



UNITED COMPOSITE ISLAMIC FUND
Condensed Interim Financial Statements (Un-audited)
For the half year ended December 31, 2007

Mission

Aims to provide investors with 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

<u>Management Company</u>	<u>UBL Fund Managers Limited</u>
	Registered Office: 8th Floor, State Life Building No. 1 I.I. Chundrigar Road, Karachi.
	Corporate Office: 11th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi. Tel: (92-21) 5290080-95 Fax: (92-21) 5290070
	Operations Office: 5th Floor, Office Tower, Techno City, Hasrat Mohani Road, Karachi. Tel: (92-21) 2214852-4 Fax: (92-21) 2214930 UAN: 111-825-262 24 Hours Toll Free No. 0800-00026 Web site: www.UBLfunds.com E-mail : info@UBLfunds.com
<u>Board of Directors of the Management Company</u>	
<u>Chairman</u>	<u>Mr. Atif R. Bokhari</u>
<u>Chief Executive & Director</u>	<u>Mir Muhammad Ali, CFA</u>
<u>Director</u>	<u>Mr. Saeed Iqbal</u> Mr. Aameer M. Karachiwala Mr. Ali Sameer Mr. Hassan Raza Mr. Mohammad Asghar
<u>Chief Financial Officer / Company Secretary</u>	<u>Mr. Obbad Fazal</u>
<u>Trustee</u>	<u>Central Depository Company of Pakistan Limited</u> 99, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal Karachi. Tel: (92-21) 111-111-500
<u>Distribution Company</u>	<u>United Bank Limited</u>
<u>Auditor</u>	<u>KPMG Taseer Hadi & Co.</u>
<u>Legal Advisor</u>	<u>Mohsin Tavebaly & Co.</u>
<u>Bankers</u>	<u>United Bank Limited</u> Bank Al Falah Limited (Islamic Banking) Meezan Bank Limited Al-Baraka Islamic Bank
<u>Audit Committee</u>	<u>Mr. Aameer M. Karachiwala - Chairman</u> Mr. Saeed Iqbal Mr. Ali Sameer
<u>Risk Management Committee</u>	<u>Mr. Ali Sameer - Chairman</u> Mr. Aameer M. Karachiwala Mr. Hassan Raza Mir Muhammad Ali, CFA



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

UNITED COMPOSITE ISLAMIC FUND

Report of the Trustee Pursuant to Regulation 58(f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2007

United Composite Islamic Fund, an open-end fund was established under a trust deed executed between UBL Fund Managers Limited, as the Management Company and Central Depository Company of Pakistan Limited as Trustee on September 11, 2006. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on November 16, 2006.

In our opinion, the Management Company has in all material respects managed the Fund during the six months ended December 31, 2007 in accordance with the provisions of the constitutive documents of the Fund (and the modifications authorized by the SECP from time to time) and the Non Banking Finance Companies and Notified Entities Regulations, 2007.

Mohammad Hanif Jakhura
Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, Dated: February 7, 2008

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office: CDO House, 99-A, Block 'B', S.M.C - 5, Jinnah Boulevard-Financial, Karachi-74400, Pakistan. Ph: (92-21) 331 111 200, Fax: (92-21) 432680
KSE Branch Office: CDO House, Karachi Trade Park, Block 'B', 5th Floor, Karachi-74400, Pakistan. Ph: (92-21) 247 8774, Fax: (92-21) 2444450
UBL: www.cdpakistan.com | e-mail: info@cdcpk.com



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **United Composite Islamic Fund** (the "Fund") as at 31 December 2007 and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the six months period ended 31 December 2007 (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

The figures for the quarter ended 31 December 2007 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date:

Karachi

Taseer Hadi

KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co. is a private limited company in Pakistan and a member firm of the KPMG network of independent member firms affiliated with the KPMG network of independent member firms.

