

HBL



HBL-Income Fund

THIRD QUARTERLY REPORT

March 31, 2008

(UN-AUDITED)

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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited

Board of Director of the Management Company

Mr. R. Zakir Mahmood	Chairman
Mr. Shahid Ghaffar	Chief Executive Officer and Director
Mr. Sohail Malik	Director
Mr. Towfiq Habib Chinoy	Director
Ms. Sadia Khan	Director
Mr. Abid Sattar	Director

Audit Committee of the Board of Directors of the Management Company

Ms. Sadia Khan	Chairperson
Mr. Sohail Malik	Member
Mr. Abid Sattar	Member

Human Resource Committee of the Board of Directors of the Management Company

Mr. Towfiq Habib Chinoy	Chairman
Mr. Shahid Ghaffar	Member
Mr. Abid Sattar	Member

Company Secretary

Mr. Rehan N. Shaikh

Chief Financial Officer

Mr. Noman Ahmed Soomro

Fund Manager

Mr. Muhammad Amir Khan

Trustee

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

Auditors

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

Legal Advisor

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

Bankers to the Fund

Habib Bank Limited
NIB Bank Limited
The Bank of Punjab
Bank Al Habib Limited
MCB Bank Limited
JS Bank Limited
Allied Bank Limited
Habib Metropolitan Bank Limited

Head Office

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

Registered Office

Suite # 403-404, The Forum, G-20 Khayaben-e-Jami, Clifton, Karachi.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited, the management company of HBL Income Fund is pleased to present its report together with the financial statements for the nine months ended March 31, 2008.

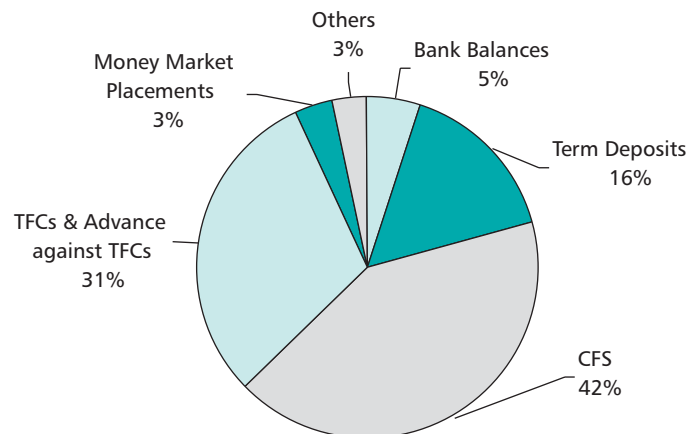
Fund Performance

During the period under review the total income and net income of the Fund was Rs. 514.39 million and Rs. 413.00 million respectively. The Net Asset Value per unit of the Fund increased from Rs. 100.08 as on July 1, 2007 to Rs. 107.11 as on March 31, 2008, thereby showing an annualized return of 9.32%.

The size of the Fund increased from Rs. 5.05 billion as on June 30, 2007 to Rs. 7.24 billion as on November 30, 2007, showing an increase of 43%. However, some major redemptions were experienced in December 2007 mainly from banks due to withdrawal of capital gains exemption available to banks until recently. As a result the Fund size reduced from Rs. 7.24 billion in November 2007 to Rs. 6.57 billion as on March 31, 2008. The Fund has distributable income of Rs. 6.81 per unit as at March 31, 2008. The Board has approved the first interim distribution of Rs. 6.80 per unit in the form of bonus units for Class "A" and Class "B" units and cash dividend for Class "C" unit for the year ending June 30, 2008.

Asset Allocation

The Fund has invested mainly in bank/term deposits, Term Finance Certificates (TFCs), Continuous Funding System (CFS) as per details given below:



Market Review and Future Outlook

During the period January to March 2008 SBP conducted frequent Open Market Operations to tighten liquidity and restrict M2 growth. Trade deficit and current account deficit have reached to US\$ 9.09 billion and US\$ 8.4 billion respectively. M2 has grown by 7.97% for last nine months as compared to 11.21% same period last year. Inflation for the month of March 08 was recorded at 14.12% and the average inflation for nine months is around 9.47% which is much higher than the target of 6.5%.

