



United Compostie Islamic Fund

Financial Statements - for the year ended 30 June 2009

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United Compostie Islamic Fund (UCIF)



Investment Objective

To provide medium to long-term capital appreciation by investing in a mix of Shariah -compliant securities that offer capital gains and dividend yield potential.

Fund Information

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited. 99-B, Block-B, S.M.C.H.S., Main Shakra-e-faisal, Karachi. Tel: (+9221) 111-111-500
Distribution Company	United Bank Limited (For detail of others visit www.UBLFunds.com)
Auditors	KPMG Taseer Hadi & Co. - Chartered Accountants
Legal Advisors	Mohsin Tayebaly & Co.
Bankers	United Bank Limited, Bank Alfalah Limited, Dubai Islamic Bank Limited, Meezan Bank Limited Al-Baraka Islamic Bank Standard Chartered Bank Limited Habib Metropolitan Bank HSBC Bank Middle East Limited HSBC - Switzerland



TRUSTEE REPORT TO THE UNIT HOLDERS UNITED COMPOSITE ISLAMIC FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The United Composite Islamic Fund (the Fund), an open-end Fund was established under a trust deed dated September 11, 2006, executed between UBL Fund Managers Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2009 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the management company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rule, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

KAMRAN QAZI
Chief Financial Officer & Company Secretary
Central Depository Company of Pakistan Limited

Karachi:
October 06, 2009

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

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REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the Management Company of the **United Composite Islamic Fund** to comply with the listing regulation of the Islamabad Stock Exchange, where the fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Director of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund' s compliance with the provision of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company' s personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board' s statement on internal control cover all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund' s compliance, in all material respects, with the best practice contained in the Code of Corporate Governance.

Karachi
Dated: 21 August 2009

KPMG Taseer Hadi & Co.
KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS


KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan
and a member firm of the KPMG network of independent member
firm affiliated with KPMG international, a Swiss cooperative

STATEMENT OF COMPLIANCE BY UNITED COMPOSITE ISLAMIC FUND WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2009

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in chapter XI of Listing Regulations of Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The Board of Directors (the Board) of UBL Fund Managers Limited (Management Company), which is an unlisted public company, manages the affairs of United Composite Islamic Fund (the Fund). The Fund being a unit trust open end scheme does not have its own Board of Directors. The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Islamabad Stock Exchange, in the following manner:

1. The Management Company encourages representation of non-executive directors. All the directors, except the Chief Executive Officer of the Management Company are non-executive directors.
2. The existing directors have confirmed that none of them are serving as a director in more than ten listed companies, including the Management Company.
3. All the resident directors of the Management Company have confirmed that they are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.
4. During the year one casual vacancy occurred on the Board. The Board has proposed an independent director to fill the casual vacancy. Application for prior approval of his appointment was submitted before the Securities and Exchange Commission of Pakistan. SECP approved his appointment on 19 August 2009.
5. The Management Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Management Company.
6. The Management Company has developed a vision/ mission statement, corporate strategy and significant policies for the Fund that have been approved by the Board. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In order to apprise the directors for their duties and responsibilities and the requirements of the Code, relevant material was sent for their orientation purpose. Furthermore, directors are conversant of the relevant laws applicable to the Management Company, its policies and procedures and provisions of Memorandum and Articles of association and are aware of their duties and responsibilities.
10. The Directors' report relating to the Fund for the year ended 30 June 2009 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. No new appointments of CFO, Company Secretary and head of Internal Audit were made during the year.

12. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund and shares of the Management Company other than disclosed in the Directors Report.
14. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors of the Management Company including the chairman of the committee.
16. The meetings of the audit committee were held once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference have been approved in the meeting of the board of directors and the committee has been advised to ensure compliance with those terms of reference.
17. The Management Company has outsourced the internal audit function of the Fund to M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund and they are involved in the internal audit function on a full time basis.
18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Management Company or units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.


MIR MUHAMMAD ALI, CFA
CHIEF EXECUTIVE OFFICER

KARACHI:
21 AUGUST 2009

REPORT OF THE SHARIAH ADVISORY BOARD

We, the Shariah Advisors of the Fund are issuing this report in accordance with clause 5.1 (d) (v) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah Compliance of the Fund's activities.

In the capacity of Shariah Advisor, we have the prescribed criteria for Shariah compliance of equity investments which comprises of five factors such as (i) Nature of business, (ii) interest bearing debt to total assets, (iii) illiquid assets to total assets, (iv) Investment in Non-Shariah compliant activities and income from Non-Shariah compliant investments, and (v) Net liquid assets vs. share market price.

It is the responsibility of the Management Company of the Fund to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries from the Management Company personnel and review of various documents prepared by the Management Company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of investments of UCIF in light of Shariah requirements. The following is a list of equity investments of UCIF as on 30 June 2009 and their evaluation according to the screening criteria established by us. (The latest half yearly or annual accounts of the Investee companies available as on 30 June 2009 have been used for the following calculations):

	(i)	(ii)	(iii)	(iv)	(v)	Net Liquid Assets Vs Share Price (B>A)	
Name of the Company	Nature of Business	Debt to Assets (< 40%)	Non-Compliant Income to Gross Revenue (5%)	Illiquid Assets to Total Assets (>20%)	% of Non-Shariah Compliant Investments (< 33%)	Net Liquid Assets per Share (A)	Share Market Price (B)
Attock Cement	Cement Manufacturers	0.18%	0.55%	89.28%	1.87%	(22.85)	70.22
Attock Refinery	Refineries	0.00%	1.16%	36.99%	0.00%	(118.36)	124.79
BOC Pakistan	Manufacturers & Distributors of Oxygen Gas	0.00%	1.07%	81.12%	10.38%	(14.71)	115.00
Cherat Paper sacks	Manufacturers of Paper & Board	65.43%	0.39%	84.44%	0.13%	(1.33)	36.15
Dawood Hercules	Manufacturers of Fertilizers	0.27%	0.52%	85.37%	0.23%	(116.67)	128.51
Engro Chemicals	Manufacturers of Fertilizers & Chemicals	44.06%	0.20%	98.27%	0.11%	(169.93)	128.43
Fauji Fertilizer	Manufacturers of Fertilizers	29.54%	1.02%	87.05%	13.66%	(31.41)	86.95
Ghani Glass	Manufacturers of Glass & Glass made products	0.00%	0.00%	81.56%	0.00%	(12.61)	57.00
Hub Power Company	Producer of Power & Energy	21.00%	0.07%	41.27%	0.00%	(7.61)	27.09
ICI Pakistan	Manufacturers & Distributors of Chemicals	3.20%	0.46%	76.92%	0.00%	25.24	140.55

	(i)	(ii)	(iii)	(iv)	(v)	Net Liquid Assets Vs Share Price (B>A)	
Name of the Company	Nature of Business	Debt to Assets (< 40%)	Non-Compliant Income to Gross Revenue (5%)	Illiquid Assets to Total Assets (>20%)	% of Non-Shariah Compliant Investments (< 33%)	Net Liquid Assets per Share (A)	Share Market Price (B)
Lucky Cement	Cement Manufacturers	33.68%	0.00%	102.70%	0.00%	(52.47)	58.53
Meezan Bank	Islamic Banking	0.00%	0.00%	3.49%	0.00%	6.09	11.00
National Refinery	Refines crude oil to petroleum products	0.70%	0.55%	29.93%	1.45%	24.06	220.02
OGDC	Exploration and Production of Oil & Gas	0.96%	1.03%	62.10%	5.51%	2.48	78.64
Packages Limited	Manufacturers of Paper & Board	44.08%	0.12%	52.02%	2.61%	(2.32)	157.04
Pakistan Oilfields	Exploration and Production of Oil & Gas	0.00%	4.55%	55.96%	0.35%	28.44	145.90
Pakistan Petroleum	Exploration and Production of Oil & Gas	0.16%	4.00%	41.03%	0.00%	26.69	189.54
Pakistan State Oil	Distribution of Oil & Gas	18.70%	0.01%	30.20%	0.00%	(155.22)	213.65
Pakistan Telecom	Telecom	0.83%	1.99%	71.11%	0.00%	(0.09)	17.24
Thal Limited	Manufacturers of Jute bags & ACS & Wire Harness of Cars	26.24%	0.36%	83.75%	0.44%	(32.99)	77.45

In light of the above, we hereby certify that all the provisions of the Scheme and investments made on accounts of UCIF by UBL Funds are Shariah compliant and in accordance with the criteria established.

- ii. On the basis of information provided by the management all operations of UCIF for the year ended 30 June 2009 (including foreign investments) have been in compliance with the Shariah principles.
- iii. The Management Company has been directed to set aside as charity amount earned as interest from conventional banks. In addition, there are investments made by UCIF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income). In such cases, the Management Company has been directed to set aside a charity such proportion of the income from Investee companies in order to purify the earnings of the Fund.

During the year, an amount of Rs. 0.186 million has been recognized as charity.

May Allah give us strength to work in accordance with Quran and Sunnah and forgive our mistakes.


SHARIAH ADVISORY BOARD

KARACHI:
19 August 2009



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Chartered Accountants
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Karachi 75530 Pakistan

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INDEPENDENT ASSURANCE PROVIDER'S REPORT ON SHARIAH COMPLIANCE TO THE UNIT HOLDERS

We have performed our independent assurance engagement of **United Composite Islamic Fund** ("the Fund") to assess the Fund's compliance with the Shariah guidelines prescribed by the Shariah Advisor in accordance with clause 5.2 (a) of the Trust Deed dated 11 September 2006 of the United Composite Islamic Fund for the year ended 30 June 2009.

Management Company's responsibility

Management Company of the Fund is responsible for the appointment of the Shariah Advisor of the Fund and for compliance with the Shariah guidelines prescribed by the Shariah Advisor. This responsibility includes: designing, implementing and maintaining internal controls to ensure compliance with the Shariah guidelines issued by the Shariah Advisor in accordance with clause 5.2(a) of the Trust Deed of the Fund dated 11 September 2006.

Responsibility of Independent assurance providers

Our responsibility is to express our conclusion of the compliance based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagements (ISAE 3000) ' Assurance Engagements Other than Audits or Reviews of Historical Financial Information' . This standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance whether the Fund has complied with the guidelines issued by the Shariah Advisor.

