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## Our Vision

*To be the leading Islamic closed end balanced scheme in the country, setting performance and best practices standards for the industry.*

## Our Mission

*To provide investors, RIBA Free, stable and regular income from a diversified portfolio of equity securities and Islamic income instruments.*

*To offer superior financial services to our valued investors, developing, nurturing and maintaining relationship with them and complying with the code of professional and ethical conduct that sets highest standards in corporate ethics and service to society.*

## FUND INFORMATION

### MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre,  
Shahrah-e-Faisal, Karachi 74400, Pakistan.  
Phone: (9221) 5630722-6, 111-MEEZAN  
Fax: (9221) 5676143, 5630808  
Web site: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam  
Mr. Mohammad Shoaib, CFA  
Mr. Tasnimul Haq Farooqui  
Mr. Aliuddin Ansari  
Mr. Rizwan Ata  
Mr. Mazhar Sharif  
Syed Owais Wasti

Chairman  
Chief Executive  
Director  
Director  
Director  
Director  
Director

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE OF THE MANAGEMENT COMPANY

Mr. Ariful Islam  
Mr. Tasnimul Haq Farooqui  
Mr. Mazhar Sharif

Chairman  
Member  
Member

### TRUSTEE

Central Depository Company of Pakistan Limited  
Suite # M 13-16, Mezzanine Floor, Progressive Plaza,  
Beaumont Road, Karachi.

### AUDITORS

A.F. Ferguson & Co.  
Chartered Accountants  
State Life Building No. 1-C,  
I.I. Chundrigar Road, P.O. Box 4716,  
Karachi-74000, Pakistan.

### BANKERS TO THE FUND

Meezan Bank Limited  
Bank Al Habib Limited  
MCB Bank Limited  
Habib Metropolitan Bank Limited - Islamic Banking Branch  
Al Baraka Islamic Bank B.S.C (E.C)  
Bank Alfalah - Islamic Banking Branch  
Bank Islami Pakistan Limited  
UBL Ameen - Islamic Banking Branch

### LEGAL ADVISOR

Bawaney & Partners  
404, 4<sup>th</sup> Floor, Beaumont Plaza, 6-CL-10  
Beaumont Road, Civil Lines  
Karachi - 75530  
Phone: (9221) 565 7658-59  
Fax: (9221) 565 7673  
E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

THK Associates (Pvt.) Limited  
Ground Floor, State Life Building-3  
Dr. Ziauddin Ahmed Road, Karachi-75536  
Phone : (9221) 111-000-322  
Fax : (9221) 5655595  
P.O. Box No. 8533

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS ENDED MARCH 31, 2009

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Balanced Fund, is pleased to present the un-audited financial statements of the fund for the nine months ended March 31, 2009.

### **Brief overview**

The first nine months of fiscal year 2009 were most volatile for the global economy with challenges involving sub-prime default, financial market crisis, stock market crashes and souring commodity prices including food inflation. The national macroeconomic fundamentals were initially also negatively impacted by global economic downturn in addition to various economic concerns including growing fiscal deficit and widening trade deficit, essentially due to external shocks. This has resulted into decline of KSE-100 Index by 52% in its bearish spell till December 31, 2008. The fund's benchmark DJIMPK fell by 55%.

Consequently, tight monetary stance adopted by SBP and lower commodity prices helped in easing pressure and economic recovery steadily progressed. Lower commodity prices have continued to ease pressure on external accounts, which alongwith 23-month Stand-By Arrangement by IMF and other inflows, have lent some degree of stability to Pak-Rupee. Moreover, rescinding inflation paved the way for decline in interest rates which helped in bringing overall stability. This also helped in recovery of stock market which increased by 43% from the lowest level of 4,815 to close the nine months at 6,860.

For the nine months ended March 31, 2009, DJIMPK has declined by 40% closing at 10,913 points.