Condensed Interim Statement of Assets and Liabilities (Un-audited)

As at 31 December 2007

	Note	31 December 2007	30 June 2007
		(Rupees in '000)	
Assets			
Bank balances	4	95,331	202,047
Investments	5	944,860	709,965
Deposits and income receivable		11,651	1,715
Preliminary expenses	6	2,992	3,371
Dividend receivable		3,321	1,655
Unrealised gain on revaluation of future contracts		-	1,787
Receivable against sale of investments		-	47,869
Total assets		1,058,155	968,409
Liabilities			
Remuneration payable to the Management Company		1,460	1,157
Remuneration payable to the Trustee		180	152
Payable to Securities and Exchange Commission of Pakistan		534	371
Payable to the Shariah Advisory Board		85	83
Creditors and accrued expenses		1,361	1,341
Total liabilities		3,620	3,104
Commitment			
Net assets		1,054,535	965,305
Unit holders' funds (as per statement attached)		1,054,535	965,305
		(Number)	
Number of units in issue		9,809,524	8,404,306
		(Rupees)	
Net assets value per unit		107.50	114.86

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

For UBL Fund Managers Limited
(Management Company)


Mir Muhammad Ali, CFA
Chief Executive


Aameer M. Karachiwalla
Director

Condensed Interim Income Statement (Un-audited)

For the half year ended 31 December 2007

Note	Six months period ended 31 December 2007	Period from 16 November 2006 to 31 December 2006	Quarter ended 31 December 2007	
------(Rupees in '000)-----				
Income				
Financial income	7	18,199	867	10,460
Element of gain / (loss) included in prices of units issued less those in units redeemed - net		978	(25)	(5,782)
Capital gain from transaction in marketable securities		50,922	-	37,824
Dividend income		17,769	-	11,063
Unrealised loss on revaluation of investments		(30,617)	310	(21,003)
Unrealised gain on revaluation of future contracts		-	255	-
Other income		3	-	-
Total income		57,254	1,407	32,562

Expenses

Remuneration to the Management Company	16,030	312	8,390
Remuneration to the Trustee	1,035	21	531
Annual fee to Securities and Exchange Commission of Pakistan	534	10	279
Remuneration to the Shariah Advisory Board	504	22	252
Brokerage expenses	2,534	377	1,640
Auditors' remuneration	140	8	65
Capital value tax and settlement charges	189	44	92
Bank and other charges	1		(99)
Fees and subscription	12		6
Amortisation of preliminary expenses	379	16	189
Other expenses	200		200
Total operating expenses	21,558	810	11,545
Net income	35,696	597	21,017

(Rupees)

Net income per unit	3.64	2.14	0.12
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The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

For UBL Fund Managers Limited
(Management Company)


Mir Muhammad Ali, CFA
Chief Executive


Ameer M. Karachiwalla
Director


Condensed Interim Distribution Statement (Un-audited)

For the half year ended 31 December 2007

	Six months period ended 31 December 2007	Period from 16 November 2006 to 31 December 2006	Quarter ended 31 December 2007
	----- (Rupees in '000) -----		
Undistributed income brought forward	124,872	-	52,563
Final distribution of bonus units for the period ended 30 June 2007	(86,988)	-	-
Net income for the period	35,696	597	21,017
Undistributed income carried forward	<u>73,580</u>	<u>597</u>	<u>73,580</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

For UBL Fund Managers Limited
(Management Company)


Mir Muhammad Ali, CFA
Chief Executive


Aameer M. Karachiwalla
Director



Condensed Interim Statement of Movement in Unit Holders' Funds (Un-audited)

For the half year ended 31 December 2007

	Six months period ended 31 December 2007	Period from 16 November 2006 to 31 December 2006	Quarter ended 31 December 2007
	------(Rupees in '000)-----		
Net assets at beginning of the period	965,305	-	1,084,864
Cash received on issuance of 6,448,306 units (2006: 5,232,560 units)	609,082	523,256	463,796
Cash paid / payable on redemption of 5,043,088 units (2006: 250,000 units)	(554,570)	(25,025)	(520,924)
	54,512	498,231	(57,128)
	<u>1,019,817</u>	<u>498,231</u>	<u>1,027,736</u>
Element included in prices of units sold less those in units redeemed	(978)	25	5,782
Net assets at end of the period	<u>1,054,535</u>	<u>498,853</u>	<u>1,054,535</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