The procedures selected depend on our judgment, including the assessment of the risk of material non-compliances with the Shariah guidelines, In making those risk assessments. We have considered internal controls relevant to the entity's compliance with the guidelines in order to design our procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the guidelines. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

Conclusion

In our opinion, the Fund was, in all material respects, in compliance with the Shariah guidelines issued by the Shariah Advisor, in accordance with clauses 5.2 (a) of the Trust Deed of the Fund dated 11 September 2006 for the year ended 30 June 2009.

Karachi
Dated: 21 August 2009

KPMG Taseer Hadi & Co.
KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **United Composite Islamic Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2009, and the income statement, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2009, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2007 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Karachi
Dated: 21 August 2009

KPMG Taseer Hadi & Co.
KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
MAZHAR SALEEM

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STATEMENT OF ASSETS AND LIABILITIES


AS AT 30 JUNE 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in '000)
Assets			
Bank balances	5	15,623	227,489
Investments	6	765,605	967,404
Syndicated loan musharaka	7	25,000	25,000
Deposits and incomes receivable	8	20,524	12,447
Preliminary expenses	9	1,865	2,617
Dividend receivable		2,880	3,990
Receivable against sale of investments	10	14,214	9,619
Total assets		845,711	1,248,566
Liabilities			
Payable on redemption of units	11	20,834	26,792
Remuneration payable to the Management Company	12	207	1,504
Remuneration payable to the Trustee	13	138	183
Payable to Securities and Exchange Commission of Pakistan	14	798	1,131
Payable to the Shariah Advisory Board		-	82
Creditors and accrued expenses	15	876	417
Total liabilities		22,853	30,109
Net assets		822,858	1,218,457
Unit holders' funds (as per statement attached)		822,858	1,218,457
(Numbers)			
Number of units in issue	16.4	10,062,604	11,565,028
(Rupees)			
Net assets value per unit		81.77	105.36

The annexed notes from 1 to 29 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)


MIR MUHAMMAD ALI, CFA
CHIEF EXECUTIVE


SAEED IQBAL
DIRECTOR


INCOME STATEMENT


FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 (Rupees in '000)	2008 (Rupees in '000)
Income			
Financial income	18	49,013	40,229
Element of income included in prices of units issued less those in units redeemed - net		31,424	20,675
Capital (loss) / gain on sale of securities-net	19	(127,257)	74,031
Dividend income		25,096	30,177
Unrealised loss on revaluation of investments-net	20	(125,975)	(96,880)
Exchange gain / (loss) on foreign investment		10,756	(233)
Other income		175	8
Total income		(136,768)	68,007
Expenses			
Remuneration to the Management Company	12	26,074	33,922
Remuneration to the Trustee	13	1,723	2,129
Annual fee to Securities and Exchange Commission of Pakistan	14	798	1,131
Remuneration to the Shariah Advisory Board		-	1,003
Impairment loss on available-for-sale debt securities		12,075	-
Brokerage expenses		1,325	5,040
Auditors' remuneration	21	442	360
Financial charges		501	1,066
Charity expenses	15.1	187	506
Capital value tax and settlement charges		79	364
Amortisation of preliminary expenses		752	754
Listing fee		50	25
Legal and professional charges		135	125
Printing expenses		515	-
Other expenses		51	-
Total operating expenses		44,707	46,425
Net (loss) / income for the year		(181,475)	21,582

The annexed notes from 1 to 29 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)


MIR MUHAMMAD ALI, CFA
CHIEF EXECUTIVE



SAEED IQBAL
DIRECTOR


DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	2009 (Rupees in '000)	2008 (Rupees in '000)
Undistributed income at beginning of the year (realised)	119,128	87,418
Accumulated loss at beginning of the year (un-realised)	(59,659)	37,454
	<u>59,469</u>	<u>124,872</u>
Final Distribution for the year ended 30 June 2008 at the rate of 5.13 units per 100 units (2007: bonus dividend at the rate of 9.90 units per 100 units)		
- Cash dividend	(19,774)	-
- Bonus units	(39,670)	86,985
	(59,444)	(86,985)
Net income for the year	(181,475)	21,582
(Deficit) / surplus undistributed income at end of the year	<u>(181,450)</u>	<u>59,469</u>
Undistributed income at end of the year (realised)	5,503	119,128
Accumulated loss at end of the year (un-realised)	(186,953)	(59,659)
	<u>(181,450)</u>	<u>59,469</u>

For UBL Fund Managers Limited
(Management Company)


MIR MUHAMMAD ALI, CFA
CHIEF EXECUTIVE


SAEED IQBAL
DIRECTOR

STATEMENT OF MOVEMENT IN UNIT HOLDERS ' FUND

FOR THE YEAR ENDED 30 JUNE 2009


	2009 (Rupees in '000)	2008 (Rupees in '000)
Net assets at beginning of the year	1,218,457	965,305
Net assets value Rs. 105.36 per unit (2008: Rs. 114.86)		
Cash received on issuance of 2,149,007 units* (2008 : 14,063,571 units)	233,498	1,462,957
Cash paid / payable on redemption of 3,651,431 units (2008: 10,902,849 units)	(391,984)	(1,213,200)
	(158,486)	249,757
	<u>1,059,971</u>	<u>1,215,062</u>
Element of income included in prices of units issued less those in units redeemed - net	(31,424)	(20,675)
(Deficit) / surplus on revaluation of available-for-sale investments (recognised directly in net assets)	(1,952)	2,488
Surplus on revaluation of available-for-sale investments transferred to income statement on impairment	(111)	-
Surplus on revaluation of available-for-sale investments transferred to income statement on disposal	(2,377)	-
Net (loss) / income for the year	(181,475)	21,582
Total recognised (loss) / income for the year	(185,915)	24,070
Final cash distribution for the year ended 30 June 2008	(19,774)	-
Net assets at end of the year	<u>822,858</u>	<u>1,218,457</u>
Net assets value Rs. 81.77 per unit (2008: Rs. 105.36 per unit)		


* This includes 395,831(30 June 2008: 832,309) units issued as bonus units.

As at 30 June 2009, deficit on revaluation of Available-for-sale investments amounted to Rs. 1.952 million
(30 June 2008: Rs. 2.488 million)

The annexed notes from 1 to 29 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)


MIR MUHAMMAD ALI, CFA
CHIEF EXECUTIVE


SAEED IQBAL
DIRECTOR


CASH FLOW STATEMENT


FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/income for the year	(181,475)	21,582
Adjustments for:		
Amortisation of preliminary expenses	752	754
Impairment in debt securities	12,075	-
Element of income included in prices of units issued less those in units redeemed - net	(31,424)	(20,675)
Exchange gain/ (loss) on foreign investment	(10,756)	233
Unrealised loss on revaluation of investments-net	125,975	96,880
	96,622	77,192
Net cash flows from operations before working capital changes	(84,853)	98,774
Working capital changes		
Decrease / (increase) in assets		
Investments	70,065	(377,064)
Deposits and income receivable	(8,077)	(10,732)
Dividend receivable	1,110	(2,335)
Unrealised gain on revaluation of future contracts	-	1,787
Receivable against sale of investments	(4,595)	38,250
	58,503	(350,094)
(Decrease) / increase in liabilities		
Payable on redemption of units	(5,958)	26,764
Remuneration payable to the Management Company	(1,297)	347
Remuneration payable to the Trustee	(45)	31
Payable to Securities and Exchange Commission of Pakistan	(333)	760
Payable to the Shariah Advisory Board	(82)	(1)
Creditors and accrued expenses	459	(896)
	(7,256)	27,005
Net cash flows from operating activities	(33,606)	(224,315)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	233,498	1,462,957
Payments against redemption of units	(391,984)	(1,213,200)
Cash Dividend paid	(19,774)	-
Net cash flows from financing activities	(178,260)	249,757
Net increase in cash and cash equivalents	(211,866)	25,442
Cash and cash equivalents at beginning of the year	227,489	202,047
Cash and cash equivalents at end of the year	15,623	227,489

The annexed notes from 1 to 29 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)


MIR MUHAMMAD ALI, CFA
CHIEF EXECUTIVE


SAEED IQBAL
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

United Composite Islamic Fund (the "Fund") was established under Trust Deed executed between UBL Funds Managers Limited, (wholly owned subsidiary of United Bank Limited) as its Management Company and Central Depository Company of Pakistan Limited, as its Trustee. The Trust Deed was executed on 11 September 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 16 November 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 8th Floor, State Life Building No. 1, I.I. Chundrigar Road, Karachi, Pakistan. The Fund commenced its operations from 16 November 2006.

The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003.

The Fund is an open ended Mutual Fund and is listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The policy of the Fund is to make investments only in designated authorised investments approved by Shariah Advisory Board and shall thus offer Shariah Compliant returns to the investors.

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

2. BASIS OF PRESENTATION

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, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2007 (amended by Securities and Exchange Commission of Pakistan through SRO No. 1203(I)/2008 dated 21 November 2008 and herein-after referred to as "NBFC Regulations 2008"). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the Trust Deed, Non Banking Finance Companies (Establishment & Regulations) Rules, 2003 & Non Banking Finance Companies Regulation, 2008 shall prevail.

2.2 Initial application of a standard or an interpretation

The following standards, amendments and interpretations become effective during the current year

IFRS 7 - Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 - Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 - Financial Instruments: Disclosure and Presentation. The application of the standard did not have any impact on the Fund's financial statements other than increase in disclosures.

IAS 29 - Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Fund does not have any operations in Hyperinflationary Economies and therefore the application of the standard did not have any effect on the Fund's financial statements.

IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 did not have any effect on the Fund's financial statements.

IFRIC 14 IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset. The interpretation has no effect on Fund's financial statements for the year ended 30 June 2009.

Standards, Interpretations and Amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than increase in disclosures in certain cases:

Revised IAS 1 - 'Presentation of financial statements' (effective for annual periods beginning on or after 1 January 2009)

Revised IAS 23 - 'Borrowing costs' (effective for annual periods beginning on or after 1 January 2009)

IAS 27 - 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 January 2009)

Amended IAS 27 - 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009)

Amendment to IAS 32 - 'Financial Instruments: Presentation and IAS 1' Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009) - Puttable Financial Instruments and Obligations Arising on Liquidation.

Amendments to IAS 39 and IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009).

