining fiscal year.

The Large Scale Manufacturing (LSM) Index continued its strong momentum posting a growth of 7.19% during 5MFY18. Growth was primarily driven by Electronics (+55.70%), Iron & Steel (+40.38%) and Automobile (+24.40%) sectors. We expect LSM growth to remain strong during the rest of the fiscal year on the back of improving performance of export oriented sector, better outlook of major crop production and capacity additions in the infrastructure sector. Private sector credit off take also remained robust, rising by 18%YoY in November while increasing by PKR ~464bn in 11MCY17.

The State Bank of Pakistan in its last monetary policy decided to keep the policy rate unchanged at 5.75% (Discount rate at 6.25%) on account of benign inflation and support from foreign inflows. However, we expect the SBP to raise policy rates during 2018 as the inflationary impact of currency devaluation and escalating oil prices sets in. FDI during the 1HFY18 stood at USD 1.38bn with 70% inflow coming from China.

Average inflation for 1HFY18 remained benign at 3.75% as against 3.88% SPLY remaining well below the full year target of 6.0%. The increase in Headline Inflation witnessed in 2QFY18 (+4.13%) was mainly due to low base effect. We expect the impact of PKR devaluation and higher oil prices to be visible in CPI of the remaining fiscal year. International Oil prices increased to USD 65/barrel during the 1HFY18 on account of tight compliance between OPEC and Non-OPEC members to cut production along with robust demand emanating globally. The key risk to this oil-price hike is the US shale gas production. Persistent surge in oil prices poses risks to the overall current account situation and remains a major threat to a strong growth momentum.

The current account deficit for 6MFY18 widened by 59% YoY to USD 7.4bn, compared to a deficit of USD 4.7bn SPLY. The primary reason was a rise in trade deficit increasing by 24%. The GoP increased Regulatory Duty on non-essential imported items and allowed ~5% PKR devaluation against US Dollar to curtail the overall trade deficit situation. We expect the recent GoP's policy reforms to greatly benefit the export oriented industries and aid in curbing the overall worsened CAD position while increase in machinery imports should bode well for the economy in the long run.

The Government in the last six PIB auctions only managed to eke up PKR ~52bn while majority interest was seen in the short term instrument of ~7.9trn. Yields on short term instruments largely remained unchanged (3M:+2bps 6M:+2bps) whereas long term instruments were adjusted upwards (3Y:+80bps, 5Y:+82bps 10Y:+22bps) during 1HFY18.

Going forward, we expect recent PKR devaluation to greatly benefit the export oriented industries and aid in curbing the current account deficit position. Moreover timely advancements on the USD 62Bn CPEC project and expedited efforts by GoP into the infrastructural development projects following election year presents a promising outlook for higher GDP growth. Improved private sector credit off-take, better security & energy situation coupled with favorable policy environment to ease cost of doing business creates encouraging prospects conducive to investment environment. However, we expect higher international oil prices to remain a key risk to this thesis.

Stock Market Review – 1HFY18

The KSE-100 index underwent a round of bear-run as witnessed in its 13.1% decline closing at 40,471pts at end of 1HFY18. The primary elements that aided to the benchmark index's dismal performance included high political uncertainty, some adverse corporate developments (HBL penalty, Mari SPO, NBP pension decision) along with burgeoning current account position on the macro-economic level.

During the 1HFY18, foreign investors sold heavily (USD 155.1mn worth of shares) white local institutions absorbed this selling pressure. The local companies and insurance companies leading the buying rally buying shares worth USD 71.7mn and USD 63.4mn respectively. The average daily traded shares during this period also remained low at ~78mn as the above mentioned events kept investors wary.

The recent major positive developments including GoP increasing Regulatory Duty of non-essential imported items, raising capital worth USD 2.5bn from the International bond market, ~5% PKR devaluation against greenbacks, passing of Elections Act 2017 by the senate, appointment of Finance Advisor for PM along with stout support by China against Trump's harsh comment over Pakistan's efforts in war against terror all aided to market's recovery against an otherwise abysmal performance

Going forward, the impact of currency devaluation for export oriented sectors, clarity on recently announced tax amnesty scheme, relief in taxes for taxpayers (individual & corporate) accompanied by expedited efforts into infrastructural plans given election year is expected to fuel further interest by market participants. Furthermore, the index currently trades at a steep discount of ~46% relative to MSCI-EM and offers an earnings yield of ~11% is at an exceptional ~500bps premium over comparable short-term government paper. We believe market fundamentals are intact and as GoP further deepens policy actions to address the concerns into the twin deficit situation, the benchmark index should register healthy double-digit returns over a 1-year time horizon.

<u>UBL LIQUIDITY</u> PLUS FUND (ULPF)

UBL Liquidity plus Fund (ULPF) is an open-end Money Market Fund with investment objective to provide attractive daily returns while maintaining comparatively high liquidity. ULPF yielded return of 5.45% p.a. during 1HFY18. Major exposure was maintained in cash and placement with banks at the end of Dec17, thus maintaining high portfolio quality. The net assets of the fund were PKR 6,609mn (PKR 6,097mn excluding fund of funds) at the end of 1HFY18. The Asset allocation was made as such to ensure high liquidity is kept intact. The weighted average maturity of the fund was 15 days at the end of 1HFY18.

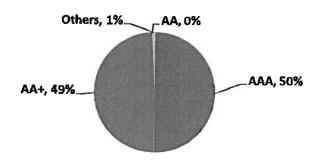
	ULPF	Benchmark
1 HFY18 Return:	5.45%	5.18%
Standard Deviation (12m Rolling):	0.97%	0.05%
Sharpe Ratio (12m Rolling):	0.46	(15.87)

Conventional Funds - Directors Report - Half Year Ended December 31, 2017



Asset Allocation (% of Total Assets)	Oct'17	Nov'17	Dec'17
Placements with Banks	10%	8%	31%
Placements with DFIs	0%	0%	11%
Placements with NBFCs	0%	0%	0%
Reverse Repo	0%	0%	0%
T-Bills	15%	33%	0%
PIBs	0%	0%	0%
Cash	74%	58%	57%
Others	1%	1%	1%
Leverage	0%	0%	0%

ULPF-Portfolio Quality



ULPF vs. Benchmark

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
ULPF (p.a)	5.51%	5.45%	6.41%	6.21%	6.99%	8.65%
Benchmark	5.19%	5.18%	5.22%	5.54%	6.61%	7.97%

Returns are annualized using the Morningstar Methodology

Conventional Funds - Directors Report - Half Year Ended December 31, 2017

The Fund earned total income of PKR 185.495 million for the Half year ended December 31, 2017 which mainly includes markup / interest income on bank balances, placements and government securities. After accounting for the expenses of PKR 30.948 million, the Fund managed to earn a net income of PKR 154.547 million. The net assets of the Fund were PKR 6,609 million as at December 31, 2017 representing the net asset value of PKR 103.4110 per unit.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has maintained the fund stability rating of AA(f) to the Fund.

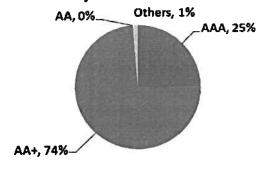
<u>UBL MONEY MARKET FUND (UMMF)</u>

The objective of UBL Money Market Fund is to generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing a major chunk of the portfolio in short term government securities. During the period under review, UMMF generated a return of 4.78% p.a. whereas its net assets were PKR 707mn at the end of 1HFY18. The Fund Manager maintained a high-quality liquid profile during the period with major allocation to Placement with banks and cash & cash equivalents. The weighted average time to maturity of the fund was 14 days at the end of 1HFY18.

	UMMF	Benchmark
1HFY18 Return:	4.78%	5.185%
Standard Deviation (12m Rolling):	0.72%	0.047%
Sharpe Ratio (12m Rolling):	(0.70)	(15.89)

Asset Allocation (% of Total Assets)	Oct 17	Nov 17	Dec'17
Placements with Banks	10%	16%	33%
Placements with DFIs	0%	0%	10%
PIB	0%	0%	0%
GOP Ijarah Sukuk	0%	0%	0%
T-Bills	0%	40%	0%
Cash	90%	43%	56%
Others	1%	2%	1%
Leverage	Nil	Nil	Nil





UMMF vs. Benchmark

	3 Months	6 Months	I Year	3 Years	5 Years	Since Inception
UMMF (p.a)	4.85%	4.78%	5.47%	5.56%	6.51%	8.10%
Benchmark	5.19%	5.18%	5.22%	5.82%	7.26%	8.77%

Returns are annualized using the Morningster Methodology

During the period, the Fund earned total income of PKR 27.197 million for the Half year ended December 31, 2017 which mainly includes markup / interest income on bank balances, placements, term deposits and government securities. After accounting for the expenses of PKR 7.359 million, the Fund managed to earn a net income of PKR 19.839 million. The net assets of the Fund were PKR 707 million as at December 31, 2017 representing the net asset value of PKR 102.8595 per unit.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has maintained AA (f) rating to the Fund.

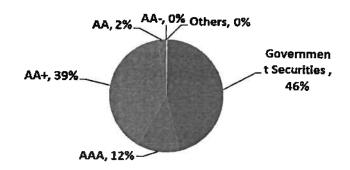
UBL GOVERNMENT SECURITIES FUND (UGSF)

The objective of the fund is to generate a competitive return with minimum risk, by investing primarily in Government Securities. UBL Government Securities Fund posted a return of 4.39% p.a whereas its net assets were PKR 2,835mn at the end of 1HFY18. The fund manager increased exposure of fund into T-bills to and Cash at the end of 1HFY18 as compared to Sep-end. The weighted average maturity of the fund was decreased to 0.15 years by the end of 1HFY18.

	UGSF	Benchmark
1HFY18 Return:	4.39%	6.01%
Standard Deviation (12m Rolling);	0.21%	0.03%
Sharpe Ratio (12m Rolling):	(5.17)	0.89

Asset Allocation (% of Total Assets)	Oct'17	Nov'17	Dec'17
Placements with banks	9%	0%	0%
PIB	0%	0%	0%
GOP Ijarah Sukuk	0%	0%	0%
Reverse Repo	0%	0%	0%
T-Bills	72%	73%	46%
Cash	19%	26%	54%
Others	1%	1%	0%
Leverage	Nil	Nil	Nil

UGSF - Portfolio Quality



UGSF vs. Benchmark

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
UGSF (p.a)	4.71%	4.39%	4.87%	7.47%	8.65%	9.41%
Benchmark	6.01%	6.01%	5.99%	6.05%	7.15%	7.85%

Returns are annualized using the Morningstar Methodology

The Fund earned total income of PKR 93.110 million for the Half year ended December 31, 2017 which mainly includes markup / interest income on bank balances, placements, term deposits and government securities. After accounting for the expenses of PKR 24.919 illion, the Fund managed to earn a net income of PKR 68.191 million. The net assets of the Fund were PKR 2,835 million as at December 31, 2017 representing the net asset value of PKR 107.9066 per unit.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned A+ (f) rating to the Fund.

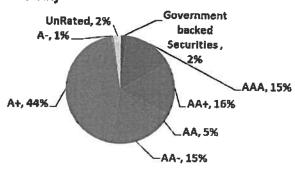
UNITED GROWTH & INCOME FUND (UGIF)

UGIF is an open-end Aggressive Fixed Income Fund, investing in medium to long-term fixed income instruments as well as short-tenor money market instruments and seeks to generate superior, long-term, risk-adjusted returns while preserving capital over the long-term. The fund has posted a return of 3.60% p.a. during 1HFY18. Its fund size stood at PKR 3,254 at end of Dec'17. The fund manager increased exposure of fund into TFC to and Cash, weighted average time to maturity of the fund was 2.09 years at the end of 1HFY18.

	UGIF	Benchmark
1HFY18 Return:	3.60%	6.22%
Standard Deviation (12m Rolling):	0.79%	0.03%
Sharpe Ratio (12m Rolling):	(1.35)	8.72

Asset Allocation (% of Total Assets)	Oct ¹ 17	Nov'17	Dec'17
Term Finance Certificates/ Sukuks	24%	29%	34%
Commercial Paper	2%	0%	0%
Placements with DFIs	0%	0%	0%
Placements with Banks	13%	0%	0%
Cash	57%	69%	64%
T-Bills	0%	0%	0%
PIBs	0%	0%	0%
GOP Ijarah Sukuk	0%	0%	0%
Others	3%	2%	2%
Leverage	Nil	Nil	Nil

UGIF Portfolio Quality



UGIF vs. Benchmark

	3 Months	6 Months	I Year	3 Years	5 Years	Since Inception
UGIF (p.a)	3.18%	3.60%	4.90%	9.03%	11.36%	6.28%
Benchmark	6.23%	6.22%	6.20%	6.84%	7.96%	10.15%

Returns are annualized using the Morningstar Methodology

The Fund posted a net profit of PKR 103.497 million for the Half year ended December 31, 2017 . The net assets were PKR 3,253.983 million as at December 31, 2017 representing a net asset value of PRK 86.4209 per unit.

JCR-VIS Credit Rating Company Limited (JCR-VIS) maintained A(f) fund stability rating of the Fund.

Conventional Funds - Directors Report - Half Year Ended December 31, 2017

<u>UNITED STOCK ADVANTAGE FUND (USF)</u>

USF is an open-end Equity Fund, investing primarily in equities listed on the KSE. The Fund seeks to maximize total returns and outperform its benchmark by investing in a combination of securities offering long term capital gains and dividend yield potential. During the period under review, the fund declined by 12.80% amid benchmark index's declining by 13.09%, the fund size stood at PKR 6,581mn at end of Dec17.

	USF	Benchmark
1HFY18 Return:	-12.80%	-13.09%
Standard Deviation (12m Rolling):	18.28%	18.11%
Sharpe Ratio (12m Rolling):	(0.82)	(1.18)

Asset Allocation (% of Total Assets)	Oct 17	Nov 17	Dec'17
Equities	83%	84%	84%
International Investments	0%	0%	0%
Cash	15%	14%	15%
Others	2%	1%	1%
Leverage	Nil	Nil	Nil

USF vs. Benchmark

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
USF	-3.58%	-12.80%	-8.96%	34.52%	168.70%	391.39%
Benchmark	-4.57%	-13.09%	-15.34%	22.09%	118.08%	225.49%

Returns are on absolute basis

The Fund incurred a net loss of PKR 1,050.166 million for the Half year ended December 31, 2017 (including an unrealized loss of PKR 867.656 million on revaluation of investments) as compared to a net gain of PKR 1,441.902 million (including an unrealized gain of PKR 884.151 million on revaluation of investments) during the same period last year. The capital loss from the sale of securities amounted to PKR 269.558 million (December 31, 2016; capital gain amounting to PKR 306.834 million) and dividend income amounting to PKR 168.783 million (December 31, 2016: PKR 106.209 million). As at December 31, 2017, net assets of the Fund were PKR 6,581 million representing the net asset value of PKR 66.47 per unit.

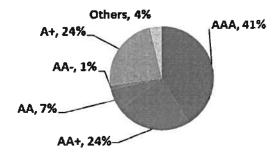
<u>UBL INCOME OPPORTUNITY FUND (UIOF)</u>

The Objective of UBL Income Opportunity Fund is to provide a competitive rate of return to its investors by investing in quality TFCs / Sukuk, Government Securities, Bank Deposits, and short and long term debt instruments. The Fund posted a return of 3.04% p.a. during 1HFY18. The weighted average maturity of the fund has been reached to 1.39 year at the end of Dec17. The Fund's Asset Size stood at PKR 148mn at the end of 1HFY18

	UIOF	Benchmark
1HFY18 Return:	3.04%	6.04%
Standard Deviation (12m Rolling):	0.28%	0.02%
Sharpe Ratio (12m Rolling):	(8.02)	2.67

Asset Allocation (% of Total Assets)	Oet'17	Nov 17	Dec'17
Term Finance Certificates / Sukuks	25%	25%	17%
Placements with Banks	20%	0%	9%
Placements with NBFCs	0%	0%	0%
PĪBs	0%	0%	0%
GOP Ijarah Sukuk	0%	0%	0%
T-Bills	0%	0%	0%
Cash	51%	71%	70%
Others	4%	4%	4%
Leverage	Nil	Nil	Nil

UIOF Portfolio Quality



UIOF vs. Benchmark

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
UIOF (p.a)	3.16%	3.04%	3.76%	6.48%	-	7.17%
Benchmark	6.06%	6.04%	6.03%	6.56%	-	7.36%

Returns are annualized using the Morningstar Methodology

The Fund earned total income of PKR 4.750 million for the Half year ended December 31, 2017 which mainly includes markup / interest income on bank balances After accounting for the expenses of PKR 2.411 million, the Fund managed to earn a net income of PKR 2.339 million. The net assets of the Fund were PKR 148 million as at December 31, 2017 representing the net asset value of PKR 111.6457 per unit.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned fund stability rating of A- (f) to the fund.

Conventional Funds - Directors Report - Half Year Ended December 31, 2017

UBL Asset Allocation Fund (UAAF)

The investment objective of the Fund is to earn competitive return by investing in various asset classes/instruments based on the market outlook. During the period under review, the fund posted a negative return of 3.63%. The fund manager maintained the exposure in local equity market of around 38% while exposure in cash stood at 51% at the end of Dec17. The net assets of the fund were PKR 1,729mn at the end of 1HFY18

	ŲAAF	Benchmark
1HFY18 Return:	-3.63%	4.36%
Standard Deviation (12m Rolling):	7.55%	0.31%
Sharpe Ratio (12m Rolling):	(0.82)	8.44

Asset Allocation (% of Total Assets)	Oct' 17	Nov'17	Dec'17
Equities	36%	39%	38%
T-bills	50%	30%	0%
PIBs	0%	0%	0%
TFC/ Sukuk	6%	10%	10%
Placements with banks	0%	0%	0%
Cash	7%	20%	51%
Others	1%	1%	1%
Leverage	Nil	Nil	Nil

UAAF vs. Benchmark

Returns are on absolute basis

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
UAAF	-0.34%	-3.63%	-0.23%	31.06%	-	72.54%
Benchmark	2.27%	4.36%	8.60%	29.46%	-	56.47%

The Fund incurred a net loss of PKR 109.308 million for the Half year ended december 31, 2017 (including an unrealized loss of PKR 50.271 million on revaluation of investments) as compared to a net gain of PKR 206.575 million (including an unrealized gain of PKR 105.026 million on revaluation of investments) during the same period last year. The capital loss from the sale of securities amounted to PKR 110.696 million (December 31, 2016: capital gain amounting to PKR 54.944 million) and dividend income amounting to PKR 28.145 million (December 31, 2016; PKR 21.394 million). As at December 31, 2017, net assets of the Fund were PKR 1,729 million representing the net asset value of PKR 129.88 per unit.

UBL Capital Protected Fund III (UCPF-III)

UBL Capital Protected Fund - III (UCPF-III) is an open-end Fund with investment objective to protect the principal investment of the investors upon maturity by placing a significant portion of the Trust Property as TDR with a minimum AA- rated Bank, and remaining in equity market or any other SECP permitted investments to provide investors with better returns. UCPFF-III 1HFY18 registered a return of -1.05%. Major exposure was maintained in placements with bank and equities during Dec17. The net assets of the fund were PKR 421mn at the end of

	UCPF-III	Benchmark
1HFY18 Return:	-1.05%	-0.02%
Standard Deviation (12m Rolling):	n/a	n/a
Sharpe Ratio (12m Rolling):	n/a	n/a

Asset Allocation (% of Total Assets)	Oct'17	Nov 17	Dec'17
Placements with banks	84%	85%	84%
Equities	10%	9%	9%
T-bills	0%	0%	0%
Spread Transactions	0%	0%	0%
Others	6%	6%	6%
Cash	0%	1%	1%
Leverage	Nil	Nil	Nil

UCPF-III vs. Benchmark

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
UCPF-III	-0.34%	-3.63%	-0.23%	31.06%		72.54%
Benchmark	2.27%	4.36%	8.60%	29.46%		56.47%
Returns are on a	absolute basic					30.777

Returns are on absolute basis

The Fund incurred a net loss of PKR 4.251 million for the Half year ended December 31, 2017 (including an unrealized loss of PKR 7.663 million on revaluation of investments)). As at December 31, 2017, net assets of the Fund were PKR 421 million representing the net asset value of PKR 99.1090 per unit.

UBL Financial Planning Fund (UBL Conservative Allocation Plan)

UBL Conservative Allocation Plan (UCONAP) is an open-end plan which is launched under the umbrella of UBL Financial Planning Fund. The objective of the plan is to generate stable returns while maintaining high liquidity by investing in Money Market Funds. UCONAP yielded return of 4.92% p.a. since inception. Major exposure was maintained in UBL Liquidity Plus Fund (ULPF) Dec17, thus maintaining high portfolio quality. The net assets of the fund were PKR 516mn at the end of 1HFY18. The Asset allocation was made as such to ensure high liquidity is kept intact.

UCONAP Benchmark

1HFY18 Return:	4.92%	4.20%
Standard Deviation (12m Rolling):	n/a	n/a
Sharpe Ratio (12m Rolling):	п/а	n/a

Asset Allocation (% of Total Assets)	Oct'17	Nov'17	Dec'17
UBL Liquidity Plus Fund	100%	100%	100%
UBL Money Market Fund	0%	0%	0%
Others	0%	0%	0%
Cash	0%	0%	0%
Leverage	Nil	Nil	Nil

UFPF (UCONAP) vs. Benchmark

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
UCONAP	4.99%	-	-	-	-	4.92%
Benchmark	4.20%		-	_	_	4.20%

Returns are annualized using the Morningstar Methodology

The Fund managed to earn a net income of PKR 9.798 million for Half year ended December 31, 2017 (including unrealized gain of PKR 4.598 million on revaluation of investments). The capital gain on sale of securities amounted to PKR 5.963 million. As at December 31, 2017, net assets of the Fund were PKR 516 million representing the net asset value of PKR 100.0300 per unit.

Future Outlook

We continue to maintain a positive outlook on the local equity market in the short to medium-term. Recent PKR devaluation is expected to support the export oriented industries greatly and aid in curbing the current account deficit position. Progress into the USD 62Bn CPEC project and speedy completion of PSDP projects following election year has a positive outlook for higher GDP growth. Improved private sector credit off-take, better security & energy situation coupled with favorable policy environment to ease cost of doing business creates encouraging prospects conducive for investment environment. However, we expect higher international oil prices to remain a key risk to this thesis.

We expect impact of PKR devaluation against USD for export oriented sectors, clarity on recently announced tax amnesty scheme, relief in taxes for taxpayers (individual & corporate) accompanied by expedited efforts into infrastructural development projects given election year to be vivid in coming months which is expected to fuel further interest by market participants. The fundamentals of the stock market are intact and the market is trading at a significant discount as compared to the regional peers. Over and above, growth in corporate earnings, revival of distressed units, expansion stories by different sectors and potential investments in new business opportunities should bode well for the equity market. Low yields on fixed income securities and the positive outlook of the country's economy make it all the more important for investors to allocate a portion of their portfolios to equity.

<u>Acknowledgements</u>

We would like to thank our valued unit holders for their confidence and trust in UBL Fund Managers Limited. In addition, we would like to acknowledge the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, the Pakistan Mercantile Exchange and Central Depository Company of Pakistan Limited (Trustee) for their continued support, guidance and cooperation. The Board also likes to take this opportunity to express its appreciation to the employees for their dedication, commitment, enthusiasm and hard work.

FOR & ON BEHALF OF THE BOARD

CHIEF EXECUTIVE

Karachi, Dated: 22 February 2018

ULPF

UBL Liquidity Plus Fund

INVESTMENT OBJECTIVE

ULPF is an open-end Money Market Fund, investing in a diversified portfolio of low risk assets. The Fund seeks to provide attractive daily returns while maintaining comparatively high liquidity.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited
11 uptoe	99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal,
	Karachi. Tel: (9221) 111-111-500
-	
Distribution Company	United Bank Limited
	(for detail of others, please visit our website: www.ublfunds.com.pk)
Auditor	BDO Ebrahim & Co., Chartered Accountants
Bankers	United Bank Limited Bank Alfalah Limited
	MCB- Global
	Faysal Bank Limited
	Samba Bank
	Allied Bank Limited
	Habib Bank Limited
	Sindh Bank Limited
	ZTBL
	Habib Metropolitan Bank Limited
	Askari Bank Limited
	Meezan Bank Limited
Management Co.Rating	AM1 (JCR-VIS)
Fund Rating	AA(f) (JCR-VIS)

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal, Karachi - 74400, Pakistan. Tel: (92-21) 111-111-500 Fax: (92-21) 34326020 - 23 URL: www.cdcpakistan.com Email: info@cdcpak.com





TRUSTEE REPORT TO THE UNIT HOLDERS

UBL LIQUIDITY PLUS FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Liquidity Plus Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 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.

Aftab Ahmed Diwan Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 20, 2018





Tel: +92 21 3568 3030 Fax: +92 21 3568 4239 www.bdo.com.pk

2nd Floor, Block-C Lakson Square, Building No.1 Sarwar Shaheed Road Karachi-74200 Pakistan

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of UBL LIQUIDITY PLUS FUND ("the Fund") as at December 31, 2017 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management Company of the Fund is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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 condensed 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 at and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2017 and December 31, 2016 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 1 6 FFB 2018

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

UBL LIQUIDITY PLUS FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED) AS AT DECEMBER 31, 2017

		December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	(Rupees	in '000)
ASSETS			
Bank balances	4	3,809,205	4,179,845
Investments	5	-	-
Placements and term deposit receipts	6	2,821,000	-
Mark-up / interest receivable		47,310	21,443
Advance tax	7	1,966	1,944
Deposits, prepayments and other receivables		4,120	54,397
TOTAL ASSETS		6,683,601	4,257,629
LIABILITIES			
Payable to UBL Fund Managers Limited - Management Company		3,453	2,676
Payable to Central Depository Company of Pakistan Limited - Trustee		588	320
Payable to Securities and Exchange Commission of Pakistan		2,171	2,490
Accrued expenses and other liabilities	8	68,877	169,900
TOTAL LIABILITIES		75,089	175,386
NET ASSETS		6,608,512	4,082,243
UNIT HOLDERS FUND (AS PER STATEMENT ATTACHED)		6,608,512	4,082,243
CONTINGENCIES AND COMMITMENTS	9		
		(Number	of Units)
NUMBER OF UNITS IN ISSUE		63,905,324	40,545,329
		(Rupees)	
NET ASSETS VALUE PER UNIT		103.4110	100.6834
		: . C	

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

SD	SD	SD
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

UBL LIQUIDITY PLUS FUND CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

TOR THE HEAT TERM IN TO QUINTER ENDED DECEMBER 31, 20		Half year ended		Quarter Ended	
	Note	December 31, 2017 (Rupees	December 31, 2016 s in '000)	December 31, 2017 (Rupees	December 31, 2016 in '000)
INCOME					
Financial income		185,516	115,580	104 104	51 277
			,	104,184	51,377
Capital loss on sale of investments - net		(21)	(863)	(117)	(99)
Unrealised gain on revaluation of investments			1		20
at fair value through profit or loss - net		-	1	-	28
Other income		105.405	46	104.067	46
Total income EXPENSES		185,495	114,764	104,067	51,352
		17.207	16.150	0.100	6.517
Remuneration of UBL Fund Managers Limited - Management Company		17,207	16,158	9,109	6,517
Sales tax on Management Company's remuneration		2,237	2,100	1,184	847
Allocated expenses		2,086	1,801	817	837
Remuneration of Trustee		2,880	1,953	1,591	922
Annual fee of Securities and Exchange Commission of Pakistan		2,171	1,351	1,219	628
Bank charges		355	73	252	35
Auditors' remuneration		473	440	267	100
Brokerage and settlement expenses		241	152	181	78
Fees and subscription		148	171	74	82
Other expense		57	323	27	323
Total operating expenses		27,855	24,522	14,721	10,369
Operating income for the period		157,640	90,242	89,346	40,983
Element of loss and capital losses included in prices of					
units issued less those in units redeemed - net		-	(28,696)	-	(22,913)
Provision for Sindh Workers' Welfare Fund	8.2	(3,094)		(1,752)	
Net income for the period before taxation		154,546	61,546	87,594	18,070
Taxation	10				
Net income for the period after taxation		154,546	61,546	87,594	18,070
Allocation of net income for the period					
Income already paid on units redeemed		(67,864)		(42,897)	
Net income for the period available for distribution		86,682		44,697	
Net income for the period available for distribution:					
- Relating to capital gains		-		-	
- Excluding capital gains		86,682		44,697	
C 1 6		86,682		44,697	
Earnings per unit	12				
	CI.				

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

SD	SD	SD
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

UBL LIQUIDITY PLUS FUND CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Half yea	ar ended	Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Rupees in '000)		(Rupees	in '000)
Net income for the period after taxation	154,546	61,546	87,594	18,070
Other comprehensive income				
Items that may be reclassified subsequently to				
income statement	-	-	-	-
Items that will not be reclassified subsequently to				
income statement	-	-	-	-
Total comprehensive income for the period	154,546	61,546	87,594	18,070

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

SD	SD	SD
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

UBL LIQUIDITY PLUS FUND CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended	
	December 31,	December 31,
	2017	2016
	(Rupees i	in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	154,546	61,546
Adjustments for:		
Financial income	(185,516)	(115,580)
Unrealised gain on revaluation of investments		
at fair value through profit or loss - net	-	(1)
Capital loss on sale of investments - net	21	863
Element of loss and capital losses included in the prices		
of units issued less those in units redeemed - net	-	28,696
	(185,495)	(86,022)
	(30,949)	(24,476)
(Increase) / decrease in assets		
Investments - net	(21)	87,676
Advance tax	(22)	(8)
Deposits, prepayments and other receivables	50,277	2,350
	50,234	90,018
Increase / (decrease) in liabilities		
Payable to UBL Fund Managers Limited - Management Company	777	(4,037)
Payable to Central Depository Company of Pakistan Limited - Trustee	268	(27)
Annual fee payable to Securities and Exchange Commission of Pakistan	(319)	(2,569)
Accrued expenses and other liabilities	(101,023)	(15,661)
	(100,297)	(22,294)
Cash (used in) / generated from operating activities	(81,012)	43,248
Profit received on bank balances and investments	159,649	153,923
Net cash generated from operating activities	78,637	197,171
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	11,471,463	5,664,199
Payment against redemption of units	(9,099,740)	(5,756,222)
Net cash generated from / (used in) financing activities	2,371,723	(92,023)
Net increase in cash and cash equivalents	2,450,360	105,148
Cash and cash equivalents at beginning of the period	4,179,845	1,975,376
Cash and cash equivalents at end of the period	6,630,205	2,080,524
CASH AND CASH EQUIVALENTS		
Bank balances	3,809,205	2,080,524
Placements and term deposit receipts	2,821,000	
	6,630,205	2,080,524

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

SD SD SD	CHIEF EXECUTIVE OFFICED	CHIEF FINANCIAL OFFICED	DIDECTOR
	SD	SD	SD

UBL LIQUIDITY PLUS FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended	
	December 31, 2017	December 31, 2016
	(Rupees	in '000)
Net assets at the beginning of the period	4,082,243	2,501,908
Rs. 100.6834 per unit (June 30, 2016: Rs. 100.5229 per unit) Issue of 112,298,261 units (December 31, 2016: 55,823,076 units)	11,471,463	5,664,199
Capital value of units	11,306,571	-
Element of income - net	164,892	-
Redemption of 88,938,266 units (December 31, 2016: 56,453,051 units)	(9,099,740)	(5,756,222)
Capital value of units	(8,954,607)	-
Element of loss - net	(145,133)	
	6,453,966	2,409,885
Element of loss and capital losses included in the prices of		
units issued less those in units redeemed - net	-	28,696
Capital loss on sale of investments - net	(21)	(863)
Unrealised gain on remeasurement of investments at fair value		
through profit or loss - net	- 154.567	1
Other income for the period	154,567 154,546	62,408
Net assets at end of the period	134,340	61,546
Rs. 103.4110 per unit (December 31, 2016: Rs. 103.0599 per unit)	6,608,512	2,500,127
Undistributed income brought forward comprising of:		
Realised income	80,087	75,020
Unrealised loss		(1,443)
Undistributed income brought forward	80,087	73,577
Net income for the period available for distribution:	86,682	61,546
Relating to capital gains	-	-
Excluding capital gains	86,682	-
Undistributed income carried forward	166,769	135,123
Undistributed income carried forward comprising of:		
Realised income	166,769	135,122
Unrealised income	1// 7/0	125 122
	166,769	135,123

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

SD	SD	SD
CHIEF EXECUTIVE OFFICED	CHIEF FINANCIAL OFFICED	DIDECTOD

UBL LIQUIDITY PLUS FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 UBL Liquidity Plus Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end mutual fund. It was constituted under the Trust Deed, dated May 07, 2009 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the repealed Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 4th Floor STSM Building Beaumont Road, Civil Lines, Karachi.
- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is a money market scheme and units of the Fund are listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund is categorised as an open-ended money market scheme in accordance with Circular 7 of 2009 issued by the SECP and it commenced its operations on June 21, 2009.
- 1.4 The principal activity of the Fund is to seek and provide attractive daily returns while maintaining comparatively high liquidity by investing in diversified portfolio of low risk assets.
- 1.5 Title to the assets of the Fund are held in the name of the CDC as the Trustee of the Fund.
- 1.6 JCR-VIS credit rating company has upgraded manager quality rating from AM2++ to AM1 (stable outlook) of the Management Company and assigned stability rating of AA(f) to the Fund as at December 29, 2017.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial informations has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984, the requirements of the Trust Deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 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 the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

This condensed interim financial information of the Fund has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan (SECP) issued vide Circular No. 23 dated October 04, 2017 and subsequently clarified by Institute of Chartered Accountants of Pakistan through their Circular No. 17 date October 6, 2017.

This condensed interim financial information is unaudited, however, limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2017.

The comparative statement of assets and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2017, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2016.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, ASSUMPTIONS AND CHANGES THEREIN

3.1 The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2017 except for change in accounting policy for recognition of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed as disclosed in note 3.5 to this condensed interim financial information. The preparation of this condensed interim financial information in conformity with the approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

- 3.2 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2017.
- 3.4 Certain amendments to the approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations, 2008). The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. As per the notification, Element of Income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund which was previously taken to income statement.