Six months KIBOR increased from 10% on January 01, 2008 to 10.32% on March 31, 2008. Private sector credit showed some improvement and reached to Rs. 344 billion as compared to Rs. 271 billion in the same period last year. The Term Deposit rates from big banks remained stable.

Trading frequency in corporate bonds (TFCs, Sukuk and Commercial Papers) was limited in the beginning of the last quarter. However, it picked up in the month of March due to some new entrants in the market. Last auction of Pakistan Investment Bonds (PIBs) showed rise in the cut off yield of 10 year PIBs which increased from 10.85% to 11.44% i.e. an increase of 59 basis points.

The Fund will continue its efforts in building a quality portfolio to ensure reasonable return to unit holders.

Acknowledgement

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

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

For and on behalf of the Board

R. Zakir Mahmood
Chairman

Date : April 18, 2008
Place : Karachi

**HBL INCOME FUND
CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES (UNAUDITED)
AS AT MARCH 31, 2008**

	Note	March 31, 2008 ------(Rupees in '000)-----	June 30, 2007
Assets			
Bank balances		325,158	825,783
Receivable against Continuous Funding System (CFS) transactions		2,751,952	587,535
Investments	4	2,066,867	223,025
Loans and receivables	5	1,293,389	3,175,000
Income receivable	6	82,864	44,608
Advances, deposits and prepayments		2,500	-
Preliminary expenses and floatation costs		900	1,070
Other assets	7	75,000	234,500
Total assets		6,598,630	5,091,521
Liabilities			
Payable to HBL Asset Management Limited - Management Company		9,301	15,545
Payable to Central Depository Company of Pakistan Limited - Trustee		627	433
Payable to Securities and Exchange Commission of Pakistan - Annual fee		4,796	959
Payable against purchase of investments		3,398	1,158
Accrued and other liabilities	8	11,471	25,571
Total liabilities		29,593	43,666
Net assets		6,569,037	5,047,855
Unit Holders' Fund (as per statement attached)		6,569,037	5,047,855
Commitments	9		
		----- Number of units-----	
Number of units in issue		61,330,817	49,137,834
		-----Rupees-----	
Net asset value per unit		107.11	102.73

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL INCOME FUND CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2008

Note	Nine months ended March 31, 2008	Quarter ended March 31, 2008
	------(Rupees in '000)-----	
INCOME		
Profit on bank deposits	205,176	40,851
Income from Continuous Funding System (CFS) transactions	153,254	63,983
Income from Term Finance Certificates	135,536	55,829
Income from spread transactions	7,163	4,858
Gain on sale of investment	5,406	828
Income on reverse repurchase transactions	6,091	2,764
Income from Certificates of Investments and clean placement	2,820	1,823
Income from Treasury Bills	2,080	-
	517,526	170,936
Unrealised (diminution) / appreciation in the value of investment at fair value through profit or loss-net	(1,131)	11,437
Unrealised appreciation / (diminution) on marking to market of future sales - net	1,078	(11,810)
	517,473	170,563
EXPENSES		
Remuneration of HBL Asset Management Limited - Management Company	71,950	23,578
Remuneration of Central Depository Company of Pakistan Limited - Trustee	5,548	1,820
Annual fee to Securities and Exchange Commission of Pakistan	4,796	1,572
Brokerage and Capital Value Tax	15,714	5,584
Auditors' remuneration	68	23
Settlement and bank charges	3,117	1,044
Amortisation of preliminary expenses and floatation costs	170	56
Other expenses	24	9
	101,387	33,686
Net income from operating activities	416,086	136,877
Net element of accrued income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed	(3,086)	16,788
Net Income for the period	413,000	153,665
Earning Per Unit	10	

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

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

Chief Executive

Director

HBL INCOME FUND CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2008

	Nine months ended March 31, 2008	Quarter ended March 31, 2008
	----- (Rupees in '000) -----	
Undistributed income brought forward	131,374	263,070
Element of income / (loss) and capital gains / (losses) included in the price of units sold less those in units redeemed amount representing income / (losses) that form part of the Units Holders' Fund	3,293	717
Net income for the period	413,000	153,665
Final distribution of 1,301,112 bonus units for the year ended June 30, 2007	(130,215)	-
	286,078	154,382
Undistributed income carried forward	417,452	417,452