### **Economic Review**

The macroeconomic outlook mostly remained bearish during the last nine months as inflationary pressures mounted and current account deficit continued to widen unabated. The main reason for widening of the current account deficit was worsening of trade deficit which rose to US \$5.84 billion in initial period of fiscal year 2009. This was mainly due to the extraordinary increase in international crude prices, which peaked at US\$ 147 per barrel in mid July, and later hike in food prices. As a result, foreign exchange reserves declined from US\$ 11.1 billion in June 2008 to their lowest level of US\$ 6.75 billion as on November 1, 2008.

Subsequently, government took much needed macro stabilization measures like subsidy removal, fiscal deficit management, monetary tightening and tightening of forex market regulations. The impact of these decisions along with reversal in global commodity prices helped in bringing down current account deficit and inflationary pressure. Subsequently, approval of US\$ 7.6 billion 23-month Stand-By Arrangement by IMF along with strong remittance inflows helped in reserve replenishment which crossed US\$ 10 billion again and also helped in stabilization in the rupee-dollar parity. The rupee, however, remained under pressure and closed at Rs. 80.52 versus US\$, depreciating by 15% for the period under review.

On the domestic front, although FBR has so far met its tax collection target during nine months collecting Rs. 810 billion, the tax collection target of Rs. 1.3 trillion for fiscal year 2009 seems difficult to achieve. Although improvements have been witnessed on many economic fronts, Government revised downward the GDP growth target for fiscal year 2009 to 2.5%.

## Equity Market Review

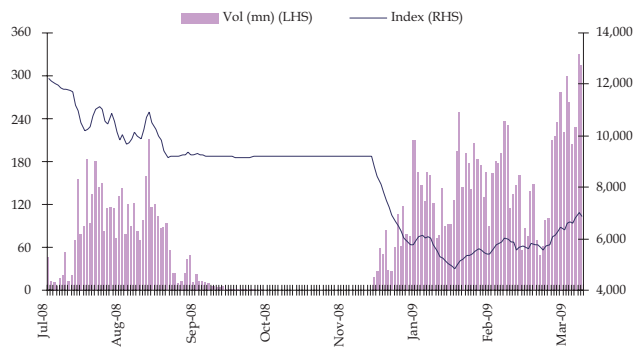
The downward trend at KSE that began towards the end of fiscal year 2008 continued its extension into fiscal year 2009. To arrest the sharp decline, Securities and Exchange Commission of Pakistan (SECP) had changed the circuit breakers to a floor of 1% and a cap of 10% at the end of fiscal year 2008. This measure, however, did not improve the situation and created a problem for margin traders who wanted an exit. Due to the drying up of volumes after the introduction of these circuit breakers, the SECP decided to revert them back to the original 5% level in early July 2008.

Nonetheless, the unabated economic pressures continued to create further downward pressure. To stem further downside in the market, KSE Board of Directors on August 27, 2008 decided to place a floor on the index at a level of 9,144 based on the closing prices of August 27. As a result, investors decided to stay away from the regular market and trading mainly took place in off the market counter at 20%-50% discount from the floor prices.

After 110 days, the floor was finally removed on December 15, 2008 with the KSE-100 Index undergoing heavy correction falling to the lowest level of 4,815 by the end of January 2009. With the removal of the price floors, the brokers, who got margin calls from the financiers and were on the verge of default, were ultimately bailed out by financiers and government institutions. Initially trading in the ready market was nominal as prices corrected by 5% daily downward limit for several days.

Subsequently, Government administered macro stabilization measures began to lead to some recovery. Consequently, stock started improving in beginning of calendar year 2009. The major booster for the market came in March with the restoration of the judges and anticipation of political stability. This provided a further impetus to the market with index breaching psychological barrier of 7,000 points and appreciated 19% in the last 15 days of March 2009 with staggered rise in market volumes touching a high of 330 million shares. Other factors contributing to the bull run were inclusion of KSE in MSCI Frontier Index, incentive driven petroleum policy, and encouraging prospects of funding from the Friends of Democratic Pakistan meeting in April 2009.

Since normalization of market activity, KSE-100 index appreciated 17% and closed at 6,860 level with the average trading volume of 161 million shares as compared to just 12.6 million shares during the period when market was on floor.



