

## Contents

|                            |   |
|----------------------------|---|
| Vision & Mission Statement | 1 |
| Fund Manager's Information | 2 |

### IGI Income Fund

|   |    |
|---|----|
| Fund's Information                          | 3  |
| Directors' Report                           | 4  |
| Statement of Assets and Liabilities         | 7  |
| Income Statement                            | 8  |
| Distribution Statement                      | 9  |
| Statement of Movement in Unit Holders' Fund | 10 |
| Cash Flow Statement                         | 11 |
| Notes to the Financial Statements           | 12 |

### IGI Stock Fund

|   |    |
|---|----|
| Fund's Information                          | 18 |
| Directors' Report                           | 19 |
| Statement of Assets and Liabilities         | 22 |
| Income Statement                            | 23 |
| Distribution Statement                      | 24 |
| Statement of Movement in Unit Holders' Fund | 25 |
| Cash Flow Statement                         | 26 |
| Notes to the Financial Statements           | 27 |



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## VISION

IGI Funds Limited shall be a trusted provider of fund management solutions and services which focus on best serving the investments interests of its clients.

## MISSION

Our vision will be realized by:

Providing solutions to client investment requirements which adhere to the highest ethical standards while meeting long-term objectives and short-term needs.

Attracting and retaining talent that shares our core values of integrity and excellence Being responsible corporate citizen.

## VALUES

Integrity , Professionalism, Focus on Sustainable Growth.

## Funds Manager's Information

### Management Company

IGI Funds Limited

### Head Office

7th Floor, The Forum, Suite # 701-703, G-20,  
Khayaban-e-Jami, Block-9, Clifton, Karachi-75600,  
Pakistan

Tel: (92-21) 111-367-444

Fax: (92-21) 5301729

Email: [info@igifunds.com.pk](mailto:info@igifunds.com.pk)

Website: [www.igifunds.com.pk](http://www.igifunds.com.pk)

### Board of Directors of the Management Company

Mr. Javed Hamid (Chairman)

Ms. Maheen Rahman (Chief Executive Officer)

Mr. Khalid Yacob

Mr. Ahmed Alman Aslam

Mr. Abid Naqvi

Syed Javed Hassan

Syed Wahab Mehdi

### Chief Financial Officer

Syed Muhammad Zeeshan

### Company Secretary

Mr. Akbar Ali Tijani

### Audit Committee

Mr. Khalid Yacob (Chairman)

Mr. Abid Naqvi (Member)

Syed Javed Hassan (Member)

**IGI**

Funds

**IGI INCOME FUND**

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## Fund's Information

### Trustee

Central Depository Company of Pakistan Limited  
 CDC House, 99-B, Block B, S.M.C.H.S  
 Main Shakra-e-Faisal, Karachi-74400 Pakistan

### Distributors

AI - Habib Capital Markets (Pvt.) Ltd.  
 Allied Bank Limited  
 Alfalah Securities (Pvt.) Ltd.  
 Atlas Capital Markets (Pvt.) Ltd.  
 BMA Capital Management Ltd.  
 Bulls and Bulls  
 Foundation Securities (Pvt) Ltd.  
 IGI Investment Bank Limited  
 Invest Capital and securities (Pvt.) Ltd.  
 JS Global Capital Limited  
 KASB Securities  
 Mybank Limited  
 National Clearing Company of Pakistan Limited  
 Pak Oman Investment  
 Pyramid Financial Consultant (Pvt.) Ltd.  
 Siza Commodities (Pvt.) Ltd.  
 Mr. Khurram Shehzad Hashmi  
 Mr. Zulfiqar Lodhi  
 Mr. Rizwan Ahmed  
 Mr. Salman Najeeb  
 Vector Consulting (Pvt) Ltd.  
 Cumberland (Pvt) Ltd.

### Auditors

KPMG Taseer Hadi & Co.  
 Chartered Accountants  
 1st Floor, Sheikh Sultan Trust Building - 2, Beaumont Road, Karachi

### Legal Advisor

Hassan & Hassan (Advocates)  
 PAAF Building, 7D Kashmir Egerton Road, Lahore.

### Bankers

Allied Bank Limited  
 Atlas Bank Limited  
 Bank Alfalah Limited  
 Bank Al-Habib Limited  
 Bank of Punjab  
 Bank of Khyber  
 Samba Bank Limited  
 JS Bank Limited  
 KASB Bank Limited  
 MCB Bank Limited  
 My Bank Limited  
 NIB Bank Limited  
 Royal Bank of Scotland  
 Standard Chartered Bank

## Directors' Report

To our valued Unit Holders,

The Board of Directors of IGI Funds Limited is pleased to present you the Quarterly Report of the IGI Income Fund (the "Fund") for the quarter ended 30 September 2009.

### Economic Review

The country's economy showed signs of recovery in the recent 1QFY10 (July – Sep '09). Drifting from a panicky situation a couple months ago, to a much sought for survival in the wake of global recovery. Inflation and Balance of Payments positions have considerably improved during the period under review. Furthermore, the fright of sovereign credit risk was taken away in the wake of improving country rating and foreign inflows from the additional IMF loans have bolstered the position of the foreign reserves. However, the electricity shortages impacted on the LSM, keeping it shy in contrast to prior periods in the last fiscal year.

The State Bank of Pakistan (SBP) lowered the discount rate by 1% to 13% in the first Monetary Policy, and created a repo lending corridor between 10% - 13%. Inline with the central banks supervision, in September the rates remained unchanged.

The Stand-by Agreement with IMF of USD\$ 10.90bn, and additional donor – promises; Kerry – Luger bill, Tokyo funds, etc. will put the country back on track. However, the global recession is likely to slow the pace of donor inflows. At present, timing is everything for Pakistan; any delay in the forecasted inflows is likely to hamper the smooth recovery-operation of the economy.

Inflation, for the period under review, trended downwards to 10.12% (September '09) from previous month's 10.69%. This decline justified the drop in the discount rate of 1% earlier. Few administrative issues in the supply chain of food items were experienced in the quarter, but were largely offset by strict measures under taken by the government agencies. The inflation for FY10 is expected around 10% year on year (y-o-y).

The aggregate demand curtailed during the period under review, as indicated by lowered imports for Jul – Aug '09, hence a direct hit of lower purchasing power parity. On the other hand exports have also fallen, but that almost offsets to the global shrinking demand. However, rising inflows of worker's remittances contributed positively to the balance of payments and current account deficit. The country's foreign reserves stood at a healthy US\$ 14.46bn.

The six-month and one-month KIBOR rates closed at 12.31% and 12.40%, respectively, average for the period under review. Initially in July, 6-month KIBOR rates averaged 12.04%, that later started trending up to close at 12.31% for the period under review. Therefore rates in the shorter tenors are likely to remain higher, than the medium to longer tenors because of the short term borrowing. The government budgetary borrowing is more focused on borrowing in the shorter tenors, as discount rates are expected to drop in the near future. Borrowing at higher rates in present is likely to add burden to the Ministry of Finance.

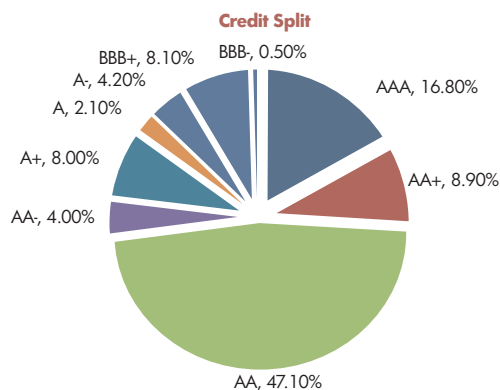
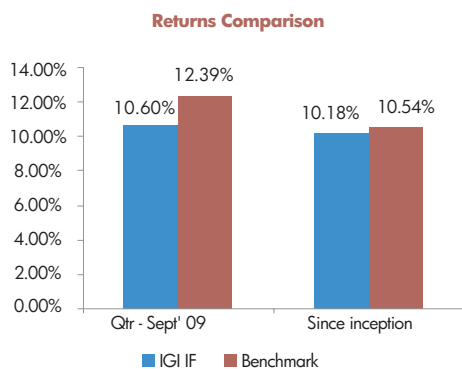
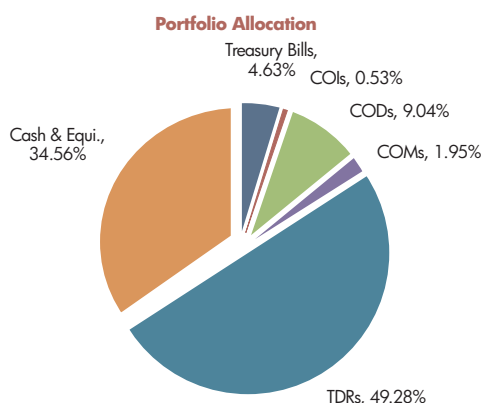
Bank deposit rates remained higher during the period as banks buckled up deposits for the quarter-end. Market lenders are yet to gain confidence in lending to other than commercial banks, as NBFIs & DFIs remain under severe liquidity pressures.

TFCs have fairly recovered from the lows, and are expected to stay put, in absence of investment avenues and in anticipation of the trading on a similar terminal to the stock exchange. One advantage of the terminal (Bonds Automated Terminal System; BATS) would be transparency in pricing and trades. This terminal would be effective for Bonds (government and corporate) and T-Bills trading. Furthermore, corporate and banks raised funds through issuance of TFCs, and expected to issue further in the 2QFY10, especially banks to cover their paid-up capital requirements.

