

HBL

ASSET MANAGEMENT

ايسيت مينجمنت

HBL IncomeFund

**Quarterly Report
March 31, 2016
(Un-audited)**

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CORPORATE INFORMATION

Management Company
HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Rehan N. Shaikh	(Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Ayaz Ahmed	(Non-Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)

Human Resource Committee

Chairperson	Ms. Sima Kamil	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Rehan N. Shaikh	(Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Rehan N. Shaikh	(Executive Director)

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

KPMG Taseer Hadi & Co., Chartered Accountants,
Sheikh Sultan Trust Building No 02
Beaumont Road, Karachi-75530, Pakistan

Internal Auditors

ERNST & YOUNG FORD RHODES SIDAT HYDER & Co.,
Chartered Accountants

Trustee

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

Legal Advisors

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

Website

www.hblasset.com

Head Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

FUND INFORMATION

NAME OF FUND HBL Income Fund

FUND MANAGER Mr. Fahad Aziz

NAME OF AUDITORS

External Auditors KPMG Taseer Hadi & Co., Chartered Accountants.

Internal Auditors ERNST & YOUNG FORD RHODES SIDAT HYDER & Co.,
Chartered Accountants

NAME OF BANKERS

NIB Bank Limited
Allied Bank Limited
Askari bank Limited
Faysal Bank Limited
Meezan Bank Limited
Bank AlFalah Limited
Bank Al Habib Limited
MCB Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Soneri Bank Limited

HBL INCOME FUND
Condensed Interim Statement Of Assets And Liabilities
As At March 31, 2016

	Note	March 31, 2016 (Un-Audited)	June 30, 2015 (Audited)
(Rupees in '000)			
Assets			
Bank balances	4	1,641,411	1,099,072
Investments	5	6,249,069	2,674,837
Accrued mark-up	6	45,599	54,991
Advances, deposits and other receivables	7	3,600	3,607
Total assets		7,939,679	3,832,507
Liabilities			
Payable to HBL Asset Management Limited - Management Company	8	26,767	5,895
Payable to Central Depository Company of Pakistan Limited - Trustee		1,188	342
Payable to Securities and Exchange Commission of Pakistan		3,430	2,496
Accrued expenses and other liabilities	9	56,189	447,493
Total liabilities		87,574	456,226
Net assets		7,852,105	3,376,281
Unit holders' fund (as per statement attached)		7,852,105	3,376,281
(Number of units)			
Number of units in issue		71,374,047	32,183,049
(Rupees)			
Net assets value per unit		110.0134	104.9087

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL INCOME FUND
Condensed Interim Income Statement (Un-Audited)
For the Nine Months & quarter ended March 31, 2016

	Note	Nine months ended		Quarter ended	
		March 31,		March 31,	
		2016	2015	2016	2015
		------(Rupees in '000)-----			
Income					
Mark-up on deposits with banks		80,437	34,935	35,883	13,150
Mark-up / return on investments		261,017	189,782	100,527	52,455
Capital gain on sale of investments - net		66,919	72,445	19,031	69,049
		408,373	297,162	155,441	134,654
Provision against non-performing Term Finance Certificates and Sukuk bonds	5.5	-	(6,895)	-	-
		408,373	290,267	155,441	134,654
Expenses					
Remuneration of HBL Asset Management Limited - Management Company		90,712	46,251	36,264	17,535
Remuneration of Central Depository Company of Pakistan Limited - Trustee		4,958	2,531	1,827	883
Annual fee to Securities and Exchange Commission of Pakistan		3,430	1,687	1,355	611
Allocation of expenses related to registrar services, accounting, operation and valuation services	10	2,592	-	2,011	-
Settlement and bank charges		111	3	-	-
Auditors' remuneration		333	343	111	34
Other expenses		129	188	24	61
		102,265	51,003	41,592	19,124
Net income from operating activities		306,108	239,264	113,849	115,530
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		92,899	49,472	5,361	37,935
Provision for Workers' Welfare Fund	11	-	(5,744)	-	(3,095)
Net income for the period before taxation		399,007	282,992	119,210	150,370
Taxation	12	-	-	-	-
Net income for the period after taxation		399,007	282,992	119,210	150,370
Earnings per unit	13				

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL INCOME FUND**Condensed Interim Statement of Comprehensive Income (Un-Audited)***For the Nine Months & quarter ended March 31, 2016*