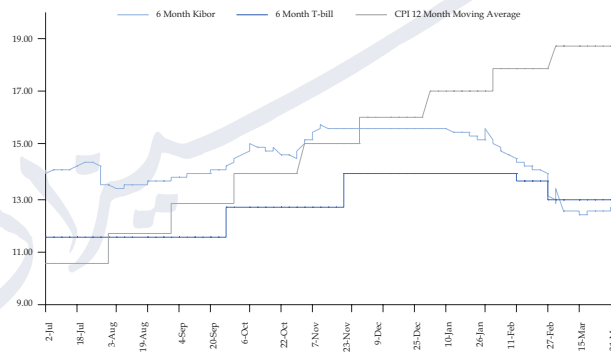
### Money Market Review - Monetary Tightening

In order to arrest the unabated inflation which had reached alarming level of 25% in first four months of fiscal year 2009, and to adhere to IMF conditions, the State Bank of Pakistan (SBP) continued its policy of monetary tightening and raised the discount rate by 1% in July and subsequently 2% in November to 15%. The tight monetary stance resulted in six month KIBOR and T-bill rates to peak at 15.71% and 14.01% respectively. The very interest rate environment during the period under review kept the money market very tight with overnight rates making new highs of over 40%.

Later, with some corrective measures by SBP including reducing Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) for commercial banks helped to ease of the liquidity crunch in the market. Subsequently, in the monetary policy statement in January 09, SBP stopped further monetary tightening which helped to improve the liquidity position and hence interest rates reversed their increasing trend. As a result, overnight rates experienced declined sharply to 10-11%.

The effect of these measures was also reflected in the six month KIBOR and T bill rates which dropped from their peak by 286bps and 212 bps respectively to close at 12.85% and 11.89% respectively as on March 31, 2009.

To reduce government borrowing from SBP and to promote Islamic mode of financing, SBP conducted three auctions of Ijara sukuks in which it sold Rs. 27.5 billion worth of sukuks against the target of Rs. 30billion. The following graph shows the trend in interest rates during the period under review:



### Performance Review

The Fund, during the quarter ended March 31, 2009 incurred a total loss of Rs. 214 million. The loss for the period comprises of mainly un-realized loss on re-measurement of investments at fair value through profit & loss of Rs. 211 million and net realized loss on sale of investments of Rs. 108 million. The dividend income for the period was Rs. 37 million and income on debt securities and profit on bank deposits was Rs. 47 million. After accounting for expenses of Rs. 29 million, the net loss for the period was Rs. 243 million, which translates into a loss per certificate of Rs. 2.03 as on March 31, 2009. The net assets of the fund at the period end were Rs. 1,061 million as compared to Rs. 1,424 million as at June 30, 2008. The net asset value of the fund as at March 31, 2009 was Rs. 8.84 per certificate as compared to Rs. 11.86 per certificate as on June 30, 2008.

### **Future Outlook**

With greater financial discipline, tight monetary policy, stabilization of the rupee and sustained weakness in international commodity prices, the government has now firmed up its grip on underlying economic fundamentals through the help of various multilateral donor agencies particularly IMF which is spearheading Pakistan's economic revival. We expect that these corrective measures will bring back the country into more stable economic territory. With expectation of decline in inflation rate during the next quarter, we anticipate that central bank will ease monetary policy. This will lead to further decline in interest rates and financial costs for listed companies and also lead to continued recovery in stock market.

### **Acknowledgement**

We thank all our investors who have placed their confidence in us. We also offer our sincere gratitude to the Securities and Exchange Commission of Pakistan, the Trustee - Central Depository Company of Pakistan Limited and the management of the Karachi Stock Exchange. We also wish to place on record our appreciation for the personnel of the Management Company.

For and on behalf of the Board

April 15, 2009  
Karachi.

