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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Board of Directors

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

Audit Committee

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

Human Resource Committee

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

Company Secretary

Mr. Rehan N. Shaikh

Chief Financial Officer

Mr. Noman Ahmed Soomro

Fund Manager

Mr. Muhammad Amir Khan

External Auditors

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

Internal Auditors

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

Trustee

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

Legal Advisors

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

Bankers

Habib Bank Limited
Bank Al Falah Limited
Bank Al-Habib Limited
MCB Bank Limited
Barclays Bank PLC Pakistan
Faysal Bank Limited
The Bank of Punjab
JS Bank Limited
Standard Chartered Bank (Pakistan) Limited
Habib Metropolitan Bank Limited
NIB Bank Limited
Summit Bank Limited
Allied Bank Limited

Website

www.hblasst.com

Head Office

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

Registered Office

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

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

	Note	(Un-audited) September 30, 2011	(Audited) June 30, 2011
(Rupees in '000)			
Assets			
Bank balances		10,274	16,228
Investments	4	1,535,775	1,442,398
Income receivable	5	21,609	35,146
Preliminary expenses and floatation costs		109	167
Advances, deposits, prepayments and other receivables	6	3,601	35,101
Total assets		1,571,368	1,529,040
Liabilities			
Payable to HBL Asset Management Limited - Management Company	7	2,337	2,043
Payable to Central Depository Company of Pakistan Limited - Trustee		178	175
Payable to Securities and Exchange Commission of Pakistan		289	1,145
Accrued expenses and other liabilities	8	14,036	12,780
Total liabilities		16,840	16,143
Net Assets		1,554,528	1,512,897
Unit holders' fund (as per statement attached)		1,554,528	1,512,897
Number of units			
Number of units in issue		15,333,333	14,866,697
Rupees			
Net assets value per unit		101.3823	101.7643

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	Note	Quarter ended September 30, 2011	2010
------(Rupees in '000)-----			
Income			
Profit on bank deposits		266	265
Income from Term Finance Certificates		26,072	36,259
Gain / (loss) on sale of investments - net		644	(3)
Income from reverse repurchase and money market investments		23,286	15,314
Other Income		162	-
		50,430	51,835
Provision against non-performing Term Finance Certificates and sukuks	4.4	(3,773)	(8,014)
		46,657	43,821
Expenses			
Remuneration of HBL Asset Management Limited - Management Company		6,403	5,951
Remuneration of Central Depository Company of Pakistan Limited - Trustee		542	649
Annual fee to Securities and Exchange Commission of Pakistan		289	298
Settlement and bank charges		125	120
Auditors' remuneration		134	113
Amortisation of preliminary expenses and floatation costs		57	57
Legal and professional charges		-	46
Other expenses		46	54
		7,596	7,288
Net income from operating activities		39,061	36,533
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(46)	(630)
Provision for Workers' Welfare Fund	9	(782)	(720)
Net income for the period before taxation		38,233	35,183
Taxation			
		-	-
Net income for the period after taxation		38,233	35,183
OTHER COMPREHENSIVE INCOME			
Net unrealised appreciation in the market value of securities classified as available for sale	4.3	5,755	12,990
Total comprehensive income for the period - net		43,988	48,173
Earnings Per Unit	3.2		

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	Quarter ended September 30,	
	2011	2010
	----- (Rupees in '000) -----	
Undistributed income brought forward - realised	53,274	58,611
Net income for the period	38,233	35,183
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - amount representing (loss) / income that form part of unit holders' fund	155	(36)
Final distribution for the year ended June 30, 2011: Rs. 3.25 per unit (Date of distribution: July 7, 2011) [(2010:Rs.3.50 per unit) (Date of distribution: July 7, 2010)]		
- Cash distribution	(3,477)	(10,599)
- 455,157 bonus units (2010: 460,738 bonus units)	(44,839)	(44,894)
	(48,316)	(55,493)
Net income for the period less distribution	(9,928)	(20,346)
Undistributed income carried forward-realised	43,346	38,265