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Net income for the period	399,007	282,992	119,210	150,370
Other comprehensive income for the period				
<i>Items to be reclassified to income statement in subsequent periods:</i>				
Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale	(31,756)	43,520	1,772	(23,434)
Total comprehensive income for the period	<u>367,251</u>	<u>326,512</u>	<u>120,982</u>	<u>126,936</u>

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

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

Chief Executive

Director

HBL INCOME FUND
Condensed Interim Distribution Statement (Un-Audited)
For the Nine Months ended March 31, 2016

	Nine months ended	
	March 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward - realised	70,558	11,287
Net income for the period	399,007	282,992
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income / (loss) that form part of unit holders' fund	85,922	1,049
Undistributed income carried forward - realised	<u>555,487</u>	<u>295,328</u>

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

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 Nine Months ended March 31, 2016*

	Nine months ended March 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	3,376,281	2,768,352
Issue of 64,268,296 units (2015: 23,822,149 units)	6,923,209	2,562,560
Redemption of 25,077,298 units (2015: 16,544,337 units)	(2,721,737)	(1,762,160)
	4,201,472	800,400
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement-net	(92,899)	(49,472)
Net income for the period	399,007	282,992
Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale	(31,756)	43,520
Total comprehensive income for the period	367,251	326,512
Net assets at end of the period	7,852,105	3,845,792
[Rs.110.0134 per unit (2015: Rs. 111.1642 per unit)]		

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL INCOME FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the Nine Months ended March 31, 2016

	Note	Nine months ended March 31,	
		2016	2015
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		399,007	282,992
Adjustments			
Provision against non-performing Term Finance Certificates and Sukuk bonds	5.5	-	6,895
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		(92,899)	(49,472)
		306,108	240,415
(Increase) / decrease in assets			
Investments - net		(3,605,988)	(1,621,407)
Accrued mark-up		9,392	(43,818)
Advances, deposits, and other receivables		7	6
		(3,596,589)	(1,665,219)
Increase / (decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		20,872	1,725
Payable to Central Depository Company of Pakistan Limited - Trustee		846	87
Payable to Securities and Exchange Commission of Pakistan		934	246
Accrued expenses and other liabilities		(391,304)	11,734
		(368,652)	13,792
Net cash (used in) operating activities		(3,659,133)	(1,411,012)
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		6,923,209	2,562,560
Payment against redemption of units		(2,721,737)	(1,762,160)
Net cash generated from financing activities		4,201,472	800,400
Net increase / (decrease) in cash and cash equivalents		542,339	(610,612)
Cash and cash equivalents at beginning of the period		1,099,072	659,789
Cash and cash equivalents at end of the period	4	1,641,411	49,177

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL INCOME FUND

Notes to the Condensed Interim Financial Information (Un-Audited)

For the Nine Months ended March 31, 2016

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 (SECP) 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 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, 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 Pakistan 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 'AM2-' 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 Central Depository Company of Pakistan Limited as trustee of the Fund.

2. 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 Companies Ordinance, 1984, 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 NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2015.

4. BANK BALANCES	March 31,	June 30,
	2016	2015
	(Rupees in '000)	
Current account	3,432	48,950
Savings accounts	1,637,979	1,050,122
Term Deposit Receipts (TDRs)	-	-
	<u>1,641,411</u>	<u>1,099,072</u>

5. INVESTMENTS	<i>Note</i>	March 31, 2016	June 30, 2015
		(Rupees in '000)	
Available for sale			
- Term Finance Certificates - Listed	5.1.1	-	-
- Term Finance Certificates and Sukuk bonds - Unlisted	5.1.2	297,197	311,511
- Government Securities	5.2	5,951,872	2,363,326
Loans and receivables - Certificate of investment	5.3	-	-
		<u>6,249,069</u>	<u>2,674,837</u>

5.1 Available for sale investments

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 5,000 each unless stated otherwise.