### Fund Operations and Performance

During the first quarter, the net assets value of the fund grew from Rs. 100.23 per unit to Rs. 102.77 per unit as on 30 September 2009 representing a return of 10.60% to the unit holders during the quarter. The net assets of the fund increased by Rs. 432.49 million (21.10%) to close at Rs. 2,482.09 million (June 2009: 2,049.60 million). The increase in fund size represents the trustworthiness of investor and consistency in the performance of the fund in term of the return.

The graphical illustration and key financial data showing portfolio allocation and performance of the Fund is given below;



(Rupees in millions)

| Description                           | For the quarter ended<br>30 September 2009 | For the quarter ended<br>30 September 2008 |
|---------------------------------------|--|--|
| Net Assets                            | 2,482.09                                   | 2,680.48                                   |
| Net Income                            | 63.15                                      | 72.97                                      |
| Net Assets Value per Unit (Rs.)       | 102.77                                     | 102.91                                     |
| Issuance of units during the period   | 1,058.82                                   | 1,198.98                                   |
| Redemption of units during the period | 559.68                                     | 2,183.89                                   |

### Future Outlook

In the November supervision by the SBP, discount rate is expected to dip close to 50 - 100bps. There might be a convincing argument on the part of the government negotiators with the IMF officials on the basis of lowering inflation rate. Furthermore, the Ministry of Finance has given larger T-Bill targets to the upcoming maturities, to build up higher borrowing from the market and abstain from SBP borrowing, as IMF ceiling level is already surpassed.

The market is however likely to remain tighter in the short term as banks are eagerly borrowing to cover for the 2Q and 3Q FY10. Trading in TFCs is likely to pick pace with the advent of BATS, as prices are expected to be fairer and transparent.

### Acknowledgement

The Directors express their gratitude to the Securities and Exchange Commission of Pakistan for its valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

For and behalf of the Board

Chief Executive Officer  
29 October 2009

**Condensed Interim Statement of Assets and Liabilities ( Unaudited)**

As at 30 September 2009

|   | Note   | September<br>2009<br>(Unaudited)<br>-----Rupees----- | June<br>2009<br>(Audited) |
|---|--------|--|---------------------------|
| <b>Assets</b>   |        |  |                           |
| Bank balances   | 5.1    | <b>874,151,711</b>                                   | 668,658,623               |
| Investments   | 6      | <b>1,655,003,591</b>                                 | 1,366,957,242             |
| Deferred formation cost   |        | <b>1,821,831</b>                                     | 2,003,531                 |
| Security deposits   |        | <b>2,600,000</b>                                     | 2,600,000                 |
| Prepayments and other receivables                                       |        | <b>8,854,132</b>                                     | 19,284,160                |
| <b>Total assets</b>   |        | <b>2,542,431,265</b>                                 | 2,059,503,556             |
| <b>Liabilities</b>  |        |  |                           |
| Amount payable on redemption of units                                   |        | <b>53,743,374</b>                                    | 4,935,293                 |
| Payable to the Management Company                                       |        | <b>2,378,187</b>                                     | 2,402,653                 |
| Remuneration payable to the Trustee                                     |        | <b>272,456</b>                                       | 274,413                   |
| Annual fee payable to Securities and<br>Exchange Commission of Pakistan |        | <b>2,251,053</b>                                     | 1,843,319                 |
| Payable to Funds  |        | <b>1,152,206</b>                                     | -                         |
| Accrued and other liabilities   |        | <b>544,250</b>                                       | 450,824                   |
| <b>Total liabilities</b>  |        | <b>60,341,526</b>                                    | 9,906,502                 |
| <b>Net assets attributable to unitholders</b>                           | Rupees | <b>2,482,089,739</b>                                 | 2,049,597,054             |
| <b>Unit holders' funds</b> (as per statement attached)                  | Rupees | <b>2,482,089,739</b>                                 | 2,049,597,054             |
| <b>Number of units in issue</b>   | Number | <b>24,151,779</b>                                    | 19,247,247                |
| <b>Net assets value per unit</b>  | Rupees | <b>102.77</b>  | 106.49                    |

The annexed notes from 1 to 12 are an integral part of these financial statements.

**For IGI Funds Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**Condensed Interim Income Statement (Unaudited)**

For the quarter ended 30 September 2009

|  | <b>Note</b>   | <b>For the quarter<br/>ended 30<br/>September 2009</b> | For the quarter<br>ended 30<br>September 2008 |
|--|---------------|--|---|
| -----Rupees-----   |               |  |   |
| <b>Income</b>  |               |  |   |
| Financial Income   | 7             | <b>65,684,160</b>                                      | 108,739,937                                   |
| Income from equity securities  |               | -  | -   |
| Capital (loss) / gain on sale of term finance certificates   |               | <b>912,500</b>   | (1,187,200)                                   |
| Net unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss- held for trading' |               | -  | (2,654,025)                                   |
| Provision for impairment in valuation of investments classified as 'held to maturity' & 'held for trading'                                     |               | <b>(3,708,029)</b>                                     | -   |
| Element of income and capital gains included in prices of units sold less those in units redeemed - net  |               | <b>8,673,646</b>                                       | (18,875,858)                                  |
| <b>Total Income</b>  |               | <b>71,562,277</b>                                      | 86,022,854                                    |
| <b>Expenses</b>  |               |  |   |
| Remuneration to the Management Company   |               | <b>6,795,735</b>                                       | 10,439,855                                    |
| Remuneration to the Trustee  |               | <b>795,740</b>   | 1,075,946                                     |
| Annual fee to the Securities and Exchange Commission of Pakistan   |               | <b>407,734</b>   | 835,187                                       |
| Brokerage expense and capital value tax  |               | <b>90,646</b>  | 122,551                                       |
| Bank and settlement charges  |               | <b>11,742</b>  | 22,171  |
| Amortisation of deferred formation cost  |               | <b>181,700</b>   | 181,700                                       |
| Auditors' remuneration   |               | <b>79,120</b>  | 63,020  |
| National Clearing Company of Pakistan Limited charges  |               | -  | 257,945                                       |
| Annual listing fee   |               | <b>7,544</b>   | -   |
| Printing charges   |               | <b>37,812</b>  | 57,960  |
| <b>Total expenses</b>  |               | <b>8,407,773</b>                                       | 13,056,335                                    |
| <b>Net income for the year</b>   | <i>Rupees</i> | <b>63,154,504</b>                                      | 72,966,519                                    |

The annexed notes from 1 to 12 are an integral part of these financial statements.

**For IGI Funds Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**Condensed Interim Distribution Statement (Unaudited)**

For the quarter ended 30 September 2009

|   | <b>For the quarter<br/>ended 30<br/>September 2009</b> | For the quarter<br>ended 30<br>September 2008 |
|---|--|---|
|   | -----Rupees-----                                       |   |
| Undistributed income brought forward at the beginning of the period   | <b>124,872,679</b>                                     | 97,477,364                                    |
| Net income for the period   | <b>63,154,504</b>                                      | 72,966,519                                    |
| Final distribution of cash dividend @ 6.29 units for each unit held, approved on: 3 July 2009 (2008: @ 2.65 unit held held, approved on 3 July 2008)                  | <b>(29,669,137)</b>                                    | (35,629,743)                                  |
| Final distribution of bonus @ 6.2810 units for every 100 units held, approved on: 3 July 2009 (2008: @ 2.6479 unit for every 100 units held, approved on 3 July 2008) | <b>(91,457,618)</b>                                    | (58,991,142)                                  |
| <b>Undistributed income carried forward</b>   | <i>Rupees</i> <b><u>66,900,428</u></b>                 | <u>75,822,998</u>                             |

The annexed notes from 1 to 12 are an integral part of these financial statements.

**For IGI Funds Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**Condensed Interim Statement of Movement in Unit Holder's Fund (Unaudited)**

For the quarter ended 30 September 2009

|   | <b>For the quarter<br/>ended 30<br/>September 2009</b> | For the quarter<br>ended 30<br>September 2008 |
|---|--|---|
|   | -----Rupees-----                                       |   |
| Net assets at beginning of the period   | <b>2,049,597,054</b>                                   | 3,668,171,057                                 |
| Amount realized / unrealized on issuance of<br>9,509,934 units (30 September 2008 : 11,256,330 units)   | <b>967,362,050</b>                                     | 1,139,985,302                                 |
| Issuance of 912,842 bonus units in respect of final and<br>interim distributions (30 September 2008 : 593,372 units)                                  | <b>91,457,618</b>                                      | 58,991,141                                    |
| Amount paid / payable on redemption of 5,518,244<br>units (30 September 2008 : 21,509,499 units)  | <b>(559,681,086)</b>                                   | (2,183,893,820)                               |
|   | <b>2,548,735,636</b>                                   | 2,683,253,680                                 |
| Element of income and capital gain included in<br>prices of units sold less those in units redeemed   | <b>(8,673,646)</b>                                     | 18,875,858                                    |
| Net income before capital gains- realised and unrealised  | <b>65,950,033</b>                                      | 76,807,744                                    |
| Capital (loss) / gain on sale of term finance certificates  | <b>912,500</b>   | (1,187,200)                                   |
| Provision for impairment in valuation of investments<br>classified as 'held to maturity'  | <b>(3,708,029)</b>                                     | -   |
| Net unrealised (diminution) / appreciation in fair value of<br>investments classified as 'at fair value through profit or<br>loss - held for trading' | <b>-</b>   | (2,654,025)                                   |
| Net income for the period   | <b>63,154,504</b>                                      | 72,966,519                                    |
| <i>Distributions made during the period:</i>  |  |   |
| Final distribution of bonus units   | <b>(91,457,618)</b>                                    | (58,991,142)                                  |
| Final distribution of cash dividend   | <b>(29,669,137)</b>                                    | (35,629,743)                                  |
|   | <b>(121,126,755)</b>                                   | (94,620,885)                                  |
| Net income less distributions for the period  | <b>(57,972,251)</b>                                    | (21,654,366)                                  |
| <b>Net assets at end of the period</b>  | <b>Rupees 2,482,089,739</b>                            | 2,680,475,172                                 |

The annexed notes from 1 to 12 are an integral part of these financial statements.