**Mohammad Shoaib, CFA**  
**Chief Executive**

**CONDENSED INTERIM  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT MARCH 31, 2009**

	(Unaudited) March 31, 2009	(Audited) June 30, 2008
Note	(Rupees in '000)	
<b>Assets</b>		
Balances with banks	93,295	10,462
Investments	5 940,370	1,398,691
Dividend receivable	13,036	7,307
Derivative financial instrument	6 19,672	-
Advances, deposits, prepayments and other receivables	10,230	17,012
Preliminary expenses and floatation costs	411	1,662
<b>Total assets</b>	<b>1,077,014</b>	<b>1,435,134</b>
<b>Liabilities</b>		
Payable to Al Meezan Investment Management Limited - management company of the Fund	4,372	6,851
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	107	136
Payable to Securities and Exchange Commission of Pakistan	769	1,515
Payable to Meezan Bank Limited - shariah adviser of the Fund	433	250
Accrued expenses and other liabilities	1,478	1,618
Unclaimed dividend	9,306	1,081
<b>Total liabilities</b>	<b>16,465</b>	<b>11,451</b>
<b>Net assets</b>	<b>1,060,549</b>	<b>1,423,683</b>

**Certificate holders' equity (as per statement attached)**

<b>Issued, subscribed and paid-up capital</b>		
120,000,000 ordinary certificates of Rs 10 each	1,200,000	1,200,000
Unappropriated (loss) / income	(139,451)	223,683
	<b>1,060,549</b>	<b>1,423,683</b>
Net assets value per certificate (Rupees)	<b>8.84</b>	<b>11.86</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

**For Al Meezan Investment Management Limited  
(Management Company)**

**Chief Executive**

**Director**

**CONDENSED INTERIM INCOME STATEMENT**  
**FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2009**  
**(UNAUDITED)**

	Nine months period ended March 31,		Quarter ended March 31,	
	2009	2008	2009	2008
	(Rupees in '000)			
<b>Income</b>				
Net realised (loss) / gain on sale of investments	(107,737)	51,307	(107,997)	5,648
Dividend income	37,358	30,153	16,819	9,520
Profit on savings accounts with banks	4,380	30,384	2,083	9,360
Profit on sukuk certificates	32,866	19,840	9,542	7,720
Profit on musharaka certificates	10,197	-	3,977	-
Other income	180	-	180	-
	<u>(22,756)</u>	<u>131,684</u>	<u>(75,396)</u>	<u>32,248</u>
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss	(211,371)	62,328	306,500	56,865
Unrealised gain / (loss) on re-measurement of derivative financial instruments	19,672	(12,375)	19,653	2,625
	<u>(191,699)</u>	<u>49,953</u>	<u>326,153</u>	<u>59,490</u>
<b>Total income</b>	<u>(214,455)</u>	<u>181,637</u>	<u>250,757</u>	<u>91,738</u>
<b>Expenses</b>				
Remuneration to Al Meezan Investment Management Limited - management company of the Fund	24,034	34,249	7,063	11,348
Remuneration to Central Depository Company of Pakistan Limited - Trustee of the Fund	1,012	1,268	297	416
Annual fee to Securities and Exchange Commission of Pakistan	769	1,138	191	372
Remuneration to Meezan Bank Limited - shariah adviser of the Fund	183	188	57	62
Auditors' remuneration	317	335	68	81
Fees and subscription	96	96	32	32
Amortisation of preliminary expenses and floatation costs	1,252	1,257	412	417
Brokerage	646	1,370	338	344
Printing charges	96	-	-	-
Legal and professional charges	76	138	51	62
Bank and settlement charges	198	309	84	68
<b>Total expenses</b>	<u>28,679</u>	<u>40,348</u>	<u>8,593</u>	<u>13,202</u>
<b>Net (loss) / income for the period</b>	<u>(243,134)</u>	<u>141,289</u>	<u>242,164</u>	<u>78,536</u>
(Loss) / earnings per certificate (Rupees)	<u>(2.03)</u>	<u>1.18</u>	<u>2.02</u>	<u>0.65</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