5.1.1 Term Finance Certificates - Listed

Name of the Investee Company	Number of certificates			As at March 31, 2016	Market value/ Carrying value* as at March 31, 2016	Market value as a percentage of	
	As at July 1, 2015	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
(Rupees in '000)							
Financial Services							
Saudi Pak Leasing Company Limited - (Note 5.1.3)	2,000	-	-	2,000	-	-	-
	2,000	-	-	2,000	-	-	-
Fixed Line Telecommunication							
World Call Telecom Limited - (Note 5.1.4)	23,750	-	-	23,750	-	-	-
	23,750	-	-	23,750	-	-	-
	<u>25,750</u>	<u>-</u>	<u>-</u>	<u>25,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost of investments at March 31, 2016					<u>53,317</u>		

5.1.2 Term Finance Certificates and Sukuk bonds - Unlisted

Name of the Investee Company	Number of certificates			As at March 31, 2016	Market value/ Carrying value* as at March 31, 2016	Market value as a percentage of	
	As at July 1, 2015	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
(Rupees in '000)							
Commercial Banks							
Bank Al Habib Limited	6,000	-	-	6,000	30,913	0.49%	0.39%
Standard Chartered Bank (Pakistan) Limited	8,000	-	-	8,000	40,099	0.64%	0.51%
	14,000	-	-	14,000	71,012	1.14%	0.90%
Chemicals							
Engro Fertilizer Limited - Perpetual I	21,000	-	21,000	-	-	-	-
Engro Fertilizer Limited - Perpetual II	7,000	-	7,000	-	-	-	-
Agritech Limited - (Note 5.1.5)	2,000	-	-	2,000	-	-	-
	30,000	-	28,000	2,000	-	0.00%	0.00%
Construction and Materials							
Maple Leaf Cement Factory Limited - Sukuk	7,000	-	-	7,000	11,815	0.19%	0.15%
	7,000	-	-	7,000	11,815	0.19%	0.15%

Name of the Investee Company	Number of certificates				Market value/ Carrying value ^e as at March 31, 2016 (Rupees in '000)	Market value as a percentage of	
	As at July 1, 2015	Purchases during the period	Sales / Matured during the period	As at March 31, 2016		Total Investments	Net Assets
Multiutilities							
WAPDA Sukuk	-	50,000	-	50,000	214,370	3.43%	2.73%
WAPDA Sukuk	19,000	-	19,000	-	-	-	-
	19,000	50,000	19,000	50,000	214,370	3.43%	2.73%
Others							
New Allied Electronics Industries (Pvt) Limited - (Note 5.1.5)	9,000	-	-	9,000	-	-	-
New Allied Electronics Industries (Pvt) Limited -Sukuk - (Note 5.1.5)	9,000	-	-	9,000	-	-	-
	18,000	-	-	18,000	-	-	-
	88,000	50,000	47,000	91,000	297,197	4.76%	3.78%

Cost of investments at March 31, 2016

367,133

* In case of debt securities against which a provision has been made, these are carried at amortised cost less provision. For non-performing securities market value / valuation by MUFAP is not available.

5.1.3 Saudi Pak Leasing Company Limited defaulted towards payment falling due in September 2010. Accordingly, the exposure was classified as non-performing and provision was recognised in accordance with the SECP's provisioning guidelines.

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

The Issuer defaulted again in the payment of principal and mark-up due on September 13, 2011. In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities Exchange Commission of Pakistan (SECP), the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non performing exposure. A provision of Rs. 5.550 million equivalent to 100% of the amount outstanding has been made.

5.1.4 Worldcall Telecom Limited TFC's were classified by MUFAP as non-performing on November 8, 2012 after default of instalment due on October 7, 2012 (earlier default on April 7, 2012) for the second time. A restructuring agreement was signed on December 26, 2012. The restructuring included the extension of repayment period by 2 years, deferral of principal instalments till October 7, 2014 and payment of regular mark-up during the restructuring period. The issuer defaulted again in payment of principal instalment due on October 7, 2014. In accordance with Circular No. 33 of 2012 dated October 24, 2012, a provision of Rs. 47.767 million equivalent to 100% of the amount outstanding has been made.

5.1.5 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided.

5.1.6 The Term Finance Certificates and Sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the issuer.

5.1.7 Instalments amounting to Rs. 1,998 thousand have become due for payment of the following TFCs / sukuks and are reflected in note 7.