This is a change in accounting policy to be dealt with, in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors by applying the change retrospectively and restating the comparative figures. However, since there are practical impediments attached to retrospective application of change in accounting policy and retrospective restatement, therefore, the management has applied the above change in accounting policy prospectively from July 01, 2017. Further, MUFAP has clarified that the amendment is applicable for accounting period beginning on July 01, 2017. Had the change in accounting policy not been applied, the income of the Fund would have been lower by Rs. 19.759 million.

			December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
4	BANK BALANCES	Note	(Rupees in	n '000)
	Profit and loss saving accounts	4.1	3,009,201	4,179,841
	Call Deposit Receipt	4.2	800,000	-
	Current accounts		4	4
			3,809,205	4,179,845

- 4.1 Profit rates on these savings accounts range between 3.75% to 6.75% per annum (June 30, 2017: 3.75% to 6.2% per annum). This includes an amount held by a related party (United Bank Limited) amounting to Rs. 2,027 million (June 30, 2017: Rs 157 million) on which return is earned at 4% (June 30, 2017: 4%) per annum.
- 4.2 Call Deposit Receipt having face value of Rs. 800 million carrying interest rate of 6.65% was acquired during the period.

5 INVESTMENTS

5.1 Government Securities - Designated at fair value through profit or loss'

Name of security		At the July 1, 2017	Acquired during the period	Sold/matured during period	At the December 31, 2017	Market value as at December 31, 2017	Market value as at June 30, 2017	Percentage of net assets
	Note		No. of l	noldings		(Rupees	in '000)	
Market Treasury Bills								
3 months	5.1.1		98,640	(98,640)	-	-	-	

5.1.1 The nominal value of the instrument is Rs. 100,000 each.

December 31, June 30, 2017 (Unaudited) (Audited) ------ (Rupees in '000) ------

6 PLACEMENTS AND TERM DEPOSIT RECEIPTS

Opening balance		-	-
Acquired during the period / year	6.1 & 6.2	2,821,000	940,000
Matured during the period / year		-	(940,000)
Closing balance		2,821,000	
	;		

- 6.1 Term Deposit Receipts having face value of Rs. 2,091 million carrying interest rates ranging from 6.5% to 7.6% were acquired during the period.
- 6.2 Letter of Placements having face value of Rs. 730 million carrying interest rate of 6.5% was acquired during the period.
- 6.3 As per Regulation 55(5) of the Regulations, exposure of a collective investment scheme to any single entity shall not exceed an amount equal to ten per cent of total net assets of the collective investment scheme. The Fund has made investments in following entities in excess of ten percent of its net assets:

Entity	Amount (Rupees in '000)	Percentage of Net Assets
United bank Limited	730,000	11%
Allied Bank Limited	776,000	12%
Pak Brunei Investment Company Limited	730,000	11%

7 ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II-66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same shall be refunded.

8 ACCRUED EXPENSES AND OTHER LIABILITIES

8.1 Provision for indirect taxes and duties

This includes provision for indirect duties and taxes amounting to Rs. 55.39 million. As fully disclosed in the annual financial statements of the fund for the year ended June 30, 2017, the Management Company, as a matter of abundant caution, has maintained full provision of Federal Excise Duty (FED) made upto June 30, 2016.

However, on September 23, 2016 the Federal Board of Revenue have filed an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan, which is pending adjudication.

Had the provision not been made, the net asset value per unit of the Fund as at December 31, 2017 would have been higher by Re. 0.8667 per unit (June 30, 2017: Rs. 1.3661 per unit).

Furthermore, after the promulgation of Finance Act, 2017 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

8.2 Provision for Workers' Welfare Fund (WWF)

As disclosed in note 14.2 to the annual financial statements for the year ended June 30, 2017, the Provision for Workers' Welfare Fund (WWF) held in the books of accounts till June 30, 2015 was reversed on January 12, 2017. There is no change in the status of the legal proceeding on this matter, which has been fully disclosed in note 14.2 to the annual audited financial statements for the year ended June 30, 2017.

This includes provision for Sindh Workers' Welfare Fund (SWWF) as at December 31, 2017 amounting to Rs. 6.736 million (June 30, 2017: Rs. 3.642 million). The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP recommended its members to make provision for SWWF on prudence basis. Had the SWWF not been provided for, the net assets value per unit would have been higher by Re. 0.105 (June 30, 2017: Re. 0.001).

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2017 and June 30, 2017.

10 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed to the unit holders in the form of cash. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income, other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance 2001. The Management Company intends to distribute in the form of cash at least 90% of the income as reduced by capital gain whether realized or unrealized earned by the end of this year to the unit holders. Accordingly, no provision for current and deferred tax has been made in this condensed interim financial information.

11 TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by Securities and Exchange Commission of Pakistan the total expense ratio of the Fund is 0.54% as on December 31, 2017 and this includes 0.14% representing government levy, Sindh Worker's Welfare Fund and SECP fee.

12 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed in this condensed interim financial information as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

13 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee) and the Directors and Officers of Management Company.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Rules, NBFC Regulations and the Trust Deed respectively.

Other transactions with the related parties / connected persons have been carried out at agreed / commercial terms.

Details of transaction with the related parties and balances with them at the half year end are as follows:

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
			(Rupees	in '000)		
Transactions during the half year						
ended December 31, 2017						
Profit on savings accounts	-	8,789	-	-	-	-
Bank charges	-	45	-	-	-	-
Units issued	390,000	-	-	1,597,806	6,376	-
Units redeemed	309,882	5,000	-	755,037	874	-
Purchase of securities	-	730,000		-	-	-
Sale of securities	-	-	-	-	-	-
Remuneration*	19,444	-	2,880	-	-	-
Allocated expenses	2,086	-	-	-	-	-
Transactions during the half year						
ended December 31, 2016						
Profit on savings accounts	-	2,296	-	-	-	-
Bank charges	-	19	-	-	-	-
Units issued	-	-	-	-	898,204	-
Units redeemed	-	-	-	-	31,810	-
Purchase of securities	-	4,331,098		159,529	-	-
Sale of securities	-	-	-	1,928,740	-	-
Remuneration	18,258	-	1,953	-	-	-
Allocated expenses	1,801	-	-	-	-	-
Custody fee	-	-	3	-	-	-

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
			(Rupees	111 000)		
Balances held as at December 31, 2017						
Units held (in Units '000)	789	176	-	8,255	98	-
Units held (in Rupees '000)	81,591	18,200	-	853,658	10,134	-
Bank balances	-	2,027,464	-	-	-	-
Deposits	-	730,000	-	-	-	-
Remuneration payable	3,453	-	588	-	-	-
Profit receivable	5,952	-	-	-	-	-
Balances held as at June 30, 2017						
Units held (in Units '000)	-	1,190	-	-	44	9,961
Units held (in Rupees '000)	-	119,813	-	-	4,430	1,002,907
Bank balances	-	156,665	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable	2,048	-	320	-	-	-
Other payables	66	-	-	-	-	-
Profit receivable	-	78	-	-	-	-
Allocated expense payable	562	-	-	-	-	-

^{*}This includes Sindh Sales Tax charged on the remuneration of the Management Company at the rate of 13% (June 30,2017:13%)

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature or periodically repriced.

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair value Measurement), the Fund shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)

There were no financial instruments held by the fund which are measured at fair value as of December 31, 2017 and June 30, 2017.

		Carryin	g Amount	Fair value			
			nber 31, 2017		As at	December 31	, 2017
	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
				Rupees in '000-			
Financial assets not measured at fair value* Bank balances			3,809,205	_			
Placement and Term deposit receipts	-	-	2,821,000	_	-	-	-
Deposits and other receivables	-	_	2,821,000	4,001	-	_	-
Mark-up / interest receivable	-	_	_	47,310	-	_	-
Wark-up / interest receivable			6,630,205	51,311			
			0,030,203	31,311			
Financial liabilities not measured at fair value*							
Payable to UBL Fund Managers Limited							
Management Company	_	-	_	3,453	-	_	-
Payable to Central Depository Company							
of Pakistan Limited - Trustee	-	-	-	588	-	-	-
Accrued expenses and other liabilities	_	-	-	517	-	_	=
	-	-	-	4,558	-	_	-
			g Amount ne 30, 2017		As	Fair value at June 30, 2	017
	Fair value through	Available	Loans and	Other		, 1a	
		Available for sale	Loans and receivables	financial	Level 1	Level 2	Level 3
	through				Level 1	Level 2	
	through profit and	for sale	receivables	financial			Level 3
Financial assets not measured at fair value*	through profit and	for sale	receivables	financial liabilities			Level 3
Financial assets not measured at fair value*	through profit and	for sale	receivables	financial liabilities			Level 3
Bank balances	through profit and	for sale	receivables	financial liabilities			Level 3
Bank balances Placement and Term deposit receipts	through profit and	for sale	4,179,845	financial liabilities			Level 3
Bank balances Placement and Term deposit receipts Deposits and other receivables	through profit and	for sale	4,179,845 - 54,158	financial liabilities			Level 3
Bank balances Placement and Term deposit receipts	through profit and	for sale	4,179,845 - 54,158 21,443	financial liabilities			Level 3
Bank balances Placement and Term deposit receipts Deposits and other receivables	through profit and loss	for sale - - - -	4,179,845 - 54,158	financial liabilities		- - - - - -	Level 3
Bank balances Placement and Term deposit receipts Deposits and other receivables Mark-up / interest receivable Financial liabilities not measured at fair value*	through profit and loss	for sale - - - -	4,179,845 - 54,158 21,443	financial liabilities		- - - - - -	Level 3
Bank balances Placement and Term deposit receipts Deposits and other receivables Mark-up / interest receivable Financial liabilities not measured at fair value* Payable to UBL Fund Managers Limited Management Company	through profit and loss	for sale - - - -	4,179,845 - 54,158 21,443	financial liabilities		- - - - - -	Level 3
Bank balances Placement and Term deposit receipts Deposits and other receivables Mark-up / interest receivable Financial liabilities not measured at fair value* Pay able to UBL Fund Managers Limited Management Company Pay able to Central Depository Company	through profit and loss	for sale - - - -	4,179,845 - 54,158 21,443	financial liabilities - Rupees in '0000-		- - - - - -	Level 3
Bank balances Placement and Term deposit receipts Deposits and other receivables Mark-up / interest receivable Financial liabilities not measured at fair value* Pay able to UBL Fund Managers Limited Management Company Pay able to Central Depository Company of Pakistan Limited - Trustee	through profit and loss	for sale - - - -	4,179,845 54,158 21,443 4,255,446	financial liabilities - Rupees in '0000-	- - - - -	- - - - - -	Level 3
Bank balances Placement and Term deposit receipts Deposits and other receivables Mark-up / interest receivable Financial liabilities not measured at fair value* Pay able to UBL Fund Managers Limited Management Company Pay able to Central Depository Company	through profit and loss	for sale - - - -	4,179,845 - 54,158 21,443	financial liabilities - Rupees in '0000-		- - - - - -	Level 3

^{*} The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Transfers during the period

During the half year ended December 31, 2017, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 financial instruments.

15 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the period.

16 GENERAL

- 16.1 This condensed interim financial information is presented in Pakistan Rupees which is also the Fund's functional currency and all financial information presented has been rounded off to the nearest thousand rupees unless otherwise stated.
- 16.2 This condensed interim financial information was authorized for issue by Board of Directors of the Management Company on <u>February 16, 2018</u>.

SD	SD	SD
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

UMMF

UBL Money Market Fund

INVESTMENT OBJECTIVE

The objective of UBL Money Market Fund is to generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing a major chunk of the portfolio in short term government securities.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal,
	Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited
	(for detail of others, please visit our website: www.ublfunds.com.pk)
Auditor	KPMG - Taseer Hadi & Co
Bankers	United Bank Limited Bank Alfalah Limited
	MCB- Global
	Faysal Bank Limited
	Samba Bank
	Allied Bank Limited
	Habib Bank Limited
	Sindh Bank Limited
	ZTBL
	Habib Metropolitan Bank Limited
	Askari Bank Limited
	Meezan Bank Limited
Management Co.Rating	AM1 (JCR-VIS)
Fund Rating	AA(f) (JCR-VIS)

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal, Karachi - 74400, Pakistan. Tel: (92-21) 111-111-500 Fax: (92-21) 34326020 - 23 URL: www.cdcpakistan.com Email: info@cdcpak.com





TRUSTEE REPORT TO THE UNIT HOLDERS

UBL MONEY MARKET FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Money Market Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 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.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 20, 2018





KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi, 75530 Pakistan Telephone + 92 (21) 3568 5847 Fax + 92 (21) 3568 5095 Internet www.kpmg.com.pk

Report on review of Condensed Interim Financial Information to the Unit Holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of UBL Money Market Fund ("the Fund") as at 31 December 2017 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures for the three months period ended 31 December 2017 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: 16 February 2018

Karachi

KPMG Taseer Hadi & Co. Chartered Accountants Mazhar Saleem

Condensed Interim Statement of Assets and Liabilities

As at 31 December 2017

	Note	31 December 2017 (Un-audited) (Rupees	30 June 2017 (Audited) in '000)
Assets		40-040	007.004
Bank balances	4	407,040	885,801
Investments	5	-	-
Placement Town deposit receipts	6 7	70,000	-
Term deposit receipts Profits receivable	/	240,000	- 5 972
		5,246	5,872
Deposit, prepayments and other receivables Advance tax	8	1,538	2,122
Total assets	o	1,047 724,871	509 894,304
Total assets		724,871	894,304
Liabilities			
Payable to the Management Company	9	1,293	1,310
Payable to Central Depository Company of Pakistan Limited - Trustee	9	98	162
Payable to Securities and Exchange Commission of Pakistan		314	507
Accrued expenses and other payables	10	16,082	16,085
Total liabilities	10	17,787	18,064
Total natimities		17,767	16,004
Net assets		707,084	876,240
Unit holders' fund (as per the statement attached)		707,084	876,240
Contingency and commitment	11		
		(Number o	of Units)
Number of units in issue		6,874,273	8,721,753
		(Rup	ees)
Net asset value per unit		102.8595	100.4661

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Income Statement (Unaudited)

For the half year and quarter ended 31 December 2017

	Note	Half year o		Quarter of 31 Decer	
		2017	2016	2017	2016
			(Rupees in	'000)	
Income Financial income	12	27,167	23,219	14 576	0.002
Net capital loss on redemption and sale of investments	12	(1)	(760)	14,576 (17)	9,093 (1)
Net unrealised gain on revaluation of investments classified		(1)	(700)	(17)	(1)
as 'at fair value through profit or loss'		_	_	_	27
Other income		31	15	31	15
Total income		27,197	22,474	14,590	9,134
Expenses					
Remuneration of the Management Company		4,187	3,599	2,255	1,532
Sindh Sales tax on the Management Company's remuneration		544	468	293	199
Allocation of expenses relating to the Fund	9	419	360	226	153
Remuneration of Central Depository Company of Pakistan Limited - Trustee		703	602	376	259
Annual fee of Securities and Exchange Commission of Pakistan		314	270	169	115
Bank charges		193	79	47	50
Auditors' remuneration		397	380	226	117
Listing fees		14	28	7	14
Legal and professional charges		41	55	11	55
Brokerage expenses		20	30	20	7
Other expenses		130	132	67	77
Total operating expenses		6,962	6,003	3,697	2,579
Net operating income for the period		20,235	16,471	10,893	6,555
Net element of loss and capital losses included in prices of					
units issued less those in units redeemed		-	(4,254)	-	(2,717)
			(1,=21)		(=,, -,)
Provision for Sindh Workers' Welfare Fund	10.2	(397)	-	(213)	-
Net income for the period before taxation		19,838	12,217	10,680	3,838
Taxation	13	-	-	_	_
Net income for the period after taxation		19,838	12,217	10,680	3,838
Allocation of net income for the period after taxation					
Net income for the period		19,838		10,680	
Income already paid on units redeemed		(8,103)	_	(5,664)	
Accounting income available for distribution		11,735	=	5,016	
District the second			-		
- Relating to capital gains		11.725		- 5 016	
- Excluding capital gains		11,735	_	5,016	
		11,735	_	5,016	
		11,/33	=	3,010	

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

SD	SD	SD	
Chief Executive Officer	Chief Financial Officer	Director	

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the half year and quarter ended 31 December 2017

	Half year ended 31 December		Quarter ended 31 December	
	2017	2016	2017	2016
		(Rupees in	ı '000)	
Net income for the period after taxation	19,838	12,217	10,680	3,838
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	19,838	12,217	10,680	3,838

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Statement of Movement in Unit holders' Fund (Unaudited)

For the half year ended 31 December 2017

	Half year ended		
	31 December	31 December	
	2017	2016	
	(Rupees	in '000)	
Net assets at beginning of the period	876,240	1,298,800	
Issuance of 11,544,482 units (2016: 9,313,986 units)			
- Capital value of units	1,159,830	-	
- Element of income	10,732	-	
	1,170,562	940,197	
Redemption of 13,391,962 units (2016: 17,025,433 units)			
- Capital value of units	(1,345,439)	-	
- Element of income	(14,117)	-	
	(1,359,556)	(1,718,953)	
	(188,994)	(778,756)	
	687,246	520,044	
Net element of loss and capital losses included in prices of units issued less	, ,		
those in units redeemed	-	4,254	
Net loss on redemption and sale of investments	(1)	(760)	
Other income for the period	19,839	12,977	
	19,838	12,217	
Net assets at end of the period	707,084	536,515	
Distribution for the period			
Undistributed income brought forward comprises of:			
- Realised income	6,473	6,068	
- Unrealised income	-	143	
	6,473	6,211	
Accounting income available for distribution			
- Relating to capital gains	-	-	
- Excluding capital gains	11,735	-	
	11,735	12,217	
Undistributed income carried forward	18,208	18,428	
Undistributed income carried forward comprises of:			
- Realised income	18,208	18,428	
- Unrealised income	-	-	
	18,208	18,428	
		· · · · · · · · · · · · · · · · · · ·	

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended 31 December 2017

A SHELOWS FROM OPERATING ACTIVITIES Tourish the period Tourish the		Half Year ended	
CASH FLOWS FROM OPERATING ACTIVITIES 19,838 12,217		31 December	31 December
Note income for the period 19,838 12,217 19,338 12,217 19,338 12,217 19,338 12,217 19,338 12,217 19,338 12,217 19,338 12,217 19,338 12,217 19,338 12,217 19,338 12,217 19,338 12,217 19,338 12,217 19,338			
Net income for the period 19,838 12,217 Adjustments for: (27,167) (23,219) Financial income (27,167) (23,219) Element of loss and capital losses included in prices of units sold less those in units redeemed - net . 4,254 Net capital changes (27,166) (18,205) Working capital changes . 388,140 Investments . 388,140 Deposits, prepayments and other receivables . 46 389,254 Obstitute tax . (17) (541) Payable to the Management Company . (17) (541) Payable to Securities and Exchange Commision of Pakistan . (193) (199) <		(Rupees	in '000)
Adjustments for: Financial income (27,167) (23,219) Element of loss and capital losses included in prices of units sold less those in units redeemed - net - 4,254 Net capital loss on redemption and sale of investments - 1,760 Working capital changes (18,205) (Investments) - 388,140 Deposits, prepayments and other receivables 584 1,114 Advance tax (538) - (Decrease) / increase in liabilities - 389,254 (Decrease) / increase in liabilities - (538) - Payable to the Management Company (17) (541) (541) Payable to Central Depository Company of Pakistan Limited - Trustee (64) (36) (36) Payable to Securities and Exchange Commision of Pakistan (193) (419) Accrued expenses and other payables (3) 509 Payable against purchase of investment 27,70 (211,107) Profits received during the period 27,72 59,006 Net cash generated from operating activities 2,023 231,165		40.020	10.015
Financial income	Net income for the period	19,838	12,217
Financial income	Adjustments for:		
redeemed - net 4,254 Net capital loss on redemption and sale of investments - 4,254 Working capital changes (Increase) / decrease in assets Investments - 388,140 Deposits, prepayments and other receivables 584 1,114 Advance tax (538) - (Decrease) / increase in liabilities - 46 389,254 (Decrease) / increase in liabilities - 46 366 369 461 369 461 369 461 369 469 461 369 469 469 369 469 469 469	Financial income	(27,167)	(23,219)
Net capital loss on redemption and sale of investments 1 (760) Working capital changes (Increase) / decrease in assets Investments - 388,140 Deposits, prepayments and other receivables 584 (1,114) 1,114 Advance tax 46 389,254 (Decrease) / increase in liabilities - 46 389,254 Payable to the Management Company (17) (541) (541) Payable to Securities and Exchange Commision of Pakistan Limited - Trustee (64) (36) (39) Payable against purchase of investment (210,620) (277) (211,107) Profits received during the period 27,792 59,006 59,006 Net cash generated from operating activities 27,792 59,006 59,006 CASH FLOWS FROM FINANCING ACTIVITIES 1,170,562 940,197 940,197 Payments on redemption of units 1,170,562 (1,339,556) (1,718,953) 940,197 Payments on redemption of units (1,89,94) (778,766) Net cash used in financing activities (188,994) (778,766) Net decrease in cash and cash equivalents (1,68,761) (547,591)	Element of loss and capital losses included in prices of units sold less those in units		
Working capital changes (Increase) / decrease in assets Investments - 388,140 Deposits, prepayments and other receivables 584 1,114 Advance tax (538) - (Decrease) / increase in liabilities 46 389,254 (Decrease) / increase in liabilities (177) (541) Payable to the Management Company (17) (541) Payable to Central Depository Company of Pakistan Limited - Trustee (64) (36) Payable to Securities and Exchange Commision of Pakistan (193) (419) Accrued expenses and other payables (3) 509 Payable against purchase of investment 27,70 (211,07) Profits received during the period 27,792 59,006 Net cash generated from operating activities 20,233 231,165 CASH FLOWS FROM FINANCING ACTIVITIES 1,170,562 940,197 Receipts from issuance of units 1,170,562 940,197 Payments on redemption of units (1,389,556) (1,718,953) Net cash used in financing activities (188,994) (778,756) <td></td> <td>-</td> <td>4,254</td>		-	4,254
Working capital changes (Increase) / decrease in assets - 388,140 Deposits, prepayments and other receivables 584 1,114 Advance tax (538) - (Decrease) / increase in liabilities 46 389,254 (Decrease) / increase in liabilities (17) (541) Payable to the Management Company (17) (541) Payable to Central Depository Company of Pakistan Limited - Trustee (64) (36) Payable to Securities and Exchange Commision of Pakistan (193) (419) Accrued expenses and other payables (3) 509 Payable against purchase of investment 2,792 59,006 Net cash generated from operating activities 27,792 59,006 Net cash generated from operating activities 20,233 231,165 CASH FLOWS FROM FINANCING ACTIVITIES 1,170,562 940,197 Payments on redemption of units (1,359,556) (1,718,953) Net cash used in financing activities (188,994) (778,756)	Net capital loss on redemption and sale of investments		
(Increase) / decrease in assets 388,140 Deposits, prepayments and other receivables 584 1,114 Advance tax 46 389,254 (Decrease) / increase in liabilities - 46 389,254 (Decrease) / increase in liabilities - (17) (541) Payable to the Management Company (17) (541) Payable to Securities and Exchange Commission of Pakistan (193) (419) Accrued expenses and other payables (193) (419) Accrued expenses and other payables (3) 509 Payable against purchase of investment 2 27,792 59,006 Net cash generated from operating activities 27,792 59,006 Net cash generated from operating activities 20,233 231,165 CASH FLOWS FROM FINANCING ACTIVITIES 1,170,562 940,197 Payments on redemption of units (1,359,556) (1,718,953) Net cash used in financing activities (188,994) (778,756) Net decrease in cash and cash equivalents (168,761) (547,591)		(27,166)	(18,205)
Investments			
Deposits, prepayments and other receivables 584 (538) 1,114 (538) Advance tax 46 389,254 (Decrease) / increase in liabilities 46 389,254 Payable to the Management Company (17) (541) (541) Payable to Central Depository Company of Pakistan Limited - Trustee (64) (36) (36) Payable to Securities and Exchange Commission of Pakistan (193) (419) (419) Accrued expenses and other payables (3) 509 509 Payable against purchase of investment - (210,620) (277) (211,107) Profits received during the period 27,792 59,006 59,006 Net cash generated from operating activities 20,233 231,165 231,165 CASH FLOWS FROM FINANCING ACTIVITIES 1,170,562 (940,197) 940,197 Payments on redemption of units 1,170,562 (1,359,556) (1,718,953) (1,718,953) Net cash used in financing activities (188,994) (778,756) (1778,756) Net decrease in cash and cash equivalents (168,761) (547,591)			200 140
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Payable to Securities and Exchange Commission of Pakistan (193) (419) Accrued expenses and other payables (3) 509 Payable against purchase of investment - (210,620) Profits received during the period 27,792 59,006 Net cash generated from operating activities 20,233 231,165 CASH FLOWS FROM FINANCING ACTIVITIES 1,170,562 940,197 Payments on redemption of units (1,359,556) (1,718,953) Net cash used in financing activities (188,994) (778,756) Net decrease in cash and cash equivalents (168,761) (547,591)			(541)
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Profits received during the period 27,792 59,006 Net cash generated from operating activities 20,233 231,165 CASH FLOWS FROM FINANCING ACTIVITIES Receipts from issuance of units 1,170,562 940,197 Payments on redemption of units (1,359,556) (1,718,953) Net cash used in financing activities (188,994) (778,756) Net decrease in cash and cash equivalents (168,761) (547,591)	Payable against purchase of investment	(277)	
Net cash generated from operating activities 20,233 231,165 CASH FLOWS FROM FINANCING ACTIVITIES Receipts from issuance of units 1,170,562 940,197 Payments on redemption of units (1,359,556) (1,718,953) Net cash used in financing activities (188,994) (778,756) Net decrease in cash and cash equivalents (168,761) (547,591)		(277)	(211,107)
CASH FLOWS FROM FINANCING ACTIVITIES Receipts from issuance of units 1,170,562 940,197 Payments on redemption of units (1,359,556) (1,718,953) Net cash used in financing activities (188,994) (778,756) Net decrease in cash and cash equivalents (168,761) (547,591)	Profits received during the period	27,792	59,006
Receipts from issuance of units 1,170,562 940,197 Payments on redemption of units (1,359,556) (1,718,953) Net cash used in financing activities (188,994) (778,756) Net decrease in cash and cash equivalents (168,761) (547,591)	Net cash generated from operating activities	20,233	231,165
Receipts from issuance of units 1,170,562 940,197 Payments on redemption of units (1,359,556) (1,718,953) Net cash used in financing activities (188,994) (778,756) Net decrease in cash and cash equivalents (168,761) (547,591)	CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on redemption of units (1,359,556) (1,718,953) Net cash used in financing activities (188,994) (778,756) Net decrease in cash and cash equivalents (168,761) (547,591)		1 170 562	940 197
Net cash used in financing activities(188,994)(778,756)Net decrease in cash and cash equivalents(168,761)(547,591)	*		-
	Not decrease in each and each equivalents	(169 761)	(547.501)
Cosh and each equivalents at haginning of the period 900 420	Cash and cash equivalents at beginning of the period	885,801	809,430
Cash and cash equivalents at end of the period $\frac{605,801}{507,450}$	·		
Eash and eash equivalents at end of the period	Cash and cash equivalents at the of the period		
CASH AND CASH EQUIVALENTS	CASH AND CASH EQUIVALENTS		
Bank balances 407,040 261,839			261,839
Term deposit receipts / placement 310,000 -	Term deposit receipts / placement		261.020
<u>717,040</u> <u>261,839</u>		717,040	261,839

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

Notes to the Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Money Market Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and was approved as an open end mutual fund by the Securities and Exchange Commission of Pakistan (SECP). It was constituted under the Trust Deed, dated 10 August 2010 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont road, Civil lines, Karachi.

The Fund is an open ended mutual fund listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund was initially categorized as income scheme & effective from 23 May 2014 recategorized as Money Market Fund.

The principal activity of the Fund is to generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing more than 50% of portfolio in short term Government securities.

Title of the assets of the Fund are held in the name of Central Depository Company Limited as a Trustee of the Fund.

The Management Company has been rated as AM1 from AM2++ on 29 December 2017 by JCR - VIS.

The Fund has been rated as AA(f) by JCR - VIS on 29 December 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- 2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2017.
- 2.1.3 The Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, the Securities and Exchange Commission of Pakistan has notified through Circular No. 23 dated October 04, 2017 in continuation of Circular No. 17 of 2017 dated July 20, 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Hence, these interim financial statements are prepared in accordance with the Ordinance.
- **2.1.4** These condensed interim financial information are unaudited and are being submitted to the unit holders as required under Regulation 38(2)(f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the

NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

- **2.1.5** These condensed interim financial information are presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees have been rounded off to the nearest thousand rupees, unless stated otherwise.
- **2.1.6** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at 31 December 2017.

2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

During the current period the SECP has adopted IFRS 9: Financial Instruments' and IFRS 15: 'Revenue from Customers', which are applicable with effect from 1 July 2018. The management is currently assessing the impacts of these standards on the Fund's future financial statements. There are certain other new standards, interpretations and amendments to the approved accounting standards that are mandatory for the Fund's annual accounting periods beginning on or after 1 July 2018. The Fund is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the other impact on adoption of the Standards . However, these are not expected to have any significant impacts on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

- 3.1 The accounting policies, methods of computation adopted in the preparation of this condensed interim financial information, significant judgements in applying the accounting policies and key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended 30 June 2017 except as explained in note 3.5.
- 3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund.
- 3.3 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.4 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended 30 June 2017.
- 3.5 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 3 August 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maitain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from 01 July 2017 as clarified by SECP vide its email dated 7 February 2018. Accordingly, corresponding figures have not been restated.

Had the element of loss been recognised as per the previous accounting policy, the income of the Fund would have been reduced by Rs. 3.317 million net off charge for SWWF in respect of element of loss and consequently NAV per unit would have been lower by Rs. 0.0099.

4.	BANK BALANCES	Note	31 December 2017 (Un-audited) (Rupees	30 June 2017 (Audited) in '000)
	In PLS savings accounts In current account	4.1	206,701 339 207,040	885,702 99 885,801
	Call deposit receipt	4.2	200,000 407,040	885,801
4.1	Profit rates on profit and loss savings accounts range between 3.75% and 6.75% (June 2017: 3.75% and 6.2%) per annum.			
4.2	It carries profit rate of 6.70% per annum and will mature on 1 January 2018.			
5.	INVESTMENTS			
	Designated at fair value through profit or loss			
	Government Securities - Market Treasury Bills	5.1		
5.1	Government Securities - Designated at fair value through profit or loss			
	Purchase yield Maturity As at 01 July Purchased during Sold / matured As at 31 Carrying value as Market Value as range upto 2017 the period during the period December 2017 at 31 December at 31 December 2017 2017	Market Value as at 30 June 2017	Percentage of total investment	Percentage of net assets
	(Rupees	in '000)		

(7,800)

7,800

5.1.1 The nominal value of instrument is Rs. 100,000 each.

Treasury Bills - 3 months

6.	PLACEMENT	Note	31 December 2017 (Un-audited)	30 June 2017 (Audited)
	Investment company - unsecured	6.1	(Rupees i	n '000)

This represents placement with Pak Brunei Investment Company Limited. It carries profit rate of 6.50% per annum and will mature on 19 March 2018.

			31 December	30 June
			2017	2017
7.	TERM DEPOSIT RECEIPTS	Note	(Un-audited)	(Audited)
			(Rupees i	in '000)
	Commercial banks	7.1 & 7.2	240,000	-

- 7.1 It carries profit rate ranging from 6.50% to 7.6% per annum and will mature upto 29 January 2018.
- 7.2 Circular No. 16 dated 07 July 2010 issued by the SECP requires details of investments not compliant with the investment criteria specified for the category assigned to open end collective investment schemes or the investment requirements of the constitutive documents of the Fund to be disclosed in the annual accounts of the Fund. The table below gives the details of such non compliant investments.

Disclosure of excess exposure (per asset class) as at 31 December 2017

Name of investment	Exposure type	% of Net Assets	Limit	Excess
Zarai Taraqiati Bank Ltd	Per Asset Class	14.14%	10%	4.14%

ADVANCE TAX 8.

The income of the fund is exempt under clause 99 of Part I of the Second schedule of the Income Tax Ordinance, 2001 and funds are exempt under clause 47(B) of Income Tax Ordinance, 2001 from withholding of tax under section 150 and 151 of Income Tax Ordinance, 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue. The management is confident that the same shall be refunded.

9. PAYABLE TO MANAGEMENT COMPANY

This includes reimbursement of certain expenses to the management company amounting to Rs. 0.058 million (30 June 2017: Rs. 0.144 million). During the period, fund was charged 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC Regulations, 2008.

10.	ACCRUED EXPENSES AND OTHER PAYABLES	Note	31 December 2017 (Un-audited)(Rupees i	30 June 2017 (Audited) n '000)
	Provision for indirect duties and taxes	10.1	9,499	9,499
	Provision for Sindh Worker's Welfare Fund	10.2	1,732	1,335
	Auditors' remuneration		342	384
	Brokerage payable		57	54
	Capital gains tax payable		449	1,004
	Withholding tax and zakat deducted at source		510	3,540
	Other payables		3,493	269
			16,082	16,085

10.1 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for decision.

Since the appeal is pending in the Honourable Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying amount payable in respect to FED for the period from 13 June 2013 to 31 December 2017 aggregating to Rs. 9.112 million (30 June 2017: Rs. 9.112 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 1.33 (30 June 2017: Rs. 1.04) per unit.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax. Accordingly, no FED is payable with effect from 1 July 2016.

10.2 Through Finance Act 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended to all Collective Investment Schemes / Mutual Funds (CISs) whose income exceeded Rs. 500,000 in a tax year were brought within the scope of the WWF Ordinance. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. Appeals against these orders were filed in the Supreme Court of Pakistan(SCP).

During the current year, the SCP vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers' Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment which are currently pending with the SCP.