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

Note	Quarter ended September 30,	
	2011	2010
	----- (Rupees in '000) -----	
Net assets at the beginning of the period	1,512,897	1,600,410
Issue of 347,322 units (2010 : 265,496 units)	34,445	26,072
Redemption of 335,843 units (2010 910,952: units)	(33,371)	(89,789)
	1,074	(63,717)
Final distribution for the year ended June 30, 2011 455,157 bonus units (2010: 460,738 bonus units)	44,839	44,894
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		
- amount representing accrued losses / (income) and capital losses / (gains) - transferred to Income Statement	46	630
- amount representing losses / (income) that form part of the statement of unit holders' fund - transferred to Distribution Statement	(155)	36
	(109)	666
Net unrealised appreciation in market value of securities classified as 'available for sale'- transferred from other comprehensive income	4.3	5,755
Capital gain (loss) on sale of investments - net	644	(3)
Other net income for the period	37,589	35,186
Net income for the period	38,233	35,183
Final distribution for the year ended June 30, 2011: Rs. 3.25 per unit (Date of distribution: July 7, 2011) [(2010:Rs.3.50 per unit) (Date of distribution: July 7, 2010)]		
- Cash distribution	(3,477)	(10,599)
- 455,157 bonus units (2010: 460,738 bonus units)	(44,839)	(44,894)
	(48,316)	(55,493)
Element of loss / (income) and capital losses / (gains) included in the prices of units issued less those in units redeemed - amount representing loss / (income) that form part of unit holders' fund	155	(36)
Net assets at the end of the period	1,554,528	1,574,897

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

	Note	Quarter ended September 30,	
		2011	2010
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		38,233	35,183
Adjustments			
Amortisation of preliminary expenses and floatation costs		57	57
Provision against non-performing Term Finance Certificates and sukuks	4.4	3,773	8,014
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		46	630
		42,109	43,884
(Increase) / Decrease in assets			
Investments - net		(91,394)	16,338
Income receivable		13,537	6,741
Advances, deposits, prepayments and other receivables		31,500	9,980
		(46,357)	33,059
Increase / (Decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		294	(2,705)
Payable to Central Depository Company of Pakistan Limited-Trustee		3	(263)
Payable to Securities and Exchange Commission of Pakistan		(856)	(1,341)
Accrued expenses and other liabilities		1,256	(18,112)
		697	(22,421)
Net cash (outflow on) / generated from operating activities		(3,551)	54,522
CASH FLOW FROM FINANCING ACTIVITIES			
Net payments against redemption of units		1,074	(63,717)
Distributions paid		(3,477)	(10,599)
Net cash outflow on financing activities		(2,403)	(74,316)
Net decrease in cash and cash equivalents		(5,954)	(19,794)
Cash and cash equivalents at beginning of the period		16,228	23,718
Cash and cash equivalents at the end of the period		10,274	3,924

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

HBL 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 (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on July 25, 2006.

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

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Lahore Stock Exchange. The units of the Fund were initially offered for public subscription at par from March 15, 2007 to March 17, 2007.

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.

JCR-VIS Credit Rating Agency has assigned an asset manager rating of 'AM3+' to the Management Company and fund stability rating of A(f) to the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Net asset value per unit

The net asset value (NAV) per unit, as disclosed in the 'statement of assets and liabilities', is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.2 Earnings per unit (EPU)

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

	Note	(Un-audited)	(Audited)
		September 30, 2011	June 30, 2011
(Rupees in '000)			
4 INVESTMENTS			
Available for sale			
- Term Finance Certificates - Listed	4.1.1	476,636	629,681
- Term Finance Certificates - Unlisted	4.1.2	304,881	392,142
- Government Securities	4.2	754,258	539,444
		1,535,775	1,561,267

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

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Term Finance Certificates - Listed				
Orix Leasing Pakistan Limited	1,665	1.50%+6 Month KIBOR	25-May-07	25-May-12
Jahangir Siddiqui & Company Limited	4,991	2.50%+6 Month KIBOR	21-Nov-06	21-May-12
Saudi Pak Leasing Company Limited	3,434	6% Fixed Rate	13-Mar-08	13-Mar-17
Bank Alfalah Limited-II	4,988	1.50%+6 Month KIBOR	23-Nov-04	23-Nov-12
Faysal Bank Limited	4,993	1.40%+6 Month KIBOR	12-Nov-07	12-Nov-14
NIB Bank Limited	4,993	1.15%+6 Month KIBOR	5-Mar-08	5-Mar-16
United Bank Limited	4,993	0.85%+6 Month KIBOR	14-Feb-08	14-Feb-18
World Call Telecom Limited	3,569	1.60%+6 Month KIBOR	7-Oct-08	7-Oct-13