**For IGI Funds Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## Condensed Interim Cash Flow Statement (Unaudited)

For the quarter ended 30 September 2009

| Note   | For the quarter<br>ended 30<br>September 2009 | For the quarter<br>ended 30<br>September 2008 |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |   |
|  | -----Rupees-----                              |   |
| Net income for the period  | 63,154,504                                    | 72,966,519                                    |
| Adjustments for:   |   |   |
| Capital (loss) / gain on sale of term finance certificates   | (912,500)                                     | 1,187,200                                     |
| Net unrealised diminution / (appreciation) in fair value of investments classified as 'at fair value through profit or loss- held for trading' | -   | 2,654,025                                     |
| Provision for impairment in valuation of investments classified as 'held to maturity'  | 3,708,029                                     | -   |
| Deferred formation cost  | 181,700                                       | 181,700                                       |
| Element of income and capital gains included in prices of units sold less those in units redeemed  | (8,673,646)                                   | 18,875,858                                    |
|  | <u>57,458,087</u>                             | <u>95,865,302</u>                             |
| <i>(Increase) / decrease in assets</i>   |   |   |
| Investments - net  | (439,236,876)                                 | 745,408,052                                   |
| Receivable against interest / mark up  | 10,375,644                                    | (9,514,685)                                   |
| Receivable against sale of securities  | -   | 31,560,025                                    |
| Prepaid / receivable others  | 54,384  | 252,080                                       |
|  | <u>(428,806,848)</u>                          | <u>767,705,472</u>                            |
| <i>Increase / (decrease) in liabilities</i>  |   |   |
| Payable to the Management Company  | (24,466)                                      | (411,822)                                     |
| Remuneration payable to the Trustee  | (1,957)                                       | (44,053)                                      |
| Annual fee to the Securities & Exchange Commission of Pakistan   | 407,734                                       | 835,187                                       |
| Accrued and other liabilities  | 1,245,632                                     | (77,826)                                      |
|  | <u>1,626,943</u>                              | <u>301,486</u>                                |
| <b>Net cash from / (used in) operating activities</b>  | <b>(369,721,818)</b>                          | <b>863,872,260</b>                            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |   |   |
| Distribution paid  | (29,669,137)                                  | (35,629,743)                                  |
| Amounts received on issue of units   | 967,362,050                                   | 1,139,985,302                                 |
| Payment against redemption of units  | (510,873,005)                                 | (2,192,746,954)                               |
| <b>Net cash (used in) / from financing activities</b>  | <b>426,819,908</b>                            | <b>(1,088,391,395)</b>                        |
| Net increase in cash and cash equivalents during the period  | <u>57,098,090</u>                             | <u>(224,519,135)</u>                          |
| Cash and cash equivalents at beginning of the period   | 1,740,955,950                                 | 1,228,086,058                                 |
| <b>Cash and cash equivalents at end of the period</b>  | <u>5 Rupees 1,798,054,040</u>                 | <u>1,003,566,923</u>                          |

The annexed notes from 1 to 12 are an integral part of these financial statements.

**For IGI Funds Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended 30 September 2009

### 1 LEGAL STATUS AND NATURE OF BUSINESS

IGI Income Fund (the Fund) has been constituted under Trust Deed dated 18 December 2006 between IGI Funds Limited (IGIFL) as Management Company, incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee incorporated under the Companies Ordinance, 1984. The Fund has been established under the Rules of business applicable to open ended mutual fund of the Non-Banking Finance Companies. The Fund is an open ended mutual fund listed on Lahore Stock Exchange.

The Fund invests primarily in fixed-rate securities and other avenues of investment, which include corporate debt securities, certificates of investments, certificates of musharika, commercial papers, term deposit receipts, spread transactions, reverse repurchase agreements and transactions under continuous funding system.

### 2 BASIS OF PRESENTATION

#### 2.1 Statement of compliance

These condensed interim financial statements ("interim financial information") are unaudited and have been prepared in accordance with the requirements of the approved accounting Standard, International Accounting Standard "Interim Financial Reporting" (IAS 34) as applicable in Pakistan. This condensed interim financial information do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Fund's annual financial statements for the year ended 30 June 2009.

2.2 This condensed interim financial information is being submitted to the unit holders as required by listing regulations of Lahore Stock Exchanges and rule 38(g) of the Non Banking Finance Companies and Notified Entities Regulations, 2008

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2009.

#### 3.1 Accounting estimates and judgments

The preparation of condensed interim financial information requires management to make judgments, 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 this condensed interim financial information, significant judgments made by the 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 2009.

### 4 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2009.

|  | Note   | September<br>2009<br>(Unaudited) | June<br>2009<br>(Audited) |
|--|--------|----------------------------------|---------------------------|
| <b>5 CASH AND CASH EQUIVALENTS</b>                 |        | -----Rupees-----                 |                           |
| Bank balances                                      | 5.1    | <b>874,151,711</b>               | 668,658,623               |
| Certificate of deposits maturing within 3 months   |        | <b>205,429,660</b>               | 205,127,801               |
| Term deposit receipts maturing within three months |        | <b>718,472,669</b>               | 867,169,526               |
|  | Rupees | <b><u>1,798,054,040</u></b>      | <u>1,740,955,950</u>      |

This represents balance in deposit accounts with banks and carry profit rates ranging from 5.00% to 12.00% (2009: 12.50% to 14.00%).

## 6 INVESTMENTS

### Financial asset at fair value through profit or loss-Held for trading

|                           |     |                    |             |
|---------------------------|-----|--------------------|-------------|
| Term finance certificates | 6.1 | -                  | 189,977,400 |
| Treasury Bills            | 6.2 | <b>117,001,000</b> | -           |

### Held to maturity

|                            |        |                             |                      |
|----------------------------|--------|-----------------------------|----------------------|
| Certificates of investment | 6.3    | <b>13,476,376</b>           | 19,274,857           |
| Certificates of musharika  | 6.4    | <b>49,387,544</b>           | 58,457,658           |
| Certificates of deposit    | 6.5    | <b>228,704,628</b>          | 232,077,801          |
| Term deposits              | 6.6    | <b>1,246,434,043</b>        | 867,169,526          |
|                            |        | <b>1,538,002,591</b>        | 1,176,979,842        |
|                            | Rupees | <b><u>1,655,003,591</u></b> | <u>1,366,957,242</u> |

|                                      | Profit Rate | Market Value as<br>at 30 September<br>2009 | Market Value as<br>at 30 June<br>2009 |
|--------------------------------------|-------------|--|---------------------------------------|
| <b>6.1 Term Finance Certificates</b> |             | -----Rupees-----                           |                                       |
| Pace Pakistan Limited                | 15.78%      | -  | 41,483,400                            |
| <b>Commercial banks</b>              |             |  |                                       |
| Bank Al-Habib Limited                | 15.50%      | -  | 50,000,000                            |
| <b>Fertilizer</b>                    |             |  |                                       |
| Engro Chemicals Pakistan Limited I   | 14.14%      | -  | 80,960,000                            |
| Engro Chemicals Pakistan Limited II  | 13.69%      | -  | 17,534,000                            |
|                                      |             | -  | 98,494,000                            |
|                                      |             | <b><u>-</u></b>                            | <u>189,977,400</u>                    |
|                                      |             | <b><u>117,001,000</u></b>                  | <u>-</u>                              |
| <b>6.2 Treasury Bills</b>            |             |  |                                       |

These treasury bills carries a mark up rates ranging from 12.42% to 12.60% and will mature from 25 March 2010 to 23 September 2010.