**For Al Meezan Investment Management Limited**  
**(Management Company)**

**Chief Executive**

**Director**



**CONDENSED INTERIM DISTRIBUTION STATEMENT  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2009  
(UNAUDITED)**

	Nine months period ended March 31,		Quarter ended March 31,	
	2009	2008	2009	2008
	(Rupees in '000)			
Unappropriated income / (loss) brought forward	223,683	398,166	(381,615)	268,919
Less: Final distribution in the form of cash dividend @ 10% for the year ended June 30, 2008 (comparative: June 30, 2007 @ 16%)	(120,000)	(192,000)	-	-
Net (loss) / income for the period	(243,134)	141,289	242,164	78,536
Unappropriated (loss) / income carried forward	<u>(139,451)</u>	<u>347,455</u>	<u>(139,451)</u>	<u>347,455</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

**For Al Meezan Investment Management Limited  
(Management Company)**

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN  
EQUITY AND RESERVES-PER CERTIFICATE  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2009 (UNAUDITED)**

	Nine months period ended March 31,		Quarter ended March 31,	
	2009	2008	2009	2008
	(Rupees in '000)			
Net assets per certificate at the beginning of the period	11.86	13.32	6.82	12.24
Net realised (loss) / gain on sale of investments	(0.90)	0.43	(0.90)	0.05
Dividend income	0.31	0.25	0.14	0.08
Profit on savings accounts with banks	0.04	0.25	0.02	0.07
Profit on sukuk certificates	0.27	0.17	0.08	0.07
Profit on musharaka certificates	0.08	-	0.03	-
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss	(1.76)	0.52	2.55	0.48
Unrealised gain / (loss) on re-measurement of derivative financial instrument	0.16	(0.10)	0.16	0.02
Expenses	(0.24)	(0.34)	(0.08)	(0.11)
Net (loss) / income for the period	(2.02)	1.18	2.02	0.66
Dividend declared at Re.1 (June 30, 2007: Rs 1.6) per certificate for the year ended June 30, 2008	(1.00)	(1.60)	-	-
Net assets per certificate at the end of the period	<u>8.84</u>	<u>12.90</u>	<u>8.84</u>	<u>12.90</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

**For Al Meezan Investment Management Limited  
(Management Company)**

**Chief Executive**

**Director**

**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2009  
(UNAUDITED)**

	Nine months period ended March 31,		Quarter ended March 31,	
	2009	2008	2009	2008
	(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net (loss) / income	(243,134)	141,289	242,164	78,536
<b>Adjustments for:</b>				
Dividend income	(37,358)	(30,153)	(16,819)	(9,520)
Profit on savings accounts with banks	(4,380)	(30,384)	(2,083)	(9,360)
Profit on sukuk certificates	(32,866)	(19,840)	(9,542)	(7,720)
Profit on musharika certificates	(10,197)	-	(3,977)	-
Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss	211,371	(62,328)	(306,500)	(56,865)
Unrealised (gain) / loss on re-measurement of derivative financial instrument	(19,672)	12,375	(19,653)	(2,625)
Amortisation of preliminary expenses and floatation costs	1,252	1,257	412	417
	(134,984)	12,216	(115,998)	(7,137)
<b>(Increase) / decrease in assets</b>				
Placements	-	100,000	-	175,000
Investments - at fair value through profit or loss	257,147	(84,735)	108,411	39,104
Receivable against sale of investments	-	202,561	-	-
Advances, deposits, prepayments and other receivables	(35)	(2,532)	28	32
	257,112	215,294	108,439	214,136
<b>Increase / (decrease) in liabilities</b>				
Payable to Al Meezan Investment Management Limited - management company of the Fund	(2,479)	(40,370)	555	205
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund	(29)	(11)	(2)	1
Payable to Securities and Exchange Commission of Pakistan	(746)	(307)	191	372
Payable to Meezan Bank Limited - shariah adviser of the Fund	183	(61)	57	63
Payable against purchase of investments	-	(45,559)	(21,435)	2
Accrued expenses and other liabilities	(140)	(455)	170	25
	(3,211)	(86,763)	(20,464)	668
Cash generated from / (used in) operations	118,918	140,747	(28,022)	207,667
Dividend income received	31,629	27,492	7,069	8,355
Profit received on savings accounts with banks	8,496	32,751	2,238	12,617
Profit received on sukuk certificates	35,565	15,588	26,189	8,076
<b>Net cash inflow / (outflow) from operating activities</b>	194,608	216,578	7,474	236,715
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid	(111,775)	(191,635)	(367)	(3,845)
Net cash outflow from financing activities	(111,775)	(191,635)	(367)	(3,845)
Net increase / (decrease) in cash and cash equivalents	82,833	24,943	7,107	232,870
Cash and cash equivalents at the beginning of the period	10,462	415,628	86,188	207,701
Cash and cash equivalents at the end of the period	93,295	440,571	93,295	440,571