Further, as a consequence of passage of 18th amendment to the Constitution, levy for WWF was also introduced by the Government of Sindh(SWWF). The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP) dated August 2016 believes that contribution to Workers' Welfare Fund under the Sindh Workers' Welfare Act, 2014 is not applicable on the mutual funds as they are not a Financial Institution as required under SWWF Act, 2014. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters and based on such legal advice (which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited), has recommended to all its members on 12 January 2017 the following:

- The provision against the Federal WWF held by the Mutual Funds till 30 June 2015 should be reversed on 12 January 2017; and
- Provision against Sindh WWF, on prudent basis, should be made from the date of enactment of the Sindh WWF Act, 2014 (i.e., 21 May 2015) with effect from 12 January 2017.

The above decisions of MUFAP were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange on 12 January 2017. In response to the aforementioned letter, SECP vide its letter dated 1 February 2017 advised MUFAP that the adjustments relating to the above should be made prospectively and adequate disclosure shall be made in the financial statements of mutual funds. Accordingly, the Fund has recorded these adjustments in its books of account on 12 January 2017.

The Management Company has recognised SWWF charge for the period from 21 May 2015 to 31 December 2017, amounting to Rs. 1.732 million. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.25 per unit.

11. CONTINGENCY AND COMMITMENT

As at 31 December 2017, there is no contingency and commitment.

12. FINANCIAL INCOME

	Half yea	ar ended	Quarter ended			
	31 December	31 December	31 December	31 December		
	2017	2016	2017	2016		
	(Unaudited)					
		(Rupees	in '000)			
Mark-up/ return on						
- Bank balances / Call deposit receipt	22,767	9,060	11,654	2,143		
- Term deposit receipts / Placements	1,910	351	1,910	339		
- Market Treasury Bills (designated						
at fair value through profit or loss)	2,490	12,182	1,012	6,611		
- Pakistan investment bonds	-	1,626	-	-		
	27,167	23,219	14,576	9,093		

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the period as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the period, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause IIA of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the period to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial information.

14. TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by Securities and Exchange Commission of Pakistan the Total Expense Ratio of the Fund is 0.89% as on 31 December 2017 and this includes 0.16% representing Government Levy, Sindh Workers' Welfare Fund and SECP Fee.

15. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties comprise of United Bank Limited (holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Financial Services (Private) Limited, entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee) and the Directors and Officers of Management Company.

Remuneration of the Management Company and the trustee is determined in accordance with the provision of Non Banking Finance Companies Rules, 2003, Non Banking Finance Companies and Notified Entities regulations, 2008 and the Trust Deed respectively. Other transactions with the related parties / connected persons have been carried out at agreed / commercial terms.

Details of transactions with the related parties and balances with them at the half year ended are as follows:

	Management Company	Associated Companies	Trustee	Funds under common Management	Directors and Key Executives	Other connected persons / related parties
		(Transaction	during the ha	lf year ended 31	December 2017)
			_	-		
Profit on savings accounts	-	121	-	-	-	-
Bank charges	-	34	-	-	-	-
Units issued	-	-	-	-	-	135,727
Units redeemed	-	7,194	-	-	-	-
Purchase of securities	-	-	-	-	-	-
Sale of securities	-	-	-	-	-	-
Remuneration*	4,731	-	703	-	-	-
Reimbursement of expenses	419	-	-	-	-	-
Central Depository Company Expense	-	-	5	-	-	-
		(Bal	ances held as a	at 31 December 2	2017)	
Unite held (in Unite 1900)		111			0.1	1 222
Units held (in Units '000) Units held (in Rupees '000)	-	11,455	-	-	10	1,323 136,083
Bank balances	-	4,565	-	-	10	130,003
Profit receivable on savings account	_	4,50 5	_	_	_	_
Deposits	_	-	100	_	_	_
Remuneration payable	652	_	98	_	_	_
Sales load payable	546	_	-	_	_	_
Other payables	37					
Reimbursement of expenses payable	58	_	_	_	_	_
1 1 3						
	Management	Associated	Trustee	Funds under	Directors and	Other
	company	companies		common management	key executives	connected persons / related parties
		Transaction	during the helf	year anded 31 D	acambar 2016	-
		Halisaction				
Profit on savings accounts	-	421	-	-	-	-
Bank charges	-	25	-	-	-	-
Units issued	-	=	-	-	200	-
Units redeemed	-	-	-	<u>-</u>	201	-
Purchase of securities Sale of securities	-	358,380	-	324,272	-	-
Remuneration*	4,067	-	602	1,331,990	-	-
Reimbursement of expenses	360	_	-	-	_	_
Central Depository Company Expense	-	_	3	_	_	_
Contain Depository Company Expense						
			As at June 30,	2017 (Audited) -		
Units held (in Units '000)	-	181	-	-	0.1	3,908
Units held (in Rupees '000)	-	18,184	-	-	8,740	392,622
Bank balances	-	14,349	-	_	-	-
Remuneration payable*	1,077	-	162	-	-	-
Sales load and other payable	89	-	-	-	-	-
Payable against allocated expenses	144	-	-	-	-	-
Profit receivable	-	153	-	-	-	-

^{*} Remuneration for the half year is inclusive of Sindh Sales Tax.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments

31 December 2017			Car	rrying amount	t			Fair	value	
SI December 2017	Note	Fair value through profit	Available for sale	Loans and receivables	Other financial	Total	Level 1	Level 2	Level 3	Total
		and loss			liablilities	mees in '000)-				
Financial assets measured at fair value					(Kt	ipees iii 000)-				
Investment in Government Securities			-	-	-		-	-	-	
			-	-	-	-	-	•	-	-
Financial assets not measured at fair value	16.1									
Bank balances	10.1	_	_	407,040	_	407,040				
Profits receivable		-	-	5,246	-	5,246				
Deposits, prepayments and other receivable	es	_	-	1,538	-	1,538				
		_		413,824	-	413,824				
Financial liabilities not measured										
at fair value	16.1									
Payable to the Management Company		-	-	-	1,293	1,293				
Payable to Central Depository Company of Pakistan Limited - Trustee					98	98				
Payable against purchase of investments		-		-	-	-				
Accrued expenses and other payables		_	_	_	3,889	3,889				
			-	-	5,280	5,280				
					-					
30 June 2017				rrying amount					value	
<u>30 June 2017</u>		Fair value	Available for	Laons and	Other	Total	Level 1	Fair Level 2	Level 3	Total
30 June 2017		through profit		, ,	Other financial	Total	Level 1			Total
30 June 2017			Available for	Laons and receivables	Other financial liablilities			Level 2	Level 3	
		through profit	Available for	Laons and receivables	Other financial			Level 2	Level 3	
30 June 2017 Financial assets measured at fair value Government securities		through profit	Available for	Laons and receivables	Other financial liablilities			Level 2	Level 3	
Financial assets measured at fair value		through profit	Available for	Laons and receivables	Other financial liablilities			Level 2	Level 3	
Financial assets measured at fair value		through profit and loss	Available for sale	Laons and receivables	Other financial liablilities (Rup	ees in '000)		Level 2	Level 3	
Financial assets measured at fair value Government securities		through profit and loss	Available for sale	Laons and receivables	Other financial liablilities (Rup	ees in '000)		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value	16.1	through profit and loss	Available for sale	Laons and receivables	Other financial liablilities (Rup	ees in '000)		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value Bank balances	16.1	through profit and loss	Available for sale	Laons and receivables	Other financial liablilities(Rup	ees in '000)		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value Bank balances Profits receivable		through profit and loss	Available for sale	Laons and receivables	Other financial liablilities (Rup	885,801 5,872		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value Bank balances		through profit and loss	Available for sale	Laons and receivables	Other financial liablilities (Rup - - -	885,801 5,872 2,122		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value Bank balances Profits receivable		through profit and loss	Available for sale	Laons and receivables	Other financial liablilities(Rup	885,801 5,872		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value Bank balances Profits receivable		through profit and loss	Available for sale	Laons and receivables	Other financial liablilities (Rup - - -	885,801 5,872 2,122		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value Bank balances Profits receivable Deposits, prepayments and other receivable		through profit and loss	Available for sale	Laons and receivables	Other financial liablilities (Rup - - -	885,801 5,872 2,122		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value Bank balances Profits receivable Deposits, prepayments and other receivable Financial liabilities not measured	es	through profit and loss	Available for sale	Laons and receivables	Other financial liablilities (Rup - - -	885,801 5,872 2,122		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value Bank balances Profits receivable Deposits, prepayments and other receivable Financial liabilities not measured at fair value Payable to the Management Company Payable to Central Depository Company of	es 16.1	through profit and loss	Available for sale	Laons and receivables	Other financial liabilities	885,801 5,872 2,122 893,795		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value Bank balances Profits receivable Deposits, prepayments and other receivable Financial liabilities not measured at fair value Payable to the Management Company Payable to Central Depository Company of Pakistan Limited - Trustee	es 16.1	through profit and loss	Available for sale	Laons and receivables	Other financial liabilities(Rup	885,801 5,872 2,122 893,795		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value Bank balances Profits receivable Deposits, prepayments and other receivable Financial liabilities not measured at fair value Payable to the Management Company Payable to Central Depository Company of Pakistan Limited - Trustee Payable against purchase of investments	es 16.1	through profit and loss	Available for sale	885,801 5,872 2,122 893,795	Other financial liabilities	885,801 5,872 2,122 893,795		Level 2	Level 3	
Financial assets measured at fair value Government securities Financial assets not measured at fair value Bank balances Profits receivable Deposits, prepayments and other receivable Financial liabilities not measured at fair value Payable to the Management Company Payable to Central Depository Company of Pakistan Limited - Trustee	es 16.1	through profit and loss	Available for sale	Laons and receivables	Other financial liabilities(Rup	885,801 5,872 2,122 893,795		Level 2	Level 3	

16.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

17. GENERAL

- 17.1 This condensed interim financial information is presented in Pakistan Rupees which is also the Fund's functional currency and all financial information presented has been rounded off to the nearest thousand rupees unless otherwise stated.
- 17.2 This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2017 and 31 December 2016 in this condensed interim financial information have not been reviewed by the auditors.
- 17.3 This condensed interim financial information was authorized for issue by Board of Directors of the Management Company on <u>February 16, 2018</u>.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UGSF

UBL Government Securities Fund

INVESTMENT OBJECTIVE

The objective of the fund is to generate a competitive return with minimum risk, by investing primarly in Government Securities.

Management Company	UBL Fund Managers Limited		
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500		
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)		
Auditors	BDO Ebrahim & Co., Chartered Accountants		
Bankers	United Bank Limited Bank Alfalah Limited NIB Bank Limited Faysal Bank Limited Allied Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited Askari Bank Limited JS Bank Limited MCB Bank Limited Samba Bank Limited Samba Bank Limited Samba Bank Limited Samba Bank Limited		
Management Co.Rating	AM1 (JCR-VIS)		
Fund Rating	A+ (f) (JCR-VIS)		

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal, Karachi - 74400, Pakistan. Tel: (92-21) 111-111-500 Fax: (92-21) 34326020 - 23 URL: www.cdcpakistan.com





TRUSTEE REPORT TO THE UNIT HOLDERS

UBL GOVERNMENT SECURITIES FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Government Securities Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 in accordance with the provisions of the following:

- Limitations imposed on the investment powers of the Management Company (i) under the constitutive documents of the Fund;
- The pricing, issuance and redemption of units are carried out in accordance (ii) 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.

Aftab Ahmed Diwan

Celmin

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 20, 2018





Tel: +92 21 3568 3030 Fax: +92 21 3568 4239 www.bdo.com.pk 2nd Floor, Block-C Lakson Square, Building No.1 Sarwar Shaheed Road Karachi-74200 Pakistan

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of UBL GOVERNMENT SECURITIES FUND ("the Fund") as at December 31, 2017 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management Company of the Fund is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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 condensed 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 at and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2017 and December 31, 2016 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 1 S FEB 2018

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

UBL GOVERNMENT SECURITIES FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED) AS AT DECEMBER 31, 2017

		December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	(Rupees i	in '000)
ASSETS			
Bank balances	4	2,886,150	1,141,088
Term deposit receipts	5	-	-
Investments	6	2,482,878	2,309,209
Prepayments and other receivables		9,189	11,238
Mark up / interest receivable		5,623	8,709
Advance tax	7	2,102	1,508
TOTAL ASSETS	•	5,385,942	3,471,752
LIABILITIES	_		
Payable to UBL Fund Managers Limited - Management Company		3,388	4,691
Payable against purchase of Market Treasury Bills		2,476,428	-
Payable to Central Depository Company of Pakistan Limited - Trustee		286	341
Payable to Securities and Exchange Commission of Pakistan		1,196	7,926
Accrued expenses and other liabilities	8	69,892	119,612
TOTAL LIABILITIES	•	2,551,190	132,570
NET ASSETS	•	2,834,752	3,339,182
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	:	2,834,752	3,339,182
CONTINGENCIES AND COMMITMENTS	9 .	(Number o	of Units)
NUMBER OF UNITS IN ISSUE	:	26,270,425	31,622,643
		(Rup	ees)
NET ASSETS VALUE PER UNIT	:	107.9066	105.5946

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For UBL Fund Managers Limited (Management Company)

SD SD SD CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

UBL GOVERNMENT SECURITIES FUND CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 201	.,	Half year ended		Quarter Ended	
	Note	December 31, 2017 (Rupees i	December 31, 2016	December 31, 2017 (Rupees i	December 31, 2016
INCOME	11010	(Rupees I	n 000)	(Rupees I	n 000)
Financial income		98,083	479,339	47,746	219,250
Capital loss on sale of investments - net		(4,965)	(41,697)	(111)	(25,124)
Unrealised loss on revaluation of investments		. , ,	` ' '	, ,	` ' '
at fair value through profit or loss - net		(93)	(28,006)	(97)	(21,719)
Other income		85	129	9	101
Total income	· -	93,110	409,765	47,547	172,508
EXPENSES					
Remuneration of UBL Fund Managers Limited - Management Company		15,979	73,738	7,731	33,794
Sales tax on Management Company's remuneration		2,077	9,586	1,005	4,393
Allocated expenses		1,595	7,244	773	3,370
Remuneration of Trustee		1,779	6,207	869	2,855
Annual fee of Securities and Exchange Commission of Pakistan		1,196	5,433	580	2,528
Bank charges		175	141	45	93
Auditors' remuneration		276	288	155	126
Brokerage and settlement expenses		262	1,465	62	1,218
Amortization of preliminary expenses and floatation cost		-	62	-	-
Legal and professional fees		41	1,114	11	1,114
Other expenses		173	171	102	157
Total operating expenses		23,553	105,450	11,333	49,648
Operating income for the period	=	69,557	304,315	36,214	122,860
Element of loss and capital losses included					
in prices of units issued less those in units redeemed - net		-	(81,601)	-	(82,008)
Provision for Sindh Worker's Welfare Fund	_	(1,366)	<u> </u>	(710)	
Net income for the period before taxation Taxation	10	68,191	222,714	35,504	40,852
Net income for the period after taxation	10 _	68,191	222,714	35,504	40,852
Allocation of net income for the period		(10.094)		(6.717)	
Income already paid on units redeemed		(10,084)		(6,717)	
Net income for the period available for distribution	=	58,107	- -	28,787	
Net income for the period available for distribution:					
Relating to capital gains		-		-	
Excluding capital gains	_	58,107 58,107	-	28,787 28,787	
Earnings per unit	11	30,107	=	20,707	

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For UBL Fund Managers Limited (Management Company)

SD SD SD CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

UBL GOVERNMENT SECURITIES FUND CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Half yea	ar ended	Quarter ended		
	December 31,	December 31,	December 31,	December 31,	
	2017	2016	2017	2016	
	(Rupees	in '000)	(Rupees	in '000)	
Net income for the period after taxation	68,191	222,714	35,504	40,852	
Other comprehensive income					
Items that may be reclassified subsequently to					
income statement	-	-	-	-	
Items that will not be reclassified subsequently to					
income statement	-	-	-	-	
Total comprehensive income for the period	68,191	222,714	35,504	40,852	

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For UBL Fund Managers Limited (Management Company)

SD SD SD
CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

UBL GOVERNMENT SECURITIES FUND CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended	
	December 31,	December 31,
	2017	2016
	(Rupees	in '000)
CASH FLOWS FROM OPERATING ACTIVITIES	· -	
Net income for the period before taxation	68,191	222,714
Adjustments for:		
Financial income	(98,083)	(479,339)
Unrealised loss on revaluation of investments		
at fair value through profit or loss - net	93	28,006
Loss on sale of investments - net	4,965	41,697
Element of loss and capital losses included in the prices	,	ŕ
of units issued less those in units redeemed - net	-	81,601
Provision for Sindh Worker's Welfare Fund	1,366	-
Amortization of preliminary expenses and floatation costs	-	62
	(91,659)	(327,973)
	(23,468)	(105,259)
Decrease / (increase) in assets		
Investments - net	2,297,655	1,857,727
Advance tax	(594)	-
Prepayments and other receivables	2,048	80,814
	2,299,109	1,938,541
(Decrease) / increase in liabilities		
Payable to UBL Fund Managers Limited - Management Company	(1,303)	(13,393)
Payable against purchase of Market Treasury Bills	2,476,428	-
Payable to Central Depository Company of Pakistan Limited - Trustee	(55)	(289)
Annual fee payable to Securities and Exchange Commission of Pakistan	(6,730)	(4,207)
Accrued expenses and other liabilities	(51,086)	(39,693)
	2,417,254	(57,582)
Cash flow generated from operations	4,692,895	1,775,700
Profit received on bank balances and investments	101,170	814,183
Net cash flow generated from operating activities	4,794,065	2,589,883
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	745,807	6,450,637
Payment against redemption of units	(1,318,428)	(10,046,214)
Net cash used in financing activities	(572,621)	(3,595,577)
Net increase / (decrease) in cash and cash equivalents	4,221,444	(1,005,694)
Cash and cash equivalents at beginning of the period	1,141,088	3,522,523
Cash and cash equivalents at end of the period	5,362,532	2,516,829
CASH AND CASH FOUNDALENTS		
CASH AND CASH EQUIVALENTS	2 007 150	2.442.216
Bank balances	2,886,150	2,442,216
Market Treasury Bills	2,476,382	74,613
	5,362,532	2,516,829

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For UBL Fund Managers Limited (Management Company)

SD

SD

UBL GOVERNMENT SECURITIES FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended		
	December 31, 2017	December 31, 2016	
	(Rupees	in '000)	
Net assets at the beginning of the period Rs. 105.5946 per unit (June 30, 2016: Rs. 105.4801 per unit)	3,339,182	13,976,144	
Issue of 7,002,296 units (December 31, 2016: 60,730,576 units)	745,807	6,450,637	
Capital value of units	739,405	-	
Element of income - net	6,402	-	
Redemption of 12,354,514 units (December 31, 2016: 94,044,683 units)	(1,318,428)	(10,046,214)	
Capital value of units	(1,304,570)	-	
Element of loss - net	(13,858)	_	
	2,766,561	10,380,567	
Element of loss and capital losses included in the prices of			
units issued less those in units redeemed - net	-	81,601	
Capital loss on sale of investments - net	(4,965)	(41,697)	
Unrealised loss on remeasurement of investments at fair value			
through profit or loss - net	(93)	(28,006)	
Other income for the period	73,249	292,417	
•	68,191	222,714	
Net assets at end of the period			
Rs. 107.9066 per unit (December 31, 2016: Rs. 107.7255 per unit)	2,834,752	10,684,882	
Undistributed income brought forward comprises of:			
Realised gain	201,669	118,965	
Unrealised gain	5,047	84,126	
Undistributed income brought forward	206,716	203,091	
Character in Comp Crought 191 Wald	200,710	200,001	
Net income available for distribution:	58,107	222,714	
Relating to capital gains	-	-	
Excluding capital gains	58,107	-	
Undistributed income carried forward	264,823	425,805	
Undistributed income carried forward comprises of:			
Realised gain	264,916	453,811	
Unrealised loss	(93)	(28,006)	
Total undistributed income carried forward	264,823	425,805	
Toma bindibition to income outlier for male	201,023	123,003	

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For UBL Fund Managers Limited (Management Company)

SD SD SD

UBL GOVERNMENT SECURITIES FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 UBL Government Securities Fund (the 'Fund') was established under a Trust Deed executed between UBL Fund Managers Limited, (wholly owned subsidiary company of United Bank Limited) as its Management Company and Central Depository Company of Pakistan Limited, as its Trustee. The Trust Deed was executed on May 19, 2011 and the Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on July 27, 2011 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 4th Floor STSM Building Beaumont Road, Civil Lines, Karachi.
- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003.
- 1.3 The Fund is an income scheme listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.
- 1.4 The objective of the Fund is to generate a competitive return with minimum risk, by investing primarily in Government Securities. The weighted average time to maturity of the Fund's investment shall not exceed four years and this shall also apply to Government Securities. This is intended to reduce risk while providing competitive returns and maintaining liquidity.
- 1.5 Title to the assets of the Fund are held in the name of Central Depository Company Limited as a Trustee of the Fund.
- 1.6 JCR-VIS credit rating company has upgraded manager quality rating from AM2++ to AM1 (stable outlook) of the Management Company and assigned stability rating of A+(f) to the Fund as at December 29, 2017.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984, the requirements of the Trust Deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 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 the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

This condensed interim financial information of the Fund have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan (SECP) issued vide Circular No. 23 dated October 04, 2017 and subsequently clarified by Institute of Chartered Accountants of Pakistan through their circular No 17 date October 6, 2017.

This condensed interim financial information is unaudited, however, limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

2.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2017.

The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2017, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2016.

2.3 In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, ASSUMPTIONS AND CHANGES THEREIN

3.1 The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2017 except for change in accounting policy for recognition of Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed as disclosed in note 3.5 to this condensed interim financial information. The preparation of this condensed interim financial information in conformity with the approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

- 3.2 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2017.
- 3.4 Certain amendments to the approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations, 2008). The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. As per the notification, Element of Income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund which was previously taken to income statement.

This is a change in accounting policy to be dealt with, in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors by applying the change retrospectively and restating the comparative figures. However, since there are practical impediments attached to retrospective application of change in accounting policy and retrospective restatement, therefore, the management has applied the above change in accounting policy prospectively from July 01, 2017. Further, MUFAP has clarified that the amendment is applicable for accounting period beginning on July 01, 2017.

Had the change in accounting policy not been applied, the income of the Fund would have been lower by Rs. 7.456 million.

	December 31	June 30
	2017	2017
	(Unaudited)	(Audited)
Note	(Rupees i	in '000)

4 BANK BALANCES

Saving accounts	4.1	1,886,150	1,141,088
Call Deposit Receipt	4.2	1,000,000	
		2,886,150	1,141,088

- 4.1 Profit rates on these saving accounts range between 3.9% to 7.6% per annum (June 30, 2017: 3.75% to 6.6% per annum). This includes an amount held by a related party (United Bank Limited) amounting to Rs. 8.430 million (June 30, 2017: Rs. 35.075 million) on which return is earned at 4% to 7.6% (June 30, 2017: 5.35% to 6.77%) per annum.
- 4.2 This Call Deposit Receipt has a face value of Rs. 1,000 million, carries interest rate of 6.65% and was acquired during the period.

5 TERM DEPOSIT RECEIPTS

Opening balance	-	150,000
Acquired during the period / year	285,000	150,000
Matured during the period / year	(285,000)	(300,000)
Closing balance	-	_

5.1 Term deposit receipts having face value of Rs. 285 million carrying interest at the rate of 6.5% were acquired and matured during the period.

6 INVESTMENTS

6.1 Government securities designated at fair value through profit or loss

Pakistan Investment Bonds		-	122,650
Market Treasury Bills		2,476,382	1,542,271
GoP Ijarah Sukuk		6,496	644,288
	6.2	2,482,878	2,309,209

6.2 Government securities designated at fair value through profit or loss

Name of security		At the beginning of the period	Acquired during the period	Sold/matured during the period	At the end of the period	Market value as at December 31, 2017	Market value as at June 30, 2017	Percentage of total investments	Percentage of net assets
	Note		No. of hold	lings		(Rupees	in '000)	%	%
Pakistan Investment	6.3								
10 years		1,000	-	1,000	-	-	122,650	0.00%	0.00%
		1,000	-	1,000	-	-	122,650	0.00%	0.00%
Market Treasury Bills	6.4 , 6.5								
3 months		15,600	118,130	108,730	25,000	2,476,382	1,542,271	99.74%	87.36%
		15,600	118,130	108,730	25,000	2,476,382	1,542,271	99.74%	87.36%
GoP Ijarah Sukuk	6.7								
3 Years		6,400	-	6,335	65	6,496	644,288	0.26%	0.23%
	•	6,400	_	6,335	65	6,496	644,288	0.26%	0.23%
		23,000	118,130	116,065	25,065	2,482,878	2,309,209	100%	87.59%

- 6.3 These represented Pakistan Investment Bond (PIBs) having a face value of Rs. 100 million and carrying purchase yield of 7.885% per annum. These PIBs were sold during the period.
- 6.4 These represent Market Treasury Bills (MTBs) having a face value of Rs. 2,500 million (June 30, 2017: Rs. 1,560 million) and carrying purchase yield of 5.99% per annum (June 30, 2017: 6.89% to 8.31% per annum). These MTBs will mature till March 2018 (June 30, 2017: till September 2017).
- 6.5 The carrying cost of MTBs is Rs. 2,476 million (June 30, 2017: Rs. 1,542 million).
- 6.6 These MTBs have nominal value of Rs.100,000 each (June 30, 2017: Rs. 100,000).
- 6.7 As at December 31, 2017, Government of Pakistan Ijarah Sukuk (GOPIS) had a face value of Rs. 6.5 million (June 30, 2017: Rs. 640 million) and carried purchase yield of 5.24% per annum (June 30, 2017: 5.24% per annum).

7 ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II-66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same shall be refunded.

8 ACCRUED EXPENSES AND OTHER LIABILITIES

8.1 Provision for indirect taxes and duties

This includes provision for indirect duties and taxes amounting to Rs. 52.558 million. As fully disclosed in the annual financial statements of the Fund for the year ended June 30, 2017, the Management Company, as a matter of abundant caution, has maintained full provision of Federal Excise Duty (FED) made upto June 30, 2016. However, on September 23, 2016 the Federal Board of Revenue have filed an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan, which is pending adjudication.

Had the provision not been retained, the net asset value per unit of the Fund would have been higher by Rs. 1.84 per unit (June 30, 2017: Rs. 1.667 per unit).

Furthermore, after the promulgation of Finance Act, 2017 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

8.2 Provision for Workers' Welfare Fund (WWF)

As disclosed in note 15.2 to the annual financial statements for the year ended June 30, 2017, the Provision for Workers' Welfare Fund (WWF) held in the books of accounts till June 30, 2015 was reversed on January 12, 2017. There is no change in the status of the legal proceeding on this matter, which has been fully disclosed in note 15.2 to the annual audited financial statements for the year ended June 30, 2017.

This includes provision for Sindh Workers' Welfare Fund (SWWF) as at December 31, 2017 amounting to Rs.15.912 million (June 30, 2017: Rs. 14.546 million). The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP recommended its members to make provision for SWWF on prudence basis. Had the SWWF not been provided for, the net assets value per unit would have been higher by Re. 0.6057 (June 30, 2017: Re. 0.4600).

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2017 and June 30, 2017.

10 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed to the unit holders in the form of cash. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income, other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance. The Management Company intends to distribute in the form of cash at least 90% of the income as reduced by capital gain whether realized or unrealized earned by the end of this year to the unit holders. Accordingly, no provision for current and deferred tax has been made in this condensed interim financial information.

11 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed in this condensed interim financial information as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

12 TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund is 0.79% as on December 31, 2017 and this includes 0.15% representing government levy, Worker's Welfare Fund and SECP fee.

13 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee) and the Directors and Officers of Management Company.

Remuneration to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations and the Trust Deed respectively.

Other transactions with the related parties / connected persons have been carried out at agreed / commercial terms.

Details of transaction with the related parties and balances with them at the half year end are as follows:

	Management Associated Company Companies		Trustee	Funds under Trustee Common Management		Other Connected persons / related parties
			····· (Rupees	in '000)		
Transactions during the half year						
ended December 31, 2017						
Profit on saving accounts	-	416	-	-	-	-
Bank charges	-	88	-	-	-	-
Units issued	-	-	-	-	3	187
Units redeemed	-	-	-	-	3	-
Purchase of securities	-	246,600	-	-	-	-
Remuneration*	18,056	-	1,779	-	-	-
Allocated expenses	1,595	-	-	-	-	-
Transactions during the half year						
ended December 31, 2016						
Profit on saving accounts	-	5,833	-	-	-	-
Bank charges	-	53	-	-	-	-
Units issued	20,000	32,224	-	-	1,755	-
Units redeemed	-	90,203	-	-	20,374	-
Purchase of securities	-	1,537,518	-	2,329,180	-	-
Sale of securities	-	2,817,081	-	233,493	-	-
Remuneration*	83,324	-	6,207	-	-	-
Allocated expenses	7,244	-	-	-	-	-
Balances held as at December 31, 2017						
Units held (in Units '000)	2,459	-	-	-	1	6,836
Value of Units held (in Rupees '000)	265,325	-	-	-	106	737,625
Bank balances	-	8,430	-	-	-	-
Remuneration payable	2,857	-	286	-	-	-
Allocated expenses payable	253	-	-	-	-	-
Sales load payable	120	59	-	-	-	-
Other payables	158	-	-	-	-	-
Balances held as at June 30, 2017						
Units held (in Units '000)	2,459	-	-	-	1	3,990
Value of Units held (in Rupees '000)	259,641	-	-	-	102	421,276
Bank balances	35,075	-	-	-	-	-
Remuneration payable	3,648	-	341	-	-	-
Allocated expenses payable	219	-	-	-	-	-
Sales load payable	136	131	-	-	-	-
Other payables	688	-	-	-	-	-

^{*} This includes Sindh Sales Tax charged on the remuneration of the Management Company at the rate of 13% (June 30, 2017: 13%)

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature or periodically repriced.

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair value Measurement), the Fund shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)

	Carrying Amount					Fair value		
			per 31, 2017		As	at December 31, 2017		
	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3	
				Rupees i	n '000			
Financial assets measured at fair value								
Market Treasury Bills	2,476,382	-	-	-	-	2,476,382	-	
Financial assets not measured at fair value								
Bank balances	-	-	2,886,150	-	-	-	-	
Mark up / interest receivable	-	-	5,623		-	-	-	
Other receivables	-	-	8,971	-	-	-	-	
	-	-	2,900,744	-	-	-	-	
	2,476,382	-	2,900,744	-	-	2,476,382	-	
Financial liabilities not measured at fair value*								
Payable to Management Company	-	-	-	3,043	-	-	-	
Pay able to Trustee	-	-	-	286	-	-	-	
Accrued expenses and other liabilities	-	-	-	317	-	-	-	
-	-	-	-	3,646		-	-	

	Carrying Amount				Fair value		
					A	As at June 30, 2017	
	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
				Rupees in	'000		
Financial assets measured at fair value							
Pakistan Investment Bonds	122,650	-	-	-	-	122,650	-
Market Treasury Bills	1,542,271	-	-	-	-	1,542,271	-
Government of Pakistan Ijara Sukuk	644,288	-	-	-	-	644,288	-
	2,309,209	-	-	-		2,309,209	-
Financial assets not measured at fair value							
Bank balances	-	-	1,141,088	-	-	-	
Mark up / interest receivable	-	-	8,709		-	-	-
Other receivables	-	-	11,174	-	-	-	-
	_	-	1,160,971	-	_	-	-
	2,309,209	-	1,160,971	-	_	2,309,209	-
Financial liabilities not measured at fair value*							
Payable to Management Company	-	_	-	4,691	-	-	-
Pay able to Trustee	-	-	-	341	-	-	-
Accrued expenses and other liabilities	-	-	-	3,051	-	-	-
-	-	-	-	8,083	-	-	-

^{*} The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Transfers during the period

During the half year ended December 31, 2017, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 financial instruments.

15 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the period.

16 GENERAL

16.1 This condensed interim financial information is presented in Pakistan Rupees which is also the Fund's functional currency and all financial information presented has been rounded off to the nearest thousand rupees unless otherwise stated.

16.2 This condensed interim financial information was authorized for issue by Board of Directors of the Management Company on <u>February 16, 2018</u>.

For UBL Fund Managers Limited (Management Company)

SD SD SD SD

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

UIOF

UBL Income Opportunity Fund

INVESTMENT OBJECTIVE

The Objective of UBL Income Opportunity Fund is to provide a competitive rate of return to its investors by investing in quality TFCs / Sukuk, Government Securities, Bank Deposits, and short and long term debt instruments.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	Ernst & Young Ford Rhodes Sidat Hyder & Co.
Bankers	United Bank Limited Bank Alfalah Limited Faysal Bank Limited Tameer MicroFinance Bank Allied Bank Limited Khushhali Bank Ltd. MCB Bank Limited JS Bank Limited Samba Bank Limited Habib Bank Limited Sindh Bank Limited Zarai Taraqiati Bank Limited
Management Co.Rating	AM1 (JCR-VIS)
Fund Rating	A- (f) (JCR-VIS)

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal, Karachi - 74400, Pakistan. Tel: (92-21) 111-111-500 Fax: (92-21) 34326020 - 23 URL: www.cdcpakistan.com Email: info@cdcpak.com





TRUSTEE REPORT TO THE UNIT HOLDERS

UBL INCOME OPPORTUNITY FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Income Opportunity Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 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.

Aftab Ahmed Diwan
Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 20, 2018





EY Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi 75530 Pakistan

UAN: +9221 111 11 39 37 (EYFR) Tel: +9221 3565 0007-11 Fax: +9221 3568 1965 ey.khi@pk.ey.com ev.com/pk

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of UBL Income Opportunity Fund (the Fund) as at 31 December 2017, the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flows and notes to the accounts for the six month period then ended (herein-after referred to as "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

EYM



-: 2:-

Other matter

The condensed interim financial information for the half year ended 31 December 2016 and the financial statements of the Fund for the year ended 30 June 2017 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 13 February 2017 and audit report dated 23 August 2017 expressed an unmodified conclusion and an unmodified opinion on the aforementioned financial information and financial statements, respectively.