The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvement project. The effective dates for these amendments vary by standard and most will be applicable to the Fund's for the year ending 30 June 2010 financial statements.

Amendments to IAS 39 - 'Financial Instruments: Recognition and measurement' - Eligible hedged items (effective for annual periods beginning on or after 1 July 2009).

Amendment to IFRS 2 - 'Share-based Payment' - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009).

Amendment to IFRS 2 - 'Share-based Payments' - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010).

Revised IFRS 3 - 'Business Combinations' (applicable for annual periods beginning on or after 1 July 2009)

IFRS 4 - 'Insurance Contracts' (effective for annual periods beginning on or after 1 January 2009)

Amendment to IFRS 7 - 'Improving disclosures about Financial Instruments' (effective for annual periods beginning on or after 1 January 2009)

IFRS 8 - 'Operating segments' (effective for annual periods beginning on or after 1 January 2009) introduces the "management approach" to segment reporting

IFRIC 15 - 'Agreement for Construction of Real Estate' (effective for annual periods beginning on or after 1 October 2009)

IFRIC 16 - 'Hedge of Net Investment in a Foreign Operation' (effective for annual periods beginning on or after 1 October 2008)

IFRIC-17 - 'Distributions of Non-cash Assets to Owners' (effective annual periods beginning on or after 1 July 2009)

IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009)

3. BASIS OF PREPARATION

3.1 These financial statements have been prepared under the historical cost convention, except that investments 'At Fair value through Profit & Loss' and 'Available-for-Sale' are measured at fair values and derivative financial instruments (if any) have been marked to market and are carried at their fair values.

3.2 These financial statements are presented in Pakistan Rupees, which is also the functional currency of the Fund and have been rounded to the nearest thousand rupees unless otherwise specifically mentioned.

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Investment stated at fair value

Management has determined fair values of certain investments by using quotations from active markets. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgment (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Impairment of investment

The Fund determines that investments are impaired in accordance with the provisioning guidelines prescribed by the Securities and Exchange Commission of Pakistan and the provisioning criteria approved by the Board of Directors of the Management Company (Refer note no. 4.12). Actual results may differ and the difference could be material.

Other assets

Judgment is also involved in assessing the realisability of the assets' balances.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Investments

All investments are initially recognised at cost, being the fair value of the consideration given including the transaction costs associated with the investment, except in case of financial assets at fair value through profit or loss, in which case the transaction costs are charged off to the income statement.

4.1.1 The Fund classifies its investments in the following categories:

Financial asset at fair value through profit or loss upon initial recognition

Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on fair value basis, in accordance with the documented risk management / investment strategy.

After initial recognition, the investments in equity shares are remeasured at fair value determined with reference to the year-end rates on the stock exchange, the investment in debt instruments are remeasured at the fair values determined with reference to the rates quoted by the Mutual Funds Association of Pakistan (MUFAP) and investment in units of mutual funds remeasured at their respective NAVs. Gains or losses on re-measurement of these investments are recognised in income statement.

Available-for-sale

Investments which do not fall under the above categories are classified as available-for-sale. After initial recognition, investments classified as available-for-sale are remeasured at fair value, determined with reference to the year-end quoted rates. Gains or losses on remeasurement of these investments are recognised directly in the unit holders' funds until the investment is sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in unit holders' funds is included in income statement.

4.1.2 Basis of valuation of debt securities

a) Basis of valuation of Sukuk certificates

The SECP vide its circular no. 1/2009 dated 06 January, 2009 has changed the methodology for valuation of debt securities. Under the said directive, investment in Sukuk Certificates have to be valued on the basis of rates quoted by the Mutual Fund Association of Pakistan (MUFAP). Accordingly, investment in Sukuk Certificates have been valued at the rates determined and announced by MUFAP based on the methodology prescribed in that circular. The said circular has provided discretion to the asset management company to apply the mark up/ mark down (within the available limits as prescribed in that circular) to the non traded debt securities for their valuation. Application of discretionary mark up/ mark down shall be approved by the investment Committee (with proper written justification) and shall be reported on the same day to the Board of Directors (of AMC), MUFAP, SECP and the Trustees. The decision in relation to application of the discretionary mark up/ mark down shall be ratified by the Board of the AMC in the next meeting. Accordingly, the Fund has valued the non traded debt securities by applying the discretion which has been approved by the Board.

Prior to the issuance of the said directive investments in Sukuk Certificates were valued as follows:

- (i) With effect from 05 November, 2008 to January 9, 2009, at the lower of discounted redeemable face value of TFCs and sukuk certificates and the market value as determined using the rates notified by MUFAP in accordance with the SECP circular no. 26/2008 dated 05 November 2008.
- (ii) Prior to 05 November, 2008, at the rates notified by MUFAP in accordance with the requirements of Regulation 2(1)(xvi) of the Non-Banking Finance Companies and Notified Entities Regulation, 2007. However where these rates were not so quoted by MUFAP, these were valued at the average of the rates quoted by certain brokers (unless the rates were not quoted by the brokers also, where these were valued at cost).

Had all the Sukuk Certificates been valued on the earlier basis of rates notified by MUFAP, net assets value of the Fund calculated during the year and as of 30 June 2009, would have been different and consequently the number of units issued / redeemed during the year as well as element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed recorded by the Fund would also have been different. These effects have not been quantified as it is impracticable to do so.

Provision against non-performing debt securities is made on accordance with the provisioning criteria prescribed by the Securities and Exchange Commission of Pakistan and the Fund's provisioning criteria discussed in detail in note no. 4.12 to these financial statements.

4.1.3 All regular way purchases and sales of investments are recognised on the trade date i.e. the date the Fund commits to purchase / sell the investments. Regular way of purchase and sale of investments require delivery of securities within two days after the transaction, as required by the Stock Exchange Regulations.

4.2 Derivative financial instruments

Derivative instruments held by the Fund generally comprise of future contracts in the capital markets. These are initially recognised at cost and are subsequently re-measured at their fair values. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contract. Derivatives with positive market values (un-realised gains) are included in other assets and derivatives with negative market values (un-realised losses) are included in other liabilities in the Statement of Assets and liabilities. The resultant gains and losses are included in the income statement currently.

Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by International Accounting Standard-39, Recognition and measurement of financial instruments (IAS - 39), consequently hedge accounting is not used by the Fund.

4.3 Preliminary expenses

Preliminary expenses represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years commencing from 24 December 2006 (also refer note 9 to these financial statements).

4.4 Issue and redemption of units

Units are allocated at the offer price prevalent on the day on which applications for the purchase of units are received (however units are issued on the receipt of cash / realisation of cheques). The offer price represents the net assets value per unit at the end of the day plus the allowable sales load. The sales load is payable to the Distribution Companies and the Management Company as processing fee.

Units redeemed are recorded at the redemption price prevalent on the day on which the units are redeemed. The redemption price represents the net assets value per unit at the end of the day. Redemption of units is recorded on acceptance of application for redemption.

4.5 Element of income / (loss) included in prices of units sold less those in units redeemed

An equalisation account called the "element of income / (loss) included in prices of units sold less those in units redeemed" is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. This is recognised in the Income Statement currently.

4.6 Net assets value per unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.7 Taxation

The Fund is exempt from taxation on income under clause 99 of Part I to the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its income excluding realised and unrealised capital gain for the year is distributed amongst the unit holders.

4.8 Revenue recognition

4.8.1 Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

4.8.2 Dividend income is recognised when the right to receive the dividend is established.

4.8.3 Unrealised gains / (losses) arising on revaluation of securities classified as 'at fair value through profit or loss' are included in income statement in the period in which they arise. Gains / (losses) arising on the revaluation of the derivative financial instruments to their fair values are taken to the income statement currently.

4.8.4 Element of income / (loss) included in prices of units issued and redeemed is included in the income statement on the date of issue and redemption of units.

4.8.5 Income on Sukuk investment certificates are recognised at rate of return implicit in the instrument on a time proportionate basis.

4.9 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income directly.

4.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.11 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including term deposits with banks (that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes).

4.12 Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. This objective evidence of impairment is determined in accordance with the provisioning criteria for non performing debt securities specified by the Securities and Exchange Commission of Pakistan (SECP) vide its Circular no. 1 of 2009 dated 06 January 2009 and the provisioning criteria / policy for non performing exposures approved by the Board of Directors of the Management Company in accordance with the requirements of SECP vide its Circular no. 13 of 2009 dated 4 May 2009. Amount of impairment is the higher of the amount determined under the above provisioning criterias.

The Fund's policy for provision against impaired debt securities essentially is the same as prescribed by the Securities and Exchange Commission of Pakistan (SECP) in its circular no. 1 of 2009. However provision in excess of the minimum requirements as prescribed by SECP can be made by the investment committee after considering the objective evidence of impairment.

In respect of the exposures other than those described by the said circular, it shall at minimum follow the time bands as determined by the Board of Directors of Management Company and as mentioned in the Fund's provisioning policy, further the investment committee shall also consider additional provisioning keeping in view the information available of the borrower.

In respect of other financial assets, at each balance sheet date an assessment is carried out to determine whether there is any objective evidence of impairment. The Financial assets are considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in the income statement currently.

4.13 Provision

A provision is recognised in the balance sheet when the Fund has a legal or constructive obligation as result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

4.14 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are recognised in the income statement.

4.15 Dividend distribution

Dividend distributions are recorded in the period in which these distributions are approved.

4.16 Other assets

Other assets are stated at cost less impairment losses, if any.