For UBL Fund Managers Limited
(Management Company)

Mir Muhammad Ali, CFA
Chief Executive

Aameer M. Karachiwala
Director

Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended 31 December 2007

	Six months period ended 31 December 2007	Period from 16 November 2006 to 31 December 2006	Quarter ended 31 December 2007
Note	----- (Rupees in '000) -----		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period	35,696	597	21,017
Adjustments for:			
Amortisation of preliminary expenses	379	16	189
Element of gain / (loss) included in prices of units issued less those in units redeemed - net	(978)	25	5,782
Unrealised loss	30,617	(310)	21,003
	<u>30,018</u>	<u>(269)</u>	<u>26,974</u>
Net cash flows from operations before working capital changes	<u>65,714</u>	<u>328</u>	<u>47,991</u>
Working capital changes			
<i>(Increase) / decrease in assets</i>			
Investments	(265,512)	(218,148)	27,369
Deposits and income receivable	(9,936)	(1,933)	(2,992)
Preliminary expenses	-	(2,337)	-
Dividend receivable	(1,666)	-	3,086
Unrealised gain on revaluation of future contracts	1,787	(255)	-
Receivable against sale of investments	47,869	-	-
	<u>(227,458)</u>	<u>(222,673)</u>	<u>27,463</u>
<i>Increase / (decrease) in liabilities</i>			
Remuneration payable to the Management Company	303	312	136
Remuneration payable to the Trustee	28	21	12
Payable to Securities and Exchange Commission of Pakistan	163	10	279
Payable to the Shariah Advisory Board	2	22	3
Payable against purchase of investment	-	174,468	-
Creditors and accrued expenses	20	3,738	(11,256)
	<u>516</u>	<u>178,571</u>	<u>(10,826)</u>
Net cash flows from operating activities	(161,228)	(43,774)	64,628
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units	609,082	523,256	463,796
Payments against redemption of units	(554,570)	(25,025)	(520,924)
Net cash flows from financing activities	54,512	498,231	(57,128)
Net increase in cash and cash equivalent	<u>(106,716)</u>	<u>454,457</u>	<u>7,500</u>
Cash and cash equivalent at beginning of the period	202,047	-	87,831
Cash and cash equivalents at end of the period	4 <u>95,331</u>	<u>454,457</u>	<u>95,331</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

For UBL Fund Managers Limited
(Management Company)


Mir Muhammad Ali, CFA
Chief Executive


Aameer M. Karachiwalla
Director



Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2007

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 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 listed at 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 holders.

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

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial information are unaudited but subject to a limited scope review by the auditors and are being submitted to the unit holders as required under rule 46 (f) of the NBFC Regulations, Listing Regulations of Islamabad Stock Exchange and have been prepared in compliance with the International Accounting Standard - 34, Interim Financial Reporting.
- 2.2 On 21 November 2007, Securities and Exchange Commission of Pakistan (SECP) has notified NBFC and Notified Entities Regulations, 2007 (NBFC Regulations) containing revised disclosures for annual and interim financial statements in schedule IV. However, as per a clarification received by Mutual Funds Association of Pakistan (MUFAP) from SECP, the financial statements have been presented in accordance with the Schedule IV of previous NBFC Rules.
- 2.3 The accounting policies adopted in the preparation of these condensed interim financial information are same as those applied in the preparation of the financial statements for the year ended 30 June 2007.
- 2.4 The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended 30 June 2007.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2007

3. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2007.

4. BANK BALANCES

		31 December	30 June
		2007	2007
		(Rupees in '000)	
Cash at bank - local currency:			
- in profit and loss sharing accounts	4.1	74,459	181,148
- in current accounts	4.2	20,872	20,899
		<u>95,331</u>	<u>202,047</u>

4.1 Profit rates on these profit and loss sharing accounts range between 5.5 to 7.75% (30 June 2007: 5.5% to 7.5%) per annum.