Chartered Accountants

EY Ford Md

Engagement Partner: Shaikh Ahmed Salman

Date: 16 February 2018

Karachi

UBL INCOME OPPORTUNITY FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2017

Assets	Note	December 31, 2017 (Un-audited) (Rupees i	June 30, 2017 (Audited) n '000)
Bank balances	4	106,052	144,616
Investments	5	24,862	31,197
Term deposit receipts	6	14,000	-
Accrued mark-up		1,277	1,402
Advances, deposits and other receivables		4,020	4,008
Advance tax	7	225	225
Preliminary expenses and floatation costs	-	61	190
Total assets		150,497	181,638
Liabilities			
Payable to the Management Company	8	237	281
Remuneration payable to the Trustee		24	31
Payable to Securities and Exchange			
Commission of Pakistan (SECP)		58	167
Accrued expenses and other liabilities	9	2,593	3,793
Total liabilities		2,912	4,272
Net assets	-	147.585	177.366
Unit holders' funds (as per statement attached)		147.585	177,366
,	-		
Contingencies and commitments	10		
		(Numb	oer)
Number of units in issue	=	1.321.902	1,612,776
		(Rupe	es)
Net assets value per unit	=	111.6457	109.9753

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Chief Executive Officer	Chief Financial Officer	Director	-
SD	SD	SD	

UBL INCOME OPPORTUNITY FUND CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

		Half yea	r ended	Quarter	Quarter ended		
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016		
Income	Note		(Rupees	in '000)			
Financial income		5,066	8,363	2,428	4,117		
Loss on redemption / sale of investments - net Unrealised (loss) / gain on revaluation of investments classified as:		(15)	(471)	(15)	(576)		
'designated at fair value through profit or loss'	5.2	(315)	415	(46)	749		
Other income Total income		4,750	<u>41</u> 8,348	2,367	41 4,331		
rotal income		4,730	0,040	2,501	4,001		
Expenses							
Remuneration to the Management Company	8.1	1,166	1,544	557	786		
Sales tax on management fee	8.2	152	201	73	102		
Remuneration to the Trustee		149	235	71	120		
Annual fee to SECP		58	92	28	47		
Auditors' remuneration		201	204	117	79		
Brokerage expenses		5	50	(5)	10		
Amortisation of preliminary expenses		129	129	65	65		
Listing fee		14	22	7	11		
Custody and settlement charges		330	145	200	128		
Bank charges and other expenses		160	129	78	104		
Total expenses		2,364	2,751	1,191	1,452		
Net income from operating activities		2,386	5,597	1,176	2,879		
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	3.2	-	106	-	(433)		
Provision for Sindh Workers' Welfare Fund (SWWF)		(47)	-	(23)	-		
Net income for the period							
before taxation		2,339	5,703	1,153	2,446		
Taxation	11	-	-	-	-		
Net income for the period after taxation		2.339	5,703	1.153	2,446		
Allocation of net income for the period							
Income already paid on units redeemed		(159)	-	(4)	-		
Accounting income available for distribution		2,180	5,703	1,149	2,446		
-Relating to capital gains							
-Excluding capital gains		2,180	-	1,149	-		
		2,180	5,703	1,149	2,446		

Earning per unit 13

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UBL INCOME OPPORTUNITY FUND CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Half yea	ar ended	Quarter ended		
	December 31, 2017			2016	
Net income for the period	2,339	5,703	1,153	2,446	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	2.339	5,703	1.153	2,446	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UBL INCOME OPPORTUNITY FUND CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

		Half year ended		
	Note	December 31, 2017	December 31, 2016 in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES Net income for the period	Note	2,339	5,703	
Adjustments for: Financial income Loss on redemption / sale of securities - net Unrealised gain / (loss) on revaluation of		(5,066) 15	(8,363) 471	
investments classified as: 'designated at fair value through profit or loss' Amortisation of preliminary expenses Element of income and capital gains included in prices of units issued less those in units redeemed - net		315 129	(415) 129 (106)	
Net cash flows used in operations before working capital changes		(4,607) (2,268)	(8,284) (2,581)	
Decrease / (increase) in assets Investments Advance tax Advances, deposits and other receivables		6,005 - (12) 5,993	56,703 36 (612) 56,127	
Increase / (decrease) in liabilities Payable to the Management Company Remuneration payable to the Trustee Payable to SECP Accrued expenses and other liabilities		(44) (7) (109) (1,200) (1,360)	60 15 (21) (1,112) (1,058)	
Mark-up / interest income received Net cash flows generated from operating activities	•	5,191 7,556	9,104 61,592	
CASH FLOWS FROM FINANCING ACTIVITIES Receipts from issuance of units Payments against redemption of units Net cash (used in) / generated from financing activities		13,466 (45,586) (32,120)	185,855 (120,858) 64,997	
Net (decrease) / increase in cash and cash equivalent during the period Cash and cash equivalents at beginning of the period		(24,564) 144,616	126,589 91,512	
Cash and cash equivalents at end of the period		120.052	218,101	
CASH AND CASH EQUIVALENTS Bank balances Term deposit receipts	4 6	106,052 14,000	218,101 -	
·	 :	120.052	218,101	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UBL INCOME OPPORTUNITY FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended		
	December 31, 2017	December 31, 2016	
	(Rupees	in '000)	
Net assets at beginning of the period [Rs.109.98 (2016: Rs.109.79) per unit]	177,366	166,195	
Issuance of 121,629 units during the period (2016: 1,677,138 units) - Capital value of units	13,376	-	
- Element of Income	90 13,466	- 185,855	
Redemption of 412,503 units during the period (2016: 1,086,100) units			
- Capital value of units - Element of Income	(45,365) (221)		
	(45,586)	(120,858)	
	(32,120)	64,997	
	145,246	231,192	
Element of income and capital gains in prices of units issued less those in units redeemed	-	(106)	
Loss on sale of investments - net	(15)	(471)	
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'designated at fair value through profit or loss'	(315)	415	
Unrealised appreciation on revaluation of investments classified as 'available-for-sale' - net	-	-	
Other income for the period	2,669 2,339	5,759 5,703	
Not access at and of the navied			
Net assets at end of the period [Rs.111.65 (2016: Rs.112.50) per unit]	147,585	236,789	
Distribution for the period			
Undistributed income brought forward comprising of: - Realised gain	9,892	9,304	
- Unrealised gain	442	727	
	10,334	10,031	
Accounting income available for distribution	2,180	-	
Accounting income available for distribution:			
- Relating to capital gains		-	
- Excluding to capital gains	2,180 2,180	-	
Undistributed income carried forward - Net	12.514	15,734	
Undistributed income carried forward comprising of:			
- Realised gain	12,829	15,319	
- Unrealised (loss) / gain	(315) 12.514	415 15,734	
TI			

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UBL INCOME OPPORTUNITY FUND NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 UBL Income Opportunity Fund (the Fund) was established under a Trust Deed executed between UBL Funds Managers Limited, (wholly owned subsidiary company of United Bank Limited) as its Management Company and Central Depository Company of Pakistan Limited, as its Trustee. The Trust Deed was executed on January 01, 2013 and the Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on February 13, 2013 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at the 4th Floor STSM Building, Beaumont Road, Civil Lines Karachi.
- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003.
- 1.3 The Fund is an open ended mutual fund listed on Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders. The Fund commenced its operations from March 29, 2013.
- 1.4 The objective of UBL Income Opportunity Fund (UIOF) is to provide a competitive rate of return to its investors by investing in quality TFC's/Sukuks issued by Financial Sector Institutions, Government Securities, Bank Deposits, short term and long term money market instruments.
- 1.5 JCR VIS Credit Rating Company has reaffirmed management quality rating of AM1 (stable outlook) dated December 29, 2017 to the Management Company.
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company Limited as a Trustee of the Fund.

2. BASIS OF PRESENTATION

- 2.1 This condensed interim financial information of the Fund for the half year ended December 31, 2017 have been prepared in accordance with the requirements of the International Accounting Standard 34: 'Interim Financial Reporting' and provisions of and directives issued under the repealed Companies Ordinance, 1984, the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- 2.2 Effective 30 May 2017, the Companies Act, 2017 (the Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered Accountants of Pakistan also issued clarification vide its circular dated 06 October 2018 which states the interim financial statements of companies for the periods ending on or before December 31, 2017 shall also be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 2.3 This condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2017.
- 2.4 This condensed interim financial information is un-audited but subject to limited scope review by the auditors. Figures for the quarter ended December 31, 2017 and December 31, 2016 as reported in this condensed interim financial information has not been subject to limited scope review by the external auditors.
- 2.5 In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.
- 2.6 This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of this condensed interim financial information is consistent with those followed in the preparation of the financial statements of the Fund for the year ended June 30, 2017 except for the following as follows:

3.1 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB

IFRS 12 Disclosure of interests in Other Entities - Clarification of the scope of the disclosure Requirement

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised Regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised Regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised Regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its letter no (S.R.O) no. 756(I)/2017 dated August 3, 2017. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been higher by Rs.0.131 million. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2017.

4.1 Profit rates on these bank accounts range between 3.9% to 7.6% (June 30, 2017: 3.75% to 7.25%) per annum and these include balances of Rs.44.59 (June 30, 2017: Rs.1.87) million held with United Bank Limited (a related party).

5. INVESTMENTS

Investments by category

Designated at fair value through 'profit or loss' Investment in debt securities

5.1 **24.862** 31,197

5.1 Investment in debt securities - 'Designated at fair value through profit or loss' (Term Finance Certificates of Rs.5,000 each)

Name of Security	As at July 01, 2017	Purchased during the period (Number o	Sold / matured during the period of certificates)	As at December 31, 2017	Carrying value as at December 31, 2017	Market value as at December 31, 2017 Rupees in '000) -	Market value as at June 30, 2017	Percentage of total investments	Percentage of net assets
Commercial Banks Standard Chartered Bank Limited TFC - (June 29, 2012)	1,200	1,400	(2,600)	-	-	-	6,015	0.00%	0.00%
Bank AL Habib Limited TFC - (March 17, 2016) Habib Bank Limited	2,000	-	-	2,000	10,149	10,004	10,151	40.24%	6.78%
TFC - (February 19, 2016)	150	-	-	150	15,028 25.177	14,858 24.862	15,031 31.197	59.76% 100.00%	10.07% 16.85%

- 5.1.1 The cost of investment in debt securities, designated at fair value through profit or loss, amount to Rs.25.177 million (June 30, 2017: Rs.30.76 million).
- **5.1.2** Significant terms and conditions of term finance certificates outstanding as at December 31 are as follows:

Name of securities	Remaining principal (Rupees in '000)	Mark-up rate (per annum)	Issue date	Maturity date
Bank AL Habib Limited - TFC - (March 17, 2016)	9,994	6M KIBOR + 0.75%	March 17, 2016	March 17, 2026
Habib Bank Limited - TFC - (February 19, 2016)	14,991	6M KIBOR + 0.5%	February 19, 2016	February 19, 2026

5.1.3 Details of non-compliant investments

Regulation 55 (5) of the NBFC Regulations issued by the SECP requires details of investments not compliant with the investment criteria specified for the category assigned to open-end collective investment schemes to be disclosed in the financial statements of the Fund. Details of such non compliant investment is as follows:

Investment	Note	Type of investment	Carrying value as at December 31, 2017	Market Value as at December 31, 2017	Market Value as at June 30, 2017	Percentage of total investments	Percentage of net assets	investment in a single company as a percentage of net assets	investment in a single company as a percentage of net assets
Habib Bank Limited	5.1	Term finance certificates	15,028	14,858	15,031	59.76%	10.07%	10%	0.07%

				Half year ended		
				December 31, 2017	December 31, 2016	
				•	dited)	
	5.2	Unrealised (loss) / gain in the value of investments classified as 'designated at fair value through profit or loss'		(Rupees	in '000)	
		Market value of investments Less: Carrying value of investments		24,862 (25,177) (315)	16,141 (15,726) 415	
				(Un-audited) December 31, 2017	(Audited) June 30, 2017	
6.	TER	M DEPOSIT RECEIPTS	Note	(Rupees	in '000)	
	Terr	m deposit receipts	6.1	14,000 14.000	<u> </u>	

6.1 These carry profit rates 6.5% (June 30, 2017: Nil) per annum will be matured on February 16, 2018 (June 30, 2017: Nil).

7. ADVANCE TAX

The income of the fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 and fund is exempt under clause 47(B) of Part IV of Second Schedule of Income Tax Ordinance 2001 from withholding of tax under section 151 and 233 of Income Tax Ordinance 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue. Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 151 of Income Tax Ordinance 2001. The management is confident that the same shall be refunded after filing Income Tax Return for Tax Year 2017.

		Note	(Un-audited) December 31, 2017(Rupees	(Audited) June 30, 2017 in '000)
8.	PAYABLE TO MANAGEMENT COMPANY			
	Remuneration payable to the Management Company Sales tax on management fee Sales load and other payable	8.1 8.2	188 24 25 237	243 32 6 281

- 8.1 The Management Company has charged remuneration at the rate of 1.5% (June 30, 2017: 1.5%) of average annual net assets of the Funds. The remuneration is paid to the Management Company on monthly basis in arrears.
- **8.2** The Provincial Government of Sindh levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Rupees i	in '000)
Provision for indirect duties and taxes	9.1	1,597	1,597
Provision for Sindh Workers' Welfare Fund (SWWF)	9.2	411	365
Zakat payable		406	815
Auditors' remuneration		169	227
Withholding tax payable		-	765
Tax payable on capital gain on redemption of units		8	17
Brokerage payable		1	7
CDC fees payable		1_	
		2.593	3,793

- **9.1** There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty, as reported in note 14 to the annual financial statements. Had the provision not been made, the net assets value per unit of the Fund would have been higher by Rs.1.18 (June 30, 2017: Re.0.96) per unit.
- **9.2** There is no change in the status of the SWWF as reported in note 14 to the annual financial statements of the Fund for the year ended June 30, 2017. Had the provision not been made, the net assets value per unit of the Fund would have been higher by Re.0.31 (June 30, 2017: Re.0.23) per unit.

10. CONTINGENCIES AND COMMITMENTS

As at December 31, 2017, there are no contingencies and commitments.

11. TAXATION

9.

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed in cash amongst the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Management Company intends to distribute not less than 90% of its annual accounting income in cash, if any, to comply with the above clause at year end. Accordingly, no tax provision has been made in this condensed interim financial information for the half year ended December 31, 2017.

12. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 1.56% as on December 31, 2017 (December 31, 2016: 1.13%) and this includes 0.18% (December 31, 2016: 0.13%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as an income scheme.

13. EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Ltd (Management Company), Al-Ameen Financial Services (Private) Limited (subsidiary of Management Company), Entities under the common management or directorship, Central Depository Company of Pakistan Limited as trustee of the fund and he directors and officer of the management company and unit holders holding more than 10% units of the Fund.

Transactions with connected persons are in the normal course of business, at agreed / contracted rates.

Remuneration to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Rules, the NBFC regulations and the Trust Deed respectively.

Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

Details of transactions with the related parties and balances with them at the period end are as follows:

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
			(Rupees	s in '000)		•
Transactions for the period ended December 31, 2017						
Profit on bank balances	-	162	-	-	-	-
Bank charges	-	4	-	-	-	-
Units redeemed	-	-	-	-	-	7,935
Central Depository Service expense	-	-	6	-	-	-
Remuneration	1,166	-	149	-	-	-
Sindh sales tax	152	-	-	-	-	-
Transactions for the period ended December 31, 2016						
Profit on bank balances	-	3,368	-	-	-	-
Bank charges	-	3	-	-	-	-
Units issued	-	-	-	_	-	42,000
Central Depository Service expense	-	-	3	-	-	, -
Remuneration	1,544	-	235	-	-	-
Sindh sales tax	201	-	-	-	-	-
Balances as at December 31, 2017						
Units held (in units)	-	-	-	_	-	926
Units held (Rupees in '000)	-	-	-	-	-	103,384
Bank balances*	-	44,590	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration and other payable						
(including Sindh sales tax)	237	-	24	-	-	-
Profit receivable	-	124	-	-	-	-
* These carry profit at the rate						
ranging from 4% to 7.6% per annum						
Balances as at June 30, 2017						
Units held (in units)	-	-	-	-	-	999
Units held (Rupees in '000)	-	-	-	-	-	109,865
Bank balances*	-	1,870	-	-	-	-
Deposits	-	-	-	-	-	-
Remuneration and other payable						
(including Sindh sales tax)	281	-	31	-	-	-
Profit receivable	-	7	-	-	-	-
Other receivables from						
management company	71	-	-	-	-	-
* These carry profit at the rate ranging from 4% to 7.5% per annum						

15. FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has no affect on this condensed interim financial information.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyse financial instruments measured at the end of the reporting half year by the level in the fair value hierarchy into which the fair value measurement is categorised:

					31 December	2017 (Un-auc	dited)			
			C	arrying amour				Fair v	alue	
	Note	Designated fair value through profit or loss	Available for sale	Loans and receivables	Other financial assets and liabilities (Rupe	Total es in '000)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						•				
Term Finance Certificates	15.1	25.177	-	-	-	25.177	-	25.177	-	25.177
Financial assets not measured at fair value Cash and cash equivalents Advances, deposits and other receivable	15.2 es	- - -	- - -	- - -	120,052 4,020 124.072	120,052 4,020 124.072				
Financial liabilities not measured at fair value Payable to the Management Company Remuneration payable to the Trustee Accrued expenses and other liabilities	15.2	- - - -	- - - -	- - -	237 24 171 432	237 24 171 432				
				arrying amour		017 (Audited)	Fair v	alue	
		Designated fair value through profit or loss	Available for sale	Loans and receivables	Other financial assets and liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value Term Finance Certificates		31,197	-	<u>-</u>	- -	31,197	-	31,197	-	31,197
Financial assets not measured at fair value Cash and cash equivalents Advances, deposits and other receivable	es	- - -	- - -	- - -	144,616 1,402 146,018	144,616 1,402 146,018				
Financial liabilities not measured at fair value Payable to the Management Company Remuneration payable to the Trustee Accrued expenses and other liabilities		- - - -	- - -	- - - -	281 31 1,831 2,143	281 31 1,831 2,143				

During the period ended December 31, 2017, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

15.1 Valuation techniques used in determination of fair values within level 2:

Investments in term finance certificates, issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

15.2 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

16. DATE OF AUTHORISATION FOR ISSUE

This	condensed	interim	financial	information	was	authorised	for	issue	by	the	Board	of	Directors	of	the
Mana	gement Comp	oany on _	Februa	ry 16, 2018	3										

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

For UBL Fund Managers Limited (Management Company)

SD SD SD SD
Chief Executive Officer Chief Financial Officer Director

UGIF

UBL Growth and Income Fund

INVESTMENT OBJECTIVE

UGIF is an open-end Aggressive Fixed Income Fund, investing in medium to long-term fixed income instruments as well as short-tenor money market instruments and seeks to generate superior, long-term, risk-adjusted returns while preserving capital over the long-term.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	Ernst & Young Ford Rhodes Sidat Hyder & Company,, Chartered Accountants
Bankers	United Bank Limited Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited JS Bank Limited Khushhali Bank Ltd. MCB Bank Limited Samba Bank Limited Silk Bank Limited Silk Bank Limited Silk Bank Limited Telenor Microfinance Bank Limited (Formerly Tameer Microfinance Bank) The Bank of Punjab Zarai Taraqiati Bank Limited
Management Co.Rating	AM1 (JCR-VIS)
Fund Rating	A(f) (JCR-VIS)

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal, Karachi - 74400, Pakistan. Tel: (92-21) 111-111-500 Fax: (92-21) 34326020 - 23 URL: www.cdcpakistan.com Email: info@cdcpak.com





TRUSTEE REPORT TO THE UNIT HOLDERS

UBL GROWTH & INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Growth & Income Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 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.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 20, 2018





EY Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi 75530 Pakistan UAN: +9221 111 11 39 37 (EYFR) Tel: +9221 3565 0007-11 Fax: +9221 3568 1965 ey.khi@pk.ey.com ey.com/pk

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of UBL Growth and Income Fund (the Fund) as at 31 December 2017, the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the accounts for the six month period then ended (here-in-after referred to as "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



-: 2 :-

Other matter

The condensed interim financial information for the half year ended 31 December 2016 and the financial statements of the Fund for the year ended 30 June 2017 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 13 February 2017 and audit report dated 23 August 2017 expressed an unmodified conclusion and an unmodified opinion on the aforementioned financial information and financial statements, respectively.

Chartered Accountants

EXFORD Ma

Engagement Partner: Shaikh Ahmed Salman

Date: 16 February 2018

Karachi

UBL GROWTH AND INCOME FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2017

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	(Rupees	in '000)
Assets	4	0.440.507	0.004.404
Bank balances	4	2,110,567	2,891,184
Placements and term deposit receipts	5	100,000	260,000
Investments	6	1,040,030	1,867,615
Fair value of derivative asset	7	-	2,090
Advance tax	,	3,341	2,984 98,942
Receivable against settlement of spread transactions		-	•
Receivable against margin trading system Profit receivable		-	358,681
	8	35,332	26,822
Advances, deposits, prepayments and other receivables	0	9,763	263,147
Total assets		3,299,033	5,771,465
Liabilities			
Payable to the Management Company	9	5,653	8,381
Remuneration payable to the Trustee	9	372	484
Payable to Securities and Exchange Commission		312	404
of Pakistan (SECP)		1,740	3,187
Accrued and other liabilities	10	37,285	52,142
Total liabilities	10	45,050	64,194
Total liabilities		45,050	04,194
Net assets		3,253,983	5,707,271
Unit holders' funds (as per the statement attached)		3,253,983	5,707,271
Contingencies and commitments	11		
		(Number o	of units)
Number of units in issue		37,652,725	67,229,227
		(Rup	ees)
Net assets value per unit		86.4209	84.8927

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UBL GROWTH AND INCOME FUND CONDENSED INTERIM INCOME STATEMENT FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017 (UN-AUDITED)

		Half year ended		Quarter	ended
	•	December 31,	December 31,	December 31,	
	New	2017	2016	2017	2016
Income	Note		(Rupees	s in '000)	
Financial income		144,503	106,519	70,720	66,539
Net gain / (loss) on investments classified as		144,000	100,010	70,720	00,000
'designated at fair value through profit or loss'					
- Net loss on sale and redemption of investments		(3,159)	(5,976)	(7,389)	(7,920)
- Net gain from spread transactions		8,256	493	8,256	493
- Net unrealised (loss) / gain on revaluation of investments	6.1	(34)	(3,662)	880	(1,696)
- Unrealised gain on derivatives		-	24		24
		5,063	(9,121)	1,747	(9,099)
Net capital gain / (loss) on sale and redemption of			00		(000)
investments classified as 'available-for-sale' Other income		- 2.475	99 944	- 927	(682) 926
Reversal of provision - net		2,175 3,889	8,262	3,889	2,122
Total income	,	155,630	106,703	77,283	59,806
		100,000	.00,.00	77,200	33,333
Expenses	ı				
Remuneration of the Management Company	9.1	34,792	24,836	16,084	16,035
Sales tax on management fee	9.2	4,523	3,229	2,091	2,085
Expenses allocated by the Management Company	9.3	2,319	1,656	1,072	1,069
Remuneration of the Trustee Annual fee to SECP		2,704	2,074 1,238	1,272 805	1,268 798
Auditors' remuneration		1,740 348	368	227	108
Legal and professional charges		41	329	11	329
Brokerage expense		1,360	376	139	346
Custody and settlement charges		1,902	114	423	89
Bank charges and other expenses		330	253	177	115
Total expenses	•	50,059	34,473	22,301	22,242
	•	105,571	72,230	54,982	37,564
Element of income and capital income included in					
prices of units issued less those in units redeemed - net		-	66,221	-	50,676
					-
Provision for Sindh Workers' Welfare Fund (SWWF)		(2,074)	-	(1,077)	-
Net income for the period before taxation	•	103,497	138,451	53,905	88,240
Taxation	12	-	-	-	-
Net income for the period after taxation		103,497	138,451	53,905	88,240
Allocation of net income for the period: Income already paid on units redeemed		(31,120)	-	(26,561)	-
Accounting income available for distribution:		72,377	138,451	27,344	88,240
5 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	ĺ				
- Relating to capital gains		5,097	-	2,575	-
- Excluding capital gains		67,280	-	77,891	-
		72,377	-	80,466	-
	1				

Earnings per unit

14

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UBL GROWTH AND INCOME FUND CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017 (UN-AUDITED)

		Half yea	r ended	Quarte	rter ended			
		December 31,	December 31,	December 31,	December 31,			
		2017	2016	2017	2016			
	Note		(Rupees	in '000)				
Net income for the period after taxation		103,497	138,451	53,905	88,240			
Other comprehensive income:								
Other comprehensive (loss) / income								
for the period	6.4	(20,897)	20,796	(20,134)	(2,848)			
Surplus on revaluation of								
available-for-sale' investments transferred								
to income statement on disposal		-	(23)	-	(23)			
		(20,897)	20,773	(20,134)	(2,871)			
Total comprehensive income								
for the period		82,600	159,224	33,771	85,369			

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UBL GROWTH AND INCOME FUND CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

Note	December 31, 2017 (Rupees	December 31, 2016 in '000)
CASH FLOWS FROM OPERATING ACTIVITIES Net income for the period before taxation	103,497	138,451
Adjustments for:		
Financial income	(144,503)	(106,519)
Net (loss) / gain on investments classified as		
'designated at fair value through profit or loss'	(5,063)	9,121
Net capital gain on sale and redemption of investments classified as 'available-for-sale'		(99)
Reversal of provision - net		(8,262)
Element of income and capital income included		(0,202)
in prices of units issued less those in units redeemed - net	-	(66,221)
	(149,566)	(171,980)
Decrease / (increase) in assets		
Placements and term deposit receipts	160,000	- (222 1)
Investments	811,751	(365,774)
Advance tax Fair value of derivative asset	(357)	120
Receivable against settlement of spread transactions	2,090 98,942	
Receivable against margin trading system	358,681	_
Advances, deposits, prepayments and other receivables	253,384	(67,563)
, 1 , 1 ,	1,684,491	(433,217)
(Decrease) / increase in liabilities		
Payable to the Management Company	(2,728)	4,549
Remuneration payable to the Trustee	(112)	258
Payable to SECP	(1,447)	(178)
Payable against purchase of Investment	- (4.4.057)	80,994
Accrued and other liabilities	(14,857) (19,144)	(4,679)
	(19,144)	80,944
Finance income received	135,993	105,302
Net cash generated from / (used in) operating activities	1,755,271	(280,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	1,203,851	4,506,341
Payments against redemption of units	(3,739,739)	(1,773,334)
Net cash (used in) / generated from financing activities	(2,535,888)	2,733,007
Net (decrease) / increase in cash and cash equivalents	(780,617)	2,452,507
Cash and cash equivalents at the beginning of the period	2,891,184	887,280
Cash and cash equivalents at the end of the period 4	2,110,567	3,339,787

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UBL GROWTH AND INCOME FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	Note	December 31, 2017 (Rupees	December 31, 2016 in '000)
Net assets at the beginning of the period	Hoto	(Nupces	000)
[Rs.84.89 (2016: Rs.84.80) per unit]		5,707,271	1,735,198
Issuance of 14,082,997 units (2016: 51,807,230 units)			
- Capital value of units - Element of Income		1,195,544 8,307	-
- Element of income		1,203,851	4,506,341
Redemption of 43,659,499 units (2016: 20,360,845 units)			
- Capital value of units		(3,706,373)	-
- Element of Income		(33,366)	-
		(3,739,739)	(1,773,334)
		(2,535,888)	2,733,007
		3,171,383	4,468,205
Element of income and capital gains included in prices of units issued less those in units redeemed - net		-	(66,221)
Gain / (Loss) on sale of investments - net		5,097	(5,384)
Unrealised diminution on re-measurement of investments classified as 'designated at fair value through profit or loss'	6.1	(34)	(3,638)
Unrealised appreciation on revaluation of investments			
classified as 'available-for-sale'	6.4	(20,897)	20,773
Other income for the period		98,434	147,473
		82,600	159,224
Net assets at end of the period			
[Rs.86.42 (2016: Rs.87.87) per unit]		3,253,983	4,561,208
Distribution for the period			
Undistributed income brought forward comprising of:			
- Realised loss		(491,263)	(485,217)
- Unrealised gain		14,166 (477,097)	4,130 (481,087)
		(477,037)	(401,007)
Accounting income available for distribution:		5 007	
 Relating to capital gains Excluding to capital gains 		5,097 67,280	
- Excluding to capital gains		72,377	-
Undistributed income carried forward - Net		(404,720)	(481,087)
Undistributed income carried forward comprising of:			
- Realised loss		(404,686)	(477,449)
- Unrealised loss		(34)	(3,638)
		(404,720)	(481,087)

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

SD	SD	SD		
Chief Executive Officer	Chief Financial Officer	Director		

UBL GROWTH AND INCOME FUND NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 UBL Growth and Income Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and was approved as an open-end mutual fund by the Securities and Exchange Commission of Pakistan (SECP). It was constituted under the Trust Deed, dated 21 December 2004 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont road, Civil lines, Karachi.
- 1.3 The Fund is an aggressive fixed income scheme and units of the Fund are listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units of the fund can be transferred to / from other funds managed by the Management Company and can also be redeemed by surrendering to the fund.
- 1.4 As per the offering document, the Fund shall invest in a diversified portfolio of government securities, investment grade term finance certificates (TFCs), rated corporate debts, certificates of investments (COIs), marginal trading system (MTS), spread transactions (including spread on equity transactions) and other money market instruments.
- **1.5** JCR VIS Credit Rating Company has upgraded management quality rating to AM1 (stable outlook) from AM2++ (stable outlook) of the Management Company and the fund rating reaffirmed as A(f) as at December 29, 2017.
- **1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Fund for the half year ended December 31, 2017 have been prepared in accordance with the requirements of the International Accounting Standard 34: 'Interim Financial Reporting', and provisions of and directives issued under the repealed Companies Ordinance, 1984, the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

- 2.2 Effective May 30, 2017, the Companies Act, 2017 (the Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered Accountants of Pakistan also issued clarification vide its circular dated October 06, 2018 which states the interim financial statements of companies for the periods ending on or before December 31, 2017 shall also be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 2.3 This condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2017.
- 2.4 This condensed interim financial information is un-audited but subject to limited scope review by the auditors. Figures for the quarters ended December 31, 2017 and December 31, 2016 as reported in this condensed interim financial information has not been subject to limited scope review by the external auditors.
- 2.5 In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.
- **2.6** This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of this condensed interim financial information is consistent with those followed in the preparation of the financial statements of the Fund for the year ended June 30, 2017 except as described in note 3.1 and 3.2 below:

3.1 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB

IFRS 12 Disclosure of interests in Other Entities - Clarification of the scope of the disclosure Requirement

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised Regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised Regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised Regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 01, 2017 as required by SECP vide its letter no (S.R.O) no. 756(I)/2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been lower by Rs.20.99 million. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2017.

			(Un-audited) December 31, 2017	(Audited) June 30, 2017
4.	BANK BALANCES	Note	(Rupees	in '000)
	Current accounts Saving accounts	4.1	50 2,110,517 2,110,567	50 2,891,134 2,891,184

4.1 Profit rate on saving accounts ranges between 3.75% to 7.00% (June 30, 2017: 3.75% to 7.25%) per annum. These include a balance of Rs.9.13 (June 30, 2017: Rs.16.29) million and a balance of Rs.410.33 (June 30, 2017: Rs.152.92) million held with United Bank Limited and Khushhali Microfinance Bank respectively (related parties).

5. PLACEMENTS AND TERM DEPOSIT RECEIPTS

Placements	5.1	149,430	309,430
Less: Provision for impairment		(49,430)	(49,430)
	5.2	100,000	260,000

- 5.1 This represents placement with a Leasing Company (the company). The Fund entered into a restructuring agreement with the company on June 29, 2012 whereby the outstanding amount was settled partly through transfer of 13 memberships of a club aggregating to Rs.23.050 million (subsequently disposed off) whereas the remaining amount would be paid in 368 weekly instalments of Rs.204,167 which commenced from February 01, 2012. As per the said agreement, no interest is payable on the outstanding balance by the company. The company defaulted on the weekly payment due on July 07, 2014. Accordingly, provision has been recorded against the remaining principal amount.
- 5.2 This carries interest at the rate of 7.61% (June 30, 2017: 6.65%) per annum and maturing on January 02, 2018 (June 30, 2017: August 23, 2017).