	Note	2009 (Rupees in '000)	2008
5. BANK BALANCES			
Cash at bank			
In local currency:			
- in profit and loss sharing bank accounts	5.1	14,806	224,915
- in current accounts	5.2	791	2,574
In foreign currency:			
- in current account		26	-
		<u>15,623</u>	<u>227,489</u>
5.1 Profit rates range between 6.26 % to 11.25 % per annum (2008: 5.45% to 10% per annum). This includes Rs. 0.5 million held with a related party, which carry profit at 11.25% per annum.			
5.2 This includes Rs.0.506 million (2008: Rs. 1.458 million) held with a related party.			
6. INVESTMENTS			
At fair value through profit or loss - upon initial recognition			
- Equity Securities	6.1	471,707	527,716
- Mutual Funds	6.2	58,542	114,874
- Debt securities - Sukuk Certificates	6.3	37,672	106,946
		<u>567,921</u>	<u>749,536</u>
Available-for-Sale			
- Debt securities - Sukuk Certificates	6.4	197,684	217,868
		<u>765,605</u>	<u>967,404</u>

6.1 Equity securities - at fair value through profit and loss-upon initial recognition

The details of investment in ordinary shares of Rs. 10 each are as follows:

Name of Security	As at 1 July 2008	Purchased/ Bonus received during the year (Number of shares)	Sold during the year	As at 30 June 2009	Carrying value as at 30 June 2009 (Rupees in '000)	Carrying value as at 30 June 2008	Percentage in relation to		
							net assets of the fund	total investment	issued capital of investee company
JUTE									
Thal Limited (Ordinary Shares of Rs. 5 each)	100,000	218,000	-	318,000	24,629	19,602	2.99%	3.22%	1.49%
CEMENT									
Fauji Cement Company Limited	572,500	-	572,500	-	-	5,794	-	-	-
Attock Cement Company Limited	193,800	-	-	193,800	13,609	14,948	1.65%	1.78%	0.27%
Lucky Cement	-	500,000	25,000	475,000	27,802	-	3.38%	3.63%	0.15%
					41,411	20,742			
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	250,000	960,000	350,000	860,000	23,297	7,150	2.83%	3.04%	0.07%
OIL & GAS MARKETING COMPANIES									
Pakistan State Oil Company Limited	143,500	215,000	300,000	58,500	12,499	59,874	1.52%	1.63%	0.03%
OIL & GAS EXPLORATION COMPANIES									
Pakistan Oilfields Limited	50,000	375,000	-	425,000	62,008	18,242	7.54%	8.10%	0.18%
Pakistan Petroleum Limited	205,000	125,000	80,000	250,000	47,385	50,428	5.76%	6.19%	0.03%
* Oil & Gas Development Company Limited	300,000	925,000	290,000	935,000	73,528	37,308	8.94%	9.60%	0.02%
					182,921	105,978			
REFINERY									
National Refinery Limited	38,000	54,100	63,000	29,100	6,403	11,304	0.78%	0.84%	0.04%
Attock Refinery Limited	-	47,500	-	47,500	5,928	-	0.72%	0.77%	0.06%
					12,331	11,304			
AUTOMOBILE ASSEMBLER									
Pak Suzuki Motors Company Limited	32,800	-	32,800	-	-	3,929	-	-	-
CABLE & ELECTRICAL GOODS									
Pakistan Cables Limited	35,700	16,657	52,357	-	-	4,356	-	-	-
TECHNOLOGY & COMMUNICATION									
* Pakistan Tele Communication Company Limited	805,000	1,195,000	-	2,000,000	34,480	31,105	4.19%	4.50%	0.05%
FERTILIZER									
* Fauji Fertilizer Company Limited	140,000	405,000	325,000	220,000	19,129	18,525	2.32%	2.50%	0.03%
Fauji Fertilizer Bin Qasim Limited	1,765,000	-	1,765,000	-	-	63,487	-	-	-
Engro Chemical Pakistan Limited	108,300	253,400	-	361,700	46,453	30,412	5.65%	6.07%	0.12%
Engro Chemical Pakistan Limited (right allotment letters)	-	63,320	63,320	-	-	-	-	-	-
Dawood Hercules Chemicals Limited	-	132,700	-	132,700	17,053	-	2.07%	2.23%	0.12%
					82,635	112,424			
CHEMICALS									
ICI Pakistan Limited	200,000	282,900	482,900	-	-	32,274	-	-	-
BOC Pakistan	28,900	-	-	28,900	3,324	6,317	0.40%	0.43%	0.12%
					3,324	38,591			
PAPER & BOARD									
Cherat Cement Company Limited	100,000	25,000	-	125,000	4,519	12,664	0.55%	0.59%	1.36%
Packages Limited	164,950	-	-	164,950	25,904	41,549	3.15%	3.38%	0.20%
					30,423	54,213			
GLASS & CERAMICS									
Ghani Glass Limited	91,275	4,563	10,000	85,838	4,893	10,301	0.59%	0.64%	0.10%
BANKS									
Meezan Bank Limited	1,579,100	135,802	-	1,714,902	18,864	48,147	2.29%	2.46%	0.26%
Meezan Bank Limited (right allotment letters)	-	600,216	600,216	-	-	-	-	-	-
					18,864	48,147			
					471,707	527,716			

* This includes 100,000 shares each pledged with the National Clearing Company of Pakistan Limited against the exposure margin and the mark to market losses.

6.1.1 The cost of above investments as at 30 June 2009 amounted to Rs. 614.517 million (30 June 2008:Rs. 586.393 million).

6.2 Mutual Funds - at fair value through profit and loss-upon initial recognition

The details of investment in units of mutual funds are as follows:

Name of Security	As at 1 July 2008	Purchased/ Bonus received during the year (Number of shares)	Sold during the year	As at 30 June 2009	Carrying value as at 30 June 2009 (Rupees in '000)	Carrying value as at 30 June 2008	Percentage in relation to	
							net assets of the fund	total investment
Mutual Fund - Domestic								
United Islamic Income Fund	-	9,765	9,765	-	-	-	-	-
Mutual Fund - Foreign								
HSBC-Amanah Asia Pacific PLC Equity Class A	4,278	675	4,953	-	-	33,690	-	-
HSBC-Amanah Investment FDS SPCGCC Ex-Saudi Equity Segregated Portfolio	6.2.2	35,911	7,636	-	43,547	24,876	38,578	3.02% 3.25%
HSBC-Amanah Funds Global Equity Index Fund A	6.2.3	21,144	-	-	21,144	8,569	9,438	1.04% 1.12%
HSBC Amanah Investment FDS PLCPAN-European Equity		550	-	550	-	-	4,586	- -
HSBC Global Emerging Markets Fund	6.2.4	40,651	-	-	40,651	21,060	28,815	2.56% 2.75%
HSBC Amanah Investment FDS SPCHSBC Amanah Saudi Equity SP	6.2.5	-	6,714	-	6,714	4,037	-	0.49% 0.53%
Foreign Exchange Loss								
					-	(233)		
					58,542	114,874		

6.2.1 The cost of above investments as at 30 June 2009 amounted to Rs. 90.209 million (30 June 2008: Rs. 115.861 million).

6.2.2 This is an open-end investment fund incorporated in the Cayman Islands. The Fund's objective is to provide consistent above average capital growth over the medium to long term from investment in listed equities in Bahrain, Kuwait, Qatar, Oman and the United Arab Emirates, excluding the Kingdom of Saudi Arabia in accordance with Islamic Investment guidelines. Each of these units has a par value of \$ 10 each.

6.2.3 This is an open-end investment fund incorporated in the Luxembourg. The Fund's objective is to track the performance of an equity market index representative of the top 100 global Islamic-compliant companies in accordance with Islamic Investment guidelines. Each of these units has a par value of \$ 10 each.

6.2.4 This is an open-end investment fund incorporated in the Saudi Arabia in accordance with Islamic Investment guidelines. Each of these units has a par value of \$ 10 each.

6.2.5 This is an open-end investment fund incorporated in the Cayman Islands. The Fund's objective is to provide consistent above average capital growth over the medium to long term from investment in the Kingdom of Saudi Arabia in accordance with Islamic Investment guidelines. Each of these units has a par value of \$ 10 each.

6.2.6 Above investments have been made under permissions from the Securities and Exchange Commission of Pakistan (SECP) through their letter reference NBFC-II/JD I/JBLFM/290 dated 18 April 2008 and the State Bank of Pakistan (SBP) through their letter reference EPD/INT/C-1235/12(213) 2007 dated 23 February 2007. SBP in its letter has restricted such investment up to a maximum limit of 7.5 million US Dollars for the first six months period from the date of the above mentioned letter to be revised on semi annual basis. The above letter from SBP further states that the funds invested abroad for the purposes of diversification of their asset / classes / portfolio should not exceed 30% of the aggregate funds mobilised.

6.3 Debt instruments - Sukuk certificates - at fair value through profit and loss-upon initial recognition

The details of investment in Sukuk certificates of Rs. 5,000 each are as follows:

Name of Security	As at 1 July 2008	Purchased during the year	Sold / matured during the year	As at 30 June 2009	Carrying value as at 30 June 2009	Carrying value as at 30 June 2008	Percentage in relation to			Credit rating	
							net assets of the fund	total investment	issued amount of security		
		------(Number of shares)-----			(Rupees in '000)						
Leasing companies / Modaraba Orix Leasing Pakistan Limited	12,000	-	12,000	-	-	60,000	-	-	-		
Energy Sitara Energy	6.3.2 11,084	-	-	11,084	<u>37,672</u>	<u>46,946</u>	4.58%	4.92%	0.01%	A+	
					<u>37,672</u>	<u>106,946</u>					

6.3.1 The cost of above investments as at 30 June 2009 amounted to Rs. 38.075 million (30 June 2008:Rs. 106.946 million).

6.3.2 These Sukuk certificates carry mark-up equal to the base rate of 1.95% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi annually in arrears with no floor or cap and will mature in July 2012. The principal is redeemable in ten equal semi-annual installments basis commencing from the 6th month from the issue date. These certificates are secured against First charge over present & future fixed assets of the company with 25% security margin. At 30 June 2009, profit at 17.46% per annum was due on the above Sukuk certificates.