	March 31, 2016	June 30, 2015
	(Rupees in '000)	
Bank Al Habib Limited	-	6
Agritech Limited	1,998	1,998
	<u>1,998</u>	<u>2,004</u>

5.1.8 Significant terms and conditions of Term Finance Certificates Sukuk bonds outstanding as at March 31, 2016 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Term Finance Certificates - Listed				
Saudi Pak Leasing Company Limited	2,775	6% Fixed Rate	13-Mar-08	13-Mar-17
World Call Telecom Limited	2,011	6 Month KIBOR + 1.60%	3-Dec-07	3-Dec-18
Term Finance Certificates and Sukuk bonds - Unlisted				
New Allied Electronics Industries (Pvt) Limited - Sukuk	4,905	6 Month KIBOR + 2.50%	15-May-07	15-May-11
Agritech Limited	3,997	6 Month KIBOR + 1.75%	30-Nov-07	30-Nov-14
Maple Leaf Cement Factory Limited -Sukuk	1,911	3 Month KIBOR + 1.00%	3-Dec-07	3-Dec-18
New Allied Electronics Industries (Pvt) Limited	2,114	6 Month KIBOR + 2.20%	3-Dec-07	3-Dec-12
Bank Al Habib Limited	4,990	15% Fixed Rate	30-Jun-11	30-Jun-21
Standard Chartered Bank (Pakistan) Limited	5,000	6 Month KIBOR + 0.75%	29-Jun-12	29-Jun-22
WAPDA - Sukuk	4,286	6 Month KIBOR + 1%	27-Sep-13	27-Sep-21

5.2 Investment in Government Securities - Available for sale

Issue Date	Tenor	Face value			Market Value as at		Market Value as a percentage of	
		As at July 1, 2015	Purchases during the period	Sales / Matured during the period	As at March 31, 2016	as at March 31, 2016	Total Investments	Net Assets
(Rupees in '000)								
Treasury bill								
October 30, 2014	1 year	-	1,000,000	1,000,000	-	-	-	-
November 13, 2014	1 year	-	400,000	400,000	-	-	-	-
December 26, 2014	1 year	-	100,000	100,000	-	-	-	-
January 8, 2015	1 year	555,000	-	555,000	-	-	-	-
January 22, 2015	1 year	100,000	150,000	250,000	-	-	-	-
March 5, 2015	1 year	400,000	-	400,000	-	-	-	-
March 19, 2015	1 year	100,000	-	100,000	-	-	-	-
April 30, 2015	6 months	-	265,000	265,000	-	-	-	-
May 14, 2015	6 months	250,000	-	250,000	-	-	-	-
June 29, 2015	2 months	-	500,000	500,000	-	-	-	-
July 9, 2015	3 months	-	250,000	250,000	-	-	-	-
July 23, 2015	3 months	-	250,000	250,000	-	-	-	-
July 23, 2015	1 year	-	500,000	500,000	-	-	-	-
July 23, 2015	6 months	-	150,000	150,000	-	-	-	-
August 6, 2015	3 months	-	250,000	250,000	-	-	-	-
August 6, 2015	1 year	-	1,200,000	500,000	700,000	685,468	10.97%	8.73%
August 20, 2015	3 months	-	200,000	200,000	-	-	-	-
September 3, 2015	1 year	-	500,000	500,000	-	-	-	-
September 17, 2015	6 months	-	250,000	250,000	-	-	-	-
September 17, 2015	3 months	-	200,000	200,000	-	-	-	-
October 15, 2015	6 months	-	900,000	900,000	-	-	-	-
October 29, 2015	3 months	-	250,000	250,000	-	-	-	-

Issue Date	Tenor	Face value			Market Value as at March 31, 2016	Market Value as a percentage of		
		As at July 1, 2015	Purchases during the period	Sales / Matured during the period		Total Investments	Net Assets	
		(Rupees in '000)						
October 29, 2015	1 year	-	250,000	-	250,000	241,429	3.86%	3.07%
October 29, 2015	6 months	-	250,000	-	250,000	248,855	3.98%	3.17%
November 12, 2015	6 months	-	250,000	-	250,000	248,262	3.97%	3.16%
December 10, 2015	3 months	-	100,000	100,000	-	-	-	-
December 28, 2015	6 months	-	500,000	-	500,000	493,048	7.89%	6.28%
January 7, 2016	3 months	-	750,000	750,000	-	-	-	-
January 21, 2016	1 year	-	2,000,000	1,560,500	439,500	418,651	6.70%	5.33%
January 21, 2016	6 months	-	750,000	700,000	50,000	49,073	0.79%	0.62%
January 21, 2016	3 months	-	280,000	250,000	30,000	29,934	0.48%	0.38%
March 3, 2016	1 year	-	200,000	-	200,000	189,233	3.03%	2.41%
November 12, 2015	3 months	-	300,000	300,000	-	-	-	-
		1,405,000	12,945,000	11,680,500	2,669,500	2,603,953	41.67%	33.16%
Pakistan Investment Bonds								
July 18, 2013	3 years	400,000	1,600,000	519,200	1,480,800	1,502,124	24.04%	19.13%
July 18, 2013	5 years	-	250,000	250,000	-	-	-	-
July 17, 2014	3 years	485,000	-	485,000	-	-	-	-
July 17, 2014	5 years	-	100,000	100,000	-	-	-	-
July 17, 2014	10 years	-	400,000	100,000	300,000	369,300	5.91%	4.70%
March 26, 2015	5 years	70,000	2,005,000	1,035,000	1,040,000	1,126,320	18.02%	14.34%
March 26, 2015	3 years	-	850,000	515,000	335,000	350,175	5.60%	4.46%
March 26, 2015	10 years	-	35,000	35,000	-	-	-	-
		955,000	5,240,000	3,039,200	3,155,800	3,347,919	53.57%	42.64%
Grand total		2,360,000	18,185,000	14,719,700	5,825,300	5,951,872	95.25%	75.80%
Cost of investments at March 31, 2016					5,948,186			