INVESTMENTS

Investments by category

'Designated at fair value through profit or loss'

Investments in:

- Quoted debt securities	6.1	258,313	233,511
- Unquoted debt securities	6.1	756,956	671,364
- Government securities		-	251,675
- Quoted equity securities (spread transactions)		-	470,160
	-	1 015 269	1 626 710

'Available-for-sale'

Inv

tranable for Saic			
vestments in:			
- Quoted debt securities	6.2	- [-
- Unquoted debt securities	6.2	-	-
- Preference shares	6.3	-	-
- Quoted equity security	6.4	24,761	45,658
- Commercial paper		-	195,247
		24,761	240,905
		1,040,030	1,867,615

6.1 Investment in debt securities - 'Designated at fair value through profit or loss ' (Term Finance Certificates and Sukuk Certificates of Rs.5,000 each, unless otherwise stated)

Particulars	Note	As at July 01, 2017	Purchased during the period	Sold / matured during the period	As at December 31, 2017	Carrying value as at December 31, 2017	2017	Unrealised (loss) / gain	Market value as a percentage of total investments	Market value as a percentage of net assets
Quoted			(Number o	f certificates)		(Rupees in '000)			
Personal goods Azgard Nine Limited - TFC (September 20, 2005) Less: Provision for impairment	6.3.1	1,000	-	-	1,000	1,026 (1,026)		_	0.00%	0.00%
Commercial banks MCB Bank Limited-TFC (June 20, 2014) Bank Alfalah Limited-TFC (February 20, 2013) Soneri Bank Limited - TFC (July 08, 2015) Dawood Hercules Corporation Limited - sukuk (November 16, 2017)		21,300 10,100 13,000	- - - 890	- - (11,000) -	21,300 10,100 2,000 890	107,796 51,698 10,282 89,000	108,005 51,306 10,002 89,000	209 (392) (280) -	10.38% 4.93% 0.96% 0.00%	3.32% 1.58% 0.31%
Chemicals Engro Corporation Limited - TFC (July 10, 2014)		890	-	(890)	-	-	-	-	0.00%	0.00%
Electricity K-Electric Limited TFC (August 13, 2012)		500	-	(500)	-	-	-	-	0.00%	0.00%
December 31, 2017						258,776	258,313	(463)	16.27%	5.21%
June 30, 2017						228,890	233,511	4,621	· •	
<u>Unquoted</u>										
Personal goods Azgard Nine Limited - PPTFC (December 04, 2007) Less: Provision for impairment	6.3.1	7,000	-	-	7,000	10,579 (10,579)			0.00%	0.00%
Household goods New Allied Electronics Industries Limited - TFC (May 15, 2007) Less: Provision for impairment	6.3.1	18,000	-	-	18,000	18,094 (18,094)	-]	-		
New Allied Electronics Industries Limited - Sukuk (December 03, 2007) Less: Provision for impairment	6.3.1	10,000	-		100,000	35,000 (35,000)	- -	-	0.00%	

Particulars	Note	As at July 01, 2017	Purchased during the period	Sold / matured during the period f certificates)	As at December 31, 2017	Carrying value as at December 31, 2017		Unrealised (loss) / gain	Market value as a percentage of total investments	Market value as a percentage of net assets
Commercial Banks			(Number O	certificates)		(Kupees III 000)			
Bank AL Habib Limited - TFC (March 17, 2016)		37,200	_	(24,000)	13,200	66,982	66,026	(956)	6.35%	2.03%
JS Bank Limited - TFC (December 14, 2016)		48,000	_	(25,000)	23,000	115,798	114,965	(833)	11.05%	3.53%
Standard Chartered Bank - TFC (June 29, 2012)		8,300	_	(8,300)	,	-	-	-	0.00%	0.00%
Habib Bank Limited - TFC (February 19, 2016)*		500	2,822	-	3,322	331,004	329,066	(1,938)	31.64%	10.11%
Fertilizer Engro Fertilizer Limited -TFC (July 09, 2014)		3,600	-	-	3,600	13,020	12,903	(117)	1.24%	0.40%
Investment Banks Jahangir Siddiqui & Company Limited (July 18, 2017))	-	30,000	-	30,000	150,000	153,962	3,962	14.80%	4.73%
Chemical Ghani Gases Limited - Sukuk (February 02, 2017)*		500	-	(250)	250	22,094	21,946	(148)	2.11%	0.67%
Electricity WAPDA - TFC (September 27, 2013)		20,000	-	-	20,000	57,629	58,088	459	5.59%	1.79%
Financial services Security Leasing Corporation Limited - Sukuk (September 19, 2007) – II Less: Provision for impairment	6.5	5,000	-	-	5,000	5,577 (5,577)	_	-	0.00%	0.00%
Cable and electrical goods TPL Trakker Limited - Sukuk (April 13, 2016) **		20	-	(20)	-	-	-	-	0.00%	0.00%
December 31, 2017						756,527	756,956	429	72.78%	23.26%
June 30, 2017						663,674	671,364	7,690	-	·
Julie 30, 2017						003,074	071,304	7,090	=	

 $^{^{\}star}$ The nominal value of these TFCs and Sukuks are Rs.100,000 each. ** The nominal value of this Sukuk is Rs.1,000,000 each.

6.2 Investment in debt securities - 'Available-for-sale'

(Term Finance Certificates and sukuk certificates of Rs.5,000 each)

(Term Finance Certificates and suku Name of security	Note	As at July 01, 2017	Purchased during the period (Number of c	Sold / matured during the period ertificates)	As at December 31, 2017	Carrying value as at December 31, 2017	Market value as at December 31, 2017 Rupees in '00	Unrealised gain / (loss) 0)	Market value as a percentage of total investments	Market value as a percentage of net assets
Quoted			(oou.oo,		ν.		-,		
Personal goods Azgard Nine Limited - TFC (September 20, 2005) Less: Provision for impairment	6.2.1	21,150	-	-	21,150	21,702 (21,702)	_		0.00%	0.00%
Azgard Nine Limited - TFC (May 17, 2010) Less: Provision for impairment	6.2.1	10,000	-	-	10,000	27,863 (27,863)				
Commercial bank Standard Chartered Bank Limited - TFC (June 29, 2012)		2,000	-	(2,000)	-	-	-	-	0.00%	0.00%
Financial services Trust Investment Bank Limited - TFC (July 04, 2008) Less: Provision for impairment	6.2.1	23,877	-	-	23,877	44,499 (44,499)			0.00%	0.000/
December 31, 2017									0.00% 0.00%	0.00% 0.00%
June 30, 2017										
Unquoted										
Household goods New Allied Electronics Industries (Pvt) Limited (May 15, 2007) Less: Provision for impairment	6.2.1	13,000	-	-	13,000	13,068 (13,068)			0.00%	0.00%
Chemicals Agritech Limited - PP TFC (January 14, 2008) Less: Provision for impairment	6.2.1	147,000	-	-	147,000	558,988 (558,988)	_	_	0.00%	0.00%
Agritech Limited - PP TFC (November 30, 2007) Less: Provision for impairment	6.2.1	58,000	-	-	58,000	254,223 (254,223)				
Agritech Limited - Sukuk (August 06, 2008) Less: Provision for impairment	6.2.1	3,800	-	-	3,800	14,453 (14,453)	-	-	0.00%	0.00%
Personal goods Azgard Nine Limited - PP (December 04, 2007) Less: Provision for impairment	6.2.1	33,000	-	-	33,000	49,870 (49,870)	-	-	0.00%	0.00%
Financial services Security Leasing Corporation Limited - Sukuk (September 19, 2007) - II Less: Provision for impairment	6.2.1	15,000	-	-	15,000	16,451 (16,451)	-	-	0.00%	0.00%
Security Leasing Corporation Limited - PP (March 28, 2006) Less: Provision for impairment	6.2.1	19,000	-	-	19,000	10,261 (10,261)	-	-	0.00%	0.00%
December 31, 2017							-	-	0.00% 0.00%	0.00% 0.00%
June 30, 2017								<u>-</u>		

^{6.2.1} Due to non-recoverability of these investments, the Fund has classified these as non-performing securities and recognized full provision there against.

6.3 Investment in preference shares - 'Available-for-sale'

Name of security	Note	As at July 01, 2017	Purchased during the period - (Number of	Sold / converted during the period certificates)	As at December 31, 2017	Carrying value as at December 31, 2017	Market value as at December 31, 2017 (Rupees	value as a percentage of total investment s in '000)	Market value as a percentage of net assets	
Personal goods Azgard Nine Limited	6.3.1	200,000			200,000			0.00%	0.00%	

6.3.1 These represent cumulative, non-voting, convertible and redeemable preference shares having a face value of Rs.10 each and carrying profit at the rate of 8.95% per annum. These were due for redemption on September 30, 2009 but due to default by the Company, the Fund has made full provision of Rs.11.25 million against the amount outstanding.

6.4 Investment in quoted equity securities - 'Available-for-sale' (Ordinary shares having face value of Rs. 10 each)

			Purchased / bonus					Market	Market	Market
			shares received	Disposal	As at	Market value as at	Market value as at	value as a percentage	value as a percentage	value as a percentage
Name of security	Note	As at July 01, 2017	during the period	during the period	December 31, 2017	December 31, 2017	June 30, 2017	of total investments	of net assets	of investee capital
			(Number c	of shares)		(Rupees	s in '000)			
Chemical Agritech Limited	6.4.1	5,084,430	-	-	5,084,430	24,761	45,658	2.38%	0.76%	1.30%

6.4.1 These represent shares received in partial settlement against TFC of Azgard Nine limited. As per Circular 07 of 2009 an 'aggressive fixed income scheme' shall not invest in the equity securities, however, SECP vide its letter dated 16 January 2012 allowed exemption from this restriction in respect of shares of Agritech Limited and has instructed to value these shares as per applicable International Accounting Standards (IAS). Accordingly, the Fund has recorded the shares at prevailing market price.

6.5 Details of non-compliant investments

			Value of				
			investment	Provision	Value of	Value as a	Value as a
			before	held /	investment	percentage	percentage
			provision /	impairment	after	of net	of gross
Investment	Note	Type of investment	impairment	made	provision	assets	assets
				(Rupees in '000)			

6.5.1 Circular No. 16 dated July 07, 2010 issued by the SECP requires details of investments not compliant with the investment criteria specified for the category assigned to open-end collective investment schemes or the investment requirements of the constitutive documents of the Fund to be disclosed in the financial statements of the Fund. Details of such non compliant investments are as follows:

Azgard Nine Limited	6.4	Preference shares	850	(850)	-	0.00%	0.00%
Agritech Limited	6.4	Quoted equity security	65,589	(19,931)	45,658	1.40%	1.38%
Property - held for sale	8	Property	12,000	(12,000)	-	0.00%	0.00%

6.5.2 Regulation 55 (5) of the NBFC Regulations issued by the SECP requires details of investments not compliant with the investment criteria specified for the category assigned to open-end collective investment schemes to be disclosed in the financial statements of the Fund. Details of such non compliant investment is as follows:

Habib Bank Limited 6.1 Term finance certificates **329,066** - **329,066 10.11% 9.97%**

7. ADVANCE TAX

The income of the fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 and fund is exempt under clause 47(B) of Part IV of Second Schedule of Income Tax Ordinance 2001 from withholding of tax under section 150, 150A, 151 and 233 of Income Tax Ordinance 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue. Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150, 150A & 151 of Income Tax Ordinance 2001. The management is confident that the same shall be refunded after filing Income Tax Return for Tax Year 2017.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	(Rupees i	n '000)
ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Property - held for sale	8.1	12,000	12,000
Advance against National Clearing			
Company of Pakistan Limited		-	186,658
Security deposit with National Clearing			
Company of Pakistan Limited		-	74,500
Fair value of derivative asset		-	2,090
Other receivables		9,763	1,989
		21,763	277,237
Less: Provision for impairment		(12,000)	(12,000)
		9,763	265,237

8.1 This represents property acquired in a partial settlement of a placement with a leasing company under the settlement agreement dated July 12, 2012. The Securities and Exchange Commission of Pakistan vide its letter no. SCD/AMCW/MF/JD-VS/UGIF/324/2011 has provided 'no objection' for this settlement transaction. The Fund was required to dispose of the property within one year of the acquisition which has been further extended till June 30, 2018 by SECP vide its letter no. SCD/AMCW/UBLFML/96/2017 dated October 10, 2017. However, as the management is facing difficulty in seeking buyer for the property at reasonable prices in present condition, it has recorded full provision against the carrying value of the property.

9. PAYABLE TO THE MANAGEMENT COMPANY

8.

Remuneration payable to the Management Company	9.1	4,530	6,457
Sales tax on management fee	9.2	589	839
Expenses allocated by the Management Company	9.3	302	902
Sales load and other payable		150	-
Other payable		82	183
	<u> </u>	5,653	8,381

- **9.1** The Management Company has charged remuneration at the rate of 1.5% (June 30, 2017: 1.5%) of average annual net assets of the Funds. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 9.2 The Provincial Government of Sindh levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 9.3 This represents the amount payable to the Management Company under NBFC Regulation 60(3)(s), wherein the Management Company is allowed to charge their cost to Collective Investment Schemes (CIS) in respect of fees and expenses related to registrar, accounting, and other services related to CIS. The maximum cost that can be charged in this regard is up to 0.1% of the average annual net assets of that CIS or actual, whichever is less.

10. ACCRUED AND OTHER LIABILITIES

Provision for indirect duties and taxes	10.1	24,359	24,359
Auditors' remuneration		304	356
Brokerage expense		388	783
Withholding tax and zakat deducted at source		640	3,415
Capital gain tax payable		1,512	15,225
Provision for Sindh Workers' Welfare Fund (SWWF)	10.2	9,174	7,101
CDC fee payable		5	-
Legal and professional charges payable		72	72
Custodian fee payable		83	83
Other payables		748	748
	<u> </u>	37,285	52,142

- 10.1 There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in note 17.1 to the annual financial statements of the Fund for the year ended June 30, 2017. Had the provision not been made, the net assets value per unit of the Fund would have been higher by Re.0.65 (June 30, 2017: Re.0.36) per unit.
- 10.2 There is no change in the status of the SWWF as reported in note 17.2 to the annual financial statements of the Fund for the year ended June 30, 2017. Had the provision not been made, the net assets value per unit of the Fund would have been higher by Re.0.24 (June 30, 2017: Re.0.11) per unit.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There was no contingency and commitment outstanding as at December 31, 2017.

(Un-audited) (Audited)
December 31, June 30,
2017 2017
Note ------ (Rupees in '000) -------

11.2 Commitments

Derivative future stock contracts

12. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed in cash amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11 of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Management Company intends to distribute not less than 90% of its annual accounting income in cash, if any, to comply with the above clause at year end. Accordingly, no tax provision has been made in this condensed interim financial information for the half year ended December 31, 2017.

13. TOTAL EXPENSE RATIO

The Total Expense Ratio of the Fund is 1.13% as on December 31, 2017 (December 31, 2016: 1.05%) and this includes 0.19% (December 31, 2016: 0.14%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as an aggressive income scheme.

14. EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

15. TRANSACTIONS WITH CONNECTED PERSONS/ RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Ltd (Management Company), Al-Ameen Financial Services (Private) Limited (subsidiary of Management Company), Entities under the common management or directorship, Central Depository Company of Pakistan Limited as trustee of the fund and he directors and officer of the management company and unit holders holding more than 10% units of the Fund.

Transactions with connected persons are in the normal course of business, at agreed / contracted rates.

Remuneration to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Rules, the NBFC regulations and the Trust Deed respectively.

Other

Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

Expenses allocated by the Management Company

Sales load and other payable

Details of transactions with the related parties and balances with them at the period end are as follows:

	Management company	Associated companies	Trustee	common	Directors and key executives	persons /
		·	(Rupe	_		-
Transactions for the period				•		
ended December 31, 2017						
Profit on bank balances	-	12,266	-	-	-	-
Units issued	50,000	-	-	-	-	287,277
Units redeemed	-	485,830	-	-	6,383	283,023
Bank charges	-	18	-	-	-	-
Purchase of securities	-	-	-	396,134	-	-
Sale of securities	-	-	-	-	-	-
Remuneration	34,792	-	2,704	-	-	-
Sales tax on management fee	4,523	-	-	-	-	-
Expenses allocated by						
the Management Company	2,319	-	-	-	-	-
Central Depository Service charges	-	-	485	-	-	-
Transactions for the period ended December 31, 2016						
Profit on Bank balances		9,874	-	-	-	-
Bank charges	-	11	-	-	-	-
Units issued	118,000	317,540	-	-	31,360	-
Units redeemed	-	563,657	-	-	31,647	-
Purchase of securities	-	583,714	-	396,134	-	-
Sale of securities	-	344,063	-	-	-	-
Remuneration	24,836	-	2,074	-	-	-
Sales tax on management fee	3,229	-	-	-	-	-
Expenses allocated by						
the Management Company	1,656	-	-	-	-	-
Central Depository Service charges	-	-	10	-	-	-
						Other
				Funds under	Directors and	connected
	Management	Associated		common	key	persons /
	company	companies	Trustee	management	executives	related parties
			(Rupe	es in '000)		
Balances as at December 31, 2017						
Units held (units in '000)	3,064	-	-	-	1	12,087
Units held (Rupees in '000)	264,794	-	-	-	86	1,044,569
Bank balances *	-	419,455	-	-	-	-
Deposits	-	-	100	-	-	-
Profit receivable - bank balances	-	2,629	-	-	-	-
Remuneration payable	5,119	-	372	-	-	-
Expenses allocated by						
the Management Company	302	-	-	-	-	-
Sales load and other payable	232	-	-	-	-	-
* These carry profit ranging between 3.75	5% to 4% per annur	n.				
Balances held as at June 30, 2017						
Units held (number of units in '000)	2,475	13,215	-	-	76	7,597
Units held (Rupees in '000)	210,131	1,121,850	-	-	6,427	644,936
Bank balances *	-	169,204	-	-	-	-
Deposits	-	-	100	-	-	-
Profit receivable - bank balances	-	1,123	-	-	-	-
Remuneration payable	7,296	-	484	-	-	-

902

183

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has no affect on this condensed interim financial information.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyse financial instruments measured at the end of the reporting half year by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2017 (Un-audited)							
		Carryin	g amount	Ĺ	,	Fair	value	
	Designated at fair value through profit or loss	Available- for-sale	Other financial assets / financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Ru	ıpees)			(Rup	ees)	
Financial assets measured at fair value								
Equity securities	-	24,761	-	24,761	24,761	-	-	24,761
Debt securities 16.1	1,015,269	-	-	1,015,269	-	1,015,269	-	1,015,269
	1,015,269	24,761	-	1,040,030	24,761	1,015,269	-	1,040,030
Financial assets not measured at fair value 16.2								
Bank balances	_	_	2,110,567	2,110,567				
Placements and term deposit receipt	_	_	100,000	100,000				
Other receivables	_	_	32	32				
Curor receivables		-	2,210,599	2,210,599				
Financial liabilities not measured at fair value 16.2								
Payable to the Management Company	-	-	5,064	5,064				
Remuneration payable to the Trustee	-	-	329	329				
Accrued and other liabilities		-	1,600	1,600				
		-	6,993	6,993				
				luna 20, 2017	/ A al i & a. al \			
		Carryin	g amount	June 30, 2017 ((Audited)	Fair	value	
	Designated at		Other financial					
	fair value		assets /					
	through	Available	financial					
	profit or loss	for sale	liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		(Ru	ıpees)			(Rup	oees)	
Equity securities	470,160	45,658		515,818	515,818	_		515,818
Debt securities	904,875	45,656	-	904,875	-	904,875	-	904,875
Government securities	251,675	-	-	904,675 251,675	-	904,675 251,675	-	904,875 251,675
Derivative asset	2,090	-	-	2,090	2,090	251,675	-	2,090
Derivative asset	1,628,800	45,658	<u>-</u>	1,674,458	517,908	1,156,550		1,674,458
Financial assets not measured at fair value	, , , , , , ,	-,		, , , , , , , , , , , , , , , , , , , ,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,		, , , , , , , , , , , , , , , , , , , ,
Bank balances	-	-	2,891,184	2,891,184				
Placements and term deposit receipt	-	-	260,000	260,000				
Commercial papers	-	-	195,247	195,247				
Other receivables			339,613	339,613				
	-	-	3,686,044	3,686,044				
Figure 1. U. b. Weiss and an account of fair and								
Financial liabilities not measured at fair value			0.004	8,381				
Payable to the Management Company	-	-	8,381 484	484				
Remuneration payable to the Trustee Accrued and other liabilities	-	-	484 2,042	2,042				
Accided and other liabilities			10,907	10,907				

During the period ended December 31, 2017, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

16.1 Valuation techniques used in determination of fair values within level 2:

Investments in term finance and sukuk certificates, issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

16.2 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 16, 2018.

18. GENERAL

18.1 CORRESPONDING FIGURES

Prior year's figures have been rearranged / reclassified wherever necessary for better presentation and comparison. However, there were no material reclassifications to report.

18.2 Figures have been rounded off to the nearest thousand rupees.

SD		SD
Chief Executive Officer	Chief Financial Officer	Director

INVESTMENT OBJECTIVE

The investment objective of the Fund is to earn competitive return by investing in various asset classes/instruments based on the market outlook.

Management Company	UBL Fund Managers Limited	
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500	
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)	
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants	
Bankers	United Bank Limited Allied Bank Limited Bank Alfalah Limited Habib Bank Limited MCB Bank Limited Samba Bank Limited Sindh Bank Limited Zarai Taraqiati Bank Limited	
Management Co.Rating	AM1 (JCR-VIS)	

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal, Karachi - 74400, Pakistan. Tel: (92-21) 111-111-500 Fax: (92-21) 34326020 - 23 URL: www.cdcpakistan.com Email: info@cdcpak.com





TRUSTEE REPORT TO THE UNIT HOLDERS

UBL ASSET ALLOCATION FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Asset Allocation Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 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.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 20, 2018





KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi, 75530 Pakistan Telephone + 92 (21) 3568 5847 Fax + 92 (21) 3568 5095 Internet www.kpmg.com.pk

Report on review of Condensed Interim Financial Information to the Unit Holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of UBL Asset Allocation Fund ("the Fund") as at 31 December 2017 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures for the three months period ended 31 December 2017 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: 16 February 2018

Karachi

KPMG Taseer Hadi & Co. Chartered Accountants Mazhar Saleem

Condensed Interim Statement of Assets and Liabilities

As at 31 December 2017

	Note	31 December 2017 (Unaudited) (Rupees	30 June 2017 (Audited) in '000)
Assets Bank balances	4	001 403	1 264 025
Term deposit receipt	4	891,482	1,364,025 250,000
Investments	5	850,251	1,028,541
Dividend receivable	3	3,866	1,478
Profits receivable		8,791	9,720
Deposits, prepayments and other receivables		3,114	15,946
Advance tax	6	1,071	1,202
Preliminary expenses and floatation costs	Ü	129	229
Total assets		1,758,704	2,671,141
Liabilities Payable to the Management Company Payable to Central Depository Company of Pakistan Limited - Trustee Payable to Securities and Exchange Commission of Pakistan Accrued expenses and other payables Total liabilities Net assets Unit holders' fund (as per the statement attached) Contingency and commitment	7 8 9	4,211 276 1,172 23,672 29,331 1,729,373	6,825 350 2,283 26,763 36,221 2,634,920 2,634,920
Number of units in issue		(Num 13,315,125 (Rup	19,550,460 ees)
Net assets value per unit		129.88	134.78

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Income Statement (Unaudited)

For the half year and quarter ended 31 December 2017

	Note	For the half you		For the quart	
		2017	2016	2017	2016
			(Rupees i	in '000)	
Income					
Financial income	10	48,869	49,016	21,476	23,199
Net capital (loss) / gain on redemption and sale of investments		(110,696)	54,944	(98,448)	19,826
Dividend income		28,145	21,394	17,827	14,895
Net unrealised (loss) / gain on revaluation of investments		,	•	,	•
classified as 'at fair value through profit or loss'	5.4	(50,271)	105,026	59,447	103,112
Other income		197	25	-	25
Total (loss) / income		(83,756)	230,405	302	161,057
Expenses					
Remuneration to the Management Company		12,333	10,948	5,515	5,656
Sindh Sales Tax on the Management Company's remuneration		1,603	1,423	717	735
Allocation of expenses relating to the Fund	7	1,233	1,095	551	566
Remuneration of the Central Depository Company		·			
of Pakistan Limited - Trustee		1,963	1,807	920	924
Annual fee to Securities and Exchange					
Commission of Pakistan		1,172	1,040	524	537
Auditors' remuneration		354	337	233	240
Legal and professional charges		41	204	11	204
Brokerage expenses		1,028	2,459	536	1,667
Amortisation of preliminary expenses and floatation costs		101	99	51	51
Bank charges		54	25	28	16
Listing fee expense Other expenses		14 5,656	28 683	2,708	22 413
Total expenses		25,552	20,148	11,801	11,031
Total expenses		20,002	20,110	11,001	11,031
Net element of (loss) / income and capital (losses) / gain					
included in prices of units issued less those in units redeemed		-	(3,682)	-	(13,964)
Net (loss) / income for the period before taxation		(109,308)	206,575	(11,499)	136,062
Taxation	11	_	_	_	_
Net (loss) / income for the period after taxation		(109,308)	206,575	(11,499)	136,062
Allocation of net (loss) / income for the period after taxation					
Net (loss) / income for the period		(109,308)		(11,499)	
- Income already paid on units redeemed		-		-	
Accounting income available for distribution		(109,308)	_	(11,499)	
			=		
was a second			г	1	
- Relating to capital gains		-		-	
- Excluding capital gains			L	-	
			_		
			=		

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the half year and quarter ended 31 December 2017

	For the half year ended 31 December		For the quarter ender 31 December	
	2017	2016	2017	2016
-		(Rupees	in '000)	
Net income for the period after taxation	(109,308)	206,575	(11,499)	136,062
Other comprehensive income for the period:				
Items that are or may be reclassified subsequently to income statement				
Net unrealised appreciation / (diminution) on revaluation of investments classified as 'available-for-sale'	199	-	(1,912)	-
Total comprehensive income for the period	(109,109)	206,575	(13,411)	136,062

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

SD		SD
Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended 31 December 2017

	For the half y	nber
	2017	2016
GARWAY OWG VE OAL OBER A TINNG A CONVENIENCE	(Rupees i	n '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	(109,308)	206,575
Adjustments for:		
Financial income	(48,869)	(49,016)
Net capital (loss) / gain on redemption and sale of investment	110,696	(54,944)
Dividend income	(28,145)	(21,394)
Net unrealised (loss) / gain on revaluation of investments	50.051	(105.026)
classified as 'at fair value through profit or loss'	50,271	(105,026)
Amortisation of preliminary expenses and floatation costs Net element of (loss) / income and capital (losses) / gain included in	101	99
prices of units issued less those in units redeemed		3,682
prices of units issued less those in units reactified	84,054	(226,599)
Net cash flows used in operations before working capital changes	(25,254)	(20,024)
Working capital changes		
(Increase) / decrease in assets		
Investments	17,522	(512,852)
Term deposit receipt	250,000	-
Advance tax	131	(147)
Deposits, prepayments and other receivables	12,832	(21,530)
	280,485	(534,529)
Increase / (decrease) in liabilities	<u></u>	
Payable to the Management Company	(2,614)	(1,219)
Payable to Central Depository Company of Pakistan Limited - Trustee	(74)	18
Payable to Securities and Exchange Commission of Pakistan	(1,111)	(577)
Accrued expenses and other payables	(3,091)	(6,852)
	(6,890)	(8,630)
Profits received	49,797	70,741
Dividend received	25,757	21,311
Net cash flows generated from / (used in) operating activities	323,895	(471,131)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	-	1,114,573
Payments on redemption of units	(1,379,575)	(996,987)
Net cash flows (used in) / generated from financing activities	(1,379,575)	117,586
Cash and cash equivalents at beginning of the period	1,364,025	573,858
Cash and cash equivalents at end of the period	308,345	220,313
CASH AND CASH EQUIVALENTS		
Bank Balances	891,482	220,313

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Statement of Movement in Unit Holders' Funds (Unaudited)

For the half year ended 31 December 2017

	For the half year ender 31 December	
	2017	2016
	(Rupees in	ı '000)
Net assets at beginning of the period	2,634,920	1,826,109
Issuance of 4,000,420 units (2016: 8,684,731 units)		
- Capital value of units	539,177	-
- Element of loss	(6,489)	-
	532,688	1,114,573
D		
Redemption of 10,235,754 units (2016: 7,707,444 units)	(4.250.555)	1
- Capital value of units	(1,379,575)	-
- Element of income	50,449	- (00 5 007)
	(1,329,126)	(996,987)
	(796,438)	117,586
	1,838,482	1,943,695
Net element of loss and capital losses included	,,-	
in prices of units issued less those in units redeemed	-	3,682
Net capital (loss) / gain on redemption and sale of investments	(110,696)	54,944
Net unrealised (loss) / gain on revaluation of investments		
classified as 'at fair value through profit or loss'	(50,271)	105,026
Net unrealised appreciation / (diminution) on revaluation		
of investments classified as 'available-for-sale'	199	-
Other income for the period	51,659	46,605
•	(109,109)	206,575
Net assets at the end of the period	1,729,373	2,153,952
Distribution for the period		
Undistributed income brought forward comprises of:		
- Realised income	409,093	166,973
- Unrealised income	61,622	94,793
	470,715	261,766
Accounting income available for distribution		
- Relating to capital gains		_ 1
- Excluding capital gains	_	_
Ziolaonig capital gamb	-	-
Net (loss) / income for the period after taxation	(109,308)	206,575
Undistributed income carried forward	361,407	468,341
Undictributed income control forward comprises of		
Undistributed income carried forward comprises of: - Realised income	411 (70	363,315
- Realised income - Unrealised (loss) / income	411,678	,
- Omeansed (1088) / Income	(50,271)	105,026
	361,407	468,341

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

Notes to the Condensed Interim Financial Information (Unaudited)

For the half year and quarter ended 31 December 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Asset Allocation Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and was approved as an open end mutual fund by the Securities and Exchange Commission of Pakistan. It was constituted under a Trust Deed, dated 29 May 2013 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited ("CDC") as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 4th Floor STSM Building, Beaumont Road, Civil Lines Karachi,

The Fund is an open end mutual fund and units of the fund are listed on the Pakistan Stock Exchange Limited. The units of the Fund can be transferred to/from other funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units of the Fund were initially offered to the public (IPO) on 19 August 2013 The Fund commenced its operations from 20 August 2013.

The policy of the Fund is to invest in a diversified portfolio of shares of listed companies, spread transactions and other money market instruments. Under circular 07 dated 6 March 2009 issued by the SECP, the Fund has been categorised by the Management Company as an Asset Allocation Fund.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

The Management Company has been rated as AM1 from AM2++ on 29 December 2017 by JCR - VIS.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

- 2.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2017.
- 2.3 The Companies Act, 2017 was enacted on 30 May 2017 and came into force at once. Subsequently, the

Securities and Exchange Commission of Pakistan has notified through Circular No. 23 dated 4 October 2017 in continuation of Circular No. 17 of 2017 dated 20 July 2017 that companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Hence these interim financial statements are prepared in accordance with the Ordinance.

- 2.4 These condensed interim financial information are unaudited and are being submitted to the unit holders as required under Regulation 38(2)(f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.
- 2.5 These condensed interim financial information are presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees have been rounded off to the nearest thousand rupees, unless stated otherwise.
- 2.6 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at 31 December 2017.

2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

During the current period the SECP has adopted IFRS 9: 'Financial Instruments' and IFRS 15: 'Revenue from Customers', which are applicable with effect from 1 July 2018. The management is currently assessing the impacts of these standards on the Fund's future financial statements. There are certain other new standards, interpretations and amendments to the approved accounting standards that are mandatory for the Fund's annual accounting periods beginning on or after 1 July 2018. The Fund is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the other impact on adoption of the Standards . However, these are not expected to have any significant impacts on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

- 3.1 The accounting policies, methods of computation adopted in the preparation of this condensed interim financial information, significant judgements in applying the accounting policies and key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements of the Fund as at and for the year ended 30 June 2017 except as explained in note 3.5.
- 3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund.
- 3.3 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.4 The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended 30 June 2017.

has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from 01 July 2017 as clarified by SECP vide its email dated 7 February 2018. Accordingly, corresponding figures have not been restated.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been reduced by Rs. 43.08 million. However, the change in accounting policy does not have any impact on NAV per unit.