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

**HBL INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2008**

	Nine months ended March 31, 2008	Quarter ended March 31, 2008
	------(Rupees in '000)-----	
Net assets at the beginning of the period	5,047,855	6,108,051
Issue of 93,116,037 units (10,489,362 units for the quarter ended March 31, 2008)	9,585,491	1,109,456
Redemption of 82,224,166 units (7,573,966 units for the quarter ended March 31, 2008)	<u>(8,496,200)</u>	<u>(800,411)</u>
	6,137,146	6,417,096
Net element of accrued income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		
- amount representing accrued (income) / loss and capital (gains) / loss - transferred to Income Statement	3,086	(16,788)
- amount representing (income) / loss that form part of the Unit Holders' Fund - transferred to Distribution Statement	<u>(3,293)</u>	<u>(717)</u>
	(207)	(17,505)
Final Distribution of 1,301,112 bonus units for the year ended June 30, 2007	130,215	-
Net unrealised appreciation in the value of available for sale investments	15,805	15,064
Net income for the period available for distribution	286,078	154,382
Net assets at the end of the period	<u>6,569,037</u>	<u>6,569,037</u>

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

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

Chief Executive

Director

HBL INCOME FUND CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2008

	Nine months ended March 31, 2008	Quarter ended March 31, 2008
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	413,000	153,665
Adjustments		
Unrealised diminution / (appreciation) in the value of investment at fair value through profit or loss-net	1,131	(11,437)
Unrealised (appreciation) / diminution on marking to market of future sales - net	(1,078)	11,810
Amortisation of preliminary expenses and floatation costs	170	56
Net element of accrued income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed	3,086	(16,788)
	416,309	137,306
(Increase) / Decrease in assets		
Receivables against CFS transactions	(2,164,417)	(1,418,159)
Investments	(1,825,850)	(814,109)
Loans and receivables	1,881,611	706,611
Income receivable	(38,256)	40,869
Advances, deposits and prepayments	(2,500)	(2,500)
Other assets	159,500	994,602
	(1,989,912)	(492,686)
Increase / (Decrease) in liabilities		
Payable to HBL Asset Management Limited - Management Company	(6,244)	(17,225)
Payable to Central Depository Company of Pakistan Limited - Trustee	194	(645)
Payable to Securities and Exchange Commission of Pakistan - Annual fee	3,837	1,572
Accrued and other liabilities	(14,100)	(21,216)
	(16,313)	(37,514)
Net cash outflow on operating activities	(1,589,916)	(392,894)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	9,585,491	1,109,456
Payments on redemption of units	(8,496,200)	(800,411)
	1,089,291	309,045
Net decrease in cash and cash equivalents	(500,625)	(83,849)
Cash and cash equivalents at beginning of the period	825,783	409,007
Cash and cash equivalents at the end of the period	325,158	325,158

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL INCOME FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2008

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Income Fund (the Fund) was established under a Trust Deed dated September 06, 2006, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund has been authorised by Securities and Exchange Commission of Pakistan as a unit trust scheme on July 25, 2006.

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

The principal activity of the Fund is to make investments in fixed income securities. Other avenues of investments include ready future arbitrage in listed securities and transactions under Continuous Funding System.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP shall prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published financial statements of the Fund for the period from February 19, 2007 to June 30, 2007.

3.1 Value of investments in unlisted debt securities

During the period the Fund has changed its accounting policy in respect of subsequent measurement of investments in unlisted debt securities classified upon initial recognition as either 'at fair value through profit or loss' or 'available for sale'. As per the Fund's revised accounting policy, subsequent to initial recognition, investments in unlisted debt securities categorised as either 'at fair value through profit or loss' or 'available for sale' are measured, at fair value in line with the requirements set out in IAS 39; 'Financial Instruments: Recognition and Measurement'. Previously, subsequent to initial recognition, such investments were carried at cost / investment price in accordance with the methodology for valuation of unlisted debt securities specified in the NBFC Rules.

The above change has been made keeping in view the amendments made in the NBFC Rules and the simultaneous promulgation of the NBFC Regulations by the SECP in November 2007. The requirements to compute the net assets of a collective investment scheme previously laid down in the NBFC Rules are now set out under clause 2(i)(xvi) of the NBFC Regulations. In the absence of any specific guidance on the valuation of investments in unlisted debt securities contained in the NBFC Regulations the Fund has adopted the measurement principles set out under IAS-39 for valuation of such securities.