6.4 Debt instruments - Sukuk certificates - Available-for-Sale

The details of investment in Sukuk certificates of Rs. 5,000 each are as follows:

Name of Security	As at 1 July 2008	Purchased during the year	Sold / matured during the year	As at 30 June 2009	Carrying value as at 30 June 2009	Carrying value as at 30 June 2008	Percentage in relation to			Credit rating	
							net assets of the fund	total investment	issued amount of security		
		------(Number of shares)-----			(Rupees in '000)						
Leasing companies / Modaraba Orix Leasing Pakistan Limited	6.4.1 -	5,000	-	5,000	24,575	-	2.99%	3.21%	4.47%	AA	
Chemicals Engro Chemicals Pakistan Limited	6.4.2 16,500	10,000	16,500	10,000	49,130	84,290	4.03%	6.42%	2.46%	AA	
Paper & Board Century Paper & Boards Mills Limited	6.4.3 3,000	15,000	10,000	8,000	39,020	15,297	3.20%	5.10%	1.11%	AA-	
Cement Kohat Cement Company Limited	6.4.4 10,000	-	-	10,000	36,225	48,411	2.97%	4.73%	1.45%	Non Investment grade	
Maple Leaf Cement	10,000	-	10,000	-	-	50,290	-	-	-		
Energy Sitara Energy	6.4.5 3,916	-	-	3,916	13,310	19,580	1.09%	1.74%	0.002%	A+	
Housing Eden Builders (Private) Limited	6.4.6 -	1,200	-	1,200	6,009	-	0.49%	0.78%	0.30%	A	
Engineering Karachi Shipyard & Engineering Works	6.4.7 -	6,000	-	6,000	<u>29,415</u>	-	2.41%	3.84%	1.55%	Government guaranteed	
					<u>197,684</u>	<u>217,868</u>					

6.4.1 These Sukuk certificates carry mark-up equal to the base rate of 1.25% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and will mature in June 2012. The principal is redeemable after a grace period of 24 months in semi-annual basis commencing from the 30th month from the issue date. These certificates are secured against first charge over specific leased assets and associated lease receivables with 25% security margin. At 30 June 2009, profit at 16.95% per annum was due on the above Sukuk certificates.

6.4.2 These Sukuk certificates carry mark-up equal to the base rate of 1.50% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and will mature in September 2015. The principal is redeemable in up to two consecutive, equal semi-annual installments, the first such installment falling due on the 90th month from the date of first contribution under the facility. These certificates are secured against ranking charge over all present and future fixed assets with 20% security margin, to be upgraded with 90 days from the date of issue to first ranking pari passu over all present and future fixed assets of the company. At 30 June 2009, profit at 14.04% per annum was due on the above Sukuk certificates.

6.4.3 These Sukuk certificates carry mark-up equal to the base rate of 1.35% plus 6 months Karachi Inter Bank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and will mature in September 2014. The principal is redeemable in ten stepped up semi-annual installments, commencing from the 30th month from the date of first disbursement. These certificates are secured against pari-passu hypothecation charge (excluding land and building) on the company's present and future fixed assets. At 30 June 2009, profit at 13.82% per annum was due on the above Sukuk certificates.

6.4.4 These Sukuk certificates carry mark-up equal to the base rate of 1.8% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and will mature in June 2013. The principal is redeemable in ten semi-annual installments. These certificates are secured against first ranking Hypothecation charge over all present and future fixed assets of the company equivalent to the facility amount along with 25% margin and First ranking mortgage over all present and future immovable properties of the company with a 25% margin over the facility amount.

As of 30th June 2009, profit of Rs. 3.909 million which was accrued on the above sukuk certificate was received subsequent to the year end. As of the year end, no profit was accrued by the Fund on these Sukuk certificates. During the year, the Fund entered into financial restructuring agreement with the sukuk investors, under which the remaining principal will be redeemed in semi annual installments starting from 20 December 2009. The profit will be paid in semi annually basis as per the original terms. As the collateral is held by a number of participants hence it is impracticable to determine its fair value.

6.4.5 These Sukuk certificates carry mark-up equal to the base rate of 1.95% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi annually in arrears with no floor or cap and will mature in July 2012. The principal is redeemable in ten equal semi-annual installments basis commencing from the 6th month from the issue date. These certificates are secured against First charge over present & future fixed assets of the company with 25% security margin. At 30 June 2009, profit at 17.46% per annum was due on the above Sukuk certificates.

6.4.6 These Sukuk certificates carry mark-up equal to the base rate of 2% plus 3 months Karachi Interbank Offer Rate per annum, receivable quarterly in arrears with no floor or cap and will mature in March 2014. The principal is redeemable in 16 equal quarterly installments basis commencing from the 24th month from the issue date. These certificates are secured against specific and exclusive charge in favor of sukuk trustee / delegate trustee on an approximately 300 kanals of land procured for already launched Eden Value Homes. At 30 June 2009, profit at 15.71% per annum was due on the above Sukuk certificates.

6.4.7 These Sukuk certificates carry mark-up equal to the base rate of 0.4% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and will mature in August 2015. The principal is redeemable in ten equal semi-annual installments basis commencing from the 48th month from the issue date. These certificates are secured against charge over all present & future assets of Karachi Shipyard & Engineering Works with margin of 25% and irrevocable and unconditional government of Pakistan Sovereign Guarantee covering each semi annual principal and profit payment under the is 15.12% per annum was due on the above Sukuk certificates.

7. Syndicated Loan Musharaka

		30 June 2009	30 June 2008	Credit Rating
		(Rupees in '000)		
Ittehad Chemicals Limited	7.1	<u>25,000</u>	<u>25,000</u>	A-

7.1 This Syndicated loan carries mark-up equal to the base rate of 2% plus 6 months Karachi Interbank Offer Rate per annum, receivable semi-annually in arrears with no floor or cap and will mature in August 2013. The principal is redeemable on semi-annual basis commencing from the 24th month from the issue date. This Syndicated loan is secured against ranking charge which will be converted into first pari-passu charge (within 90 days from the first drawn date) over plant and machinery of the company with 25% security margin. At 30 June 2009, profit at 16.07% per annum was due on the above Syndicated Loan Musharaka.

	2009 (Rupees in '000)	2008
8. DEPOSITS AND INCOME RECEIVABLES		
Income receivable on:		
- bank deposit accounts	2,581	747
- Sukuk Certificates	13,772	7,998
- Syndicated Loan Musharaka	1,562	1,093
Security deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Security deposit with Central Depository Company Limited	100	100
Other receivables	9	9
	<u>20,524</u>	<u>12,447</u>

	2009	2008
9. PRELIMINARY EXPENSES		
Preliminary expenses - unamortised	2,617	3,371
Amortisation during the year	(752)	(754)
Balance as at 30 June	<u>1,865</u>	<u>2,617</u>

Preliminary expenses represent expenditure incurred for the constitution and launch of the Fund. As stated in note 4.3 to these financial statements, these expenses are being amortised over a period of five years commencing from 24 December 2006. As per the Trust Deed approved by the Securities and Exchange Commission of Pakistan, the preliminary expenses shall be amortised after the commencement of the Initial Public Offer period.

	2009	2008
10. RECEIVABLE AGAINST SALE OF INVESTMENTS		
This represents the amount receivable for the securities sold in the ready stock market. The amount was received subsequent to the year end.		

	2009	2008
11. PAYABLE ON REDEMPTION OF UNITS		
This represents the amount payable on redemption of units. The amount was paid subsequent to the year end.		

	2009	2008
12. REMUNERATION TO THE MANAGEMENT COMPANY		
The Management Company shall be entitled to be paid monthly in arrears, accrued remuneration duly verified by the trustee during the first five years of collective investment scheme's existence, of an amount not exceeding three percent of the average annual net assets of the collective investment scheme and thereafter of an amount equal to two per cent of such assets or such other amount as may be specified by the Commission from time to time. Provided that an asset management company may charge performance based or fixed fee or the combination of both as per the guidelines issued by the Commission from time to time. The remuneration has been calculated at the rate of 3% of the average daily net assets of the Fund.		

	2009	2008
13. REMUNERATION TO THE TRUSTEE		
The trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the higher of 0.7 million or 0.2% per annum on amount up to Rs. 1 billion of average daily net assets of the Fund and at Rs. 2 million plus 0.1% per annum on amount exceeding Rs. 1 billion of average daily net assets of the Fund. The remuneration has been calculated at the rate of Rs. 2 million plus 0.1% per annum on the amount exceeding Rs. 1 billion of average daily net assets of the Fund.		

	2009	2008
14. ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP an amount as follows:		
Upto 20 November 2008		
- at the rate of one tenth of one percent of the average daily net assets of the fund in accordance with regulation 71 of NBFC regulations 2007		

From 21 November 2008 onwards

- at the rate of 0.085 percent of the average daily net assets of the fund in accordance with regulation 62 of NBFC regulations 2008.

	2009 (Rupees in '000)	2008
15. CREDITORS AND ACCRUED EXPENSES		
Sales load payable to the Management Company	15	-
Auditors' remuneration	323	208
Charity payable	92	24
Financial charges payable	-	50
Others	446	135
	<u>876</u>	<u>417</u>

15.1 According to the instructions of the Shariah Advisory Board, any income earned by the Fund from investments whereby portion of the investment of such investee has been made in non shariah compliant avenues, such portion of the investment of the Fund from the investee should be donated for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 0.186 million (2008: Rs. 0.506 million) has been recognised as charity expense out of which Rs. 0.092 million (2008: Rs. 0.024 million) is payable at the year end.

16. NUMBER OF UNITS IN ISSUE

The units in issue as at 30 June in each class were as follows:

Class		2009	2008	2009	2008
		(Units)	(Units)	(Rupees in '000)	(Rupees in '000)
Restricted	16.1	2,500,000	2,500,000	250,000	250,000
A	16.2	7,562,604	9,065,028	756,260	906,503
Total		<u>10,062,604</u>	<u>11,565,028</u>	<u>1,006,260</u>	<u>1,156,503</u>

16.1 As at 30 June 2009, 2.5 million (2008 : 2.5 million) units of Rs 100 each were held by a related party. Restricted units were issued as initial subscription in the form of seed capital which was received by the Fund on 25 November 2006 with the restriction that these units shall not be redeemable or transferable for a period of two years i.e. upto 25 November 2008 from the date of such subscription. No such restriction is in place at 30 June 2009.

16.2 The par value of each unit is Rs 100. The management of the Fund has set a minimum investment size of Rs. 5,000.

16.3 All units carry equal rights and are entitled to dividend and share in the net asset value of the Fund.

16.4 PATTERN OF UNIT HOLDERS

Category	30 June 2009		
	Number of Unit holders	Units held	% of total units
Individuals	1,735	2,349,748	23.35%
Associated Companies	2	5,111,200	50.79%
Directors and Executives of the Management Company	5	10,647	0.11%
Insurance Companies	3	543,111	5.40%
Banks / Development Financial Institutions	1	232,558	2.31%
Retirement Funds	24	1,750,135	17.39%
Companies	5	11,476	0.11%
Others	5	53,729	0.53%
	<u>1,780</u>	<u>10,062,604</u>	<u>100.00%</u>

Category	30 June 2008		
	Number of		% of total units
	Unit holders	Units held	
Individuals	2,033	2,690,447	23.26%
Associated Companies	4	5,236,364	45.28%
Directors and Executives of the Management Company	5	14,065	0.12%
Insurance Companies	3	523,888	4.53%
Banks / Development Financial Institutions	4	698,497	6.04%
Retirement Funds	27	2,086,929	18.05%
Companies	4	10,864	0.02%
Others	8	303,974	2.70%
	<u>2,088</u>	<u>11,565,028</u>	<u>100.00%</u>

17. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of 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. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. No provision for tax has been made in these financial statements due to loss for the year.