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			31 December	30 June
			2017	2017
4.	BANK BALANCES	Note	(Unaudited)	(Audited)
			(Rupees	in '000)
	Saving accounts	4.1	891,482	1,364,025

4.1 Profit rate on these bank accounts ranges from 3.75% to 6.25% (30 June 2017: 4.0% to 6.6%) per annum.

5. INVESTMENTS

Designated	at fair	value t	hrough	profit or	loss
Investme	ant in da	ht coor	mitian		

- Investment in debt securities	5.1	173,771	6,483
- Quoted equity securities	5.2	473,447	1,022,058
		647,218	1,028,541
Available-for-sale			
- Quoted equity securities	5.3	203,033	-
	_	850,251	1,028,541

5.1 Investment in debt securities - Designated at fair value through profit or loss (Term Finance Certificates of Rs. 5,000 each)

Name of Security	Note	As at 01 July 2017	Purchased during the period	Sold / matured during the period	December 2017	Carrying value as at 31 December 2017	Market value as at 31 December 2017 (Rupees in '000)	Market value as at 30 June 2017	Percentage of total investments	Percentage of net assets
<u>Unquoted</u>			(Ivalliber of	certificates)			(Rupees in '000)			
Electricity WAPDA TFC (27-9-13)	5.1.1 & 5.1.2	2,000	-	-	2,000	5,763	5,809	6,483	0.7%	0.34%
Fertilizers Dawood Hercules Corporation	5.1.1 & 5.1.2	-	140	-	140	14,000	14,000	-	1.6%	0.81%
Inv. Banks / Inv. Cos. / Securities										
Jahangir Siddiqui and Company	5.1.1 & 5.1.2	-	30,000	-	30,000	150,000	153,962	-	18.1%	8.90%
		2,000	30,140	-	32,140	169,763	173,771	6,483		
Electricity WAPDA TFC (27-9-13) Fertilizers Dawood Hercules Corporation Inv. Banks / Inv. Cos. / Securities	5.1.1 & 5.1.2	2,000	140	- - -	2,000 140 30,000	5,763 14,000 150,000	5,809 14,000 153,962	6,483	0.7%	0.81%

- **5.1.1** The cost of these investments is Rs. 169.714 million (30 June 2017: Rs. 6.429 million).
- **5.1.2** Significant terms and conditions of term finance certificates outstanding as at 31 December 2017 are as follows:

Name of securities	Remaining principal (Rupees in '000	Mark-up rate (per annum)	Issue date	Maturity date
WAPDA TFC (27-9-13) Dawood Hercules Corporation Limited (17th Nov 2017)	2,857 100,000	6 Months KIBOR +1% 6 Months KIBOR +1%	27-Sep-13 17-Nov-17	27-Sep-21 16-Nov-22
Jahangir Siddiqui and Company (18th July 2017)	5,000	6 Months KIBOR +1.4%	18-Jul-17	18-Jul-22

5.2 Quoted equity securities - Designated at fair value through profit or loss

Name of the investee company

Name of the investee company												Paid up capital of
	Note	As at 01 July 2017	Purchased during the period	Bonus / Right issue during the period	Sold during the period	As at 31 December 2017	Cost / carrying value	Market value	Appreciation / (diminution)	Percentage of total investments	Percentage of net assets	investee company (with face value of investment)
				Number of share	es)			- (Rupees in '000)			(%)	
Unless stated otherwise, the holdings are in ordinary shares	of Rs. 10 e	ach.										
OIL AND GAS EXPLORATION COMPANIES												
Mari Petroleum Company Limited		45,730	-	-	(13,780)	31,950	50,342	46,355	(3,987)	5.45%	2.68%	0.03%
Oil and Gas Development Company Limited		194,200	49,400	-	(10,500)		33,011	37,946	4,935	4.46%	2.19%	0.01%
Pakistan Petroleum Limited		211,400	1,600	-	(16,500)	196,500	29,128	40,461	11,333	4.76%	2.34%	0.01%
OIL & GAS MARKETING COMPANIES							112,481	124,762	12,281	14.67%	7.21%	0.05%
Pakistan State Oil Company Limited	5.2.2	77,600	15,000	17,020	(49,800)	59,820	19,741	17,535	(2,206)	2.06%	1.01%	0.02%
rakistan State On Company Emined	3.2.2	77,000	15,000	17,020	(47,800)	37,620	15,741		(2,200)	2.00 /6	1.01 /6	0.02 /6
POWER GENERATION & DISTRIBUTION												
Hub Power Company Limited		270,300	135,000	-	(16,500)		44,722	35,381	(9,341)	4.16%	2.05%	0.03%
K-Electric Limited *		1,300,000	-	-	(1,300,000)	-	44,722	35,381	(9,341)	4.16%	2.05%	0.03%
							44,722	35,381	(9,341)	4.10%	2.05%	0.03%
CHEMICALS												
ICI Pakistan Limited		25,700	-	-	(4,600)		23,095	16,204	(6,891)	1.91%	0.94%	0.02%
Engro Polymer & Chemicals Limited		788,000	84,000	-	(328,000)	544,000	19,723	15,537	(4,186)	1.83%	0.90%	0.08%
							42,818	31,741	(11,077)	3.74%	1.84%	0.10%
FERTILIZER Engro Corporation Limited		143,800	44,000		(73,000)	114,800	36,558	31,541	(5,017)	3.71%	1.82%	0.02%
Engro Fertilizers Limited	5.2.1	650,000	120,000		(73,000)	770,000	42,756	52,144	9,388	6.13%	3.02%	0.06%
Englo I cramoto Emined	5.2.1	050,000	120,000			770,000	79,314	83,685	4,371	10%	5%	0.08%
CEMENT												
Attock Cement Pakistan Limited		42,000 112,000	50,000	-	(13,200)	28,800 162,000	8,717 26,817	5,213 17,967	(3,504) (8,850)	0.61% 2.11%	0.30% 1.04%	0.03% 0.09%
Cherat Cement Company Limited Kohat Cement Company Limited		112,000	79,000		-	79,000	16,435	11,216	(5,219)	1.32%	0.65%	0.05%
Pioneer Cement Limited		-	52,400	-	(52,400)		10,435	11,210	(3,219)	1.32%	0.05%	0.05%
D.G Khan Cement Company Limited	5.2.1	174,900	-	-	(117,300)		12,278	7,702	(4,576)	0.91%	0.45%	0.01%
Lucky Cement Limited		58,200	15,000	-	(73,200)		-	-	-	-	-	-
							64,247	42,098	(22,149)	4.95%	2.44%	0.18%
AUTOMOBILE PARTS & ACCESSORIES												
Indus Motor Company Limited		7.000	_	_	(7,000)	_	_	_	_	-	_	_
Honda Atlas Cars (Pakistan) Limited		31,600	-	-	(31,600)		-	-	-	-	-	
Pak Suzuki Motor Company Limited		31,850	-	-	(31,850)	-	-	-	-	-	-	-
Thal Limited		48,300	-	-	(10,750)	37,550	22,756	19,184	(3,572)	2.26%	1.11%	0.09%
Agriauto Industries Limited		47,600	-	-	(30,800)	16,800	7,256	5,343	(1,913)	0.63%	0.31%	0.12%
							30,012	24,527	(5,485)	2.89%	1.42%	0.21%
INVESTMENT BANKS/INVESTMENT COMPANIES/ SECURITIES COMPANIES												
Pakistan Stock Exchange Limited		524,833	-	-	(524,000)	833	21	19	(2)	0.00%	0.00%	0.00%
Arif Habib Limited		246,500	-	-	(246,500)		-	-	-	-	-	
							21	19	(2)			
CONDIEDCIAL DANG												
COMMERCIAL BANKS		101 200	72,000		(129 200)	26 100	0 000	6.022	(2.050)	0.710	0.25%	0.000/
Habib Bank Limited Allied Bank Limited		101,300 495,000	73,000	-	(138,200)		8,992 39,882	6,032 37,816	(2,960)	0.71% 4.45%	0.35% 2.19%	0.00% 0.04%
Bank Alfalah Limited		150,000	150,000	-	(140,000)		6,468	6,800	332	0.80%	0.39%	0.01%
Faysal Bank Limited		628,500	-	-	(627,500)		23	21	(2)	0.00%	0.00%	0.00%
MCB Bank Limited		188,200	-	-	(188,200)		-	-	-	-	-	-
United Bank Limited**	5.2.1	183,400	96,300	-	(61,100)	218,600	48,633	41,090	(7,543)	4.83%	2.38%	0.02%
							103,998	91,759	(12,239)	10.79%	5.31%	0.07%

Name	of the	investee	company

Name of the investee company	Note	As at 01 July 2017	Purchased during the period	Bonus / Right issue during the period	Sold during the period	As at 31 December 2017	Cost / carrying value	Market value	Appreciation / (diminution)	Percentage of total investments	Percentage of net assets	Paid up capital of investee company (with face value of investment)
				Number of shar	es)			(Rupees in '000)			(%)	
TEXTILE								•				
Nishat Mills Limited		286,000	-	-	(285,400)	600	95	90	(5)	0.01%	0.01%	0.00%
Gul Ahmed Textile Mills Limited		432,000	400	-	(432,400)	-	-	-	-	-	-	-
Nishat Chunian Limited		270,000	59,500	-	(329,500)	-			-		-	
							95	90	(5)	0.01%	0.01%	<u> </u>
ENGINEERING												
Amreli Steels Limited		111,500	18,600	-	(130,000)	100	12	9	(3)	0.00%	0.00%	0.00%
Mughal Iron & Steel Industries		123,000	-	-	(123,000)		-	-	-	-	-	-
Ittefaq Iron Industries Limited		365,896	152,000	-	(194,000)	323,896	10,166	5,487	(4,679)	0.65%	0.32%	0.25%
Aisha Steel Limited		488,900	-	-	(488,000)	900	18	16	(2)	0.00%	0.00%	0.00%
							10,196	5,512	(4,684)	0.65%	0.32%	0.25%
FOOD & PERSONAL CARE PRODUCT												
Al Shaheer Corporation Limited		243,500	-	-	(243,500)	-	-	-	-	-	-	-
GLASS & CERAMICS												
Tariq Glass Industries Limited		218,000	-	-	(90,200)	127,800	14,155	12,140	(2,015)	1.43%	0.70%	0.17%
CABLE AND ELECTRICAL GOODS												
Pak Elektron Limited		205,000	-	-	(205,000)	-					-	
INSURANCE												
Adamjee Insurance Company Limited		294,500	-	-	(294,500)	-			-		-	
NA DATA CELATIFICATA C												
PHARMACEAUTICALS The Searl Company Limited	5.2.2	28,435		4,187	(26,000)	6,622	2,825	2,085	(740)	0.25%	0.12%	0.00%
Highnoon Laboratories Limited	3.2.2	42,952		4,167	(38,000)		3,101	2,113	(988)	0.25%	0.12%	0.02%
Ingilioon Expositioned Estimated		12,732			(50,000)	1,752	5,926	4,198	(1,728)	0.50%	0.24%	0.02%
									.,,			
Total equity securities designated at fair value through profi	t or loss a	s at 31 December	2017				527,726	473,447	(54,279)	44%	22%	· I
Total equity securities designated at fair value through profit or lo	oss as at 30	June 2017					960,489	1,022,058	61,569	98.98%	38.79%	
							700,107	1,022,000	01,507	70.7070	30.1770	•

^{*} Par value of Rs.3.5 each

- 5.2.1 The above equity securities include shares pledged with National Clearing Company of Pakistan Limited having a market value (in aggregate) amounting to Rs. 29.629 million (June 2017: Rs. 33.092 million) for guaranteeing settlement of the Fund's trades in accordance with circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.
- 5.2.2 The Finance Act, 2015 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the management of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company has withheld the shares equivalent to 5 % of bonus announcement and not deposited in CDC account of department of Income Tax. However, the Fund has included the withheld bonus shares in the portfolio on the basis of the aforementioned stay order.

^{**} This represents investment held in a related party.

5.3 Quoted equity securities - Designated at available-for-sale

Name of the investee company

Name of the investee company	Note	As at 01 July 2017	Purchased during the period	the period	Sold during the period	As at 31 December 2017	Cost / carrying value	Market value	Appreciation / (diminution)	Percentage of total investments	Percentage of net assets	Paid up capital of investee company (with face value of investment)
				Number of share	s)			(Rupees in '000)			(%)	
Unless stated otherwise, the holdings are in ordinary shares of	of Rs. 10 e	each.										
CEMENT												
Cherat Cement Company Limited		-	60,500	-	-	60,500	7,563	6,710	(853)	0.79%	0.39%	0.03%
Kohat Cement Company Limited		-	81,400	-	-	81,400	11,888	11,556	(332)	1.36%	0.67%	0.05%
Lucky Cement Limited		-	1,500	-	-	1,500	821	776	(45)	0.09%	0.04%	0.00%
D.G. Khan Cement Company Limited	5.2.1	-	2,500	-	-	2,500	371	334	(37)	0.04%	0.02%	0.00%
Pioneer Cement Limited		-	104,000	-	-	104,000	9,543	6,564	(2,979)	0.77%	0.38%	0.05%
Fauji Cement Company Limited		-	15,000	-	-	15,000	462	375	(87)	0.04%	0.02%	0.00%
							30,648	26,315	(4,333)	3.09%	1.52%	0.13%
CHEMICALS												
Engro Polymer & Chemicals Limited		-	200,000	_	_	200,000	5,979	5,712	(267)	0.67%	0.33%	0.03%
FERTILIZER												
Engro Fertilizers Limited	5.2.1	-	376,500	-	-	376,500	24,665	25,497	832	3.00%	1.47%	0.03%
Engro Corporation Limited		-	4,500	-	-	4,500	1,311	1,236	(75)	0.15%	0.07%	0.00%
							25,976	26,733	757	3.15%	1.54%	0.03%
ENGINEERING												
Amreli Steels Limited		-	60,000	_		60,000	5,594	5,560	(34)	0.65%	0.32%	0.01%
AUTOMOBILE PARTS & ACCESSORIES												
Honda Atlas Cars (Pakistan) Limited		-	2,400	-	(2,400)	-					-	
OIL AND GAS EXPLORATION COMPANIES												
Pak Oil Fields Limited			102,300	_	(3,000)	99,300	55,688	59,010	3,322	6.94%	3.41%	0.04%
Tuk on Floras Emilion			102,500		(3,000)	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	22,000	25,010	5,522	00170	511170	0.0170
COMMERCIAL BANKS												
Habib Bank Limited		-	250,000	-	-	250,000	43,261	41,773	(1,488)	4.91%	2.42%	0.02%
Bank Alfalah Limited			166,000	-	-	166,000	6,643	7,055	412	0.83%	0.41%	0.01%
Allied Bank Limited			55,000	-	-	55,000	4,488	4,674	186	0.55%	0.27%	0.00%
United Bank Limited**	5.2.1	-	7,300	-	-	7,300	1,349	1,372	23	0.16%	0.08%	0.00%
DOWER CENERATION & DICTRIBUTION							55,741	54,874	(867)	6.45%	3.18%	0.03%
POWER GENERATION & DISTRIBUTION			446,000			446,000	9,114	9,870	756	1.16%	0.57%	0.12%
Pakgen Power Limited		-	563,000	-	-	563,000	11,788	12,684	756 896	1.16%	0.57%	0.12%
Lalpir Power Limited Hub Power Company Limited		-	25,000	-		25,000	2,306	2,275	(31)	0.27%	0.73%	0.15%
Tao I owa Company Emined		-	25,000	-	-	25,000	23,208	24,829	1,621	2.92%	1.43%	0.27%
							20,200	2.,327	1,321	2.72 /6	1.43 /0	0.27 /6
Total equity securities designated at available-for-sale as on	31 Decem	ber 2017					202,834	203,033	199	23.87%	11.73%	0.54%
Total equity securities designated at available for sale as on 30 Ju	me 2017						_			_	_	_
Total equity securities designated at available for sale as on 50 Ju	2017											

^{**} This represents investment held in a related party.

		For the half	f year ended
		31 December	31 December
5.4	Unrealized gain on value of investments	2017	2016
	classified as 'at fair value through profit or loss'	(Unau	ıdited)
		(Rupees	s in '000)
	Market value of investments	647,218	1,918,027
	Less: Carrying value of investments	(697,489)	(1,813,001)
		(50,271)	105,026

6. ADVANCE TAX

The income of the fund is exempt under clause 99 of Part I of the Second schedule of the Income Tax Ordinance 2001 and funds are exempt under clause 47(B) of Income Tax Ordinance 2001 from withholding of tax under section 150 and 151 of Income Tax Ordinance 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue. During the period, prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 151 of the Income Tax Ordinance, 2001 during current and prior periods. The management is confident that the same shall be refunded.

7. PAYABLE TO MANAGEMENT COMPANY

This includes reimbursement of certain expenses to the management company amounting to Rs. 0.146 million (30 June 2017: 0.470 million). During the period, fund was charged 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC Regulations, 2008.

			31 December	30 June
			2017	2017
8.	ACCRUED EXPENSES AND OTHER PAYABLE	ES	(Unaudited)	(Audited)
			(Rupees i	in '000)
	Provision for Sindh Workers' Welfare Fund	8.1	10,804	10,804
	Provision for indirect duties and taxes	8.2	6,977	6,977
	Brokerage payable		300	900
	Auditors' remuneration payable		311	329
	Other payables		5,280	7,753
			23,672	26,763

8.1 Through Finance Act 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended to all Collective Investment Schemes / Mutual Funds (CISs) whose income exceeded Rs. 500,000 in a tax year were brought within the scope of the WWF Ordinance. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. Appeals against these orders were filed in the Supreme Court of Pakistan(SCP).

During the current year, the SCP vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers' Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment which are currently pending with the SCP.

Further, as a consequence of passage of 18th amendment to the Constitution, levy for WWF was also introduced by the Government of Sindh(SWWF). The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP) dated August 2016 believes that contribution to Workers' Welfare Fund under the Sindh Workers' Welfare Act, 2014 is not applicable on the mutual funds as they are not a Financial Institution as required under SWWF Act, 2014. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters and based on such legal advice (which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited), has recommended to all its members on 12 January 2017 the following:

- The provision against the Federal WWF held by the Mutual Funds till 30 June 2015 should be reversed on 12 January 2017; and
- Provision against Sindh WWF, on prudent basis, should be made from the date of enactment of the Sindh WWF Act, 2014 (i.e., 21 May 2015) with effect from 12 January 2017.

The above decisions of MUFAP were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange on 12 January 2017. In response to the aforementioned letter, SECP vide its letter dated 1 February 2017 advised MUFAP that the adjustments relating to the above should be made prospectively and adequate disclosure shall be made in the financial statements of mutual funds. Accordingly, the Fund has recorded these adjustments in its books of account on 12 January 2017.

The Management Company has provided for SWWF for the period from 21 May 2015 to 31 December 2017, amounting to Rs. 10.804 million. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Re. 0.81.

8.2 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for decision.

However, since the appeal is pending in the Honourable Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying amount payable in respect to FED for the period from 13 June 2013 to 31 December 2017 aggregating to Rs. 6.272 million (30 June 2017: Rs. 6.272 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Re. 0.47 (30 June 2017: Re. 0.32) per unit.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provincial sales tax. Accordingly, no FED is payable with effect from 01 July 2016.

9. CONTINGENCY AND COMMITMENT

As at 31 December 2017, there is no contingency and commitment.

10.	FINANCIAL INCOME	Half yea	ar ended	Quarter ended						
		31 December	31 December	31 December	31 December					
		2017	2016	2017	2016					
		(Unaudited)								
			(Rupees	s in '000)						
	Profits on:									
	- Bank balances	20,546	11,601	9,254	4,244					
	- Government securities	22,652	37,144	9,136	18,829					
	- Term finance certificate	5,491	271	3,076	126					
	- Term deposit receipt	180	-	10	-					
		48,869	49,016	21,476	23,199					

11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the period as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the period, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause IIA of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the period to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial information.

12. TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated 20 July 2016 issued by Securities and Exchange Commission of Pakistan the Total Expense Ratio of the Fund is 1.04% as on 31 December 2017 and this includes 0.12% representing Government Levy, Sindh Workers' Welfare Fund and SECP Fee.

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Pvt) Ltd (Subsidiary of Management Company) Entities under the common management or directorship, Central Depository Company of Pakistan Limited as trustee of the fund, the directors and officer of the management company and unit holders holding more than 10% units of the fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules, NBFC Regulations and the Trust Deed respectively.

All other transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with the market rates.

Details of transactions with related parties / connected persons and balances with them at the period end, other than those which have been specifically disclosed elsewhere in this condensed interim financial information are as follows:

Transaction during the period February control 31 December 2017 February control 32 December 201		Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
Poof to salving accounts							
Bank charges	Transactions during the period		(For	the half year end	ed 31 December 20	17)	
Bank charges	Profit on saving accounts	_	162	_	_	_	_
Units sizedemid	-	_		-	_	_	_
Units Defectored	=	-		-	-	_	-
Sale of scurifies 1.1762		-	_	-	-	_	-
Sidiling and marketing expense	Purchase of securities	-	20,437	-	-	_	_
Selling and marketing expense 4,944	Sale of securities	-		-	-	_	-
Remuneration 12,333 - 1,963 	Dividend received	-	1,249	-	-	-	-
Settlement charges	Selling and marketing expense	4,934	-	-	-	-	-
Sales to no management fee 1,603 1,233 1,233 1,200	Remuneration	12,333	-	1,963	-	-	-
Palances held	Settlement charges	-	=	78	-	-	-
Balances held (As at 31 December 2017) Units held (Number of units in 1000) 1 2 1 48 1 Units held (Number of units in 1000) 2 2 6.234 2 Bank balances * 2 100 6.234 2 Bank balances * 1.622 2 100 2 2 Remuneration payable ** 1.622 2 276 2 3<	Sales tax on management fee	1,603	-	-	-	-	-
Units held (Number of units in '000) 1.	Allocated expenses	1,233	-	-	-	-	-
Units held (Number of units in '000)	Balances held			(As at 31 Dece	ember 2017)		
Purchis held (Amount in 900)					•		
Bank balances		-	-	-	-		-
Deposits		-	-	-	-	6,234	-
Remuneration payable ** 1,682 2 76 . <th< td=""><td></td><td></td><td></td><td></td><td>-</td><td>-</td><td>-</td></th<>					-	-	-
Sales load and other payable 207 157 . <	•				-	-	=
Selling and marketing expense payable 146 1					-	-	-
Allocated expenses 146	• •			-	-	-	-
Profit receivable Company Comp					-	-	-
Settlement charges payable 1				-	-	-	-
*These carry profit rate of 4% per annum. ** This balance is inclusive of Sindh Sales Tax payable *These carry profit rate of 4% per annum. ** This balance is inclusive of Sindh Sales Tax payable **This balance is inclusive of Sindh Sales and and the payable **This balance is inclusive of Sindh Sales and and one payable **This balance is inclusive of Sindh Sales and and one payable **This balance is inclusive and inclusion of Sindh Sales and and one payable **This balance is inclusive and sales and and sales and and sales		-	21		-	-	-
**This balance is inclusive of Sindh Sales Tax payable		-	-	15	-	-	-
** This balance is inclusive of Sindh Sales Tax payable Continue Continu	* These carry profit rate of 4% per annum						
Units issued		x payable					
Units issued			(Fo	r the half year ende	d 31 December 201	6)	
Units redeemed 56,259 - - - 63,136 - Profit on savings accounts - 562 - - - - Bank charges - 5 - - - - Purchase of securities - 494,446 - - - - Sale of securities - 494,446 - - - - - Dividend received - 1,135 -	Transactions during the period						
Profit on savings accounts - 562 - - - - Bank charges - 5 - - - - Purchase of securities - 494,446 - - - - Sale of securities - 494,446 - - - - Dividend paid - 1,135 - - - - Remuneration 10,948 - 1,807 - - - Settlement charges - - 87 - - - Sales tax on management fee 1,423 - - - - - Allocated expenses 1,095 - - - - - - With sheld (Number of units in '000) - 6,185 - - 114 - Units held (Number of units in '000) - 6,185 - - 11,378 - Bank balances * - -	Units issued	-	180,000	-	-	44,086	-
Bank charges - 5 - <t< td=""><td>Units redeemed</td><td>56,259</td><td>-</td><td>-</td><td>-</td><td>63,136</td><td>-</td></t<>	Units redeemed	56,259	-	-	-	63,136	-
Purchase of securities - - - 14,813 14,307 - Sale of securities - 494,446 - - - - Dividend received - 1,135 - - - - Dividend paid - <td< td=""><td>Profit on savings accounts</td><td>-</td><td>562</td><td>-</td><td>-</td><td>-</td><td>-</td></td<>	Profit on savings accounts	-	562	-	-	-	-
Sale of securities - 494,446 - <td>Bank charges</td> <td>-</td> <td>5</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td>	Bank charges	-	5	-	-	-	-
Dividend received - 1,135 - - - - -	Purchase of securities	-	-	-	14,813	14,307	-
Dividend paid	Sale of securities	-	494,446	-	-	-	-
Remuneration 10,948 - 1,807 - - - Settlement charges - - 87 - - - Sales tax on management fee 1,423 - - - - - Allocated expenses 1,095 - - - - - - Balances held Units held (Number of units in '000) - 6,185 - - 114 - Units held (Amount in '000) - 833,585 - - 15,378 - Bank balances * - 16,630 - - - - Remuneration payable ** 2,569 - 350 - - - Sales load and other payable 681 184 - - - - Selling & Marketing Expense Payable 3,105 - - - - - Allocated expenses 470 - - - - -		-	1,135	-	-	-	-
Settlement charges - - 87 -	Dividend paid		-		-	-	-
Sales tax on management fee 1,423 -			-		-	-	-
Allocated expenses 1,095 - - - - - - - - -	· ·		-	87	-	-	-
Cas at 30 June 2017 Audited Palainces held Cas at 30 June 2017 Audited Cas at 30 June 20	· ·		-	-	-	-	-
Balances held Units held (Number of units in '000) - 6,185 - - 114 - Units held (Amount in '000) - 833,585 - - 15,378 - Bank balances * - 16,630 - - - - Remuneration payable ** 2,569 - 350 - - - Sales load and other payable 681 184 - - - - - Selling & Marketing Expense Payable 3,105 - - - - - - Allocated expenses 470 - - - - - - Profit receivable - 59 -<	Allocated expenses	1,095	-	(As at 30 June	2017 Audited)	-	-
Units held (Amount in '000) - 833,585 - - 15,378 - Bank balances * - 16,630 - - - - - Remuneration payable ** 2,569 - 350 - - - - Sales load and other payable 681 184 -	Balances held			(
Units held (Amount in '000) - 833,585 - - 15,378 - Bank balances * - 16,630 - - - - - Remuneration payable ** 2,569 - 350 - - - - Sales load and other payable 681 184 -	Units held (Number of units in '000)	-	6,185	-	-	114	-
Bank balances* - 16,630 -		-		-	-		-
Sales load and other payable 681 184 - <	Bank balances *	-	16,630	-	-	-	-
Sales load and other payable 681 184 - <	Remuneration payable **	2,569	-	350	-	-	-
Selling & Marketing Expense Payable 3,105 -		681	184	-	-	-	-
Profit receivable-59Settlement charges payable	Selling & Marketing Expense Payable	3,105	-	-	-	-	-
Settlement charges payable	Allocated expenses	470	-	-	-	-	-
	Profit receivable	-	59	-	-	-	-
Investments - 43,194	Settlement charges payable	-	-	-	-	-	-
	Investments	-	43,194	-	-	-	-

 $[\]ensuremath{^*}$ These carry profit rate of 4% per annum.

^{**} This balance is inclusive of Sindh Sales Tax payable

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments

On Summer Sheet Immiretal most aments			C	arrying amour	nt			Fair v	value	
	Note	Fair value through profit or loss	Available- for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2017						(Rupees in	ı '000)			
Financial assets measured at fair value Investments in debt securities Quoted equity security		173,771 203,033 376,804	- 473,447 473,447	- -	- - -	173,771 676,480 850,251	676,480 676,480	173,771 - 173,771	- - -	173,771 676,480 850,251
Financial assets not measured at fair value Bank balances Dividend receivable Profits receivable	14.1	- - -	- - -	891,482 3,866 8,791	- - -	891,482 3,866 8,791				
Deposits, prepayments and other receivables			-	3,114	-	3,114				
			-	907,253	-	907,253				
Financial liabilities not measured at fair value Payable to the Management Company Payable to Central Depository Company of Pakistan Limited - Trustee	14.1	-	-	-	4,211 276	4,211 276				
Payable to Securities and Exchange Commission of Pakistan Accrued expenses and other payables		-	-	-	1,172 5,891	1,172 5,891				
Accruca expenses and other payables			-	-	11,550	11,550				
		-								
			C	Carrying amoun			-	Fair v	alue	
		Fair value through profit or loss	Available- for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2017						(Rupees in	ı '000)			
Financial assets measured at fair value Investments in debt securities Government securities Quoted equity security		6,483 - 1,022,058 1,028,541	- - -	- - -	- - -	6,483 - 1,022,058 1,028,541	1,022,058 1,022,058	6,483 - - - 6,483	- - -	6,483 - 1,022,058 1,028,541
										-,,,,
Financial assets not measured at fair value Bank balances Dividend receivable Profits receivable Deposits, prepayments & other receivables	14.1	- - - -	- - - -	1,364,025 1,478 9,720 15,946 1,391,169	- - - -	1,364,025 1,478 9,720 15,946 1,391,169				
Financial liabilities not measured at fair value Payable to the Management Company Payable to Central Depository Company of Pakistan Limited - Trustee	14.1	-			6,825 350	6,825 350				
Payable to Securities and Exchange Commission of Pakistan Accrued expenses and other payables		-			2,283 8,983	2,283 8,983				
Accruca expenses and other payables					18,441	18,441				

14.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

15. GENERAL

- 15.1 This condensed interim financial information is presented in Pakistan Rupees which is also the Fund's functional currency and all financial information presented has been rounded off to the nearest thousand rupees unless otherwise stated.
- 15.2 This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2017 and 31 December 2016 in this condensed interim financial information have not been reviewed by the auditors.
- 15.3 This condensed interim financial information was authorized for issue by Board of Directors of the Management Company on February 16, 2018.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

USF

UBL Stock Advantage Fund

INVESTMENT OBJECTIVE

USF is an open-end equity fund, investing primarly in equities listed on the PSX. The Fund seeks to maximize total returns and outperform it's benchmark by investing in a combination of securities offering long-term capital gains and dividend yield potential.

Management Company	UBL Fund Managers Limited			
Turatas	Control Donositom Componer of Poliston Limited			
Trustee	Central Depository Company of Pakistan Limited			
	99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal,			
	Karachi. Tel: (9221) 111-111-500			
Distribution Company	United Bank Limited			
	(for detail of others, please visit our website:			
	www.ublfunds.com.pk)			
Auditors	Deloitte Yousuf Adil & Co., Chartered Accountants			
Bankers	United Bank Limited			
	Bank Alfalah Limited			
	Habib Bank Limited			
	MCB Bank Limited			
	Samba Bank Limited			
	Silk Bank Limited			
	The Bank of Punjab			
	Sindh Bank Limited			
Management Co.Rating	AM1 (JCR-VIS)			

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal. Karachi - 74400, Pakistan. Tel: (92-21) 111-111-500 Fax: (92-21) 34326020 - 23 URL: www.cdcpakistan.com





TRUSTEE REPORT TO THE UNIT HOLDERS

UBL STOCK ADVANTAGE FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Stock Advantage Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 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.

Aftab Ahmed Diwan Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 20, 2018



Deloitte.

Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8 KCHSU, Shahrah-e-Faisal Karachi-75350 Pakistan

Tel: Fax: +92 (0) 21 3454 6494-7 +92 (0) 21- 3454 1314

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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 **UBL STOCK ADVANTAGE FUND** (here-in-after referred to as the "Fund") as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' funds, condensed interim cash flow statement, and notes to the accounts (here-in-after referred to as the 'condensed interim financial information') for the half year ended December 31, 2017. The Management Company (**UBL Fund Managers Limited**) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. 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 and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

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 at and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner:

Nadeem Yousuf Adil

Date: February 26, 2018

Place: Karachi

UBL STOCK ADVANTAGE FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2017

Chief Executive Officer

		Note	(Un-audited) December 31, 2017 (Rupees i	(Audited) June 30, 2017 n '000)
ASSETS				
Bank balances Investments Dividend and profit receivable Security deposits, prepayments and other receiv Advance tax	ables	4 5	1,002,152 5,687,184 32,077 4,251 2,799	1,025,087 6,994,684 15,250 10,578 2,799
Total assets			6,728,463	8,048,398
LIABILITIES				
Payable to UBL Fund Managers Limited - Managers Payable to Central Depository Company of Pakis Payable to Securities and Exchange Commission Payable against purchase of investments Accrued expenses and other liabilities	stan Limited - Trustee	7	20,991 703 3,258 24,128 98,401	27,435 830 6,176 3,943 138,091
Total liabilities			147,481	176,475
Net Assets			6,580,982	7,871,923
Unit Holders' Fund (As Per Statement Attache	ed)		6,580,982	7,871,923
CONTINGENCIES AND COMMITMENTS		8		
			(Number o	f units)
Number of Units in Issue			99,009,807	103,258,930
			(Rupe	es)
Net Asset Value Per Unit			66.47	76.23
Face Value per Unit			100	100
The annexed notes from 1 to 16 form an integral	part of this condensed interim financial info For UBL Fund Managers Limited (Management Company)	ormation.		
SD	SD		SD	

Chief Financial Officer

Director

UBL STOCK ADVANTAGE FUND CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

		Half year ended		Quarter ended		
	-	December 31,	December 31,	December 31,	December 31,	
		2017	2016	2017	2016	
	Note	(Rupees	in '000)	(Rupees	in '000)	
INCOME						
Profit on bank deposits		26,933	10,376	12,598	5,592	
(Loss) / gain on sale of securities - net		(269,558)	306,834	(190,089)	164,428	
Dividend income		168,783	106,209	106,567	71,986	
Unrealised (loss) / gain on re-measurement of investments classified as financial assets at fair value						
through profit or loss - net	5.1	(867,656)	884,151	(136,423)	714,909	
	-	(941,498)	1,307,570	(207,347)	956,915	
EXPENSES						
Remuneration of UBL Fund Managers Limited	[
- Management Company		68,596	51,618	32,161	29,631	
Sindh sales tax on remuneration of Management Company Allocated expenses		8,917 3,430	6,710 2,581	4,180	3,852 1,482	
Selling and marketing expenses		13,719	2,361	1,608 6,432	1,462	
Remuneration of Central Depository Company of Pakistan Limited - Trustee		4,445	3,486	2,102	1,959	
Annual fee - Securities and Exchange Commission of Pakistan		3,258	2,452	1,527	1,408	
Listing and rating fee		3,238	2,432	7	1,408	
Auditors' remuneration		298	297	144	220	
Brokerage and settlement charges		5,657	31,758	2,034	14,003	
Legal and professional charges Printing expense		197 17	434 22	43 17	434	
Bank and other charges		120	74	37	22	
Total expenses	_	108,668	99,458	50,292	53,022	
Net operating (loss) / income for the period	•	(1,050,166)	1,208,112	(257,639)	903,893	
Element of income and capital gains included in the						
prices of units issued less those in units redeemed - net	3.6	-	233,790	-	200,878	
Net (loss) / income for the period before taxation		(1,050,166)	1,441,902	(257,639)	1,104,771	
Taxation	9	-		-	-	
Net (loss) / income for the period after taxation	_	(1,050,166)	1,441,902	(257,639)	1,104,771	
Allocation of net income for the period	•					
- Income already paid on units redeemed		-	-	-	-	
Accounting income for the period available for distribution :	-					
Relating to capital gains Excluding capital gains		-	-	-	-	
	L	-	<u> </u>		-	
	-					
	=	-	-	<u> </u>	-	
Earnings per unit	10					

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For UBL Fund Managers Limited

(Management Company)

SD	SD	SD	
Chief Executive Officer	Chief Financial Officer	Director	

UBL STOCK ADVANTAGE FUND CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

		Half year ended		Quarter ended		
		December 31,	December 31,	December 31,	December 31,	
		2017	2016	2017	2016	
	Note	(Rupees	s in '000)	(Rupees	in '000)	
Net (loss) / income for the period after taxation		(1,050,166)	1,441,902	(257,639)	1,104,771	
Other comprehensive income:						
Items that may be reclassified subsequently to income statement						
- Unrealized gain on re-measurement of investments classified as available for sale - net	5.2	21,548	_	11,813	-	
Items that will not be reclassified subsequently to income statement		-	-	-	-	
Total comprehensive income for the period		(1,028,618)	1,441,902	(245,826)	1,104,771	

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

(Management Company)				
SD	SD	SD		
Chief Executive Officer	Chief Financial Officer	Director		

For UBL Fund Managers Limited

UBL STOCK ADVANTAGE FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

		Half year end	ded
		December 31, 2017	December 31, 2016
	Note	(Rupees in '0	000)
Net assets at the beginning of the period		7,871,923	3,672,235
Rs. 76.23 per unit (June 30, 2016: Rs. 62.78 per unit)			
Issuance of 40,593,121 units (2016: 65,417,469 units)		<u> </u>	
- Capital value of units - Element of loss		3,094,414 (215,082)	-
		2,879,332	4,510,388
Redemption of 44,842,244 units (2016: 30,775,630 units)			
- Capital value of units - Element of income		(3,418,324) 276,669	-
		(3,141,655)	(2,101,785)
		(262,323)	2,408,603
		7,609,600	6,080,838
Element of income and capital gains included in the prices of units issued less those in units redeemed - net	3.6	-	(233,790)
(Loss) / gain on sale of securities - net		(269,558)	306,834
Unrealised (loss) / gain on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.1	(867,656)	884,151
Unrealised gain on re-measurement of	0.1	(007,000)	001,101
investments classified as available for sale - net	5.2	21,548	-
Other income for the period		87,048	250,917
Total comprehensive income for the period		(1,028,618)	1,441,902
Net assets at the end of the period		6,580,982	7,288,950
Net assets value per unit			
Rs. 66.47 per unit (Decemeber 31, 2016: Rs. 78.26 per unit)			
Undistributed income brought forward comprising of:			
- Realised gain - Unrealised gain		1,656,899 480,654	424,178 324,200
Undistributed income brought forward - Net		2,137,553	748,378
(Loss) / income for the period after taxation		(1,050,166)	1,441,902
Accounting income for the period available for distribution		-	-
- Relating to capital gains - Excluding capital gains			-
Undistributed income carried forward - Net		1,087,387	2,190,280
Undistributed income carried forward comprising of:			
- Realised gain - Unrealised (loss) / gain		1,955,043 (867,656)	1,306,129 884,151
		1,087,387	2,190,280
The annexed notes from 1 to 16 form an integral part of this condensed interim financial info	ormation.		