The change in policy has not made any material impact on the carrying value of these investments.

3.2 Change in basis for determination of fair value of listed debt securities

During the period the Fund has changed its basis for determination of fair value of listed debt securities, subsequent to their initial recognition. This change has been made to comply with the requirements set out in the NBFC Regulations issued by SECP in November 2007. In accordance with the NBFC Regulations debt securities listed but not regularly traded on the stock exchange are valued, subsequent to initial recognition, at the average rate notified by the Mutual Funds Association of Pakistan based on the average rates quoted by top three brokers, in terms of volume traded during the last three months in that debt security.

Previously, the investments of the Fund in listed debt securities were revalued using the average of the rates quoted by certain brokerage houses. This methodology for determination of fair value of listed debt securities was not in accordance with NBFC Rules which required such investments to be revalued using the rates quoted on the stock exchange on which these investments were listed. However, the management was of the view that the rates used by the Fund were representative of the fair market value of these investments and that such valuation methodology was fair to the existing as well as the new investors.

The change in basis for determination of fair value of listed debt securities has not made any material impact on the net assets of the Fund as it is broadly on the same lines as the valuation methodology previously used by the Fund.

Note	Unaudited March 31, 2008	Audited June 30, 2007
	----- (Rupees in '000) -----	

4. INVESTMENTS

- At fair value through profit or loss - held for trading	4.1	125,554	-
- Available for sale	4.2	1,941,313	223,025
		<u>2,066,867</u>	<u>223,025</u>

4.1 Investments at fair value through profit or loss - held for trading

Equity securities purchased under future sale contracts

These securities are held under Ready-Future / Spread transactions. These securities are purchased in the ready "T+2" market and simultaneously sold in the future market. The details are as follows:

Name of the Investee Company	Number of shares			Market Value at March 31, 2008	Market Value as a %age of Net Assets
	Purchases during the period	Sales during the period	As at March 31, 2008		
(Rupees in '000)					
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs.10 each unless stated otherwise					
Commercial banks					
National Bank of Pakistan	2,967,500	2,599,500	368,000	85,744	1.31%
Askari Bank Limited	158,000	158,000	-	-	-
The Bank of Punjab	1,922,500	1,322,500	600,000	39,810	0.61%
Bank Al Falah Limited	3,500	3,500	-	-	-
Faysal Bank Limited	250,000	250,000	-	-	-
MCB Bank Limited	1,088,000	1,088,000	-	-	-
	<u>6,389,500</u>	<u>5,421,500</u>	<u>968,000</u>	<u>125,554</u>	<u>1.91%</u>
Textile Composite					
Nishat Mills Limited	51,000	51,000	-	-	-
	<u>51,000</u>	<u>51,000</u>	-	-	-
Cement					
D.G.Khan Cement Company Limited	3,000	3,000	-	-	-
Lucky Cement Limited	70,500	70,500	-	-	-
	<u>73,500</u>	<u>73,500</u>	-	-	-
Oil and Gas Marketing Companies					
Pakistan State Oil Company Limited	2,000	2,000	-	-	-
	<u>2,000</u>	<u>2,000</u>	-	-	-
Oil and Gas Exploration Companies					
Oil and Gas Development Company Limited	494,500	494,500	-	-	-
Pakistan Petroleum Limited	447,500	447,500	-	-	-
Pakistan Oilfields Limited	303,500	303,500	-	-	-
	<u>1,245,500</u>	<u>1,245,500</u>	-	-	-
Technology and Communication					
Pakistan Telecommunication Company Limited	476,000	476,000	-	-	-
	<u>476,000</u>	<u>476,000</u>	-	-	-
Fertilizer					
Engro Chemical Pakistan Limited	48,500	48,500	-	-	-
Fauji Fertilizer Bin Qasim Limited	395,500	395,500	-	-	-
Fauji Fertilizer Company Limited	61,000	61,000	-	-	-
	<u>505,000</u>	<u>505,000</u>	-	-	-
Power Generation & Distribution					
Hub Power Company Limited	125,500	125,500	-	-	-
Kot Auddu Power Company Limited	16,500	16,500	-	-	-
	<u>142,000</u>	<u>142,000</u>	-	-	-
	<u>8,884,500</u>	<u>7,916,500</u>	<u>968,000</u>	<u>125,554</u>	<u>1.91%</u>