18. FINANCIAL INCOME

Mark-up / Return on:

	2009	2008
	(Rupees in '000)	
- Bank deposit accounts	7,887	8,495
- Term deposits musharaka	448	-
- Syndicated Loan Musharaka	3,971	2,609
- Sukuk Certificates (available-for-sale)	29,915	16,431
- Sukuk Certificates (At fair value through profit or loss - upon initial recognition)	6,792	12,694
	<u>49,013</u>	<u>40,229</u>

19. CAPITAL (LOSS)/ GAIN ON SALE OF SECURITIES- NET

On

- Equity securities-net (At fair value through profit and loss upon initial recognition)	(112,033)	69,370
- Spread transactions (net difference between the purchase price of equity shares in the ready market and disposed in the future market)	-	3,819
- Sukuk certificates (available-for-sale)	(2,755)	800
- Sukuk certificates (At fair value through profit or loss - upon initial recognition)	40	-
- Mutual funds units (At fair value through profit and loss upon initial recognition)	19.1	42
	<u>(12,509)</u>	<u>74,031</u>
	<u>(127,257)</u>	<u>74,031</u>

19.1 This includes amount of Rs. 3,510 (2008: Rs. 42,000) earned on the redemption of units of a related party.

2009
(Rupees in '000)

2008

20. UNREALISED LOSS ON REVALUATION OF INVESTMENTS-NET

- Equity securities-net (At fair value through profit and loss upon initial recognition)	(84,135)	(96,126)
- Mutual funds units (At fair value through profit and loss upon initial recognition)	(41,437)	(754)
- Sukuk Certificates (At fair value through profit or loss - upon initial recognition)	(403)	-
	<u>(125,975)</u>	<u>(96,880)</u>

21. AUDITORS' REMUNERATION

Annual audit fee	125	125
Fee for the review of half yearly financial statements	75	75
Fee for the review of Code of Corporate Governance	25	25
Fee for the review of Shariah Compliance	75	75
Fee for other certifications	45	40
Out of pocket expenses	97	20
	<u>442</u>	<u>360</u>

22. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

22.1 Related party / connected persons comprise the following:

Related Party	Relationship
UBL Fund Managers Limited*	The Management Company of the Fund
Key Management Personnel	Directors and key management personnel of the Management Company
United Bank Limited	Holding Company of the Management Company
Central Depository Company of Pakistan Limited*	The Trustee of the Fund
United Growth & Income Fund (UGIF)	Fund managed by UBL Fund Managers Limited (the Management Company)
United Money Market Fund (UMMF)**	----- do -----
United Stock Advantage Fund (USF)	----- do -----
United Islamic Income Fund (UIIF)	----- do -----
UBL Capital Protected Fund - I (UCPF-I)	----- do -----
UBL Liquidity Plus Fund (ULPF)	----- do -----

* Remuneration payable to the management company and the trustee is determined in accordance with the provisions of Non Banking Finance Companies Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008 and the Trust Deed respectively. Other transactions with related parties / connected persons have been transacted at an agreed / commercial terms.

** The Fund was acquired by United Growth & Income Fund (UGIF) on 29 June 2009.

22.2 Details of transactions during the year and balances with related parties at the year end are as follows:

	2009 (Units in '000)	2008	2009 (Rupees in '000)	2008
Units sold to:				
Associated Undertakings				
-United Bank Limited	-	3,850	-	428,363
-UBL Fund Managers Limited	-	286	-	30,000
-UBL Fund Managers Limited Employees Provident Fund	10	2	1,000	236
-UBL Fund Managers Limited Employees Gratuity Fund	-	1	-	126
Related parties other than associated undertakings				
-Directors and executives of the management company	1	7	71	833
Units redeemed by:				
Associated Undertakings				
-United Bank Limited	243	4,353	19,895	484,494
-UBL Fund Managers Limited	-	390	-	43,899
-UBL Fund Managers Limited Employees Provident Fund	17	-	1,496	-
-UBL Fund Managers Limited Employees Gratuity Fund	2	-	209	-
Related parties other than associated undertakings				
-Directors and executives of the management company	12	112	1,031	11,982
Bonus Units distributed to:				
Associated Undertakings				
-United Bank Limited	127	516	12,745	53,962
-UBL Fund Managers Limited	-	9	-	986
-UBL Fund Managers Limited Employees Provident Fund	1	1	35	42
-UBL Fund Managers Limited Employees Gratuity Fund	1	1	12	10
Related parties other than associated undertakings				
-Directors and executives of the management company	1	11	100	1,122
Units held by:				
Associated Undertakings				
-United Bank Limited	5,111	5,227	418,017	550,742
-UBL Fund Managers Limited	-	-	-	-
-UBL Fund Managers Limited Employees Provident Fund	-	7	-	719
-UBL Fund Managers Limited Employees Gratuity Fund	-	2	-	242
Related parties other than associated undertakings				
-Directors and executives of the management company	5	14	461	1,482

22.3 Detail of balances with related parties at the year end are as follows:

Transactions with related parties		2009 (Rupees in '000)	2008 (Rupees in '000)
United Bank Limited (associated undertaking)			
- Bank charges		5	123
- Dividend paid		14,123	-
- Profit received		1,901	-
Management Company (associated undertaking)			
- Remuneration to the Management Company	12	26,074	33,922
Trustee (connected person)			
- Remuneration to the Trustee	13	1,723	2,129
United Islamic Income Fund (associated undertaking)			
- Units purchased (9,765 units, 2008: 244,834)	6.2	1,000	25,000
- Units redeemed (9,765 units, 2008: 244,834)	6.2	1,004	25,042
- Sukuk certificates sold		87,934	52,977
United Growth & Income Fund (associated undertaking)			
- Sukuk certificates purchased		51,751	-
Balances with related parties - unsecured			
United Bank Limited (associated undertaking)			
- Bank balances	5.1 & 5.2	1,006	1,458
- Profit receivable		2,428	-
Management Company (associated undertaking)			
- Remuneration payable to the Management Company	12	207	1,504
- Sales load payable to the Management Company		15	-
Trustee (connected person)			
- Remuneration payable to the Trustee	13	138	183
- Security deposit	8	100	100

23. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the internal controls set on different activities of the fund by the Board of Directors through specific directives and constitutive documents. These controls and limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks type and activities.

The policy of the Fund is to make investments only in designated authorised investments approved by Shariah Advisory Board and shall thus offer Shariah Compliant returns to the investors.

The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

23.1 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter party to fulfill their obligations. The risk is generally limited to principal amount and accrued interest thereon.

The Fund carries off its credit risk through the following criteria, controls and procedures:

- The Fund limits its exposure to credit risk by only investing in liquid debt securities that have at minimum an investment grade as rated by a credit rating agency approved by SECP. In the absence of issue rating, the Fund ensures that the entity has an investment grade as rated by a credit rating agency approved by SECP.
- Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk of default and transaction are settled or paid for only upon deliveries.
- The risk of counter party exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis.
- The Fund manages this risk by limiting exposure to a single entity to 15 % of NAV and to a single stock exchange sector to 30% of NAV (for details refer note 6.3 and 6.4 to the financial statements).
- The Fund's investment in foreign mutual funds is also subjected to the limits prescribed by the State Bank of Pakistan as disclosed in note 6.2.6 to these financial statements.

Cash is held only with reputable banks (including related party) with high quality external credit enhancement.

The maximum exposure to credit risk before any credit enhancements at 30 June is the carrying amount of the financial assets as set out below:

	30 June 2009		30 June 2008	
	Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure
	(Rupees in '000)			
Bank balances	15,623	15,623	227,489	227,489
Investments in mutual funds				
- At fair value through Profit and Loss-upon initial recognition	58,542	58,542	114,874	114,874
Investments in debt securities				
- At fair value through Profit and Loss-upon initial recognition	37,672	37,672	106,946	106,946
- Available-for-sale investments	197,684	168,269	217,868	217,868
Syndicated Loan Musharika	25,000	25,000	25,000	25,000
Dividend receivable	2,880	2,880	3,990	3,990
Deposits and income receivables	20,524	18,697	12,447	12,447
Receivable against sale of investments	14,214	14,214	9,619	9,619
	<u>372,139</u>	<u>340,897</u>	<u>718,233</u>	<u>718,233</u>

Differences in the balances as per the statement of assets & liabilities and maximum exposures were due to the fact that investments of Rs. 29.415 million (2008: Rs. Nil) and income receivable of Rs. 1.827 million (2008: Rs. Nil million) relates to investments in securities having irrevocable and unconditional sovereign Guarantee of Government of Pakistan which are not considered to carry any credit risk.

Details of collaterals (if any) and credit ratings of investments and musharika investments are given in note 6.3, 6.4 and 7 to these financial statements.

None of the Financial assets of the Fund are past due/ impaired except as disclosed in note 6.4.4 to these financial statements.

Concentration of credit risk

Concentration is the relative sensitivity of the Fund' s performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund' s portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Details of Fund's concentration of credit risk of the financial instruments by industrial distribution are given in the respective notes to the financial statements.

23.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund is exposed to daily cash redemptions of units held by the fund. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets in investments are not actively traded. Further, the Fund may under exceptional circumstances, with the approval of trustee, for meeting redemption request exceeding fifteen per cent or such other limit as specified by the Commission of the total net asset value of the fund may borrow. Amount borrowed shall be repayable within a period of ninety days. However no borrowings were made during the year.

In order to manage the Fund's overall liquidity, the Fund also has the ability to defer daily redemption requests on any one dealing day exceeding ten per cent of the total number of units in issue to the next dealing day as per the provisions of NBFC Regulations and such request would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. Further, the Fund also has the ability to suspend redemptions of units with the approval of Board of Directors of Management Company in extra ordinary circumstances as per NBFC Regulations. Furthermore, an interval of six working days between the receipt of a redemption request and issuance of payment instruments against it to the holder also provides a cushion in the repayment of on-demand redemption of units.