|  | <b>Note</b>   | <b>September<br/>2009</b>  | June<br>2009   |
|--|---------------|--|--|
| <b>6.3 Certificates of Investment - unsecured</b>  |               |  |  |
| Saudi Pak Leasing Company Limited  | <i>Rupees</i> | <u><b>13,476,376</b></u>   | <u>19,274,857</u>  |
| This certificate carry mark-up rate of 16% (June 2009: 16%) per annum and will mature on 2 October 2009.   |               |  |  |
| <b>6.4 Certificates of Musharika - unsecured</b>   |               |  |  |
| BRR International Modaraba   | <i>Rupees</i> | <u><b>49,387,544</b></u>   | <u>58,457,658</u>  |
| This certificate carry mark up rate of 16% (June 2009: 16%) per annum and will mature on 14 February 2011.   |               |  |  |
| <b>6.5 Certificates of Deposit - unsecured</b>   |               |  |  |
| IGI Investment Bank Limited  | 6.5.1         | <u><b>205,429,660</b></u>  | 205,127,801  |
| First Dawood Investment Bank Limited   | 6.5.2         | <u><b>23,274,968</b></u>   | 26,950,000   |
|  | <i>Rupees</i> | <u><b>228,704,628</b></u>  | <u>232,077,801</u>   |
| <b>6.5.1</b> These certificates carries mark-up rate ranging from 12.25% to 13.20% (2009:12.25% to 13.00%) will mature on 26 October 2009.   |               |  |  |
| <b>6.5.2</b> The Certificate of Deposit with FDIBL had matured on 1 January 2009, against which the principal amount of Rs. 49 million were not received. Provision amounting to Rs. 25.726 million (June 2009: Rs. 22.050 million) in respect of principal and Rs. 0.217 million (June 2009: 0.217 million) in respect of interest for the period from 01 January 2009 to 10 January 2009 has been made in these financial statements in accordance with provisioning policy of the Fund. |               |  |  |
| <b>6.6 Term Deposit Return</b>   | <i>Rupees</i> | <u><b>1,246,434,043</b></u>  | <u>867,169,526</u>   |
| Term deposit accounts are maintained with various financial institutions and carry profit rates from 11.50% to 14.50% (2009:13.15% to 14.50%) per annum. These deposits will mature between 3 October 2009 to 25 August 2010 (2009: 02 July 2009 to 11 August 2009).   |               |  |  |
| <b>7 FINANCIAL INCOME</b>  |               | <b>For the quarter<br/>ended 30<br/>September 2009<br/>(Unaudited)</b> | For the quarter<br>ended 30<br>September 2008<br>(Unaudited) |
| Financial income on;   |               |  |  |
| <b>Financial asset at fair value through profit or loss-</b>   |               |  |  |
| Held for Trading   |               |  |  |
| - Term finance certificates  |               | <b>889,076</b>   | 24,432,542   |
| - Treasury Bills   |               | <b>326,997</b>   | -  |
| <b>Available-for-sale</b>  |               |  |  |
| -Application money for subscription of TFCs  |               | -  | 1,723,068  |

|                               | <b>For the quarter<br/>ended 30<br/>September 2009<br/>(Unaudited)</b> | For the quarter<br>ended 30<br>September 2008<br>(Unaudited) |
|-------------------------------|--|--|
| <b>Held to maturity</b>       |  |  |
| - Commercial papers           | -  | 1,719,702  |
| - Certificates of Investments | <b>3,359,105</b>   | 3,149,376  |
| - Certificates of Deposit     | <b>4,211,289</b>   | 1,425,672  |
| - Certificates of musharika   | <b>1,507,970</b>   | 11,029,622   |
| - Term deposits               | <b>27,928,116</b>  | 30,399,258   |
|                               | <b>37,006,480</b>  | 47,723,630   |
| <b>Others</b>                 |  |  |
| - Bank deposits               | <b>27,461,607</b>  | 34,788,982   |
| - Continuous funding system   | -  | 71,715   |
|                               | <b>65,684,160</b>  | 108,739,937  |

## 8. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include IGI Funds Limited being the management company, Central Depository Company of Pakistan Limited being the trustee, IGI Investment Bank Limited being the holding company of the management company, IGI Finex Securities Limited being the subsidiary of holding company of the management company and IGI Insurance Limited being the holding company of the management company and Packages Limited being the holding company of IGI Insurance Limited. Tri Pack Films Limited and Tetra Pak Pakistan Limited being the subsidiary of IGI Insurance Limited.

Remuneration payable to the Management Company and the Trustee are determined in accordance with the provisions of Non - Banking Finance Companies and Notified Entities Regulations, 2007, and the Trust Deed respectively.

Transaction and balances with related parties other than those disclosed elsewhere are as follows:

### 8.1 Unit Holder's Fund

#### For the quarter ended 30 September 2009

|   | As at<br>01 July 2009 | Issued<br>for cash | Bonus   | Redeemed  | As at 30<br>September<br>2009 | As at 1 July<br>2009 | Issued<br>for cash | Bonus      | Redeemed    | As at 30<br>September 2009 | NAV as at 30<br>September 2008 |  |
|---|-----------------------|--------------------|---------|-----------|-------------------------------|----------------------|--------------------|------------|-------------|----------------------------|--------------------------------|--|
|   | Units                 |                    |         |           |                               | (Rupees)             |                    |            |             |                            |                                |  |
| <b>Associated Companies / Undertakings</b>        |                       |                    |         |           |                               |                      |                    |            |             |                            |                                |  |
| IGI Investment Bank Limited                       | 1,878,111             | 1,975,339          | 117,969 | 3,971,419 | -                             | 200,000,000          | 200,000,000        | 11,819,326 | 401,873,536 | -                          | -                              |  |
| IGI Insurance Limited                             | -                     | -                  | -       | -         | -                             | -                    | -                  | -          | -           | -                          | -                              |  |
| IGI Finex Securities Limited                      | 1,175,595             | -                  | 73,842  | -         | <b>1,249,437</b>              | 120,000,000          | -                  | 7,398,253  | -           | 127,398,253                | <b>128,404,640</b>             |  |
| Packages Limited                                  | -                     | -                  | -       | -         | -                             | -                    | -                  | -          | -           | -                          | -                              |  |
| Packages Limited - Employees Gratuity Fund        | 500,389               | -                  | 31,431  | -         | <b>531,820</b>                | 51,014,613           | -                  | 3,149,051  | -           | 54,163,664                 | <b>54,655,141</b>              |  |
| Packages Limited - Employees Provident Fund       | 383,679               | -                  | 24,100  | -         | <b>407,779</b>                | 38,915,136           | -                  | 2,414,567  | -           | 41,329,703                 | <b>41,907,448</b>              |  |
| Packages Limited - Staff Pension Fund             | 596,206               | -                  | 37,449  | -         | <b>633,655</b>                | 98,298,936           | -                  | 3,752,041  | -           | 102,050,977                | <b>65,120,724</b>              |  |
| IGI Funds Limited - Management Company            | 884,315               | 44,523             | 55,546  | 134,303   | <b>850,081</b>                | 91,802,490           | 4,500,000          | 5,565,172  | 13,600,000  | 88,267,662                 | <b>87,362,824</b>              |  |
| IGI Funds Limited - Staff Provident Fund          | 5,347                 | -                  | 336     | -         | <b>5,683</b>                  | 542,926              | -                  | 33,648     | -           | 576,574                    | <b>584,042</b>                 |  |
|   | -                     | -                  | -       | -         | -                             | -                    | -                  | -          | -           | -                          | -                              |  |
| <b>Other Related Parties</b>                      |                       |                    |         |           |                               |                      |                    |            |             |                            |                                |  |
| Transactions with employees                       | 1,214                 | 10,211             | 76      | 4,004     | <b>7,497</b>                  | 1,083,242            | 1,042,045          | 7,641      | 408,200     | 1,724,728                  | <b>770,467</b>                 |  |
| Tri Pack Films Limited - Employees Gratuity Fund  | 10,788                | -                  | 678     | -         | <b>11,466</b>                 | 1,097,175            | -                  | 67,892     | -           | 1,165,067                  | <b>1,178,361</b>               |  |
| Tri Pack Films Limited - Employees Provident Fund | 21,576                | -                  | 1,355   | -         | <b>22,931</b>                 | 2,194,351            | -                  | 135,783    | -           | 2,330,134                  | <b>2,356,619</b>               |  |
| <b>Key Management Personnel</b>                   |                       |                    |         |           |                               |                      |                    |            |             |                            |                                |  |
| Syed Babar Ali - Group Chairman                   | 474,428               | -                  | 29,800  | -         | <b>504,228</b>                | 50,000,000           | -                  | 2,985,672  | -           | 52,985,672                 | <b>51,819,512</b>              |  |