4.2 This represents current account maintained with a related party.

5. INVESTMENTS

		31 December	30 June
		2007	2007
		(Rupees in '000)	
At fair value through profit and loss - upon initial recognition			
- Equity securities	5.2	654,739	639,548
- Debt instruments - Sukuk certificates	5.1 & 5.3	140,421	70,417
Available for sale			
- Debt instruments - Sukuk certificates	5.1 & 5.4	149,700	-
		<u>944,860</u>	<u>709,974</u>

5.1 The fair value of debt instruments are determined on the basis of the rates quoted on the website of Mutual Fund Association of Pakistan (MUFAP) and where these rates are not so available on the MUFAP's website, these are then valued at the average of the rates quoted by the certain reputed brokers.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2007

5.2 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 2007	Purchased during the period	Sold during the period	As at 31 December 2007	Carrying value as at 31 December 2007	Percentage of net assets on the basis of carrying value
	----- (Number of shares) -----			(Rupees in '000)		
JUTE						
Thal Limited	40,000	51,000	13,000	78,000	22,183	2.10%
CEMENT						
D.G. Khan Cement Limited	1,170,000	315,000	1,160,000	325,000	30,777	2.92%
Fauji Cement Company Limited	560,000	625,000	185,000	1,000,000	14,900	1.41%
Fauji Cement Company Limited (right allotment letters)	-	870,000	-	870,000	-	-
Attock Cement Limited	189,500	60,500	-	250,000	24,925	2.36%
POWER GENERATION & DISTRIBUTION						
Kot Addu Power Company Limited	-	198,900	-	198,900	9,637	0.91%
Hub Power Company Limited	-	600,000	-	600,000	18,300	1.74%
OIL & GAS MARKETING COMPANIES						
Pakistan State Oil Limited	56,300	148,700	130,000	75,000	30,495	2.89%
Shell Pakistan Limited	25,000	-	25,000	-	-	-
OIL & GAS EXPLORATION COMPANIES						
Pakistan Oilfields Limited	125,000	56,000	96,000	85,000	28,424	2.70%
Pakistan Petroleum Limited	350,000	156,100	381,100	125,000	30,631	2.90%
Oil & Gas Development Company Limited	787,500	595,000	867,500	515,000	61,517	5.83%
BOC Pakistan Limited	50,000	-	10,000	40,000	10,108	0.96%
REFINERY						
National Refinery Limited	46,000	117,500	163,500	-	-	-
TEXTILE COMPOSITE						
Nishat Mills Limited	-	255,000	-	255,000	26,826	2.54%
AUTOMOBILE ASSEMBLER						
Pak Suzuki Motors Company Limited	150,000	-	72,000	78,000	25,713	2.44%
Indus Motor Company Limited	32,000	75,500	7,500	100,000	31,920	3.03%
TECHNOLOGY & COMMUNICATION						
Pakistan Tele Communication Limited	1,042,500	972,100	775,000	1,239,600	52,125	4.94%
FERTILIZER						
Fauji Fertilizer Company Limited	255,000	635,000	210,000	680,000	80,750	7.66%
Fauji Fertilizer Bin Qasim Limited	60,000	1,448,500	637,500	871,000	36,626	3.47%
Engro Chemical Pakistan Limited	35,000	312,500	297,500	50,000	13,288	1.26%
Engro Chemical Pakistan Limited (right allotment letters)	12,000	68,000	80,000	-	-	-
CHEMICALS						
ICI Pakistan Limited	115,000	60,000	125,000	50,000	9,833	0.93%
PAPER & BOARD						
Packages Limited	43,000	32,500	-	75,500	27,467	2.60%
Cherat Papersack Limited	-	17,900	-	17,900	3,393	0.32%
BANKS						
Meezan Bank Limited	445,000	584,500	-	1,029,500	39,636	3.76%
Bank Islami Pakistan Limited	791,000	249,000	1,040,000	-	-	-
CABLES & ELECTRICAL GOODS						
Pakistan Cables Limited	-	45,600	-	45,600	7,930	0.75%
GLASS & CERAMICS						
Ghani Glass Limited	-	215,875	-	215,875	17,335	1.64%
					<u>654,739</u>	<u>62.09%</u>