During the year, in compliance of Circular no. 23 of 2008 dated 7 October 2008 issued by the Securities and Exchange Commission of Pakistan (SECP), the pricing, issuance and redemption of units of the Fund remained suspended from 7 October 2008 to 16 December 2008, both days inclusive (as a Floor Mechanism on the market value of the securities based on the closing prices of securities prevailing as on 27 August 2008 was enforced in the stock exchanges of the country from 27 August to 14 December 2008). This suspension was made by all the assets management companies having direct exposure to the equity securities to protect the interest of unit holders and was removed on 17 December 2008 as per the above circular. However the Management Company of the Fund with the approval of its Board of Directors decided to continue the suspension from 18 December 2008 to 24 December 2008, both days inclusive, in accordance with the provisions contained in the Trust Deed and NBFC Regulation 2008 due to persistent inadequate trading volumes and lack of price recovery in the equity markets. The Fund recommenced the issue and redemption of units with effect from 26 December 2008.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amount in the table are contractual undiscounted cash flows:

On balance sheet financial liabilities	2009						Total
	No later than one month	No later than three month	No later than one year	No later than five years	Later than five years	No stated maturity	
	(Rupees in '000)						
Payable on redemption of units	20,834	-	-	-	-	-	20,834
Remuneration payable to the Management Company	207	-	-	-	-	-	207
Remuneration payable to the Trustee	138	-	-	-	-	-	138
Payable to Securities and Exchange Commission of Pakistan	-	798	-	-	-	-	798
Creditors and accrued expenses	107	769	-	-	-	-	876
Contractual cash outflows	21,286	1,567	-	-	-	-	22,853

On balance sheet financial liabilities	2008						Total
	No later than one month	No later than three month	No later than one year	No later than five years	Later than five years	No stated maturity	
	(Rupees in '000)						
Payable on redemption of units	26,792	-	-	-	-	-	26,792
Remuneration payable to the Management Company	1,504	-	-	-	-	-	1,504
Remuneration payable to the Trustee	183	-	-	-	-	-	183
Payable to Securities and Exchange Commission of Pakistan	-	1,131	-	-	-	-	1,131
Payable to the Shariah Advisory Board	82	-	-	-	-	-	82
Creditors and accrued expenses	74	343	-	-	-	-	417
Contractual cash outflows	28,635	1,474	-	-	-	-	30,109

Units of the Fund are redeemable on demand at the holder's option. However, unitholders typically retain them from medium to long term.

23.3 Market risk

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market interest rates, market price or the changes in the foreign exchange rates of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

23.3.1 Currency risk

Currency Risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Fund has investment in foreign mutual funds and is exposed to foreign exchange risk.

In accordance with the Fund's policy, the Fund Manager monitors the Fund's foreign exposure on a daily basis. Investment Committee monitors and reviews the investment performance and considers the investment position critically and Board of Directors reviews it on a quarterly basis.

The Fund' s total exposure to foreign exchange risk at 30 June were as follow:

	30 June 2009		30 June 2008	
	in Rupees	in USD	in Rupees	in USD
	(Amount in '000)			
Bank balances	26	1	-	-
Investment in Foreign Mutual Funds classified as 'At fair value through profit and loss'	58,542	721	114,874	1,687
	<u>58,568</u>	<u>722</u>	<u>114,874</u>	<u>1,687</u>

Sensitivity Analysis

A five percent strengthening of Pakistani Rupee against US Dollar would have increased the unitholder's fund and profit by Rs. 2.928 million (2008:Rs. 5.744 million). Weakening of Pakistani Rupees by the same percentage would have a vice versa impact. This analysis assumes that all other variable in particular interest rate remain constant. The analysis is performed on the same basis for the comparative year.

23.3.2 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

a) Sensitivity Analysis for variable rate instruments

The Fund holds floating rate debt securities and Syndicated musharaka which are linked with KIBOR and profit and loss sharing bank accounts, that expose the Fund to cash flow interest rate risk.

At 30 June 2009, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

Variable rate instruments	2009 (Rupees in '000)	2008
Bank balances	14,806	224,915
Investments in debt securities		
- At fair value through Profit and Loss-upon initial recognition	37,672	106,946
- Available-for-sale investments	197,684	217,868
Syndicated Loan Musharika	<u>25,000</u>	<u>25,000</u>
	<u>275,162</u>	<u>574,729</u>

An increase / decrease of 100 basis points in interest rates at the year end would have increased / decreased the unitholders' fund and profit by Rs. 1.190 million (2008: Rs. 0.853 million). The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the comparative year.

b) Sensitivity Analysis for fixed rate instruments

Presently, the Fund do not have investment in any fixed interest rate bearing securities.

The composition of the Fund's investment portfolio and KIBOR rates is expected to change overtime. Accordingly, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

The following table analyses the Fund's interest rate exposure, categorised on the basis of the earlier of contractual repricing or maturity dates:

	2009					Total
	Mark-up / profit (%)	Mark-up / profit bearing			Non mark-up / profit bearing	
Up to three months		three months to one year	More than one year			
(Rupees in '000)						
On-balance sheet financial instruments						
Financial Assets						
Bank balances	6.26-11.25	14,806	-	-	817	15,623
Investments	13.82-17.46	174,556	60,800	-	530,249	765,605
Syndicated loan musharaka	16.07	25,000	-	-	-	25,000
Deposits and income receivables		-	-	-	20,524	20,524
Dividend receivable		-	-	-	2,880	2,880
Receivable against sale of investments		-	-	-	14,214	14,214
		214,362	60,800	-	568,684	843,846
Financial Liabilities						
Payable on redemption of units		-	-	-	20,834	20,834
Remuneration payable to the Management Company		-	-	-	207	207
Remuneration payable to the Trustee		-	-	-	138	138
Payable to Securities and Exchange Commission of Pakistan		-	-	-	798	798
Creditors and accrued expenses		-	-	-	876	876
		-	-	-	22,853	22,853
On-balance sheet gap - 2009 (a)		214,362	60,800	-	545,831	820,993

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

	2008					Total
	Mark-up / profit (%)	Mark-up / profit bearing			Non mark-up / profit bearing	
Up to three months		three months to one year	More than one year			
(Rupees in '000)						
On-balance sheet financial instruments						
Financial Assets						
Bank balances	5.45 - 10	224,915	-	-	2,574	227,489
Investments	11.74-15.4	166,113	158,701	-	642,590	967,404
Syndicated loan musharaka	12.29	25,000	-	-	-	25,000
Deposits and income receivable		-	-	-	12,447	12,447
Dividend receivable		-	-	-	3,990	3,990
Receivable against sale of investments		-	-	-	9,619	9,619
		416,028	158,701	-	671,220	1,245,949
Financial Liabilities						
Payable on redemption of units		-	-	-	26,792	26,792
Remuneration payable to the Management Company		-	-	-	1,504	1,504
Remuneration payable to the Trustee		-	-	-	183	183
Payable to Securities and Exchange Commission of Pakistan		-	-	-	1,131	1,131
Payable to the Shariah Advisory Board		-	-	-	82	82
Creditors and accrued expenses		-	-	-	417	417
		-	-	-	30,109	30,109
On-balance sheet gap - 2008 (a)		416,028	158,701	-	641,111	1,215,840

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

23.3.3 Price risk

Price risk is the risk of unfavorable changes in the fair value of equity securities and units of mutual funds as a result of changes in the levels of respective indices and the value of individual securities. This arises from the investment held by the Fund for which prices in the future are uncertain. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines.

The Fund manages this risk by limiting exposure to a single entity to 15 % of NAV and to a single stock exchange sector to 30% of NAV. A summary analysis of local investments by industry sector, the percentage in relation to Fund's assets and the issued capital of the investee company is presented in note 6.1 to these financial statements. Furthermore, the Fund's policy requires that the overall Fund position is monitored on a daily basis by the Fund Manager and is reviewed on weekly basis by the Investment Committee and by the Board of Directors in every board meeting. Compliance with the Fund's investment policies are reported to the Board of Directors.

The Fund's investments in equity securities are publicly traded and are valued at the rates quoted on the relevant stock exchanges.

As at 30 June, the fair value of equity securities and units of mutual funds exposed to price risk are disclosed in note 6.1 and 6.2 to these financial statements.

Sensitivity Analysis

The table below summarises the sensitivity of the Fund's net asset value attributable to unitholders to equity price movements as at 30 June. The analysis is based on the assumption that the KSE-100 index/ respective market indices increases by 5% (30 June 2008: 5%), with all other variables remain constant and the fair value of equity securities and units of mutual funds moved according to their historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index/ respective market indices, having regards to the historical volatility of index of past 2 years (2008: 1 years). Whereas, for foreign investment made in mutual funds, the analysis is based on the assumption that the NAVs of the mutual funds would increase/ decrease by 5% (30 June 2008: 5%) if the indexes where these funds are invested increased/ decreased by 5% (30 June 2008: 5%):

	30 June 2009	30 June 2008
	(Rupees in '000)	
Effect on income statement, net assets attributable to unit holders of an increase / decrease in the index		
Domestic equity investments	23,585	26,386
Investments in units of mutual funds outside Pakistan	2,927	5,744

A decrease of 5 % would have equal but opposite effect to the amounts shown above, on the basis that all other variable remains same.

The sensitivity analysis presented is based upon the portfolio composition as at 30 June and the historical correlation of the securities comprising the portfolio to the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE / respective market indices, is expected to change over time. Accordingly, the sensitivity analysis prepared as at 30 June is not necessarily indicative of the effect on the Fund's net assets attributable to unit holders of future movements in the level of the KSE / respective market indices.

23.4 Unitholder's fund risk management (capital risk)

Capital risk is the risk that the capital of the fund changes significantly and causes adverse effects on the Fund's existence as going concern. The capital of the Fund is represented by the net assets attributable to unit holders. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund. The Fund is not exposed to externally imposed minimum capital maintenance requirements.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and Chief Executive of the company critically track the movement of ' Assets under Management' . The Board of Directors is updated about the fund yield and movement of NAV and total fund size at the end of each quarter.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund is of the view that the fair market value of the financial assets and liabilities, are not significantly different from their carrying values as its assets and liabilities are essentially short term in nature and / or frequently repriced.