5.3 Loans and receivables - Certificate of investment

Name of Bank	As at July 1, 2015	Placements made during the period	Matured during the period	As at March 31, 2016	Percentage of total value of investments	Percentage of Net Assets
(Rupees in '000)						
PAIR Investment Company Limited	-	100,000	100,000	-	0.00%	0.00%

5.4 Net unrealised appreciation on remeasurement of investments classified as available for sale

	Note	March 31, 2016	June 30, 2015
(Rupees in '000)			
Market value of investments	5.1.1, 5.1.2, 5.2 & 5.3	6,249,069	2,674,837
Cost of investments	5.1.1, 5.1.2, 5.2 & 5.3	6,368,636	2,762,648
Provision against non-performing TFCs and Sukuk bonds	5.5	(124,484)	(124,484)
		6,244,152	2,638,164
		4,917	36,673

	<i>Note</i>	March 31, 2016	June 30, 2015
(Rupees in '000)			
5.5 Movement in provision against investments			
Opening balance		126,482	122,682
Add: Charge for the period / year		-	6,896
Less: Reversals / write-offs for the period / year		-	3,094
Net charge		-	3,802
Closing balance		126,482	126,484
Classified under investments		124,484	124,484
Classified under other receivables		1,998	1,998
		126,482	126,482
6. ACCRUED MARK-UP			
Mark-up accrued on savings accounts		3,936	658
Mark-up / return accrued on Term Finance Certificates and Sukuk bonds		3,397	7,688
Mark-up / return accrued on Government Securities		38,266	46,645
		45,599	54,991
7. ADVANCE, DEPOSITS, 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 and Sukuk bonds		1,998	2,004
Others		-	1
		5,598	5,605
Less: Provision against overdue instalments of Term Finance Certificates and Sukuk bonds	5.5	(1,998)	(1,998)
		3,600	3,607
8. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	<i>Note</i>	March 31, 2016	June 30, 2015
(Rupees in '000)			
Management fee	8.1	9,827	5,057
Sindh Sales Tax	8.2	1,596	838
Sales load payable		12,752	-
Allocation of expenses related to registrar services, accounting, operation and valuation services		2,592	-
		26,767	5,895

8.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding one and half percent of average annual net assets. The Management Company has charged its remuneration at the rate of one and a half percent per annum (June 30, 2015: one and a half percent per annum) of the average net assets for the current period.

8.2 The Sindh Government has levied Sindh Sales Tax at the rate of 14% (June 30, 2015: 15%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

9. ACCRUED EXPENSES AND OTHER LIABILITIES	<i>Note</i>	March 31, 2016	June 30, 2015
(Rupees in '000)			
Auditors' remuneration		452	315
Brokerage payable		176	510
Payable to unit holders against redemption of units		3,599	6,613
Federal Excise Duty payable	<i>9.1</i>	23,485	12,078
Payable to HBL Money Market Fund against conversion of units		-	167,585
Payable to HBL Money Market Fund		-	218,000
Capital gain tax payable		97	4,128
Dividend payable to unit holders		-	456
Withholding tax payable		-	8,598
Advance against units to be issued		-	900
Provision for Workers' Welfare Fund	<i>11</i>	28,170	28,170
Other payables		210	140
		56,189	447,493

9.1 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. In 2014, the Honourable High Court of Sindh in a Constitutional petition relating to levy of FED on Mutual Funds has granted a stay order for the recovery of FED. As a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 24.638 million out of which Rs. 1.1534 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value (NAV) per unit of the fund as at March 31, 2016 would have been higher by Rs. 0.3452 per unit (June 30, 2015: Rs. 0.3753 per unit).

10. ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated November 25, 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge fees and expenses related to registrar services, accounting, operation and valuation services related to

CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less" from the mutual funds managed by it.

The expenses represent the allocation of expenses relating to registrar services, accounting, operation and valuation services at 0.1% of average net annual assets of the Fund with effect from November 25, 2015.

11. PROVISION FOR WORKERS' WELFARE FUND

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2015.

However, after the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1st July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Asset Value (NAV) per unit of the Fund as at March 31, 2016 would have been higher by Rs. 0.3947 per unit (June 30, 2015: Rs. 0.8753 per unit).

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 amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, 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 / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2016 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

There is no change in the status of show cause notice to the Fund for tax year 2008 as reported in annual accounts for the year ended June 30, 2015.

13. 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.

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of the connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

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 the condensed interim financial information are as follows:

	For the Nine months ended	
	March 31,	
14.1 Transactions during the period	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	90,712	46,251
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,592	-
Issue of 137,190 units (2015: 1,390,061 units)	15,000	150,000
Redemption of Nil units (2015: 1,140,867 units)	-	123,050
Profit earned on units redeemed	-	13,050

	For the Nine months ended	
	March 31,	
	2016	2015
	(Rupees in '000)	
Habib Bank Limited - Sponsor		
Bank charges paid	68	36
Mark-up earned during the period	4,912	3,813
Mark-up received during the period	4,631	3,880
Jubilee General Insurance Company - Associated company		
Issue of 1,848,255 units (2015: 2,876,564 units)	200,000	300,000
Redemption of Nil units (2015: 2,025,970 units)	-	213,809
Profit earned on units redeemed	-	11,632
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	4,958	2,531
Central Depository system charges	9	4
Executives and their relatives		
Issue of 27,474 units (2015: 86,665 units)	2,932	9,282
Redemption of 13,683 units (2015: 48,725 units)	1,468	5,235
Profit earned on units redeemed	187	384
Directors and their relatives		
Redemption of 486 units (2014: 28,443 units)	54	-
Directors of connected persons		
Redemption of Nil units (2015: 277,807 units)	-	30,549
Profit earned on units redeemed	-	1,186
14.2 Balances outstanding as at period end	March 31,	June 30,
	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Investment held by HBL in the Fund: 137,190 units (June 30, 2015: nil units)	15,093	-
Management fee	9,827	5,057
Sindh Sales Tax	1,596	838
Sales Load payable	12,752	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,592	-
Habib Bank Limited - Sponsor		
Investment held by HBL in the Fund: 12,769,902 units (June 30, 2015: 12,769,902 units)	1,404,860	1,339,674
Bank balances with HBL	40,430	124,151
Mark-up receivable on deposits with bank	281	-

	March 31, 2016	June 30, 2015
	(Rupees in '000)	
HBL Money Market Fund - Associate		
Payable to HBL Money Market Fund against conversion of units	-	167,585
Payable to HBL Money Market Fund	-	218,000
Jubilee General Insurance Company - Associated company		
Investment held by HBL in the Fund: 4,708,500 units (June 30, 2015: 2,860,246 units)	517,998	300,065
Directors and Executives of the Management Company and their relatives		
Directors and their relatives		
Investment held in the Fund: 9,627 units (June 30, 2015: 37,900 units)	4,883	3,976
Executives and their relatives		
Investment held in the Fund: 17,954 units (2015: 17,954 units)	1,975	1884
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	1,188	342
Security deposit	100	100
Directors of connected persons		
Investment held in the Fund: Nil units (June 30, 2015: 430,427 units)	-	45,156

15. DISCLOSURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide circular 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 March 31, 2016, 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 A- (A Minus).

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 (Private) Limited	TFC	19,025	19,025	-	-	-
New Allied Electronics Industries (Private) Limited	Sukuk	44,149	44,149	-	-	-
Agritech Limited	TFC	9,991	9,991	-	-	-
Saudi Pak Leasing Company Limited	TFC	5,550	5,550	-	-	-
Worldcall Telecom Limited	TFC	47,768	47,768	-	-	-

16. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **April 29, 2016**.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

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HBL Asset Management Limited



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