## For the quarter ended 30 September 2008

|   | As at<br>01 July 2008 | Issued<br>for cash | Bonus  | Redeemed  | As at 30<br>September<br>2008 | As at 1 July<br>2007 | Issued<br>for cash | Bonus     | Redeemed    | As at 30 June<br>2008 | NAV as at 30<br>September 2008 |
|---|-----------------------|--------------------|--------|-----------|-------------------------------|----------------------|--------------------|-----------|-------------|-----------------------|--------------------------------|
| <b>Associated Companies / Undertakings</b>                | Units                 |                    |        |           | (Rupees)                      |                      |                    |           |             |                       |                                |
| IGI Investment Bank Limited                               | 14,704                | 5,512,134          | 389    | 4,491,827 | 1,035,400                     | 1,510,587            | 560,523,630        | 38,967    | 458,011,631 | 104,061,553           | 106,553,014                    |
| IGI Insurance Limited                                     | 2,070,805             | -                  | 54,833 | 1,035,400 | 1,090,238                     | 212,733,810          | -                  | 5,487,634 | 104,523,630 | 113,697,814           | 11,196,351                     |
| Packages Limited - Employees Gratuity Fund                | 578,159               | -                  | 15,309 | -         | 593,468                       | 59,394,273           | -                  | 1,532,121 | -           | 60,926,394            | 61,073,787                     |
| Packages Limited - Employees Provident Fund               | 663,292               | -                  | 17,563 | -         | 680,855                       | 68,140,017           | -                  | 1,757,725 | -           | 69,897,742            | 7,066,838                      |
| Packages Limited - Staff Pension Fund                     | 966,840               | -                  | 25,601 | -         | 992,441                       | 99,323,537           | -                  | 2,562,128 | -           | 101,885,665           | 102,132,147                    |
| IGI Funds Limited - Management Company                    | 1,535,024             | 14,958             | 41,175 | 416,184   | 1,194,973                     | 159,747,654          | 1,500,000          | 4,120,815 | 42,000,000  | 123,368,469           | 122,974,641                    |
| IGI Funds Limited - Staff Provident Fund                  | 5,209                 | -                  | 138    | -         | 5,347                         | 535,107              | -                  | 13,804    | -           | 548,911               | 550,238                        |
| <b>Other Related Parties</b>                              |                       |                    |        |           |                               |                      |                    |           |             |                       |                                |
| Transactions with employees                               | 81,078                | 21,362             | 1,399  | 50,616    | 53,223                        | 8,329,156            | 2,169,000          | 139,981   | 5,188,525   | 5,449,612             | 5,477,194                      |
| Treet Corporation Limited - Employees Gratuity Fund       | 27,286                | -                  | 722    | -         | 28,008                        | 2,803,052            | -                  | 72,307    | -           | 2,875,359             | 2,882,316                      |
| Treet Corporation Limited - Employees Superannuation Fund | 27,286                | 9,731              | 722    | -         | 37,739                        | 2,803,052            | 1,000,000          | 72,307    | -           | 3,875,359             | 3,883,678                      |
| Tri Pack Films Limited - Employees Gratuity Fund          | 10,510                | -                  | 278    | -         | 10,788                        | 1,079,672            | -                  | 27,851    | -           | 1,107,523             | 1,110,203                      |
| Tri Pack Films Limited - Employees Provident Fund         | 21,020                | -                  | 557    | -         | 21,577                        | 2,159,345            | -                  | 55,702    | -           | 2,215,047             | 2,220,406                      |
| Tatra Pak Pakistan Limited - Employees Gratuity Fund      | 16,782                | -                  | 444    | -         | 17,226                        | 1,723,942            | -                  | 44,470    | -           | 1,768,412             | 1,772,690                      |
| Tatra Pak Pakistan Limited - Employees Provident Fund     | 71,628                | -                  | 1,897  | -         | 73,525                        | 7,358,288            | -                  | 189,813   | -           | 7,548,101             | 7,566,361                      |
| Tatra Pak Pakistan Limited - Employees Pension Fund       | 59,348                | -                  | 1,572  | -         | 60,920                        | 6,096,867            | -                  | 157,273   | -           | 6,254,140             | 6,269,270                      |
| Central Depository Company of Pakistan Limited            | 201,226               | 245,990            | 5,328  | -         | 452,544                       | 20,671,901           | 25,000,000         | 533,248   | -           | 46,205,149            | 46,571,316                     |
| CDCPL - Employees Gratuity Fund                           | 54,616                | -                  | 1,446  | 56,062    | -                             | 5,610,712            | -                  | 144,733   | 5,709,977   | 45,468                | -                              |
| <b>Key Management Personnel</b>                           |                       |                    |        |           |                               |                      |                    |           |             |                       |                                |
| Bazl Ahmed Khan - Chairman Board of Directors             | 13805                 | -                  | 366    | -         | 14171                         | 1418199              | -                  | 36584     | -           | 1454783               | 1458302                        |
| Ali Azam Shirazee - Ex-CEO resigned w.e.f 08 August 2008  | 97561                 | -                  | 2583   | 73517     | 26627                         | 10022518             | -                  | 258539    | 7500000     | 2781057               | 2740222                        |
| Adi . J . Cawasji - Director                              | 18261                 | -                  | 484    | 10925     | 7820                          | 1875914              | -                  | 48391     | 1100000     | 824005                | 804756                         |

## 8.2 Other transactions

**For the quarter  
ended 30  
September 2009**      For the quarter  
ended 30  
September 2008

## Associated Companies / Undertakings

## IGI Funds Limited - Management Company

Management fee      Rupees      **6,795,735**      10,439,855

## IGI Investment Bank Limited

Interest income from Certificate of Deposit placed      Rupees      **6,420,227**      -

## Other Related Parties

## IGI Finex Securities Limited

Brokerage/ Commission      Rupees      **2,600**      -

## Central Depository Company of Pakistan Limited

Trustee fee      Rupees      **795,740**      1,075,946

## 8.3 Other balances

**September 2009**      June 2009

## Associated Companies / Undertakings

## IGI Funds Limited - Management Company

Management fee      Rupees      **2,378,187**      2,402,653

| 8.3 Other balances                                    | <b>September 2009</b>            | June 2009          |
|---|----------------------------------|--------------------|
| <i>Associated Companies / Undertakings</i>            |                                  |                    |
| <i>IGI Investment Bank Limited</i>                    |                                  |                    |
| Certificates of Deposit                               | Rupees <u><b>205,429,660</b></u> | <u>205,127,801</u> |
| <i>Other Related Parties</i>                          |                                  |                    |
| <i>IGI Finex Securities Limited</i>                   |                                  |                    |
| Brokerage/ Commission                                 | Rupees <u><b>5,301</b></u>       | <u>7,251</u>       |
| <i>Central Depository Company of Pakistan Limited</i> |                                  |                    |
| Trustee fee   | Rupees <u><b>272,456</b></u>     | <u>274,413</u>     |

## 9 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 reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. The management intentions for the distribution of 90% of the net accounting income other than unrealized capital gains to the unit holders in case the Fund earns net accounting income in the subsequent period.

## 10 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair market value of the financial assets and liabilities are not significantly different from their carrying values.

## 11 GENERAL

11.1 Figures have been rounded off to the nearest rupee.

11.2 This condensed interim financial information is unaudited. The figures for the three months period ended 30 September 2009 in this condensed interim financial information have not been reviewed by the auditors

## 12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by Board of Directors of the Management Company on **29 October 2009**.

**For IGI Funds Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

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**IGI**

Funds

**IGI STOCK FUND**

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## Fund's Information

### Trustee

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S  
Main Shakra-e-Faisal, Karachi-74400 Pakistan

### Distributors

Al - Habib Capital Markets (Pvt.) Ltd.  
Allied Bank Limited  
Alfalah Securities (Pvt.) Ltd.  
Atlas Capital Markets (Pvt.) Ltd.  
BMA Capital Management Ltd.  
Bulls and Bulls  
Foundation Securities (Pvt) Ltd.  
IGI Investment Bank Limited  
Invest Capital and securities (Pvt.) Ltd.  
JS Global Capital Limited  
KASB Securities  
Mybank Limited  
National Clearing Company of Pakistan Limited  
Pak Oman Investment  
Pyramid Financial Consultant (Pvt.) Ltd.  
Siza Commodities (Pvt.) Ltd.  
Mr. Khurram Shehzad Hashmi  
Mr. Zulfiqar Lodhi  
Mr. Rizwan Ahmed  
Mr. Salman Najeeb  
Vector Consulting (Pvt) Ltd.  
Cumberland (Pvt) Ltd.

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants  
1st Floor, Sheikh Sultan Trust Building - 2, Beaumont Road, Karachi

### Legal Advisor

Hassan & Hassan (Advocates)  
PAAF Building, 7D Kashmir Egerton Road, Lahore.

### Bankers

Bank Alfalah Limited  
Faysal Bank Limited

## Directors' Report

To our valued Unit Holders,

The Board of Directors of IGI Funds Limited is pleased to present you the Quarterly Report of the IGI Stock Fund (the "Fund") for the quarter ended 30 September 2009.

### Economic Review

The economy continued to show signs of stability; decline in inflation, upward movement in FX Reserves and strong growth in foreign investments.

The YoY inflation figures have continued with a downward trend, with Sept 09 figures registering at 10.12% (Aug 09: 10.69%). This decline justified the 100bps slash in the discount rate, bringing it down to 13%. The apex regulator also created a "corridor" for Repurchase/ Reverse Repurchase contracts, with the ceiling being the DR and the floor 200bps under the DR. These changes were implemented in the Aug 09 MPS.

During 1QFY10, FOREX reserves stood at a comfortable USD 14.46bn, 22% higher than USD 11.84bn at the end of FY09. Despite the significant inflow, the source has shifted from long term FDI to short term FPI, which is reflective of the risk that is apparent in investing in Pakistan. During the period under review, FDI has declined by 59% YoY, whereas FIPI has increased by 222% YoY. Out of the 36 listed sectors under FDI, 25 registered a decline. Telecom, Oil and Gas and Financial Services were the biggest losers, with Power, Paper and Chemical recording the highest growth.

However, risks remain in terms of supply constraints and continuous government borrowing. The matter of the cyclical debt remains unresolved, with an outstanding amount of PKR 216bn. This has prompted GoP to create Power Holding Company Limited (PHCL) which is backed by the sovereign guarantee of the GoP. The GoP then issued TFCs worth PKR 85.1bn which was supposed to be funneled through the PHCL by Sep 30'09 to relevant companies in order to clear out the outstanding inter-corporate debt. The matter remains ongoing as WAPDA and PEPCOs debts have not been brought under the PHCL umbrella.

### Capital Market Conditions and Outlook

The KSE 100 appreciated 30.4% during 1QFY10, surpassing the psychological 9,000 index level. The market ascended with a strong footing, bolstered by continuous foreign investment. During the period under review, the FIPI recorded a Net Buy position of USD 234.70mn. This is significantly higher than the YoY net sell figure of USD (123.70mn) in 1QFY09. Therefore, investors see untapped potential in the market.

In addition, on PER basis the KSE 100 is at 60% discount to its regional peers. This discount, traditionally at 30%, further justifies the interest that has been attributed to it. Future upward trend will rely mainly upon:

- Interest rate decline
- Continued investment from the foreign side
- Domestic security and political stability
- Leverage product in the index.

### Going forward

The economic stability of the country and subsequent growth depends on the continued assistance from IMF flows and foreign aid/investment. However, this may prove to be a short term solution.