25. LIST OF TOP BROKERS BY PERCENT OF THE COMMISSION PAID

Broker name	2009 (Percentage)
KASB Securities Limited	6.95%
Arif Habib Limited	6.29%
Elixir Securities Pakistan (Private) limited	6.02%
Global Securities Limited	5.92%
Shehzad Chamdia Securities (Private) Limited	5.86%
Al-Habib Capital Markets (Private) Limited	5.74%
JS Global Capital Limited	5.47%
Invest & Finance Securities Limited	5.46%
Crosby Securities Pakistan (Private) Limited	5.19%
Bhayani Securities (Private) Limited	5.10%
Broker name	2008 (Percentage)
D.J.M. Securities (Private) Limited	7.98%
Live Securities (Private) Limited	6.08%
AKD Securities Limited	5.23%
HH Misbah Securities (Private) Limited	4.80%
Taurus Securities Limited	4.78%
First Capital Equities Limited	4.77%
Shehzad Chamdia Securities (Private) Limited	4.97%
JS Global Capital Limited.	5.18%
Invest & Finance securities Limited	4.24%
Bhayani securities (Private) Limited	4.32%

26. INVESTMENT COMMITTEE

Following are the members of investment committee:

- Mr. Mir Muhammad Ali, CFA - Chief Executive Officer
- Mr. Hasnain Raza Nensey - Chief Investment Officer
- Mr. Rahim Khakiani - Chief Financial Officer & Company Secretary
- Mr. Syed Ali Turab Alvi - Head of Research
- Mr. Aly Osman - Head of Risk Management, Compliance & Product Development
- Mr. Wahaj Aslam - Fund Manager, United Composite Islamic Fund

Mr. Mir Muhammad Ali, CFA - Chief Executive Officer (CEO)

Mir Muhammad Ali has extensive experience in investment banking and fund management during the last 16 years. Prior to joining UBL Fund Managers Limited (UBLFM), he was with Asian Development Bank (ADB). He represented ADB on the board of several companies including an asset management company. Prior to joining ADB, Mir worked as Divisional Head Investment Banking of United Bank Limited. During his career, he has also worked for various institutions such as Pakistan Kuwait Investment Company, IBM World Trade Corporation and ANZ Grindlays Bank. Mir is an MSc. in Finance from University of Strathclyde in Glasgow, Scotland. He is an MBA from the Institute of Business Administration and is also a CFA Charter Holder.

Mr. Hasnain Raza Nensey - Chief Investment Officer (CIO)

Hasnain Raza Nensey is the CIO at UBLFM. Prior to this, he was Chief Investment Officer at JS Investments Limited, where he was also a member of the Investment Committee. Hasnain started his career in 1993 with JS Group where he worked as an Equity Analyst covering the Energy and Textile Sector companies listed on the Karachi Stock Exchange. Hasnain has also been involved in the textile and property development businesses for a number of years from 1997 onwards. Hasnain has a BSBA Degree with a concentration in Finance and Marketing from Boston University in Massachusetts, USA. He is also an MBA from Babson College in Massachusetts, USA.

Mr. Rahim Khakiani - Chief Financial Officer & Company Secretary (CFO & Co. Secretary)

Rahim Khakiani brings with him a diversified experience of over ten years of in finance, external audit and management consulting. Prior to joining UBL Fund Managers, he was associated with JS Investments Limited as Head of Finance for over three years, where he was instrumental in running the entire finance department. His achievement includes successful listing and IPO of ordinary shares of JS Investments Limited, securitization of future management fee of PKR 700 million and streamlining the systems and procedures of the finance department and implementation of full scale ERP based asset management software.

Prior to JS Investments, he was associated with chartered accountancy practice with two of the leading accounting firms i.e. KPMG Taseer Hadi & Co. and Ford Rhodes Sidat Hyder & Co. There, he was involved in finalization of various important assignments which includes external audits, due diligence and business valuation and other management consulting assignments for leading clients. Rahim is a qualified Chartered Accountant and a Cost and Management Accountant. In addition to this he has passed MA (Economics) from Karachi University with concentration in mathematical economics and econometrics. He has also cleared Level 1 of CFA Institute.

Mr. Syed Ali Turab Alvi - Head of Research

Ali Alvi the Head of Research at UBL Funds where his responsibilities include devising portfolio strategies based on fundamental and technical analysis. Ali has over six year of experience of managing investments both in the Pakistani and Global financial markets. Ali started his career as a technical analyst and later moved into portfolio management at Franklin Group, New York, US. After moving back to Pakistan, he joined AKD Investment management Ltd (AKDIML) and played a major role in setting up the Asset Management Company and launching equity, fixed income and index tracker funds, Ali honed his research skills as the key research analyst covering multiple sectors, and later held the designation of fund manager and a member of investment committee at AKDIML.

Ali has Bachelors in computer Science and Electrical Engineering degree from Cornell university, New York, US. He also holds the Series 7 and Series 63 certification from NASD, US.

Mr. Aly Osman- Head of Risk Management, Compliance & Product Development

Mr. Aly Osman is the Head of Risk Management, Compliance and Product Development at UBL Fund Managers Limited. He is primarily responsible for identifying, evaluating or measuring significant risks inherent in the organization as well establishing controls to mitigate such risks. He is also responsible for reviewing compliance with the laws, rules and regulations, internal organization policy and industry standards on an ongoing basis and reporting on compliance matters. Mr. Aly Osman is an Associate Member of Institute of Cost and Management Accountant Pakistan (ACMA). Mr. Aly Osman has over ten years of professional experience. Prior to his joining UBLFM, he was working as the Chief Compliance & Risk Officer at JS Investments Limited for the last 1.5 years. Prior to that, he was working with the Securities and Exchange Commission of Pakistan (SECP) as Joint Director, Heading the Stock Exchanges, Depository and Clearing, Policy and Regulation Wing of the Securities Market Division.

Mr. Aly Osman has also completed the United States SEC Institute of Securities Market Development Course 2004 in Washington DC which is a recognised course covering all aspects of securities market structures, systems and regulation.

Mr. Wahaj Aslam- Fund Manager, United Composite Islamic Fund

Wahaj joined UBL Fund Managers Limited in 2005 and has over four years of professional experience in capital markets. He is currently serving in capacity of Fund Manager for United Composite Islamic Fund and United Islamic Income Fund. Prior to this, he has been managing the Fixed Income Funds where he was involved in the active management of over Rs. 30 Billion in Funds Under Management.

Wahaj earned an MBA from Shaheed Zulfiqar Ali Bhutto Institute of Science & Technology (SZABIST). He has also cleared CFA Level-I exam and has appeared in CFA Level-II.

27. BOARD OF DIRECTORS

Meetings of the Board of Directors of the Management Company of the Fund are held at least once in a each quarter. During the year under review nine meetings were held and the details of directors attended the meetings are as follows:

NAME OF DIRECTOR	MEETINGS ATTENDED	DATES								
		3 July 2008	13 August 2008	17 October 2008	5 January 2009	11 February 2009	27 February 2009	16 April 2009	22 May 2009	13 June 2009
Mr. Atif Bokhari	8	1	1	1	1	1	1	1	1	-
Mr. Mohammad Asghar	7	1	-	1	1	1	1	1	1	-
Mr. Aameer Karachiwala	9	1	1	1	1	1	1	1	1	1
Mr. Saeed Iqbal	9	1	1	1	1	1	1	1	1	1
Mr. Hasan Raza *	3	-	1	1	1	-	-	-	-	-
Mr. Ali Sameer Farooqi	8	1	1	1	1	1	-	1	1	1
Mr. Mir Muhammad Ali	9	1	1	1	1	1	1	1	1	1

* Resigned on 29 June 2009

28. CREDIT RATING

The Management Company has been rated at AM2 minus (2008: AM2 minus) by JCR-VIS through their letter dated 12 February 2009.

The Fund has applied for its credit rating to JCR, however, no rating has been assigned to date.

29. GENERAL

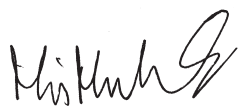
29.1 The Board of Directors of the Management Company in its meeting held on 06 July 2009 has proposed a Nil distribution in respect of the year ended 30 June 2009 (30 June 2008: 5.13 bonus units for every 100 units) amounting to Rs Nil (30 June 2008: Rs 59.444 million) in total. The financial statements for the year ended 30 June 2009 include the effect of the appropriation for the year ended 30 June 2008.

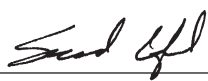
29.1 Following corresponding figure has been reclassified for the purpose of better presentation.

From	To	30 June 2008 (Rupees in '000)
Investments	Syndicated loan musharaka	25,000
Creditors and accrued expenses	Payable on redemption of units	26,792

29.2 These financial statements were authorised for issue by Board of Directors of Management Company on 21 August, 2009.

For UBL Fund Managers Limited
(Management Company)


MIR MUHAMMAD ALI, CFA
CHIEF EXECUTIVE


SAEED IQBAL
DIRECTOR

Corporate Directory

Investment Centers

Lahore

6 Commercial Market,
C Block, Model Town
Tel: 042-35845325-29

Multan

Ali Arcade, Kutchary Road
Tel: 061-4543811, 4542811

Islamabad

Basement UBL Building,
Blue Area
Tel: 051-2812107-08

Rawalpindi

UBL Kamran Market Branch,
Kashmir Road, Saddar
Tel: 051-2503248

Peshawar

State Life Building,
The Mall
Tel: 091-5274678

Karachi

Siraj Islamic Center
Office # 7 & 8, Mezzanine Floor,
Osis Arcade, Block-15,
Gulshan-e-Iqbal
Tel: 34828568-9

DHA

Shop No. 2, Plot No. 9/C,
Khayaban-e-Shahbaz,
Phase VI
Tel: 021-352854125, 35349059

Gulshan-e-Iqbal

Unit No. 2, Data Trade Center,
SB-7, Block 13/B,
Main University Road
Tel: 021-34826304, 34826277

Hyderabad

Plot No. 41/286,
Mezzanine Floor,
Al Naseem Center, Saddar
Tel: 022-2731273-77

Sukkur

UBL Clock Tower Branch,
Clock Tower
Tel: 071-5618804