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Term Finance Certificates - Unlisted and Sukuks				
Bank Al Habib Limited	5,000	15% Fixed Rate	30-Jun-10	30-Jun-21
Engro Fertilizer Limited - Perpetual I	5,000	1.70%+6 Month KIBOR	18-Mar-08	18-Mar-18
Engro Fertilizer Limited - Perpetual II	5,000	1.25%+6 Month KIBOR	18-Mar-08	18-Mar-18
AgriTech Limited (Formerly Pak American Fertilizers Limited))	4,496	1.75%+6 Month KIBOR	30-Nov-07	30-Nov-14
Maple Leaf Cement Factory Limited - Sukuk	4,994	1.00%+3 Month KIBOR	3-Dec-07	3-Dec-18
Sul Southern Gas Company Limited- Sukuk	2,500	0.20%+3 Month KIBOR	31-Dec-07	31-Dec-12
New Allied Electronics Industries (Pvt) Limited	2,114	2.20%+6 Month KIBOR	3-Dec-07	3-Dec-12
New Allied Electronics Industries (Pvt) Limited - Sukuk	4,905	2.50%+6 Month KIBOR	15-May-07	15-May-11
Eden Housing Limited	3,316	2.50%+6 Month KIBOR	31-Dec-07	31-Dec-12

4.2 Investment in government securities - Available for sale

Issue Date	Tenor	Face value			Market Value as at September 30, 2011	Market Value as a percentage of	
		As at July 1, 2011	Purchases during theyear	Sales / Matured during the year		Total Investment	Net Asset
-----Rupees in '000-----							
Treasury bill							
February 10, 2011	6 months	-	15,000	15,000	-	-	-
March 10, 2011	6 months	-	20,000	20,000	-	-	-
April 21, 2011	3 months	85,000	-	85,000	-	-	-
April 21, 2011	6 months	-	20,000	-	20,000	19,861	1.29%
May 5, 2011	6 months	-	30,000	-	30,000	29,641	1.93%
June 2, 2011	3 months	110,000	-	110,000	-	-	-
June 2, 2011	1 Year	320,000	-	300,000	20,000	18,404	1.20%
June 16, 2011	3 months	180,000	-	180,000	-	-	-
June 30, 2011	3 months	15,000	-	15,000	-	-	-
July 14, 2011	3 months	-	85,000	-	85,000	84,847	5.52%
August 25, 2011	3 months	-	110,000	-	110,000	108,151	7.04%
September 8, 2011	3 months	-	185,000	-	185,000	180,982	11.78%
September 22, 2011	1 Year	-	325,000	-	325,000	288,582	18.79%
		710,000	790,000	725,000	775,000	730,468	47.6%
Pakistan Investment Bonds							
August 30, 2008	10 Years	25,000	-	-	25,000	23,790	1.55%
		25,000	-	-	25,000	23,790	1.55%
Grand total		735,000	790,000	725,000	800,000	754,258	49.11%
Cost of investment at September 30, 2011						753,621	

	Note	(Un-audited) September 30, 2011	(Audited) June 30, 2011
(Rupees in '000)			
4.3 Net unrealised appreciation / (diminution) in fair value of investments classified as 'available for sale'			
Market value of investments	4.1.1, 4.1.2 & 4.2	1,535,775	1,442,398
Less: Cost of Investments	4.1.1, 4.1.2 & 4.2	(1,663,856)	(1,572,463)
		(128,081)	(130,065)
Less: Provision against non-performing TFCs and sukus		(91,147)	(87,374)
		(36,934)	(42,689)
Less: Net unrealised diminution in fair value of investments classified as 'available for sale' at the beginning of the period		(42,689)	(56,695)
		5,755	14,006
4.4 Movement in provision against investment			
Opening balance		90,135	88,288
Add: Charge for the year		3,773	19,682
Less: Reversals / write-offs		-	(17,835)
Net Charge		3,773	1,847
Closing balance		93,908	90,135
Classified under investments		91,147	87,374
Classified under other receivables		2,761	2,761
		93,908	90,135
5 INCOME RECEIVABLE			
Profit receivable on savings		129	72
Income accrued on Term Finance Certificates		21,217	34,071
Income accrued on Government Securities		263	1,003
		21,609	35,146
6 ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposit with National Clearing Company of Pakistan Limited		3,500	3,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Receivable against investments of Term Finance Certificates (TFCs) and Sukuks		2,761	4,261
Advance against subscription of Term Finance Certificate (TFC)		-	30,000
Others		1	1
		6,362	37,862
Less: Provision against overdue installments of Term Finance Certificates and Sukuks	4.4	(2,761)	(2,761)
		3,601	35,101
7 PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	7.1	2,209	1,858
Preliminary expenses and floatation costs on behalf of the Fund		128	185
		2,337	2,043
7.1			
Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of one and a half percent per annum for the current year.			