The current government's economic strategy is to induce inflows through loans, aids and grants (Kerry-Luger Bill, IMF, FoDP) as opposed to a long term investment concentric approach. Presently, the US is responsible for 49% of total inflow (FY09: 11%); 78% of the FPI figure is attributable to the US. It

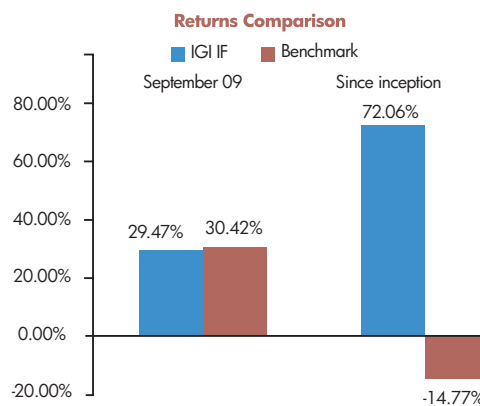
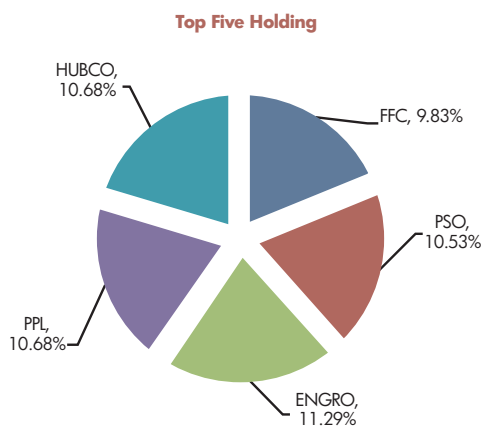
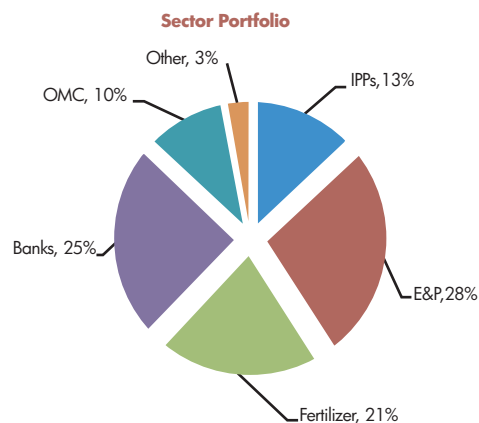
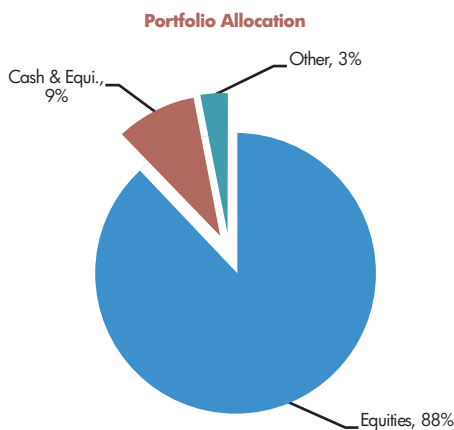
remains our main trade partner, with 20% of all our exports landing on US soil. Therefore, the diplomatic move by the state to strengthen ties with US is justified. However, the increasing presence of US security agencies in the country, placements of stipulations linked to utilization of aid offered and cornering the free float of the capital market is a cause for concern.

The KSE 100 is expected to continue its ascension to surpass the 10,000 psychological barrier. This is subject to continued foreign investment, which is likely to continue, based upon the deep discounted prices offered in comparison to other regional market. This will cause the promotion of the index into the MSCI emerging markets index from where it currently sits in the MSCI frontier markets index.

### Fund Operations and Performance

IGISF performed well in a tricky market scenario. During the first quarter your Fund performed very well. The net assets of the fund have increased by Rs. 232.99mn during the period to end at Rs. 482.46 millions (June 2009: 249.49mn) and the net assets value per unit by Rs.31.71. This represents 93% growth in the fund size as compared to the benchmark KSE 100 index with a growth of only 30% during the quarter.

The graphical illustration and key financial data showing portfolio allocation and performance of the Fund is given below;



| Description                           | (Rupees in millions)                       |  |
|---------------------------------------|--|--|
|                                       | For the quarter ended<br>30 September 2009 | For the quarter ended<br>30 September 2008 |
| Net Assets                            | 482.48                                     | 129.68                                     |
| Net Income/(loss)                     | 121.85                                     | (3.80)                                     |
| Net Assets Value per Unit (Rs.)       | 139.29                                     | 97.15                                      |
| Issuance of units during the period   | 1,011                                      | 34.67                                      |
| Redemption of units during the period | 852  | 1.16                                       |

#### Future Outlook

IGI SF will continue to maintain a strong position in blue chip, dividend yielding stocks. Concentration will rest on the oil (E&P and OMCs) and fertilizer sector, which are fundamentally undervalued in the current market. The Fund will also maintain a small trading portion of the total Net Asset for short term trading purposes. This will allow gains from arbitrary movements in certain stocks.

#### Acknowledgement

The Directors express their gratitude to the Securities and Exchange Commission of Pakistan for its valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

For and behalf of the Board

Chief Executive Officer  
29 October 2009

**Condensed Interim Statement of Assets and Liabilities (Unaudited)**

As at 30 September 2009

|   | Note   | September<br>2009<br>(Unaudited) | June<br>2009<br>(Audited) |
|---|--------|----------------------------------|---------------------------|
| -----Rupees-----  |        |                                  |                           |
| <b>Assets</b>   |        |                                  |                           |
| Bank balances   | 5      | <b>42,775,991</b>                | 34,095,613                |
| Investments   | 6      | <b>413,207,405</b>               | 222,288,522               |
| Dividend receivable   |        | <b>3,702,320</b>                 | 1,131,228                 |
| Deferred formation cost   | 7      | <b>980,324</b>                   | 1,045,552                 |
| Advances & security deposits  |        | <b>16,300,000</b>                | 6,300,000                 |
| Prepayments and other receivables                                       |        | <b>9,542,720</b>                 | 327,995                   |
| <b>Total assets</b>   |        | <b>486,508,760</b>               | 265,188,910               |
| <b>Liabilities</b>  |        |                                  |                           |
| Payable on redemption of units  |        | <b>72,236</b>                    | 721,319                   |
| Payable to the Management Company                                       |        | <b>2,015,407</b>                 | 1,696,227                 |
| Remuneration payable to the Trustee                                     |        | <b>65,933</b>                    | 57,540                    |
| Annual fee payable to Securities and<br>Exchange Commission of Pakistan |        | <b>240,493</b>                   | 160,423                   |
| Accrued and other liabilities   |        | <b>1,638,913</b>                 | 13,066,229                |
| <b>Total liabilities</b>  |        | <b>4,032,982</b>                 | 15,701,738                |
| <b>Net assets attributable to unitholders</b>                           | Rupees | <b>482,475,778</b>               | 249,487,172               |
| <b>Unit holder's funds</b> (as per statement attached)                  | Rupees | <b>482,475,778</b>               | 249,487,172               |
| <b>Number of units in issue</b>   | Number | <b>3,463,861</b>                 | 1,877,323                 |
| <b>Net assets value per unit</b>  | Rupees | <b>139.29</b>                    | 132.90                    |

The annexed notes from 1 to 12 an integral part of these financial statements.

**For IGI Funds Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**Condensed Interim Income Statement (Unaudited)**

For the quarter ended 30 September 2009

|  | <b>For the quarter<br/>ended 30<br/>September 2009</b> | For the quarter<br>ended 30<br>September 2008 |
|--|--|---|
| <b>Income</b>  |  |   |
|  | <b>-----Rupees-----</b>                                |   |
| Capital gain/ (loss) on sale of equity securities  | <b>47,276,879</b>                                      | (4,064,172)                                   |
| Interest income on bank deposits & other deposits  | <b>1,404,401</b>                                       | 2,654,809                                     |
| Dividend income on equity securities   | <b>4,453,652</b>                                       | 208,100                                       |
| Net unrealised appreciation/(diminution) in fair value of<br>investments classified as 'at fair value through profit or loss-<br>held for trading' | <b>31,327,233</b>                                      | (1,385,644)                                   |
| Element of income and capital gain included in prices of<br>units sold less those in units redeemed - net  | <b>40,936,532</b>                                      | 29,355  |
| <b>Total Income</b>  | <b>125,398,697</b>                                     | (2,557,552)                                   |
| <b>Expenses</b>  |  |   |
| Remuneration to the Management Company   | <b>1,685,713</b>                                       | 557,709                                       |
| Remuneration to the Trustee  | <b>186,486</b>   | 147,686                                       |
| Annual fee to the Securities and Exchange<br>Commission of Pakistan  | <b>80,070</b>  | 27,891  |
| Brokerage expense, capital value tax & federal excise duty   | <b>1,326,711</b>                                       | 107,118                                       |
| Amortization of deferred formation cost  | <b>65,228</b>  | 54,593  |
| Auditors' remuneration   | <b>79,120</b>  | 45,752  |
| Legal & professional charges   | <b>82,236</b>  | 49,991  |
| Printing & Advertisement expenses  | <b>37,812</b>  | 252,084                                       |
| Bank charges   | <b>7,124</b>   | 3,941   |
| <b>Total Expenses</b>  | <b>3,550,500</b>                                       | 1,246,765                                     |
| <b>Net Profit/(loss) for the period</b>  | <i>Rupees</i> <b>121,848,197</b>                       | (3,804,317)                                   |

The annexed notes from 1 to 12 are an integral part of these financial statements.