5.2.1 The cost of investments as at 31 December 2007 amounted to Rs.647.905 million (30 June 2007: Rs. 603.881 million).

Notes to the Condense Interim Financial Statements (Un-audited)

For the half year ended 31 December 2007

5.3 Debt instruments - Sukuk certificates (certificates of Rs 5,000 each)

Name of instrument	As at 1 July 2007	Purchased during the period	Sold during the period	As at 31 December 2007	Carrying value as at 31 December 2007 (Rupees in '000)	Percentage of net assets on the basis of carrying value
Leasing companies / Modaraba						
Orix Leasing Pakistan Limited	5.3.1	12,000	-	12,000	60,000	569%
Technology and communication						
Wateen Telecom (Private) Limited		2,000	-	2,000	-	-
Cable & Electronics Goods						
* New Allied Electronics Industries Limited		-	192,000	192,000	-	-
Energy						
Sitara Energy Limited	5.3.2	-	11,084	11,084	55,421	526%
Chemical						
Ittehad Chemicals Limited	5.3.3	-	5,000	5,000	25,000	237%
					<u>140,421</u>	<u>1332%</u>

* Certificate of Rs. 312.50 each.

5.3.1 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. The securities are secured against first charge over specific leased assets and associated lease receivables with 25% security margin. At 31 December 2007, profit at 11.27% per annum was due on the above sukuk certificates.

5.3.2 These sukuk certificates carry mark-up equal to the base rate of 1.95% plus 6 months Karachi Interbank Offer Rate per annum, receivable quarterly in arrears with no floor or cap and will mature in July 2012. The principal is redeemable in ten equal semi-annual instalments 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 31 December 2007, profit at 11.9% per annum was due on the above sukuk certificates.

5.3.3 These sukuk certificates carry 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 in semi-annual basis commencing from the 24th month from the issue date. These certificates are 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 31 December 2007, profit at 12.13% per annum was due on the above sukuk certificates.

5.4 Available for sale - Sukuk certificates (certificates of Rs. 5,000 each)

Name of Security	As at 1 July 2007	Purchased during the period	Sold during the period	As at 31 December 2007	Carrying value as at 31 December 2007 (Rupees in '000)	Percentage of net assets on the basis of carrying value
Chemical						
Engo Chemicals Limited	5.4.1	-	10,000	10,000	50,000	4.74%
Paper & Board						
Century Paper & Board Limited	5.4.2	-	10,000	10,000	50,000	4.74%
Cement						
Kohat Cement Company Limited	5.4.3	-	10,000	10,000	49,700	4.71%
					<u>149,700</u>	

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2007

- 5.4.1 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 upto two consecutive, equal semi-annual instalments, the first such instalment 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 31 December 2007, profit at 11.50% per annum was due on the above sukuk certificates.
- 5.4.2 These sukuk certificates carry mark-up equal to the base rate of 1.35% plus 6 months Karachi Interbank 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 instalments, commencing from the 30th month from the date of first disbursement. These certificates are secured against pari-pass hypothecation charge (excluding land and building) on the company's present and future fixed assets. At 31 December 2007, profit at 11.35% per annum was due on the above sukuk certificates.
- 5.4.3 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 2012. The principal is redeemable in ten semi annual instalments. 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. At 31 December 2007, profit at 11.78% per annum was due on the above sukuk certificates.