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

**For Al Meezan Investment Management Limited  
(Management Company)**

**Chief Executive**

**Director**



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2009

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Balanced Fund (the Fund) was established as a closed-end scheme under a Trust Deed executed between Al Meezan Investment Management Limited (AMIML) as management company and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed on June 15, 2004 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 8, 2004 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On November 21, 2007 the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations, 2007) were notified which are now superseded by the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008) issued through S.R.O. 1203(I)/2008 on November 21, 2008. The registered office of the management company of the Fund, is situated at Finance and Trade Centre, Sharah-e-Faisal, Karachi, Pakistan.
- 1.2 The investment objective of the Fund is to generate long-term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and islamic income instruments such as term finance certificates, certificates of islamic investment, musharika certificates, islamic sukuk certificates and other shariah compliant instruments. Under the trust deed all the conducts and acts of the Fund are based on shariah. The management company has appointed Meezan Bank Limited (MBL) as shariah adviser to ensure that the activities of the Fund are in compliance with the principles of islamic shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under NBFC Rules.

### 2. BASIS OF MEASUREMENT

The transactions undertaken by the Fund in accordance with the process prescribed under the shariah guidelines issued by the shariah adviser are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

### 3. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan, the Trust Deed, NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 and the directives issued by SECP. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 and the said directives differ with requirements of these standards, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 and the said directives take precedence. The disclosures made in these condensed interim financial statements have, however been limited based on the requirements of the IAS 34: 'Interim Financial Reporting'.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements and the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2008.

	Note	March 31, 2009 (Rupees in '000)	June 30, 2008
<b>5. INVESTMENTS</b>			
Investments at fair value through profit or loss	5.1	839,851	1,297,230
Loans and receivables originated by the Fund	5.2	100,519	101,461
		<u>940,370</u>	<u>1,398,691</u>
<b>5.1 Investments at fair value through profit or loss</b>			
Held for trading	5.1.1	567,849	943,558
Investments at fair value through profit or loss upon initial recognition	5.1.2	272,002	353,672
		<u>839,851</u>	<u>1,297,230</u>
<b>5.1.1 Held for trading</b>			
Shares / units of listed companies / funds	5.1.1.1	542,849	855,148
Sukuk certificates	5.1.1.5	25,000	88,410
		<u>567,849</u>	<u>943,558</u>