**For IGI Funds Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**Condensed Interim Distribution Statement (Unaudited)**

For the quarter ended 30 September 2009

|  | <b>For the quarter<br/>ended 30<br/>September 2009</b> | For the quarter<br>ended 30<br>September 2008 |
|--|--|---|
|  | -----Rupees-----                                       |   |
| Undistributed income brought forward at the beginning of the period  | <b>61,763,927</b>                                      | -   |
| Final distribution of cash dividend @ Rs. 25.3111 per unit for the year ended 30 June 2009, declared on 02 July 2009             | <b>(6,348,579)</b>                                     | -   |
| Final distribution of bonus @23.5268 units for every 100 units held, for the period ended 30 June 2009, declared on 02 July 2009 | <b>(41,168,522)</b>                                    | -   |
| Net Income/loss for the period   | <b>121,848,197</b>                                     | (3,804,317)                                   |
| <b>Undistributed income/(loss)<br/>carried forward</b>   | <i>Rupees</i> <b><u>136,095,023</u></b>                | <u>(3,804,317)</u>                            |

The annexed notes from 1 to 12 an integral part of these financial statements.

**For IGI Funds Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**Condensed Interim Statement of Movement in Unit Holder's Fund (Unaudited)**

For the quarter ended 30 September 2009

|   | <b>For the quarter<br/>ended 30<br/>September 2009</b> | For the quarter<br>ended 30<br>September 2008 |
|---|--|---|
|   | -----Rupees-----                                       |   |
| Net assets at beginning of the period   | <b>249,487,172</b>                                     | 100,000,000                                   |
| Amount realized on issuance of 7,919,433 units<br>(30 September 2008: 346,797 units)                      | <b>1,010,630,990</b>                                   | 34,673,455                                    |
| Issuance of 382,678 bonus units in respect of final<br>distributions (30 September 2008 : Nil)            | <b>41,168,522</b>                                      | -   |
| Amount paid on redemption of 6,715,573 units<br>(30 September 2008: 11,949)                               | <b>(852,205,470)</b>                                   | (1,162,701)                                   |
|   | <b>449,081,214</b>                                     | 133,510,754                                   |
| Element of income and capital gain included in prices of<br>units sold less those in units redeemed - net | <b>(40,936,532)</b>                                    | (29,355)                                      |
| Net income for the period   | <b>121,848,197</b>                                     | (3,804,317)                                   |
| <i>Distributions made during the year:</i>  |  |   |
| Final distribution of bonus units   | <b>(41,168,522)</b>                                    | -   |
| Final distribution of cash dividend   | <b>(6,348,579)</b>                                     | -   |
| <b>Net assets at end of the period</b>  | <i>Rupees</i> <b><u>482,475,778</u></b>                | <u>129,677,082</u>                            |

The annexed notes from 1 to 12 an integral part of these financial statements.

**For IGI Funds Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## Condensed Interim Cash Flow Statement (Unaudited)

For the quarter ended 30 September 2009

|   | For the quarter<br>ended 30<br>September 2009 | For the quarter<br>ended 30<br>September 2008 |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |   |
|   | -----Rupees-----                              |   |
| Net income/(loss) for the period  | 121,848,197                                   | (3,804,317)                                   |
| Adjustment for:   |   |   |
| Deferred formation cost   | 65,228  | 54,593  |
| (Gain)/Loss on sale of equity securities  | (47,276,879)                                  | 4,064,172                                     |
| Net unrealised (appreciation)/diminution in fair value of investments                             | (31,327,233)                                  | -   |
| Element of income and capital gains included in prices of units sold less those in units redeemed | (40,936,532)                                  | (29,355)                                      |
|   | <u>2,372,781</u>                              | <u>285,093</u>                                |
| <b>(Increase) / decrease in assets</b>  |   |   |
| Investments - net   | (112,314,770)                                 | (16,482,969)                                  |
| Deferred formation cost   | -   | (7,745)                                       |
| Dividend receivable   | (2,571,092)                                   | -   |
| Receivables and other deposit   | (19,214,726)                                  | (3,857,523)                                   |
|   | <u>(134,100,588)</u>                          | <u>(20,348,237)</u>                           |
| <b>Increase / (decrease) in liabilities</b>   |   |   |
| Payable to the Management Company   | 319,180                                       | 539,258                                       |
| Remuneration payable to the Trustee   | 8,393   | 57,540  |
| Annual fee to the Securities & Exchange Commission of Pakistan                                    | 80,070  | 27,891  |
| Accrued and other liabilities   | (11,427,316)                                  | (214,104)                                     |
|   | <u>(11,019,673)</u>                           | <u>410,585</u>                                |
| <b>Net cash flows from operating activities</b>   | <u>(142,747,480)</u>                          | <u>(19,652,559)</u>                           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |   |   |
| Amounts received on issue of units  | 1,010,630,990                                 | 34,673,455                                    |
| Payment against redemption of units   | (852,854,553)                                 | (394,836)                                     |
| Distribution paid   | (6,348,579)                                   | -   |
|   | <u>151,427,858</u>                            | <u>34,278,619</u>                             |
| Net increase in cash and cash equivalent  | <u>8,680,378</u>                              | <u>14,626,060</u>                             |
| Cash and cash equivalent at beginning of the period   | 34,095,613                                    | 100,000,000                                   |
| <b>Cash and cash equivalent at end of the period</b> Rupees                                       | <u><u>42,775,991</u></u>                      | <u><u>114,626,060</u></u>                     |

The annexed notes from 1 to 12 an integral part of these financial statements.

**For IGI Funds Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended 30 September 2009

### 1. LEGAL STATUS AND NATURE OF BUSINESS

IGI Stock Fund ("the Fund") has been constituted under Trust Deed dated 10 June 2008 between IGI Funds Limited (IGIFL) as Management Company, incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee incorporated under the Companies Ordinance, 1984. The Fund has been established under the Rules of business applicable to open ended mutual fund of the Non-Banking Finance Companies.

The Fund seeks to generate long term capital appreciation and income, from a portfolio that is substantially comprised of equity and equity related securities. The Fund may also invest a certain portion of its corpus in debt and money market securities in order to meet liquidity requirements from time to time.

### 2. BASIS OF PREPARATION

2.1 These condensed interim financial statements ("interim financial information") are unaudited and have been prepared in accordance with the requirements of the approved Accounting Standard, International Accounting Standard "Interim Financial Reporting" (IAS 34) as applicable in Pakistan. This condensed interim financial information do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Fund's annual financial statements for the year ended 30 June 2009.

2.2 This condensed interim financial information is being submitted to the unit holders as required by listing regulations of Lahore Stock Exchanges and rule 38(g) of the Non Banking Finance Companies and Notified Entities Regulations, 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2009.

#### 3.1 ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, 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 this condensed interim financial information, significant judgments made by the 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 2009.

#### 3.2 CASH AND CASH EQUIVALENT

Cash and cash equivalent comprise of bank balances and those investments which are readily convertible to known amount of cash subject to an in significant risk of significant changes of values and have maturities of less than three months from the date of acquisition.

### 4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2009.

## 5 BANK BALANCE - Local Currency

This represents balance in deposit accounts with banks and carry interest rate of 5.00% to 10.50% (30 June 2008: 9%).

|  | Note | September<br>2009 | June<br>2009 |
|--|------|-------------------|--------------|
|--|------|-------------------|--------------|

## 6. INVESTMENTS

### Financial asset at fair value through profit or loss- Held for trading

#### Quoted Investments

|                   |     |        |                    |                    |
|-------------------|-----|--------|--------------------|--------------------|
| Equity Securities | 6.1 | Rupees | <b>413,207,405</b> | <u>222,288,522</u> |
|-------------------|-----|--------|--------------------|--------------------|

### 6.1 Equity Securities

| Name of security                              | As at 01 July<br>2009 | Purchase/<br>Bonus<br>during the<br>period | Sold during<br>the period | As at 30<br>September<br>2009 | Market value as<br>at 30<br>September 2009 | Percentage of<br>net assets on<br>the basis of<br>market value |
|---|-----------------------|--|---------------------------|-------------------------------|--|--|
|   | Units                 |  |                           | Rupees                        |  |  |
| <i>Commercial Bank</i>                        |                       |  |                           |                               |  |  |
| MCB Bank Limited                              | 96,000                | 386,000                                    | 316,000                   | 166,000                       | 36,699,280                                 | 7.61%  |
| National Bank of Pakistan                     | 252,400               | 707,600                                    | 566,000                   | 394,000                       | 32,887,180                                 | 6.82%  |
| United Bank Ltd                               | 381,000               | 978,200                                    | 758,200                   | 601,000                       | 35,891,720                                 | 7.44%  |
| <i>Insurance</i>                              |                       |  |                           |                               |  |  |
| IGI Insurance Limited                         | 38,200                | -  | 38,200                    | -                             | -  | -  |
| <i>Power Generation &amp; Distribution</i>    |                       |  |                           |                               |  |  |
| Kot Addu Power                                | 221,400               | 204,437                                    | 255,837                   | 170,000                       | 9,101,800                                  | 1.89%  |
| The Hub Power Company                         | 841,000               | 949,000                                    | 384,000                   | 1,406,000                     | 44,134,340                                 | 9.15%  |
| <i>Oil &amp; Gas Marketing Companies</i>      |                       |  |                           |                               |  |  |
| Pakistan State Oil                            | 100,400               | 255,000                                    | 216,495                   | 138,905                       | 43,492,545                                 | 9.01%  |
| <i>Oil &amp; Gas Exploration Companies</i>    |                       |  |                           |                               |  |  |
| Oil & Gas Development Company Ltd             | 267,500               | 446,000                                    | 340,000                   | 373,500                       | 40,106,430                                 | 8.31%  |
| Pakistan Oilfields Ltd                        | 102,500               | 265,823                                    | 198,000                   | 170,323                       | 35,531,081                                 | 7.36%  |
| Pakistan Petroleum Ltd                        | 105,000               | 328,500                                    | 200,000                   | 233,500                       | 44,129,165                                 | 9.15%  |
| <i>Technology &amp; Communication</i>         |                       |  |                           |                               |  |  |
| Pakistan Telecommunication<br>Company Limited | 570,000               | 10,000                                     | 382,500                   | 197,500                       | 3,948,025                                  | 0.82%  |
| <i>Fertilizer</i>                             |                       |  |                           |                               |  |  |
| Engro Chemical Pakistan Ltd                   | 97,000                | 337,571                                    | 176,571                   | 258,000                       | 46,661,880                                 | 9.67%  |
| Fauji Fertilizer Company Ltd                  | 197,067               | 428,500                                    | 230,200                   | 395,367                       | 40,623,959                                 | 8.42%  |
|   | <u>3,269,467</u>      | <u>5,296,631</u>                           | <u>4,062,003</u>          | <u>4,504,095</u>              | <u>413,207,405</u>                         | <u>85.65%</u>  |