Cost of investment at March 31, 2008

126,685

4.2 Available for sale investments

Term Finance Certificates

Name of the Investee Company	As at July 1, 2007	Number of Certificates			Market Value at March 31, 2008	Market Value as a %age of Net Assets
		Purchases during the period	Sales during the period	As at March 31, 2008		
(Rupees in '000)						
All Term Finance Certificates have a face value of Rs 5,000 each						
Modarabas						
Al Zamin Leasing Modaraba II	2,000	-	2,000	-	-	-
Al Zamin Leasing Modaraba	516	-	-	516	844	0.01%
	<u>2,516</u>	-	<u>2,000</u>	<u>516</u>	<u>844</u>	<u>0.01%</u>
Leasing Companies						
Orix Leasing Pakistan Limited	15,139	13,161	-	28,300	144,981	2.21%
	<u>15,139</u>	<u>13,161</u>	-	<u>28,300</u>	<u>144,981</u>	<u>2.21%</u>

Name of the Investee Company	As at July 1, 2007	Number of Certificates			Market Value at March 31, 2008	Market Value as a %age of Net Assets
		Purchases during the period	Sales during the period	As at March 31, 2008		

(Rupees in '000)

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

Investment Banks/Cos./Securities

Jahangir Siddiqui & Company Limited	-	2,000	-	2,000	10,206	0.16%
Saudi Pak Leasing Company Limited	-	4,000	-	4,000	20,276	0.31%
	-	6,000	-	6,000	30,482	0.46%

Commercial Banks

Bank Alfalah Limited-II	4,000	-	-	4,000	20,756	0.32%
Bank Alfalah Limited-III	-	2,000	2,000	-	-	-
Bank AL Habib Limited	11,000	-	6,000	5,000	26,887	0.41%
Standard Chartered Bank (Pakistan) Limited	-	5,000	5,000	-	-	-
Faysal Bank Limited	-	2,758	-	2,758	14,190	0.22%
NIB Bank Limited	-	37,000	-	37,000	187,683	2.86%
United Bank Limited	-	34,000	-	34,000	170,136	2.59%
	15,000	80,758	13,000	82,758	419,651	6.39%

Oil and Gas Exploration

Chanda Oil and Gas Securitization Co. Limited	2,448	-	-	2,448	8,611	0.13%
	2,448	-	-	2,448	8,611	0.13%

Fertilizer

Engro Chemical Pakistan Limited	-	26,462	7,000	19,462	100,249	1.53%
Pak Arab Fertilizers Limited	-	21,724	-	21,724	110,412	1.68%
	-	48,186	7,000	41,186	210,661	3.21%

Privately placed Term Finance Certificates

Orix Leasing Pakistan Limited	-	35,000	35,000	-	-	-
Century Paper & Board Mills Limited	-	5,000	5,000	-	-	-
New Allied Electronics Industries (Pvt) Limited -Sukuk	-	9,000	-	9,000	45,369	0.69%
Al-Abbas Sugar Mills Limited	-	7,000	-	7,000	35,315	0.54%
Pakistan Mobile Communication Limited	-	70,000	-	70,000	348,215	5.30%
Pakistan Mobile Communication Limited	-	40,000	40,000	-	-	-
New Allied Electronics Industries (Pvt) Limited	9,000	9,000	9,000	9,000	45,590	0.69%
Jahangir Siddiqui & Company Limited	-	22,000	14,000	8,000	40,684	0.62%
Engro Chemical Pakistan Limited - Perpetual I	-	80,000	-	80,000	409,720	6.24%
Engro Chemical Pakistan Limited - Perpetual II	-	17,000	-	17,000	85,638	1.30%
KASB Securities Limited	-	4,000	-	4,000	20,496	0.31%
Maple Leaf Cement Factory Limited -Sukuk	-	7,000	-	7,000	35,000	0.53%
Pak American Fertilizers Limited	-	2,000	-	2,000	10,058	0.15%
Sui Southern Gas Company Limited- Sukuk	-	10,000	-	10,000	50,000	0.76%
	9,000	317,000	103,000	223,000	1,126,084	17.14%