6. PRELIMINARY EXPENSES	31 December	30 June
	2007	2007
	(Rupees in '000)	
Balance as at 1 July	3,371	-
Preliminary expenses incurred during the period	-	3,760
Amortisation during the period	(379)	(389)
Balance as at 31 December.	<u>2,992</u>	<u>3,371</u>

- 6.1 Preliminary expenses represent expenditure incurred for the constitution and launch of the Fund. 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.

7. FINANCIAL INCOME	Six months period ended	Period from 16	Quarter ended
	31 December	November 2006 to	31 December
	2007	31 December 2006	2007
	------(Rupees in '000)-----		
On			
- Bank deposit accounts	5,125	867	2,658
- Sukuk Certificates	13,074	-	7,803
	<u>18,199</u>	<u>867</u>	<u>10,461</u>

8. TAXATION

The Fund is exempt from Income Tax as per clause (99) of Part I to 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. During six months period ended 31 December 2007, no provision for income tax has been made by the management of the Fund based on the intention of distribution of the said amount at the year end.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2007

9. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons include UBL Fund Managers Limited (the Management Company, an associated undertaking), United Bank Limited (holding company of the Management Company, an associated undertaking), United Money Market Fund, United Growth and Income Fund, United Stock Advantage Fund and United Islamic Income Fund (associated undertakings and Funds managed by the above Management Company), Central Depository Company of Pakistan Limited as Trustee (other related party) and Key Management Personnel of the Management Company, etc. (refer below for details).

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

	Six month period ended 31 December 2007 ----- (Units in '000) -----	Period from 16 November 2006 to 31 December 2006	Six month period ended 31 December 2007 ----- (Rupees in '000) -----	Period from 16 November 2006 to 31 December 2006
Units sold to:				
- United Bank Limited	-	2,500	-	250,300
- UBL Fund Managers Limited	286	-	30,694	-
- UBL Fund Managers Limited - Employees Provident Fund	2	-	255	-
- UBL Fund Managers Limited - Employees Gratuity Fund	1	-	136	-
- UBL Ameen	2,504	-	269,220	-
- Directors and executives of the management company	-	3	-	335
Units redeemed by:				
- UBL Ameen	2,700	-	290,253	-
Bonus units distributed to:				
- Directors and executives of the management company	12	-	1,257	-
- United Bank Limited	248	-	26,616	-
- UBL Fund Managers Limited	9	-	1,014	-
- UBL Fund Managers Limited - Employees Provident Fund	0.40	-	43	-
- UBL Fund Managers Limited - Employees Gratuity Fund	0.1	-	10	-
- UBL Ameen	269	-	28,918	-
Units held by:				
- United Bank Limited	2,748	2,500	295,368	250,300
- UBL Fund Managers Limited	390	-	41,944	-
- UBL Fund Managers Limited - Employees Provident Fund	7	-	734	-
- UBL Fund Managers Limited - Employees Gratuity Fund	2	-	247	-
- UBL Ameen	2,787	-	299,583	-
- Directors and executives of the management company	130	3	13,945	335
	6,063	2,503	651,821	250,635

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2007

Six month period ended 31 December 2007
 Period from 16 November 2006 to 31 December 2006
 ----- (Rupees in '000) -----

Transaction with related parties

Management Company

- Remuneration to the Management Company	16,030	312
- Sale load to Management Company	1,798	-
- Preliminary expenses paid on behalf of Fund	-	3,760

United Bank Limited

- Pre-IPO Profit payable	-	757
- Bank charges	1	-

Trustee

- Remuneration to the Trustee	1,035	21
- Custody charges	32	-

Balances with related parties - unsecured

Management Company

- Remuneration payable to the Management Company	1,460	312
- Sales load payable to Management Company	882	-
- Preliminary expenses payable	-	3,760

United Bank Limited

- Bank balances	21,272	3,194
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Trustee


- Remuneration payable to the Trustee	180	21
- Security deposit	100	-

10. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue by Board of Directors of the Management Company on February 07, 2008.

For UBL Fund Managers Limited
 (Management Company)


 Mir Muhammad Ali, CFA
 Chief Executive


 Aameer M. Karachiwalla
 Director