For UBL Fund Managers Limited

(Management Company)

SD SD
Chief Executive Officer Chief Financial Officer

SD

Director

UBL STOCK ADVANTAGE FUND CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

SD

Chief Executive Officer

		Half year	ended
	Note	December 31, 2017 (Rupees i	December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		()	,
Net (loss) / income for the period before taxation		(1,050,166)	1,441,902
Adjustments for non-cash charges and other items:			
Profit on bank deposits Loss / (gain) on sale of securities - net Dividend income Unrealised (loss) / gain on re-measurement of investments classified as financial assets at fair value		(26,933) 269,558 (168,783)	(10,376) (306,834) (106,209)
through profit or loss - net	5.1	867,656	(884,151)
Element of income and capital gains included in the prices of units issued less those in units redeemed - net	3.6	-	(233,790)
		941,498	(1,541,360)
		(108,668)	(99,458)
Decrease / (increase) in assets			
Investments Security deposits, prepayments and other receivables		191,834 6,327	(2,266,764) (13)
		198,161	(2,266,777)
Decrease in liabilities			
Payable to UBL Fund Managers Limited - Management Company Payable to Central Depository Company of Pakistan Limited - Trustee Payable to Securities and Exchange Commission of Pakistan Payable against purchase of investments Accrued expenses and other liabilities		(6,444) (127) (2,918) 20,185 (39,690)	5,628 315 (1,096) (181,070) 4,749
		(28,994)	(171,474)
Cash generated from / (used in) operations		60,499	(2,537,709)
Profit received on bank deposits Dividend received Tax refunded by withholding tax agent in respect of prior year		25,365 153,524 -	9,909 100,943 218
Net cash generated from / (used in) operating activities		239,388	(2,426,639)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units Net payments on redemption of units		2,879,332 (3,141,655)	4,510,388 (2,101,785)
Net cash (used in) / generated from financing activities		(262,323)	2,408,603
Net decrease in cash and cash equivalents during the period		(22,935)	(18,036)
Cash and cash equivalents at the beginning of the period		1,025,087	417,923
Cash and cash equivalents at the end of the period		1,002,152	399,887
The annexed notes from 1 to 16 form an integral part of this condensed interim financial info	ormation.		

For UBL Fund Managers Limited (Management Company)

SD

Chief Financial Officer

SD

Director

UBL STOCK ADVANTAGE FUND NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Stock Advantage Fund (the Fund) was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 5, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 27, 2006 in accordance with the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund commenced its operations from August 04, 2006.

The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi, Pakistan.

The Fund is an open ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are offered for public subscription on a continuous basis. The units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

The Fund mainly makes investments in a diversified portfolio of shares of listed companies and treasury bills not exceeding 90 days maturity. Under circular 07 dated March 6, 2009 issued by the SECP, the Fund has been categorised by the Management Company as an Equity Fund.

Title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

JCR-VIS Credit Rating Company Limited has upgraded management quality rating to AM1 (stable outlook) from AM2++ (stable outlook) of the Management Company as on December 29, 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- 2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.
- 2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Fund operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES AND JUDGEMENTS AND CHANGES THEREIN

- 3.1 The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended June 30, 2017, except as disclosed in paragraph 3.6.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.4 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2017.

Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on condensed interim financial information except for IFRS 9: Financial Instruments which will replace IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognized financial assets that are currently within in the scope of IAS 39 will be subsequently measured at either amortized cost or fair value under IFRS 9. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- All other debt instruments must be measured at FVTPL.
- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

However, as per SECP letter dated November 21, 2017, applicability of impairment requirements for debt securities on mutual funds is deferred till further instructions. Meanwhile, asset management companies continue to follow the requirements of Circular 33 of 2012.

The new IFRS 9 requirements may have a material impact on accounting for investments in equity and debt securities made by the Fund.

The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. The amended regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as allowed by the SECP vide their email to MUFAP dated February 08, 2018. Accordingly, the corresponding figures have not been restated.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been lower by Rs 61.58 million. The change has also resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements. However, Management Company believes that the requirement to disclose allocation of Net income for the year in the income statement showing separately the 'income already paid on units redeemed' and accounting income available for distribution' is not applicable in the period / year when the Fund has incurred loss, accordingly, such allocation has not been disclosed in the Income Statement.

		Note	(Unaudited) December 31, 2017Rupees	(Audited) June 30, 2017 in '000
4.	BANK BALANCES			
	Profit and loss sharing accountsCurrent account	4.1	1,001,754 398	1,013,831 11,256
			1,002,152	1,025,087
				<u> </u>

4.1 Profit rates on these profit and loss sharing accounts range between 3.75% to 6.00% per annum (June 30, 2017: 3.75% to 6.6% per annum).

		Note	(Unaudited) December 31, 2017Rupees	(Audited) June 30, 2017 in '000
j.	INVESTMENTS			
	Equity Securities			
	At fair value through profit or loss - Held for tradingAvailable for sale	5.1 5.2	4,162,442 1,524,742	6,994,684 -
			5,687,184	6,994,684

5.

5.1 Equity securities - Held-for-trading

(Ordinary Shares of Rs. 10 each unless indicated otherwise)

Name of Security	Note	As at July 1, 2017	Purchased / bonus received during the period	Sold during the period	As at December 31, 2017	Total carrying value as at December 31, 2017	Total market value as at December 31, 2017	Unrealized loss	Market value of investment as a percentage of net assets	Market value of investment as a percentage of total investment	Investment as a percentage of investees' paid up capital
Quoted investments	Note		(Number	of shares)			(Rupees '000)			%	
TEXTILE COMPOSITE											
Nishat Mills Limited		2,191,900	-	929,600	1,262,300	200,302	188,714	(11,588)	3.04	3.52	0.36
Kohinoor Textile Mills Limited	5.4	4,275	-	-	4,275	449	283	(166)	0.01	0.01	0.00
Nishat Chunian Limited		2,076,500	325,500	2,402,000	-	-	-	-	-	-	0.00
Gul Ahmed Textile Mills Limited		1,208,935	-	1,208,935	•	200,751	188,997	(11,754)	3.05	3.53	0.00
OIL & GAS MARKETING COMPANIES					-	200,731	100,337	(11,704)	0.00	0.00	
Pakistan State Oil Company Limited	5.4	617,700	115,240	365,000	367,940	119,509	107,847	(11,662)	1.82	2.10	0.11
Sui Northern Gas Company Limited		1,031,500	-	442,900	588,600	87,654	55,687	(31,967)	1.33	1.54	0.0
Attock Petroleum Limited		181,150	-	73,950	107,200	67,153 274,316	56,074 219,608	(11,079) (54,708)	1.02	1.18 4.82	0.13
OIL & GAS EXPLORATION COMPANIES					-	274,310	219,000	(34,700)	4.17	4.02	
Pakistan Petroleum Limited		1,388,500	-	447,000	941,500	139,474	193,864	54,390	2.12	2.45	0.0
Oil and Gas Development Company Limited		1,415,200	170,000	219,000	1,366,200	193,502	222,404	28,902	2.94	3.40	0.0
Pakistan Oilfields Limited Mari Petroleum Company Limited		114,900 216,990	18,500 1,200	115,600 2,980	17,800 215,210	8,125 338,942	10,578 312,242	2,453 (26,700)	0.12 5.15	0.14 5.96	0.0 0.2
man r ou old an o o mpany Emmod		210,000	1,200	2,000	210,210	680,043	739,088	59,045	10.33	11.95	0.2
PAPER & BOARD					•						
Cherat Packaging Limited		545 825,500	49,700	-	545 875,200	129 85,248	108 54,376	(21)	0.00 1.30	0.00 1.50	0.0
Century Paper and Board Mills Limited Packages Limited		245,550	49,700	108,250	137,300	95.503	70,000	(30,872) (25,503)	1.45	1.68	0.0
-						180,880	124,484	(56,396)	2.75	3.18	
FERTILIZER		4 00		40	*						
Engro Corporation Limited Engro Fertilizers Limited	5.3	1,089,600 4,506,500	49,400 100,000	120,700 446,000	1,018,300 4,160,500	330,826 229,599	279,778 281,749	(51,048) 52,150	5.03 3.49	5.82 4.04	0.19 0.31
Fauji Fertilizer Company Limited	0.0	700	-	-	700	229,399 58	201,749	32,130	0.00	0.00	0.00
					-	560,483	561,582	1,099	8.52	9.86	
CABLE & ELECTRICAL GOODS Pak Elektron Limited		1,238,500		1,238,500							0.00
Pak Elektron Limited		1,230,300		1,230,300	•	-	-	-	-		0.00
CEMENT					-						
Cherat Cement Company Limited		1,060,600	-	16,000	1,044,600	186,754	115,857	(70,897)	2.84	3.28	0.59
Lucky Cement Limited D.G. Khan Cement Company Limited	5.3	390,800 881,700	65,000 50,000	33,800 522,900	422,000 408,800	343,561 85,620	218,347 54,665	(125,214) (30,955)	5.22 1.30	6.04 1.51	0.13
Pioneer Cement Limited		243,900	-	5,700	238,200	30,966	15,035	(15,931)	0.47	0.54	0.11
Kohat Cement Limited		704 500	819,900	704 500	819,900	167,980	116,393	(51,587)	2.55	2.95	0.53
Fauji Cement Company Limited		704,500		704,500	•	814,881	520,297	(294,584)	12.38	14.32	0.00
POWER GENERATION & DISTRIBUTION					-			, , , , ,			
Hub Power Company Limited	5.3	2,410,200	200,000	700,900	1,909,300	223,439	173,746	(49,693)	3.40	3.93	0.17
INSURANCE					-	223,439	173,746	(49,693)	3.40	3.93	
Adamjee Insurance Company Limited		1,702,500	115,000	1,817,500	-	-	-	-	_	-	_
ENGINEERING											
International Steels Limited		597,500	60,000	60,000	597,500	76,340	63,556	(12,784)	1.16	1.34	0.14
Mughal Iron and Steel Industries Limited		914,500	-	762,000	152,500	12,311	8,860	(3,451)	0.19	0.22	0.06
Aisha Steel Mills Limited Ittefaq Iron Industries Limited		2,103,900	- 566,000	450,000 100,000	1,653,900 466,000	33,640 14,113	29,340 7,894	(4,300) (6,219)	0.51 0.21	0.59 0.25	3.72 0.36
International Industries Limited		264,600	22,300	61,800	225,100	82,402	54,049	(28,353)	1.25	1.45	0.19
Amreli Steels Ltd.		16,500	-	-	16,500	2,029	1,529	(500)	0.03	0.04	0.01
DUADMA OF UTIOAL O					-	220,835	165,228	(55,607)	3.35	3.89	
PHARMACEUTICALS The Searle Company Limited	5.4	254,623	29,005	237,400	46,228	17,723	14,555	(3,168)	0.27	0.31	0.03
, , , , , , , , , , , , , , , , , , , ,			.,		•	17,723	14,555	(3,168)	0.27	0.31	
FOOD & PERSONAL CARE PRODUCTS					•						
Al-Shaheer Corporation Limited	5.4	1,892,225	-	-	1,892,225	75,897 75,897	42,045 42,045	(33,852)	1.15	1.33	1.33
COMMERCIAL BANKS						13,031	42,043	(33,032)	1.13	1.55	
Habib Bank Limited		982,500	327,500	77,400	1,232,600	316,404	205,955	(110,449)	4.81	5.56	0.08
MCB Bank Limited		1,396,600	75,000 501 800	1,470,700	900	189	191	(47.002)	0.00 4.57	0.00	0.00
United Bank Limited Bank Al-Falah Limited		1,319,300 2,469,000	591,800 696,000	566,100 890,000	1,345,000 2,275,000	300,722 91,718	252,820 96,688	(47,902) 4,970	4.57 1.39	5.29 1.61	0.1° 0.14
Faysal Bank Limited		4,691,000	140,000	1,455,000	3,376,000	75,906	71,774	(4,132)	1.15	1.33	0.20
Allied Bank Limited		1,859,400	-	100,000	1,759,400	157,677	149,514	(8,163)	2.40 14.32	2.77	0.1
AUTOMOBILE PARTS & ACCESSORIES					-	942,616	776,942	(165,674)	14.32	16.56	
Agriautos Industries Limited		76,600	-	10,400	66,200	28,592	21,053	(7,539)	0.43	0.50	0.46
Thal Limited*		458,000		170,700	287,300	174,113	146,782	(27,331)	2.65	3.06	0.71
AUTOMOBILE ASSEMBLER					-	202,705	167,835	(34,870)	3.08	3.56	
Honda Atlas Cars (Pakistan) Limited		184,050	20,200	-	204,250	172,795	104,660	(68,135)	2.63	3.04	0.20
Pak Suzuki Motor Company Limited		244,450	-	225,050	19,400	15,140	9,657	(5,483)	0.23	0.27	0.02
Indus Motor Company Limited Millat Tractors Limited		42,820 48,650		42,820 6,000	42,650	- 58,620	49,970	(8,650)	0.89	1.03	0.00
		10,000		0,000	12,550	246,555	164,287	(82,268)	3.75	4.34	0.10
TECHNOLOGY & COMMUNICATION					•						
Systems Limited		1,076,500		150,000	926,500	70,266 70,266	68,487 68,487	(1,779)	1.07	1.24	0.83
CHEMICAL					-	/U,20b	00,467	(1,779)	1.07	1.24	
I.C.I. Pakistan Limited		179,750	-	9,500	170,250	186,348	130,743	(55,605)	2.83	3.28	0.1
Engro Polymer and Chemicals Limited		3,364,000	395,500	100,000	3,659,500	132,356	104,515	(27,841)	2.01	2.33	0.5
					-	318,704	235,258	(83,446)	4.84	5.61	
INV. BANKS/ INV. COS. / SECURITIES COS											
INV. BANKS/ INV. COS. / SECURITIES COS. Pakistan Stock Exchange		3,206,875	-	3,206,732	143	4	3	(1)	0.00	0.00	0.0
		3,206,875	-	3,206,732	143	5,030,098	4,162,442	(1) (867,656)	0.00	0.00	0.00

^{*}All shares have nominal face value of Rs.10 each except for the shares of Thal limited which has a face value of Rs. 5 each.

5.2 - Available for sale

(Ordinary Shares of Rs. 10 each unless indicated otherwise)

lame of Security		As at July 1, 2017	Purchased/ bonus received during the period	Sold during the period	As at December 31, 2017	Total carrying value as at December 31, 2017	Total market value as at December 31, 2017	Unrealized gain	Market value of investment as a percentage of net assets	Market value of investment as a percentage of total investment	Investment as a percentage of investees' paid up capital
	Note		(Number o	of shares)			(Rupees '000)			%	
Quoted investments											
EXTILE COMPOSITE											
lishat Mills Limited		-	25,000	-	25,000	3,684	3,738	54	0.06	0.06	0.5
						3,684	3,738	54	0.06	0.06	
DIL & GAS MARKETING COMPANIES											
Sui Northern Gas Pipelines Limited Pakistan State Oil Company Limited		-	100,000 144,600	-	100,000 144,600	8,326 41,872	9,461 42,384	1,135 512	0.13 0.64	0.15 0.74	0.1 0.2
					•	50,198	51,845	1,647	0.77	0.89	
DIL & GAS EXPLORATION COMPANIES					•		. ,	,-			
Dil & Gas Development Co. Limited		-	307,300	-	307,300	47,761	50,025	2,264	0.73	0.84	0.0
Pak Petroleum Limited Pak Oilfields Limited		-	523,300 501,050	-	523,300 501,050	103,300 275,813	107,753 297,754	4,453 21,941	1.57 4.19	1.82 4.85	0.1 0.1
Mari Petroleum Company Limited		-	5,120	-	5,120	7,800	7,428	(372)	0.12	0.14	0.2
						434,674	462,960	28,286	6.61	7.65	
PAPER & BOARD			70		70	40		5	0.00	0.00	• •
Cherat Packaging Limited Century Paper & Board Mills Limited		-	73 25,000	-	73 25,000	10 1,554	15 1,553	5 (1)	0.00 0.02	0.00 0.03	0.0 0.2
						1,564	1,568	4	0.02	0.03	
					•						
ERTILIZER Engro Corporation Limited			110,600		110,600	30,660	30,387	(273)	0.47	0.54	0.1
Engro Fertilizers Limited	5.3	-	775,000	-	775,000	50,801	52,483	1,682	0.47	0.89	0.0
					•	81,461	82,870	1,409	1.24	1.43	
CEMENT					•						
Pioneer Cement Limited		-	179,500	-	179,500	17,093	11,330	(5,763)	0.26	0.30	0.6
Fauji Cement Co. Limited Cherat Cement Company Limited		-	75,000 165,100	-	75,000 165,100	2,319 17,717	1,876 18,311	(443) 594	0.04 0.27	0.04 0.31	0.1 0.2
ucky Cement Company Limited Attock Cement Company Limited	5.3	-	19,000 275,000	-	19,000 275,000	9,837 55,549	9,831 49,778	(6) (5,771)	0.15 0.84	0.17 0.98	3.0 3.0
Kohat Cement Company Limited		-	450,100	-	450,100	62,620	63,896	1,276	0.95	1.10	0.0
O.G.Khan Cement Co. Limited		=	13,500	-	13,500	1,982	1,805	(177)	0.03	0.03	0.2
						167,117	156,827	(10,290)	2.54	2.93	
POWER GENERATION & DISTRIBUTION Hub Power Company Limited	5.3	_	665,000	_	665,000	63,125	60,515	(2,610)	0.96	1.11	0.1
Pakgen Power Limited		-	1,501,000	-	1,501,000	30,665	33,217	2,552	0.47	0.54	0.2
alpir Power Limited Electric Limited*		-	1,463,000 11,294,500	-	1,463,000 11,294,500	30,585 71,437	32,961 71,268	2,376 (169)	0.46 1.09	0.54 1.26	0.5 0.4
					•	195,812	197,961	2,149	2.98	3.45	
ENGINEERING					•						
Amreli Steels Limited		-	747,100	-	747,100	69,610	69,226	(384)	1.06	1.22	0.0
ttefaq Iron Industries Limited nternational Steels		-	550,000 251,300	-	550,000 251,300	15,442 25,027	9,317 26,731	(6,125) 1,704	0.23 0.38	0.27 0.44	0.0 0.4
					•	110,079	105,274	(4,805)	1.67	1.93	
COMMERCIAL BANKS					•						
Allied Bank Limited Habib Bank Limited		=	226,500 1,000,000	-	226,500 1,000,000	18,647 169,981	19,248 167,090	601 (2,891)	0.28 2.58	0.33 2.99	0.0 0.1
Bank Alfalah Limited		-	3,535,500	-	3,535,500	142,604	150,259	7,655	2.17	2.51	0.0
Jnited Bank Limited		-	265,800	-	265,800	48,128	49,962	1,834	0.73	0.85	0.1
						379,360	386,559	7,199	5.76	6.68	
AUTOMOBILE PARTS & ACCESSORIES That Limited*		_	29,500	-	29,500	14,926	15,072	146	0.23	0.26	0.4
		=	23,000		20,000	14,926	15,072	146	0.23	0.26	0.4
AUTOMOBILE ASSEMBLER					•	14,920	10,0/2	140	0.23	U.20	
Honda Atlas Cars (Pakistan) Limited		-	43,300	-	43,300	23,501	22,187	(1,314)	0.36	0.41	0.1
					•	23,501	22,187	(1,314)	0.36	0.41	
ECHNOLOGY & COMMUNICATION					•			-			
Systems Limited		-	29,500	-	29,500	1,924	2,181	257	0.03	0.03	1.2
						1,924	2,181	257	0.03	0.03	
CHEMICAL Engro Polymer and Chemicals Limited		_	1,250,000	-	1,250,000	38,894	35,700	(3,194)	0.59	0.68	0.0
5			.,_50,000		.,_55,550	38,894	35,700	(3,194)	0.59	0.68	0.0
						30,094	30,700	(3,134)	0.59	U.00	
					•	1,503,194	1,524,742	21,548			
Total December 31, 2017						1,303,194	1,524,142	21,340			
Total December 31, 2017					:	1,303,194	1,324,742	21,340			

^{*}All shares have nominal face value of Rs.10 each except for the shares of Thal limited, K Electric Limited which have a face value of Rs. 5 and Rs. 3.5 each respectively.

- 5.3 The above equity securities include 1.654 million shares (June 30, 2017: 1.654 million shares) pledged with National Clearing Company of Pakistan Limited having market value of Rs.128.386 million (June 30, 2017: Rs. 122.509 million) for guaranteeing settlement of the Fund's trades in accordance with circular No. 11 dated October 23, 2007 issued by the SECP.
- 5.4 The Finance Act, 2014 brought amendments in the Income Tax Ordinance, 2001 where by the bonus shares received by a shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. The Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemptions available to mutual funds under clause 99 of Part I and clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Certain investee companies of the Fund, in pursuance of aforesaid amendment, withheld shares equivalent to 5% of bonus announcement of the Fund having fair market value of Rs. 14.354 million (June 30, 2017: Rs. 17.6 million) at year end. Such shares have not been deposited by the investee companies in CDC account of income tax department. The Fund has included in its investments the withheld shares and recorded them at fair market value at period end.

6. ADVANCE TAX

The income of the Fund is exempt under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue (FBR), through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II-66417-R" date May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the financial year ended June 30, 2016, prior to receiving tax exemption certificate(s) from CIR various withholding agents had deducted advance tax under section 150, 150A and 151 of ITO 2001. The Management Company has filed refund application and is confident that the same shall be refunded.

7. ACCRUED EXPENSES AND OTHER LIABILITIES

As disclosed in note 13.2 to the annual financial statements for the year ended June 30, 2017, the Provision for Workers' Welfare Fund (WWF) held in the books of accounts till June 30, 2015 was reversed on January 12, 2017. There is no change in the status of the legal proceeding on this matter, which has been fully disclosed in note 13.2 to the annual audited financial statements for the year ended June 30, 2017.

This includes provision for Sindh Workers' Welfare Fund (SWWF) as at December 31, 2017 amounting to Rs. 49.389 million (June 30, 2017: Rs. 49.389 million). The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP recommended its members to make provision for SWWF on prudence basis. Had the SWWF not been provided for, the net assets value per unit would have been higher by Re 0.499 (June 30, 2017: Re. 0.478).

This includes provision for federal excise duty (FED) as at December 31, 2017 amounting to Rs. 45.195 million (June 30, 2017: Rs. 45.195 million). There is no change in the status of the legal proceeding on this matter, which has been fully disclosed in note 13.1 to the annual audited financial statements for the year ended June 30, 2017. As a matter of abundant caution, the Management Company has maintained full provision for FED aggregating to Rs. 34.90 million. Had the provision not been provided for, the net assets value per unit would have been higher by Re. 0.35 (June 30, 2017: Re. 0.44).

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2017 and June 30, 2017.

9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Management Company intends to distribute through cash at least 90% of the Fund's net accounting income as reduced by capital gains whether realised or unrealised by the year-end to the unit holders, accordingly, no provision for taxation has been recognized in this condensed interim financial information.

10. EARNINGS PER UNIT

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

11. TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by the SECP, the Total Expense Ratio of the Fund is 1.60% as on December 31, 2017 and this includes 0.19% representing Sindh Workers' Welfare Fund and SECP fee.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments classified as at fair value through profit or loss, which are tradable in an open market, is based on the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value at reporting date as the items are short-term in nature.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

	December 31, 2017							
		Fair Value						
	Level 1	Level 2	Level 3	Total				
	(Rupees in '000)							
Financial assets measured at fair value								
Equity securities	5,687,184	-	=	5,687,184				
		0, 2017						
	Fair Value							
	Level 1	Level 2	Level 3	Total				
	(Rupees in '000)							
Financial assets measured at fair value								
Equity securities	6,994,684	-	-	6,994,684				

- 12.1 The Fund has not disclosed the fair values for other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.
- 12.2 There were no transfers between various levels of fair value hierarchy during the period.

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

- 13.1 Connected persons / related parties comprise of United Bank Limited (Holding Company of the Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee) and the Directors and Officers of the Management Company.
- 13.2 Transactions with connected persons are in the normal course of business, at agreed / contracted rates.
- 13.3 Remuneration to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Rules, the NBFC regulations and the Trust Deed respectively.
- 13.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.
- Details of transactions with related parties / connected persons and balances held with them including transactions and balances involving related parties at the half year end are as follows:

involving related parties at the flam y	oar ond are as n	5.10110.				
	Management Company	Associated companies and others * & **	Trustee	Funds under common management	Directors and Key Executives***	Other connected persons / related parties
		Ha	ılf Year end	ded December 3	1, 2017	
Transactions during the period						
Units issued	-	-	-	-	30	4,579
Units redeemed	-	-	-	-	15	4,311
			(Ru	pees in '000)		
Profit on bank deposits	-	1,917	_	_	_	_
Bank charges	-	46	-	-	-	-
Value of units issued	-	-	-	-	2,023	150,744
Value of units redeemed	-	-	-	-	1,030	26,414
Purchase of securities Sale of securities	-	165,526 108,440	-	-	-	-
Dividend received	-	9,078	-	-	_	_
Remuneration (including sales tax)	77,513	-	4,445	-	-	-
Allocation of expenses	3,430	-	-	-	-	-
CDS expenses	- 42.740	-	374	-	-	-
Selling and marketing expense	13,719	-	-	-	-	-
	Management Company	Associated companies and others * & **	Trustee	Funds under common management	Directors and Key Executives***	Other connected persons / related parties
		H	alf Year end	ded December 31	, 2016	
			(L	Inits in '000)		
Transactions during the period						
Units issued	_	5,273	-	-	251	-
Units redeemed	-	2,720	-	-	105	-
			(Ru	pees in '000)		
Profit on bank deposits	_	935	_	_	_	<u>-</u>
Bank charges	-	44	-	-	-	-
Value of units issued	-	362,785	-	-	17,681	-
Value of units redeemed	-	182,965	-	-	7,268	-
Purchase of securities Sale of securities	-	615,223	-	-	-	-
Sale of Securities	-	367,158	-	-	-	-

10,696

58,328

2,581

3,486

737

Dividend received Remuneration expense

CDS expenses

(including sales tax)

Allocation of expenses

	Management Company	Associated companies and others * & **	Trustee	Funds under common management	Directors and Key Executives***	Other connected persons / related parties
			(U	nits in '000)		
Balances held						
Units held	3,162	-	-	-	382	10,649
		(Rupees in '000)				
Units held	210,178	-	-	-	25,392	707,839
Bank balances	-	71,662	-	-	-	-
Deposits	-	-	100	-	-	-
Investments Remuneration payable	- 12,145	302,782	- 703	-	-	-
Profit receivable	12,143	236	-	-		-
Sales load and conversion		200				
charges payable	1,860	5	-	-	-	-
Allocated expenses payable Selling and marketing	537	-	-	-	-	-
expense payable	6,432	-	-	-	-	-
Other Payable	17	-	29	-	-	-
	Management Company	Associated companies and others * & **	Trustee	Funds under common management	Directors and Key Executives***	Other connected persons / related parties
			As at	June 30, 2017 -		
			(U	nits in '000)		
Balances held						
Units held	3,162	3,012	-	-	367	-
			(Ru	pees in '000)		
Units held	241,355	229,906	_	-	28,013	-
Bank balances	-	145,798	-	_		_
Deposits	-	-	100	-	-	-
Investments	-	310,722		-	-	-
Remuneration payable	14,736	-	830	-	-	-
Profit receivable	-	786	-	-	-	-
Sales load and conversion	0.000	000				
charges payable Allocated expenses payable	2,268 1,383	296	-	-	-	-
Selling and marketing	1,303	-	-	-	-	-

^{*} This represents parent (including the related subsidiaries of the parent) of the Management Company, associated companies / undertakings of the Management Company, its parents and the related subsidiaries.

9,049

expenses payable

^{**} These include transactions and balances in relation to the entities where common directorship exists as at half year end. However, it does not include the transactions and balances whereby the common director resigned from the Board of the Management Company during the period.

^{***} These include transactions and balances in relation to those directors and key executives that exist as at half year end.

However, it does not include the transactions and balances whereby the director and key executive has resigned from the Management Company during the period.

14. Committed Credit Lines

The Securities and Exchange Commission of Pakistan vide Direction No. 2 of 2017 dated January 13, 2017, had directed all Asset Management Companies to arrange committed credit lines from bank / DFIs for the equity funds and funds equivalent to 10% of its net assets and to review it at least on quarterly basis against net assets of the funds. Accordingly, the Fund has obtained committed credit lines of PKR 725 million which represents 11.02% of net asset of the Fund as at December 31, 2017 at a rate of 3 months KIBOR plus 0.45%. However, the Securities and Exchange Commission of Pakistan vide Direction No. 37 of 2017 dated December 29, 2017 has withdrawn the requirement for asset management companies to arrange committed credit lines.

15. GENERAL

- 15.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.
- This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed.

16. DATE OF AUTHORISATION FOR ISSUE

16.1 This condensed interim financial information was authorised for issue on February 16, 2018 by the Board of Directors of the Management Company.

SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UCPF-III

UBL Capital Protected Fund - III

INVESTMENT OBJECTIVE

The Investment Objective of UBL Capital Protected Fund - III (UCPF-III) is to protect the principal investment of the investors upon maturity by placing a significant portion of the Trust Property as TDR with a minimum AA- rated Bank and remaining in equity market or any other SECP permitted investments to provide investors with better returns.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	BDO Ebrahim & Co. Chartered Accountants
Bankers	United Bank Limited Bank Alfalah Limited
Management Co.Rating	AM1 (JCR-VIS)

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal, Karachi - 74400, Pakistan. Tel: (92-21) 111-111-500 Fax: (92-21) 34326020 - 23 URL: www.cdcpakistan.com





TRUSTEE REPORT TO THE UNIT HOLDERS

UBL CAPITAL PROTECTED FUND - III

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Capital Protected Fund - III (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 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.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 20, 2018





Tel: +92 21 3568 3030 Fax: +92 21 3568 4239 www.bdo.com.pk

2nd Floor, Block-C Lakson Square, Building No.1 Sarwar Shaheed Road Karachi-74200 Pakistan

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of UBL CAPITAL PROTECTED FUND III ("the Fund") as at December 31, 2017 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management Company of the Fund is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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 condensed 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 at and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2017 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 1 6 FFB 2018

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

UBL CAPITAL PROTECTED FUND III CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED) AS AT DECEMBER 31, 2017

	Note	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
ASSETS		(Rupees in	n '000)
Bank balances	4	2,383	1,692
Term deposit receipts	5	356,106	356,949
Investments	6	37,093	60,038
Mark-up / interest receivable		21,643	9,818
Dividend receivable		75	66
Advance tax	7	316	276
Preliminary expenses and floatation costs		1,547	1,923
Deposits and prepayments	_	2,791	2,820
TOTAL ASSETS	_	421,954	433,582
LIABILITIES	-		
Payable to UBL Fund Managers Limited - Management Company		355	5,228
Payable to Central Depository Company of Pakistan Limited - Trustee		52	52
Payable to Securities and Exchange Commission of Pakistan		159	136
Accrued expenses and other liabilities	8	394	961
TOTAL LIABILITIES	_	960	6,377
NET ASSETS	=	420,994	427,205
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	=	420,994	427,205
CONTINGENCIES AND COMMITMENTS	9		
		(Number of units)	
NUMBER OF UNITS IN ISSUE (face value of units is Rs. 100 each)	=	4,247,783	4,265,190
	-	(Rupe	es)
NET ASSETS VALUE PER UNIT	=	99.1091	100.1608

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For UBL Fund Managers Limited (Management Company)

--SD-- --SD-- --SD-- CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

UBL CAPITAL PROTECTED FUND III CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

TON THE HIER TERMINAL QUANTER ENDER OF	, 2017	Half year ended	Quarter Ended
		December 31, 2017	December 31, 2017
Ne	te	(Rupees i	
INCOME			
Financial income		11,911	5,936
Dividend income		905	326
Capital loss on sale of investment- net		(6,014)	(5,794)
Unrealised (loss) / gain on revaluation of investments			-
classified as 'at fair value through profit or loss' - held for			
trading - net		(7,663)	3,332
Other income		54	54
TOTAL (LOSS) / INCOME		(807)	3,854
EXPENSES		1.500	5 0.4 1
Remuneration of UBL Fund Managers Limited - Management Compan	У	1,592	794
Sindh sales tax on Management Company's remuneration		207	103
Remuneration of Central Depository Company of Pakistan Limited - Tr	ustee	312	156
Annual fee of Securities and Exchange Commission of Pakistan		159	79 94
Bank and other charges Auditors' remuneration		136 205	150
Brokerage and settlement expenses		190	104
Allocated expenses		212	104
Listing and supervisory fees		14	7
Legal and professional charges		41	11
Amortization of preliminary expenses and floatation costs		376	112
· morazanon or promining superiore and nonmiton soon		3,444	1,716
Net operating (loss) / income for the period		(4,251)	2,138
Provision for Sindh Workers' Welfare Fund		-	- -
Net operating (loss) / income for the period before taxation		(4,251)	2,138
Taxation 1	0	-	-
Net (loss) / income for the period after taxation		(4,251)	2,138
Allocation of net (loss) / income for the period			
Income already paid on units redeemed		-	-
Net (loss) / income for the period available for distribution		(4,251)	2,138
Net income available for distribution:			
Relating to capital gains		-	-
Excluding capital gains			2,138
			2,138
Earnings per unit 1	1		

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For UBL Fund Managers Limited (Management Company)

--SD--CHIEF EXECUTIVE OFFICER

UBL CAPITAL PROTECTED FUND III CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended	Quarter ended
	December 31,	December 31,
	2017	2017
	(Rupees in '000)	(Rupees in '000) -
Net (loss) / income for the period	(4,251)	2,138
Unrealised loss on revaluation of investments		
classified as 'available for sale' - net	(243)	(368)
Total comprehensive (loss) / income for the period	(4,494)	1,770

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For UBL Fund Managers Limited (Management Company)

--SD-- --SD-- --SD-- CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

UBL CAPITAL PROTECTED FUND III CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER FUND (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

FOR THE HALF TEAR ENDED DECEMBER 51, 2017	Half year ended December 31, 2017 (Rupees in '000)
Net assets at beginning of the period Rs.100.1608 per unit	427,205
Issuance of 796 units	78
Capital value of units	80
Element of loss - net	(2)
Redemption of 18,203 units	(1,795)
Capital value of units	(1,823)
Element of income - net	28
	425,488
Capital loss on sale of investments - net	(6,014)
Unrealised loss on remeasurement of investments classified as	(0,014)
financial asset at fair value through profit or loss - net	(7,663)
Unrealised loss on remeasurement of investments classified as	(7,003)
financial asset as 'available for sale' - net	(243)
Other income for the period	9,426
Canal maxima for the pariou	(4,494)
Net assets at end of the period	(,,,,,,
Rs. 99.1091 per unit	420,994
The distributed in some bounds forward according of	
Undistributed income brought forward comprising of: Realised gain	1,443
Unrealised loss	(755)
Undistributed income brought forward - net	688
Net loss for the period available for distribution	(4,251)
Relating to capital gains	-
Excluding capital gains	- 1
Undistributed loss carried forward - net	(3,563)
Undistributed loss carried forward comprising of:	
Realised gain	4,100
Unrealised loss	(7,663)
	(3,563)

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For UBL Fund Managers Limited (Management Company)

--SD--CHIEF EXECUTIVE OFFICER --SD--CHIEF FINANCIAL OFFICER --SD--DIRECTOR

UBL CAPITAL PROTECTED FUND III CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	_ Half year ended
	December 31,
	2017
CASH FLOWS FROM OPERATING ACTIVITIES	Rupees in '000)
Net loss for the period before taxation	(4,251)
Adjustments for:	
Mark-up / interest income	(11,911)
Dividend income	(905)
Unrealised loss on revaluation of investments	
classified as 'at fair value through profit or loss' - held for trading - net	7,663
Capital loss on sale of investment- net	6,014
Amortization of preliminary expenses and floatation costs	376
Provision for Sindh Workers' Welfare Fund	-
	1,237
	(3,014)
(Increase) / decrease in assets	
Investments - net	9,025
Term deposit receipts	843
Advance tax	(40)
Deposits and prepayments	29
	9,857
Increase / (decrease) in liabilities	
Payable to UBL Fund Managers Limited - Management Company	(4,873)
Payable to Central Depository Company of Pakistan Limited - Trustee	-
Annual fee payable to Securities and Exchange Commission of Pakistan	23
Accrued expenses and other liabilities	(567)
	(5,417)
Profit received on bank balances and term deposit receipts	86
Dividend received	896_
Net cash generated from operating activities	2,408
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts from issuance of units	78
Payment against redemption of units	(1,795)
Net cash used in financing activities	(1,717)
Net increase in cash and cash equivalents	691
Cash and cash equivalents at beginning of the period	1,692
Cash and cash equivalents at end of the period	2,383
CASH AND CASH EQUIVALENTS	
Bank balances	2,383
	2,383
The appared notes from 1 to 16 forms on integral next of this condensed into in financial i	

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For UBL Fund Managers Limited (Management Company)

--SD-- --SD-- --SD--

UBL CAPITAL PROTECTED FUND III NOTES TO AND FORMING PART OF THE CONDENSED INTERIM INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 UBL Capital Protected Fund III (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end mutual fund. It was constituted under the Trust Deed, dated October 21, 2016 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the repealed Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund has been registered as a notified entity on January 26, 2017 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 4th floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is a capital protected scheme and units of the Fund are listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund is categorised as an open-ended capital protected scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4 The principal activity of the Fund is to protect the principal investment of investors upon maturity by placing the significant portion of trust property as TDR with a minimum AA- rated bank, and remaining in equity market or any other SECP permitted investments to provide investor with better return.
- 1.5 Title to the assets of the Fund are held in the name of the CDC as the Trustee of the Fund.
- 1.6 JCR-VIS credit rating company has upgraded manager quality rating from AM2++ to AM1 (stable outlook) of the Management Company as at December 29, 2017.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial informations has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984, the requirements of the Trust Deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 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 the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

This condensed interim financial information of the Fund have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan (SECP) issued vide Circular No. 23 dated October 04, 2017 and subsequently clarified by Institute of Chartered Accountants of Pakistan through their circular No 17 date October 6, 2017.

This condensed interim financial information is unaudited, however, limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2017.

The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2017. Since the Fund was launched after December 31, 2016, the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund is nil.

In compliance with Schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2017 except for change in accounting policy for recognition of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed as disclosed in note 3.5 to this condensed interim financial information. The preparation of this condensed interim financial information in conformity with the approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

- 3.2 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2017.
- 3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2017.
- 3.4 Certain amendments to the approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2017. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations, 2008). The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. As per the notification, Element of Income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund which was previously taken to income statement.

This is a change in accounting policy to be dealt with, in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors by applying the change retrospectively and restating the comparative figures. However, since there are practical impediments attached to retrospective application of change in accounting policy and retrospective restatement, therefore, the management has applied the above change in accounting policy prospectively from July 01, 2017. Further, MUFAP has clarified that the amendment is applicable for accounting period beginning on July 01, 2017. Had the change in accounting policy not been applied, the loss of the Fund would have been lower by Rs. 0.0267 million.

		Note	December 31, 2017 (Unaudited) (Rupees	June 30, 2017 (Audited) in '000)
4	BANK BALANCES			
	Cash at bank: In savings accounts	4.1	2,383 2,383	1,692 1,692

4.1 Profit rates on these savings accounts range between 4% to 5.3% per annum.

5 TERM DEPOSIT RECEIPTS

Opening balance		356,949	-
Acquired during the period		-	356,949
Disposed during the period		843	
Closing balance	5.1	356,106	356,949

5.1 These Term Deposit Receipts (TDRs) carry profit of 6.60% having maturity till January 2020.

6 INVESTMENTS

At fair value through profit or loss -			
held for trading	6.1	31,646	60,038
Available for sale - equity shares	6.3	5,447	-
		37,093	60,038

6.1 At fair value through profit or loss - held for trading

		Number	of shares		Balance	as at December			
	As at	Purchased /	Sold	As at	Carrying	Market	Appreciation/	Market value	Market value
NT	July 1,	bonus received	during the	December 31.	value as at	value as at	(diminution) as	as a percentage	as a percentage
Name of investee company	2017	during the	period	2017	December 31,	December 31,	at December	of	of total value
	2017	period	periou	2017	2017	2017	31, 2017	net assets	of Investment
		Number o	of shares			(Rupees in '000)			
INSURANCE									
Adamjee Insurance Company Limited	15,000	_	15,000	_	_		_	0.00%	0.00%
Adamjee insurance company Emined	15,000		15,000					0.00%	0.00%
CEMENT	15,000		13,000					0.0070	0.0070
Cherat Cement Company Limited	35,000	-	-	35,000	6,257	3,882	(2,375)	0.92%	12.27%
Lucky Cement Limited	9,100	-	3,300	5,800	4,850	3,001	(1,849)	0.71%	9.48%
<u>-</u>	44,100	-	3,300	40,800	11,107	6,883	(4,224)	1.63%	21.75%
FERTILIZER									
Engro Fertilizer Limited	25,000	-	-	25,000	1,381	1,693	312	0.40%	5.35%
_	25,000	-	-	25,000	1,381	1,693	312	0.40%	5.35%
PHARMACEUTICALS 6.2									
Highnoon Laboratories Limited	5,264	-	4,400	864	541	369	(172)	0.09%	1.17%
The Searle Company Limited	3,560		3,300	972	415	306	(109)	0.07%	0.97%
_	8,824	712	7,700	1,836	956	675	(281)	0.16%	2.13%
POWER GENERATION & DISTRIBUTION									
The Hub Power Company Limited	15,000	-	8,600	6,400	752	582	(170)	0.14%	1.84%
<u>-</u>	15,000	-	8,600	6,400	752	582	(170)	0.14%	1.84%
CHEMICALS									
ICI Pakistan Limited	5,500	-	2,900	2,600	2,847	1,997	(850)	0.47%	6.31%
	5,500	-	2,900	2,600	2,847	1,997	(850)	0.47%	6.31%
ENGINEERING	2 - 700			2 - 700	2 200	2010	(550)	0.5704	0.040/
International Steels Limited	26,500	-	-	26,500	3,389	2,819	(570)	0.67%	8.91%
OH & CASEVELODATION COMPANIES	26,500	-	-	26,500	3,389	2,819	(570)	0.67%	8.91%
OIL & GAS EXPLORATION COMPANIES	4.500			4.500	7,000	C 529	(5.63)	1 550/	20, 620/
Mari Petroleum Company Limited	4,500 4,500	<u> </u>		4,500 4,500	7,090 7,090	6,528 6,528	(562)	1.55% 1.55%	20.63%
TEXTILE COMPOSITE	4,300	-		4,300	7,090	0,328	(302)	1.55%	20.03%
Nishat Mills Limited	38,800	_	5,000	33,800	5,363	5,053	(310)	1.20%	15.97%
Trishac Ivinis Emirica	38,800		5,000	33,800	5,363	5.053	(310)	1.20%	15.97%
AUTOMOBILE ASSEMBLER	30,000		3,000	33,000	3,303	3,033	(310)	1.2070	13.7770
Pak Suzuki Motor Company Limited	10,000	_	10,000	_	_	_	_	0.00%	0.00%
	10,000	_	10,000	_	_	_	_	0.00%	0.00%
AUTOMOBILE PARTS & ACCESSORIES	10,000		10,000					0.0070	0.0070
Thal Limited	10,600	-	-	10,600	6,424	5,416	(1,008)	1.29%	17.11%
-	10,600	-	-	10,600	6,424	5,416		1.29%	17.11%
Total	203,824	712	52,500	152,036	39,309	31,646	(7,663)	8%	100%
_									
Total - June 30, 2017				:	60,793	60,038	(755)		

6.2 The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. The Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemptions available to mutual funds under clause 99 of Part I of and clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. The investee companies of the Fund, in pursuance of the aforesaid amendment, withheld shares equivalent to 5% of bonus entitlement of the Fund having fair market value of Rs. 0.0316 million at period end. Such shares have not been deposited by the investee companies in CDC account of Income Tax department. The Fund has included in its investment the shares withheld and recorded them at fair market value at period end.

6.3 Available for sale

		Number o	of shares	Number of shares					
	As at	Purchased/	Sold	As at	Carrying	Market	Appreciation/	Market value	Market value
Name of investee company	July 1,	bonus received	during the	December 31,	value as at	value as at			as a percentage
Tunic of investee company	2017	during the	period	2017	December 31,	December 31,	at December	of	of total value
		period	F		2017	2017	31, 2017	net assets	of Investment
		Number o	f shares			(Rupees in '000)			
COMMERCIAL BANKS									
Habib Bank Ltd.	-	8,000	3,000	5,000	777	835	58	0.20%	15.34%
	-	8,000	3,000	5,000	777	835	58	0.20%	2.25%
AUTOMOBILE ASSEMBLER									
Honda Atlas Cars (Pakistan) Ltd	-	9,000	_	9,000	4,913	4,612	(301)	1.10%	84.66%
	-	9,000	-	9,000	4,913	4,612	(301)	1.10%	12.43%
Total		17,000	3,000	14,000	5,690	5,447	(243)	1.29%	100%
								_	
Total - June 30, 2017					-	-	-	_	

7 ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue (CIR). During the period, prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150, 150A and 151 of ITO 2001. The management is confident that the same shall be refunded.

8 ACCRUED EXPENSES AND OTHER LIABILITIES

8.1 Provision for Workers' Welfare Fund (WWF)

As disclosed in note 14.1 to the annual financial statements for the year ended June 30, 2017, the Provision for Workers' Welfare Fund (WWF) held in the books of accounts till June 30, 2015 was reversed on January 12, 2017. There is no change in the status of the legal proceeding on this matter, which has been fully disclosed in note 14.1 to the annual audited financial statements for the year ended June 30, 2017.

This includes provision for Sindh Workers' Welfare Fund (SWWF) as at December 31, 2017 amounting to Rs. 0.144 million (June 30, 2017: Rs. 0.144 million). The Management Company, based on an opinion obtained by MUFAP, believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board (SRB) has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution. Despite this, MUFAP recommended its members to make provision for SWWF on prudence basis. Had the SWWF not been provided for, the net assets value per unit would have been higher by Re. 0.034 (June 30, 2017: Re. 0.034).

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2017 and June 30, 2017.

10 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed to the unit holders in the form of cash. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income, other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance. The Management Company intends to distribute in the form of cash at least 90% of the income as reduced by capital gain whether realized or unrealized earned by the end of this year to the unit holders. Accordingly, no provision for current and deferred tax has been made in this condensed interim financial information.

11 EARNINGS PER UNIT

Earnings per unit has not been disclosed in this condensed interim financial information as in the opinion of the Management Company, determination of the cumulative weighted average number of outstanding units is not practicable.

12 TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by SECP, the Total Expense Ratio of the Fund is 0.82% for the half year ended December 31, 2017 and this includes 0.10% representing government levy, Sindh Workers Welfare Fund and SECP fee.

13 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee) and the Directors and Officers of Management Company. Remuneration to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations and the Trust Deed respectively.

Other transactions with the related parties / connected persons have been carried out at agreed / commercial terms.

Details of transaction with the related parties and balances with them at the period end are as follows:

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
			(Rupees	s in '000)		
Transactions during the half year						
ended December 31, 2017						
Profit on savings accounts and TDRs	-	11,869	-	-	-	-
Bank charges	-	3	-	-	-	-
Remuneration*	1,799	-	312	-	-	-
Allocated expenses	212	-	-	-	-	-
CDS expense	-	-	5	-	-	-
Balances held as at December 31, 2017						
Units held (in Units '000)	-	1,787	-	-	-	1,003
Units held (in Rupees '000)	-	177,108	-	-	-	99,406
Bank balances	-	18	-	-	-	-
Term deposit receipts	-	356,106	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable	302	-	52	-	-	-
Other payables	17	=	1	=	=	=
Profit receivable on savings accounts and TDRs	-	21,638	-	-	-	-
Allocated expenses payable	36	-	-	-	-	-
Balances held as at June 30, 2017						
Units held (in Units '000)	-	1,787	-	-	-	1,003
Units held (in Rupees '000)	-	178,987	-	-	-	100,461
Bank balances	-	487	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable	298	-	52	-	-	-
Other payables	4.857	_	_	_	_	_
Profit receivable	-	2	_	_	-	_
Profit receivable on Term deposit receipts	_	9,810	_	_	_	_
Allocated expenses payable	72	<i>-</i>		_	_	
Anotated expenses payable	12	-	-	-	-	-

^{*} This includes Sindh Sales Tax charged on the remuneration of the Management Company at the rate of 13% (June 30, 2017: 13%)

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature or periodically repriced.

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair value measurements), the Fund shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)

			g Amount aber 31, 2017	Fair value As at December 31, 2017			
	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
				Rupees in '000)		
Financial assets measured at fair value Investments	31,646	5,447	_	_	37.093		
IIIVESTIBILIS	31,040	3,447			31,073		
Financial assets not measured at fair value*							
Term deposit receipts	-	-	356,106	_	_	-	-
Bank balances	-	-	2,383	_	-	-	-
Mark-up / interest receivable	-	-	21,643	_	-	-	-
Dividend receivable	-	-	75	-	-	-	-
Deposits		-	2,600			-	-
		=	382,807	=		-	-
Financial liabilities not measured at fair value*							
Payable to UBL Fund Managers Limited					_	_	_
Management Company	_	_	_	320	_	_	_
Payable to Central Depository Company				320	_	_	_
of Pakistan Limited - Trustee	_	_	_	52	_	_	_
Accrued expenses and other liabilities	-	-	_	143	_	_	_
•	-	-	-	515		_	-

		Carryin	g Amount	Fair value			
	As at June 30, 2017				As at June 30, 2017		
	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
				Rupees in '000			
Financial assets measured at fair value							
Investments	60,038	-	-	-	60,038		
Financial liabilities not measured at fair value*							
Term deposit receipts			356,949				
Bank balances	=	-	1,692	=	=.	=	_
Mark-up / interest receivable	=	-	9,818	=	=.	=	_
Dividend receivable	=	=	66	=	=	=	=
Deposits and prepayments	-	-	2,820	-	-	-	-
	_	-	371,345	-	-	-	-
		-	371,345		-	-	-
Financial liabilities not measured at fair value*							
Payable to UBL Fund Managers Limited					_	_	_
Management Company	=	-	=	5,194	=.	-	_
Payable to Central Depository Company					=	_	_
of Pakistan Limited - Trustee	=	=	=	46	=	=	=
Accrued expenses and other liabilities	=	-	-	129	-	-	-
	-	-	-	5,369	-	=	-

^{*} The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Transfers during the period

During the half year ended December 31, 2017, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 financial instruments.

15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by Board of Directors of the Management Company on February 16, 2018.

16 GENERAL

These figures has been rounded off to the nearest thousand rupees unless otherwise stated.

For UBL Fund Managers Limited (Management Company)

--SD--CHIEF EXECUTIVE OFFICER --SD--CHIEF FINANCIAL OFFICER --SD--**DIRECTOR**

UCONAP

UBL Conservation Allocation Plan

INVESTMENT OBJECTIVE

The objective is to generate stable returns while maintaining high liquidity by investing in Money Market Funds.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited
	99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal,
	Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited
	(for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	Ernst & Young Ford Rhodes
Bankers	United Bank Limited
	Zariah Taraqiati Bank Limited
	Sindh Bank Limited
Management Co.Rating	AM1 (JCR-VIS)
Fund Rating	Not yet Rated

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal, Karachi - 74400, Pakistan. Tel: (92-21) 111-111-500 Fax: (92-21) 34326020 - 23

URL: www.cdcpakistan.com Email: info@cdcpak.com





TRUSTEE REPORT TO THE UNIT HOLDERS

UBL FINANCIAL PLANNING FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Financial Planning Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from September 28, 2017 to December 31, 2017 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 20, 2018





EY Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi 75530 Pakistan UAN: +9221 111 11 39 37 (EYFR) Tel: +9221 3565 0007-11 Fax: +9221 3568 1965 ey.khi@pk.ey.com ev.com/pk

AUDITORS' REPORT TO THE PARTICIPANTS OF FUND ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of UBL Financial Planning Fund (the Fund) as at 31 December 2017, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of movement in participants' sub-funds for the period then ended together with the notes forming part thereof (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

EYford LIL

Engagement Partner: Shaikh Ahmed Salman

Date: 16 February 2018

Karachi



EY Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi 75530 Pakistan UAN: +9221 111 11 39 37 (EYFR) Tel: +9221 3565 0007-11 Fax: +9221 3568 1965 ey.khi@pk.ey.com ey.com/pk

AUDITORS' REPORT TO THE PARTICIPANTS OF FUND ON REVIEW OF INTERIM FINANCIAL INFORMATION

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

ET foralla

Engagement Partner: Shaikh Ahmed Salman

Date: 16 February 2018

Karachi

UBL FINANCIAL PLANNING FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2017 (UN-AUDITED)

		UBL Conservative Allocation Plan December 31, 2017
	Note	Rupees in '000
Assets		
Bank balances	4	867
Investments	5	516,331
Preliminary expenses and floatation costs		949
Other receivables	6	26
Total assets		518,173
Liabilities		
Payable to the Management Company	7	1,009
Remuneration payable to the Central Depository Company of	•	
Pakistan Limited - Trustee Payable to Securities and Exchange Commission of Pakistan (SECP)	8 9	87 150
Accrued expenses and other liabilities	10	822
Total liabilities	10	2,068
Net assets		516,105
Unit holders' funds (as per the statement attached)		516,105
Contingencies and commitments	11	
		(Numbers)
Number of units in issue		5,159,507
		(Rupees)
Net assets value per unit		100.030
The annexed notes from 1 to 18 form an integral part of this condensed interim financial	information	n.
For UBL Fund Managers Limited (Management Company)		

SD Chief Francisco Officer	SD Chief Financial Officer	SD
Chief Executive Officer	Chief Financial Officer	Director

UBL FINANCIAL PLANNING FUND CONDENSED INTERIM INCOME STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2017 (UN-AUDITED)

	Note	For the period from September 28, 2017 to December 31, 2017 Rupees in '000
Income		
Profit on profit and loss saving accounts Unrealised gain on re-measurement of investments		11
classified as 'at fair value through profit or loss - held for trading'	5	4,598
Gain on sale of investments - net		5,963
Total income		10,572
Expenses		
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	8.1	198
Sales tax on Trustee fee Annual fee to Securities and Exchange Commission of Pakistan (SECP)	8.2 9	26 150
Auditors' remuneration	3	128
Amortization of preliminary expenses and floatation costs		52
Other expenses		24
Total operating expenses		578
Net income for the period from operating activities		9,994
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	(196)
Net income for the period before taxation		9,798
Taxation	12	-
Net income for the period after taxation		9,798
Allocation of net income for the period:		
Income already paid on units redeemed		(756)
		9,042
Accounting income / (loss) available for distribution:		
- Relating to capital gains		5,963
- Excluding capital gains		3,079
		9,042
Earnings per unit	14	
The annexed notes from 1 to 18 form an integral part of this condensed interim finance	ial information	on.
For UBL Fund Managers Limited (Management Company)		

SD

Chief Financial Officer

SD

Director

SD

Chief Executive Officer

UBL FINANCIAL PLANNING FUND CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2017 (UN-AUDITED)

		For the period from September 28, 2017 to December 31, 2017
		Rupees in '000
Net income for the period after taxation		9,798
Other comprehensive income		-
Total comprehensive income for the peri	iod	9,798
The annexed notes from 1 to 18 form an int	egral part of this condensed interim financial info	rmation.
F	For UBL Fund Managers Limited (Management Company)	
SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UBL FINANCIAL PLANNING FUND CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2017 (UN-AUDITED)

CASH FLOWS FROM OPERATING ACTIVITY Net income for the period	TIES	For the period from September 28, 2017 to December 31, 2017 Rupees in '000
Adjustments for:		
Unrealised gain on re-measurement of inves classified as 'at fair value through profit or lo Gain on sale of investments - net Amortization of preliminary expenses and flo	ss - held for trading'	(4,598) (5,963) 5.20
Net cash flows used in operating activitie	s before working capital changes	(10,561) (763)
Increase in assets Investments Preliminary expenses and floatation costs Other receivables Increase in liabilities		(505,770) (949) (26) (506,745)
Payable to the Management Company	ssitory Company of Pakistan Limited - Trustee nission of Pakistan (SECP)	1,009 87 150 822 2,069
Net cash used in operating activities		(505,440)
CASH FLOWS FROM FINANCING ACTIVIT	IES	
Receipts from issuance of units Payment against redemption of units		1,598,788 (1,092,481)
Net cash generated from financing activit	ies	506,307
Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the Cash and cash equivalents at end of the p	ne period	867 - 867
The annexed notes from 1 to 18 form an inte	gral part of this condensed interim financial informa	tion.
Fo	or UBL Fund Managers Limited (Management Company)	
SD	SD	SD
Chief Executive Officer	Chief Financial Officer	Director

UBL FINANCIAL PLANNING FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' FUNDS FOR THE PERIOD ENDED DECEMBER 31, 2017 (UN-AUDITED)

For the period from September 28, 2017 to December 31, 2017 Rupees in '000 Net assets at the beginning of the period [Nil per unit] Issuance of 16,071,517 units during the period (including 118,100 units of bonus) - Capital value of units 1,607,152 - Element of loss - net (8,364)1.598.788 Redemption of 10,912,010 units during the period (1,091,201) - Capital value of units - Element of loss - net (1,280)(1,092,481)506,307 (Loss) / Gain on sale of investments - net 5,963 Unrealised (diminution) / appreciation on re-measurement of investments 4,598 classified as financial assets at fair value through profit or loss - net Unrealised appreciation on revaluation of investments classified as 'available-for-sale' - net (763)Other income/(loss) for the period 9,798 Net assets at end of the period 516,105 [Rs.100.03 per unit] Undistributed income brought forward comprising of: - Realised gain - Unrealised gain Undistributed income brought forward - Net Accounting income / (loss) for the period available for distribution: - Relating to capital gains 5,963 - Excluding capital gains 3,079 9.042 Distribution during the period: - Re.0.3242 units declared on October 30, 2017 as bonus dividend (2,563)- Re.0.4891 units declared on November 29, 2017 as bonus dividend (6,336)- Re.0.3692 units declared on December 27, 2017 as bonus dividend (3,367)(12,266)Undistributed income carried forward - Net 9,042 Undistributed income carried forward comprising of: - Realised gain 4,444 - Unrealised gain 4,598 9,042 The annexed notes from 1 to 18 form an integral part of this condensed interim financial information. For UBL Fund Managers Limited (Management Company)

SD

Chief Financial Officer

SD

Director

SD

Chief Executive Officer

UBL FINANCIAL PLANNING FUND NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2017 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 UBL Financial Planning Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end Fund of Funds scheme. It was constituted under the Trust Deed, dated August 07, 2017 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

The objective of the Fund is to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor. The duration of the Fund and Allocation Plans initially launched therein is perpetual, however, additional Allocation Plans may have a set time frame. Presently, the fund offers only UBL Conservative Allocation Plan.

- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company (NBFC) under the NBFC Rules.
- 1.3 Title to the assets of the Fund are held in the name of the CDC as the Trustee of the Fund.
- **1.4** The Fund is launched on September 28, 2017, hence no comparative figures are presented in these interim financial information.
- 1.5 JCR VIS Credit Rating Company has management quality rating of AM1 (stable outlook) dated December 29, 2017 to the Management Company.

2. BASIS OF PRESENTATION

- 2.1 The condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- 2.2 Effective May 30, 2017, the Companies Act, 2017 (the Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered of Pakistan also issued clarification vide its circular dated 06 October 2018 which states the interim financial statements of companies for the periods ending on or before December 31, 2017 shall also be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 2.3 This condensed interim financial information is un-audited but subject to limited scope review by the auditors.
- 2.4 In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.
- 2.5 This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The principal accounting policies, estimates and judgements applied in the preparation of these interim financial statements are set out below:

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at nominal values.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition and re-evaluates this classification on regular basis.

Investments are categorised as follows:

a) Loans and receivables

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

b) Financial assets 'at fair value through profit or loss' - Held for trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

3.2.4 Subsequent measurement

a) Financial assets 'at fair value through profit or loss - held for trading' and 'available for sale'

Subsequent to initial recognition, financial assets 'at fair value through profit or loss' and investments classified as 'available for sale' are valued as follows:

Net gains and losses arising from changes in the fair value and on sale of financial assets at fair value through profit or loss are taken to the 'income statement'.

Net gains and losses arising from changes in the fair value of available for sale financial assets are recognised in unitholders' fund through other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised in unitholders' fund is shown in the income statement.

b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses on these instruments are also recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

The amount of provision for certain debt securities is determined based on the provisioning criteria specified by the SECP.

For certain other financial assets, a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against those amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.4 Offsetting of financial assets and liabilities

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

3.5 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

3.6 Provisions

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

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

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the Regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same exdividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.8 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 issue at the year end.

3.9 Revenue recognition

Gains / (losses) arising on sale of investments is accounted for in the year in which it arises.

Unrealised gain / (loss) on revaluation of investments classified as financial assets at fair value through profit or loss is included in the income statement in the year in which it arises.

Unrealised gain / (loss) on revaluation of investments classified as 'available-for-sale' is included in unit holders' fund through other comprehensive income in the year in which it arises.

Profit on bank balances and term deposits is recorded on accrual basis.

3.10 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognised in the income statement.

3.11 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in note 3.2.

(Un-audited) December 31, 2017

Note (Rupees in '000)

4. BANK BALANCES

Profit and loss saving accounts 4.1 867

4.1 Profit rates on profit and loss savings accounts range between 4% to 6.25% per annum and these include a balance of Rs.0.73 million held with United Bank Limited (a related party).

5. INVESTMENTS

								Market
					Total	Total		value as a
					carrying	market	Appreciation	percentage of
	As at	Purchased	Redemption	As at	value as at	value as at	as at	total
	July 01,	during the	during	December	December	December	December 31,	value of
Name of investee Fund	2017	period	the period	31, 2017	31, 2017	31, 2017	2017	Investment
Number of units					(Rupees in 'C	00)	(%)	

Units of Mutual Funds - classified as 'at fair value through profit or loss - held for trading'

UBL Liquidity
Plus Fund - (a related party)

> (Un-audited) December 31, 2017 (Rupees in '000)

> > 22

26

6. OTHER RECEIVABLES

Advances
Profit receivable on bank accounts

7. PAYABLE TO MANAGEMENT COMPANY

This represents expenses incurred by the Management Company on the formation of the Fund.

8. PAYABLE TO THE TRUSTEE

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and the Offering Document as per tariff specified therein, based on the daily net asset value of the Fund. The remuneration is paid to the Trustee on a monthly basis in arrears. The tariff structure is applicable to the Fund in respect of the trustee fee for the year ended December 31, 2017 is as follows:

On net assets Tariff per annum

- up to Rs.1 billion

0.1% of Net assets value

- exceeding Rs.1 billion

Rs.1 million plus 0.075% of the Net Asset Value exceeding Rs.1 billion

8.2 Sindh sales tax is charged at 13% on the trustee fee charged during the year.

9. PAYABLE TO SECURITIES EXCHANGE COMMISSION OF PAKISTAN (SECP)

The Fund is required to pay SECP an annual fee at the rate of 0.075% of the average daily net assets of the Fund in accordance with the regulation 62 of the NBFC regulations 2008.

10.	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-audited) December 31, 2017 (Rupees in '000)
	Auditors' remuneration Provision for Sindh Workers' Welfare Fund (SWWF) Others	10.1	128 196 498 822

10.1 Provision for Sindh Workers' Welfare Fund (SWWF)

As a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs.500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Funds Association of Pakistan (MUFAP), believes that Mutual Funds are not liable to pay Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Sindh WWF on Mutual Funds, the MUFAP obtained a legal opinion on this matter and based on such legal advice (which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited), has recommended to all its members on January 12, 2017 that provision against Sindh WWF, on prudent basis, should be made from the date of enactment of the Sindh WWF Act, 2014. Had the provision not been made, the net assets value per unit of the Fund would have been higher by Re.0.038 per unit.

11. CONTINGENCIES AND COMMITMENTS

As at December 31, 2017, there are no contingencies and commitments.

12. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed in cash amongst the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Management Company intends to distribute not less than 90% of its annual accounting income as reduced by capital gain, whether realised or unrealised, in cash, if any, to comply with the above clause at year end. Accordingly, no tax provision has been made in this condensed interim financial information for the half year ended December 31, 2017.

13. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 0.10% as on December 31, 2017 and this includes 0.05% representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 0.5% prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as an asset allocation scheme.

14. EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

15. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Details of transaction with the related parties and balances with them at the period end are as follows:

				Funds	Directors and	Other
	Management	Associated		under	Key	Connected
	Company	Companies	Trustee	Common	Executives	Parties
			(Rupe	es in '000)		
Transactions for the period						
ended December 31, 2017						
Profit on profit and loss saving account	-	8	-	-	-	-
Bank charges	-	9	-	-	-	-
Remuneration	-	-	198	-	-	161
Units issued	369,882	-	-	-	-	362,477
Units redeemed	337,202	-	-	-	-	-
Purchase of securities	1,597,806	-	-	-	-	-
Sale of securities	1,092,037	-	-	-	-	-
Bonus units issued	4,490	-	-	-	-	-
Balances as at December 31, 2017						
Balance in profit and loss saving account	-	731	-	-	-	-
Profit receivable on profit and loss saving account	-	2	-	-	-	-
Remuneration payable	-	-	87	-	-	-
Units held (in Units '000)	370	-	-	981	-	3,655
Units held (in Rupees '000)	37,036	-	-	98,092	-	365,648

16. Fair value of financial instruments

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has no affect on this condensed interim financial information.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability,

either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyse financial instruments measured at the end of the reporting half year by the level in the fair value hierarchy into which the fair value measurement is categorised:

		Carrying amount		Fair value				
December 31, 2017	Note	Fair value through profit or loss-held for trading	Other financial assets / financial liabilities tupees in '000)	Total	Level 1	Level 2 (Rupe	Level 3 es in '000)	Total
Financial assets measured at fair value investment in a mutual fund	іе 16.1	516,331	-	516,331	<u>-</u>	516.331	-	516,331
Financial assets not measured at fair value Bank balances Profit receivable on bank accounts	16.2		867 4 871	867 4 871				
Financial liabilities not measured at fair value Payable against purchase of Investment Remuneration payable to the Trustee Accrued and other liabilities	16.2 s	: : :	1,009 87 822 1,918	1,009 87 822 1,918				

16.1 Valuation techniques used in determination of fair values within level 2:

Fair value of investment in mutual fund is valued on the basis of closing net asset value as announced by the respective Asset Management Company.

16.2 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

17. DATE OF AUTHORIZATION

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 16, 2018

18. GENERAL

Level 3:

Figures have been rounded off to the nearest thousand rupees.

For UBL Fund Managers Limited (Management Company)

SD	SD	SD		
Chief Executive Officer	Chief Financial Officer	Director		

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