Grand Total	44,103	465,105	125,000	384,208	1,941,313	29.55%
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Cost of investment at March 31, 2008

1,922,810

Unaudited March 31, 2008 **Audited June 30, 2007**

----- (Rupees in '000) -----

5. LOANS AND RECEIVABLE

Term Deposit Receipts	1,050,000	3,175,000
Certificates of investment	200,000	-
Commercial Papers	43,389	-
	<u>1,293,389</u>	<u>3,175,000</u>

6. INCOME RECEIVABLE

Income accrued on Continuous Funding System (CFS) transactions	11,055	1,562
Profit receivable on saving and term deposits	15,211	37,844
Income accrued on Term Finance Certificates	50,503	5,202
Unrealised appreciation on marking to market of future sales - net	1,078	-
Dividend receivable	3,201	-
Others	1,816	-
	<u>82,864</u>	<u>44,608</u>

7. OTHER ASSETS

This represents amount paid towards subscription of Term Finance Certificates of various issues which have not been issued upto March 31, 2008.

Unaudited March 31, 2008	Audited June 30, 2007
------(Rupees in '000)-----	

8. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	158	90
Payable to unit holders against redemption of units	6,513	25,265
Brokerage payable	3,956	-
Others	844	216
	<u>11,471</u>	<u>25,571</u>

9. COMMITMENTS

Continuous Funding System (CFS) transactions (including transactions to be rolled over) entered into by the Fund in respect of which the net purchase transactions have not been settled as at period end.

<u>77,345</u>	<u>432,541</u>
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10. EARNINGS PER UNITS

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

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, the Directors of the Management Company and entities having common directorship with the Management Company.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

Nine months ended March 31, 2008	Quarter ended March 31, 2008
------(Rupees in '000)-----	

11.1 Transactions during the period

HBL Asset Management Limited - Management Company		
Management fee	71,950	23,578
Habib Bank Limited - Sponsor		
Bonus units issued (66,197 units) during the period	6,625	-
Financial charges paid during the period	229	1
Profit on bank deposits earned during the period	97,808	9,676
Directors and executives of the Management Company and their relatives		
Directors and their relatives		
Units issued (134,998 units) during the period	13,700	1,000
Bonus units issued (1,311 units) during the period	134	-
Units redeemed (33,515 units) during the period	3,400	-

	Nine months ended March 31, 2008	Quarter ended March 31, 2008
	------(Rupees in '000)-----	
Executive and their relatives		
Bonus units issued (8 units) during the period	1	-
Other connected persons / related parties:		
Units issued (3,648,289 units) during the period	180,000	100,000
Bonus units issued (101,199 units) during the period	10,128	-
Units redeemed (1,192,510 units) during the period	121,085	-
Investment in Term Deposit Receipts	-	(200,000)
Profit received on Term Deposit Receipt	10,971	2,520
Subscription of Term Finance Certificates	30,000	17,708
	Unaudited March 31, 2008	Audited June 30, 2007
	------(Rupees in '000)-----	

11.2 Amount outstanding as at period end

HBL Asset Management Limited - Management Company		
Management fee	8,136	14,380
Preliminary expenses	1,165	1,165
Habib Bank Limited - Sponsor		
Units held (2,566,197 units; June 30, 2007: 2,500,000 units)	274,865	256,825
Bank balances as at period end	11,635	1,503,850
Profit receivable on bank deposits as at period end	45	32,519
Directors and executives of the Management Company and their relatives		
Directors and their relatives		
Units held (152,294 units; June 30, 2007: 49,500 units)	16,312	5,085
Executive and their relatives		
Units held (308 units; June 30, 2007: 300 units)	33	82
Other connected persons / related parties:		
Units held (6,378,874 units; June 30, 2007: 3,821,896 units)	683,241	392,623
Investment in Term Deposit Receipts	-	100,000
Advance against Term Finance Certificates	30,000	12,292
Profit receivable on Term Deposit Receipt and Advance against TFCs	278	2,987

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 18, 2008 by the Board of Directors of the Management Company.