|   | <b>September<br/>2009</b> | June<br>2009 |
|---|---------------------------|--------------|
| <b>7. DEFERRED FORMATION COST</b>                   |                           |              |
| Unamortised cost at the beginning of the period     | <b>1,045,552</b>          | 1,285,957    |
| Addition during the period                          | -                         | 7,745        |
| Amortised to the income statement during the period | <b>(65,228)</b>           | (248,150)    |
| Balance as at balance sheet date                    | <b>Rupees 980,324</b>     | 1,045,552    |

This represents expenses incurred on the formation of the Fund. The offering document of the Fund, approved by the Securities and Exchange Commission of Pakistan, permits the deferral of the cost over a period not exceeding five years. Accordingly the said expenses are being amortised over a period of five years effective from 16 July 2008, i.e. after the close of initial period of the Fund.

#### 8. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties include IGI Funds Limited being the management company, Central Depository Company of Pakistan Limited being the trustee, IGI Investment Bank Limited being the holding company of the management company, IGI Finex Securities Limited being the subsidiary of holding company of the management company and IGI Insurance Limited being the holding company of the holding company of the management company and Packages Limited being the holding company of IGI Insurance Limited, Tri Pack Films Limited, Tetra Pak Pakistan Limited being the associates of IGI Insurance Limited and Key Management personnel. Transactions with these related parties involve issue and redemption of units and issue of bonus shares.

Remuneration payable to the Management Company and the Trustee are determined in accordance with the provisions of Non - Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively. Front end load is charged to unit holder and is payable to the management company according to provisions of the offering document of the fund. Investment in Certificate of Deposit of IGI Investment Bank Limited was made at interest rates prevailing in the market. Security deposit are placed with CDC under normal terms of the business.

Transactions and balances with related parties other than those disclosed elsewhere are as follows:

##### 8.1 Unit Holders' Fund

|  | For the quarter ended 30 September 2009 |                    |         |           |                               |                      |                    |            |             |                            |  |
|--|---|--------------------|---------|-----------|-------------------------------|----------------------|--------------------|------------|-------------|----------------------------|--|
|  | As at<br>1 July 2009                    | Issued<br>for cash | Bonus   | Redeemed  | As at 30<br>September<br>2009 | As at<br>1 July 2009 | Issued<br>for cash | Bonus      | Redeemed    | As at 30 September<br>2009 | Net Asset value as at<br>30 September 2009 |
|  | Units                                   |                    |         |           |                               | (Rupees)             |                    |            |             |                            |  |
| <b>Associated Companies / Undertakings</b>         |   |                    |         |           |                               |                      |                    |            |             |                            |  |
| IGI Investment Bank Limited                        | 876,223                                 | 7,464,056          | 206,155 | 6,486,992 | 2,059,442                     | 116,450,037          | 972,867,143        | 22,178,161 | 824,538,512 | 286,956,829                | 286,859,676                                |
| IGI Insurance Limited                              | 76,764                                  | -                  | 18,060  | 94,824    | -                             | 10,201,936           | -                  | 1,942,972  | 11,158,931  | -                          | -  |
| Packages Limited - Employees Provident Fund        | 50,000                                  | -                  | 11,764  | -         | 61,764                        | 6,645,000            | -                  | 1,265,555  | -           | 7,910,555                  | 8,609,108                                  |
| IGI Investment Bank Limited - Group Provident Fund | 3,057                                   | -                  | 719     | -         | 3,776                         | 406,275              | -                  | 3,777      | -           | 410,052                    | 525,959                                    |
| Packages Limited - Management Staff Pension Fund   | -                                       | 69,290             | -       | -         | 69,290                        | -                    | 9,651,469          | -          | -           | 9,651,469                  | 9,651,404                                  |
| Packages Limited - Employees Gratuity fund         | -                                       | 69,764             | -       | -         | 69,764                        | -                    | 9,717,455          | -          | -           | 9,717,455                  | 9,717,428                                  |
| <b>Other Related Parties</b>                       |   |                    |         |           |                               |                      |                    |            |             |                            |  |
| Transactions with employees                        | 575                                     | 3,864              | -       | 2,736     | 1,703                         | 76,418               | 514,770            | -          | 341,629     | 249,559                    | 237,211                                    |
| <b>Key Management Personnel</b>                    |   |                    |         |           |                               |                      |                    |            |             |                            |  |
| Syed Babar Ali - Group Chairman                    | 503,474                                 | -                  | 118,456 | -         | 621,930                       | 66,911,695           | -                  | 12,743,480 | -           | 79,655,175                 | 86,628,630                                 |

|                             | For the quarter ended 30 September 2008 |                 |       |          |                         |                   |                 |         | As at 30 September 2009 | Net Asset value as at 30 September 2008 |            |
|-----------------------------|---|-----------------|-------|----------|-------------------------|-------------------|-----------------|---------|-------------------------|---|------------|
|                             | As at 1 July 2008                       | Issued for cash | Bonus | Redeemed | As at 30 September 2008 | As at 1 July 2008 | Issued for cash | Bonus   |                         |   | Redeemed   |
|                             | Units                                   |                 |       |          | (Rupees)                |                   |                 |         |                         |   |            |
| IGI Investment Bank Limited | -                                       | 1,007,906       | -     | 7,906    | 1,000,000               | -                 | 100,790,554     | 790,554 | -                       | 101,581,108                             | 97,150,000 |

8.2 Other transactions

Associated Companies / Undertakings

**IGI Funds Limited - Management Company**

|  |        |                  |         |
|--|--------|------------------|---------|
| Formation cost paid                                  | Rupees | -                | 7,745   |
| Printing charges paid on behalf of the Fund          | Rupees | -                | 202,000 |
| Management fee                                       | Rupees | <b>1,402,017</b> | 557,709 |
| Front end load                                       | Rupees | <b>65,401</b>    | 14,092  |
| Security deposit with CDC paid on behalf of the fund | Rupees | -                | 100,000 |

Other Related Parties

**IGI Finex Securities Limited**

|                        |        |                |        |
|------------------------|--------|----------------|--------|
| Brokerage / Commission | Rupees | <b>213,536</b> | 14,829 |
| Federal excise duty    | Rupees | <b>34,166</b>  | -      |
| Capital value tax      | Rupees | -              | 3,570  |

Central Depository Company of Pakistan Limited  
Trustee fee

|        |                |         |
|--------|----------------|---------|
| Rupees | <b>178,093</b> | 149,604 |
|--------|----------------|---------|

8.3 Other balances

Associated Companies / Undertakings

**IGI Funds Limited - Management Company**

|                        |        |                  |           |
|------------------------|--------|------------------|-----------|
| Formation cost payable | Rupees | <b>1,293,702</b> | 1,293,702 |
| Management fee payable | Rupees | <b>1,685,713</b> | 372,608   |
| Front end load         | Rupees | <b>65,401</b>    | 29,917    |

Other Related Parties

**IGI Finex Securities Limited**

|                        |        |                |        |
|------------------------|--------|----------------|--------|
| Brokerage / Commission | Rupees | <b>181,530</b> | 38,145 |
| Federal excise duty    | Rupees | <b>29,045</b>  | -      |
| Capital value tax      | Rupees | -              | 6,616  |

**Central Depository Company of Pakistan Limited**

|                         |        |               |         |
|-------------------------|--------|---------------|---------|
| Trustee fee payable     | Rupees | <b>65,933</b> | 57,540  |
| Security deposit placed | Rupees | -             | 100,000 |

## 9. 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. The management intentions for the distribution of 90% of the net accounting income other than unrealized capital gains to the unit holders in case the Fund earns net accounting income in the subsequent period.

## 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair market value of the financial assets and liabilities are not significantly different from their carrying values.

## 11. GENERAL

11.1 Figures have been rounded off to the nearest rupee.

11.2 This condensed interim financial information is unaudited. The figures for the three months period ended 30 September 2009 in this condensed interim financial information have not been reviewed by the auditors.

## 12. DATE OF AUTHORIZATION

This condensed interim financial information was authorised for issue by Board of Directors of the Management Company on 29 October 2009.