8	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-audited)	(Audited)
			September 30, 2011	June 30, 2011
			(Rupees in '000)	
	Auditors' remuneration		455	321
	Brokerage payable		94	71
	Payable to unit holders against redemption of units		261	15
	Provision for Workers' Welfare Fund	9	13,083	12,301
	Other payables		143	72
			14,036	12,780

9 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

Subsequent to the year ended June 30, 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 13.08 million (including Rs. 0.782 million for the current period) in these financial statements.

10 TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

10.1	Transactions during the period	Quarter ended September 30,	
		2011	2010
		(Rupees in '000)	
	HBL Asset Management Limited - Management Company		
	Management fee	6,403	5,951
	Issue of 150,980 units (2010: nil units)	15,000	-
	Issue of 27,266 bonus units (2010: 30,775 units)	2,686	2,999
	Redemption of 58,357 units (2010: nil units)	5,796	-

Quarter ended September 30,	2011	2010

Habib Bank Limited - Sponsor

Issue of 290,523 bonus units (2010: 281,098 units)	28,621	27,390
Bank charges paid	5	68
Profit on bank deposits earned	113	155
Profit received on bank deposits	110	190

Directors and Executives of the Management Company and their relatives

Directors and their relatives

Issue of 151,737 units (2010: 61,312 units)	15,000	6,000
Issue of 3,166 bonus units (2010: 2,820 units)	312	275
Redemption of nil units (2010: 88,347 units)	-	8,852

Executives and their relatives

Issue of 1,509 units (2010: 5,108 units)	150	500
Issue of 183 bonus units (2010: nil units)	18	-

Associated companies

Profit earned on Tern Finance Certificates	-	23
Profit received on Term Finance Certificates	-	156

Central Depository Company of Pakistan Ltd. - Trustee

Remuneration	542	649
Central Depository System Charges	2	-

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

10.2 Amount outstanding as at period end

HBL Asset Management Limited - Management Company

Investment held by the management company in the Fund (946,374 units; 2010: 826,484 units)	95,946	84,103
Management fee payable	2,209	1,858
Preliminary expenses and floatation cost payable	128	185

Habib Bank Limited - Sponsor

Investment held in the Fund (9,096,862 units ; 2010: 8,806,339 units)	922,261	896,170
Profit receivable on bank deposits	46	43
Balance in savings account	5,951	6,212
Balance in current account	16	16

Directors and Executives of the Management Company and their relatives

Directors and their relatives

Investment held in the Fund (250,864 units ; 2010: 97,267 units)	25,433	9,898
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Executives and their relatives

Investment held in the Fund: (7,241 units; 2010: 5,459)	734	565
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Central Depository Company of Pakistan Ltd. - Trustee

Remuneration payable	178	175
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11 DISCLOSURE UNDER CIRCULAR NO. 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORIZATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Income Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at September 30, 2011, the Fund is compliant with all the requirements of the said circular except for clause 9(v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Name of Non-Complaint Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	% of Net Assets	% of Gross Assets
-----Rupees in '000-----						
New Allied Electronics Industries (Pvt) Limited	TFC	19,331	19,331	-	-	-
New Allied Electronics Industries (Pvt) Limited	Sukuk	44,149	44,149	-	-	-
Eden Housing Limited	Sukuk	13,262	13,262	-	-	-
Agritech Limited (Formerly Pak American Fertilizers Limited)	TFC	9,992	9,992	-	-	-
Maple Leaf Cement Factory Limited	Sukuk	34,955	13,033	21,922	1.41%	1.40%
Saudi Pak Leasing Company Limited	TFC	6,871	4,759	2,112	0.14%	0.13%

12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No major reclassifications were made.

13 DATE OF AUTHORISATION FOR ISSUE

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

14 GENERAL

Figures have been rounded off to the nearest thousand rupees.

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director