13. GENERAL

- 13.1 Figures are rounded off to the nearest thousand rupees unless otherwise specified.
- 13.2 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison.
- 13.3 Since the Fund commenced its operations on February 19, 2007, the comparative figures for corresponding period of last year are not available in respect of Condensed Interim Income Statement, Condensed Interim Distribution Statement, Condensed Interim Cash Flow Statement and Condensed Interim Statement of Movement in Unit Holders' Fund.

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

Chief Executive

Director

Distribution Network

1) **HBL Asset Management Limited (Head Office)**
8B,8th Floor, Executive Tower, Dolmen City, Block 4 Clifton Karachi

2) **Habib Bank Limited**
The following branches of HBL are designated for distribution of HBL-Income Fund:

List of authorized HBL Branches

SINDH

Karachi

Corporate Branch

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

Kehkashan Branch

DC-7, Block 7, Schone Circle, Clifton, Karachi
Phone: 021-9250802, 021-9250768
Fax: 021-9250803

Foreign Exchange Branch

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

Clifton Broadway Branch

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

Nursery Branch

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

Kheyaban-e-Saadi Branch

Block 2, Clifton, Karachi.
Phone: 021-5810045-46

Shahrah-e-Jahangir

Block L, North Nazimabad, Karachi
Phone: 021-6648034, 021-6629671
Fax: 021-6642090

Shahrah-e-Pakistan

Plot No. G55, B/2 Abbass Sqaure Block-7, F. B. Area,
Karachi.
Phone : 021-9246024

Iqbal Library

Iqbal Library, Clayton Road/Off Jiger Muradabadi Road,
Karachi.
Phone : 021-9231125

Bahadurabad

Marium Center, Bahadurabad Chowrangi, Bahadurabad, Karachi.
Phone : 021-4940584

PUNJAB

Lahore

Lahore development Authority Branch

7 Egertan Road, Data Gunj Bakhsh Town, Lahore.
Phone: 042-6365015, 042-9200275
Fax: 042-6302032

Shahrah-e-Quaid-e-Azam Branch

The Mall, 5 Bank Square, Data Gunj Bukhsh Town, Lahore.
Phone: 042-9212212, 042-9212226
Fax: 042-9212223

Corporate Branch

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

Gujrawala

Satellite Town Branch

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

Faisalabad

Madina Town Branch

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

Canal Road Branch

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

Corporate Branch

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

Rawalpindi

Kashmir Road Branch

Kashmir Road sadder, Rawalpindi.
Phone: 051-5700107, 051-5582905
Fax: 0241-5567928

Islamabad

Jinnah Avenue Branch

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

Corporate Branch

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

NWFP

Peshawer

Arbab Road Branch

Peshawer Cantt, Peshawer.
Phone: 091-272167, 091-9211161
Fax: 091-278869

BALUCHISTAN

Quetta

Complex Branch

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

OTHER DISTRIBUTORS

Invest Capital & Securities (Pvt.) Ltd

Suite 806-808, Progressive Plaza, Beaumont Road Karachi.
Phone : 021-521 5226-8, Fax : 021-521 5200
Email: info@investcapital.com

JS Global

7/F The Forum, Block 9, Clifton, Karachi 75600 -Pakistan
Phone : 021-2799005
Fax : 021-2800167, 021-2800163

Jahangir Siddiqui & Co Limited

7/F The Forum, Block 9, Clifton, Karachi 75600 - Pakistan
Phone : 021-2799005
Fax : 021-2800167, 021-2800163

Foundation Securities (Private) Limited

Ground Floor, Bahria Complex II, MT Khan Road, Karachi
Phone : 021-111 000 375, Fax : 021-5612262

IGI Investment Bank Limited

Floor 7, The Forum, Suite 701-713, G-20, Block 9,
Khayaban-e-Jami, Clifton, Karachi - 75600, Pakistan.
Phone : 021-111-234-234, Fax : 021-111-567-567
Toll Free No: 0800 2 34 34

Invisor Securities (Private) Limited

Ground Floor, Bahria Complex II, M. T. Khan Road, Karachi, Pakistan.
Phone : 021-5611492-5, Fax : 021-5611532
Email: info@invisorsec.com

Yam & Company.

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

First National Equities Limited

19-C, Sunset Lane 6, South Park Avenue, Phase II, Extension, D.H.A. Karachi
PABX: 5395903-08, Fax: 5395900
Email: info@fnetrade.com



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HBL