### 5.1.1.1 Held for trading - Shares / units of listed companies / funds

Name of the investee company	As at July 1, 2008	Purchase during the period	Bonus / rights issue	Sales during the period	As at March 31, 2009	Carrying Value as at March 31, 2009	Market Value as at March 31, 2009	Unrealized gain/(loss) as at March 31, 2009	Percentage in relation to		
									Net assets of the Fund on the basis of market value of investments (see note 5.1.1.3)	paid-up capital of investee company (with face value of investments)	total market value of investments
	Number of shares / units					Rupees in '000					
<b>Open end mutual fund</b>											
Meezan Islamic Income Fund (note 5.1.1.2) (an associate of the Fund)	3,521,415	910,280	-	4,431,695	-	-	-	-	-	-	-
Bank Islami Pakistan Limited	-	-	-	-	-	-	-	-	-	-	-
<b>Textile composite</b>											
Nishat Mills Limited	105,600	127,800	-	59,000	174,400	9,795	5,288	(4,507)	0.50	0.07	0.56
<b>Jute</b>											
Thal Limited (note 5.1.1.2)	115,544	-	46,217	-	161,761	22,649	8,874	(13,775)	0.84	0.19	0.94
<b>Cement</b>											
Attock Cement Pakistan Limited	160,000	-	-	-	160,000	12,341	10,794	(1,547)	1.02	0.22	1.15
DG Khan Cement Company Limited	180,000	395,000	-	575,000	-	-	-	-	-	-	-
Cherat Cement Company Limited	48,382	-	-	44,500	3,882	105	56	(49)	0.01	-	0.01
Fauji Cement Limited	93,500	140,000	-	233,500	2,040	1,462	(578)	0.14	0.03	0.16	
Lucky cement	-	150,000	-	150,000	5,178	7,408	2,230	0.70	0.05	0.79	
<b>Automobile Assembler</b>											
Pak Suzuki Motor Company Limited	56,800	20,000	-	-	76,800	8,905	4,188	(4,717)	0.39	0.09	0.45
<b>Refinery</b>											
Pakistan Refinery Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
<b>Power generation and distribution</b>											
The Hub Power Company Limited	2,762,000	1,326,000	-	200,000	3,888,000	94,014	80,171	(13,843)	7.56	0.34	8.53
<b>Oil and gas marketing companies</b>											
Pakistan State Oil Company Limited	61,600	37,600	-	38,000	61,200	19,769	11,991	(7,778)	1.13	0.04	1.28
Sui northern Gas Pipeline Ltd	120,100	78,600	-	-	198,700	8,375	6,005	(2,370)	0.57	0.04	0.64
<b>Oil and gas exploration companies</b>											
Oil and Gas Development Company Limited (note 5.1.1.4)	592,766	477,400	-	263,000	807,166	71,864	58,172	(13,692)	5.49	0.02	6.19
Pakistan Oilfields Limited	127,500	150,000	21,900	96,500	202,900	40,130	34,708	(5,422)	3.27	0.09	3.70
Pakistan Petroleum Limited	382,000	200,000	40,000	174,000	448,000	87,057	77,625	(9,432)	7.32	0.05	8.25
<b>Technology and communication</b>											
Pakistan Telecommunication Company Limited (note 5.1.1.4)	815,500	1,655,000	-	40,000	2,430,500	60,520	40,541	(19,979)	3.82	0.06	4.31
TRG Pakistan Limited	1,708,000	100,000	-	1,808,000	-	-	-	-	-	-	-
<b>Chemical</b>											
ICI Pakistan Limited	115,000	335,000	-	84,700	365,300	32,828	35,135	2,307	3.31	0.26	3.74
<b>Fertilizer</b>											
Engro Chemical (Pakistan) Limited	291,908	220,000	-	257,000	254,908	63,807	36,872	(26,935)	3.48	0.12	3.92
Fauji Fertilizer Bin Qasim Company Limited	1,799,000	200,000	-	505,500	1,493,500	52,694	25,569	(27,125)	2.41	0.16	2.72
Fauji Fertilizer Company Limited	560,619	376,100	208,579	112,400	1,032,898	85,253	89,779	4,526	8.47	0.17	9.55
<b>Miscellaneous</b>											
Tri-Pack Films Limited	20,000	63,400	-	-	83,400	13,257	8,211	(5,046)	0.77	0.28	0.87
<b>Total</b>											
						690,581	542,849	(147,732)			
<b>Total cost of investments</b>											
							700,689				

5.1.1.2 All shares have a face value of Rs 10 each except for the shares of Thal Limited which have a face value of Rs 5 each and units of Meezan Islamic Income Fund which have a face value of Rs 50 each.

5.1.1.3 Net assets are defined in Regulation 66 of NBFC Regulations, 2008.

**5.1.1.4** 150,000 shares of Oil and Gas Development Company Limited, having market value of Rs 10.81 million as at March 31, 2009, have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

**5.1.1.5 Sukuk certificates**

Name of the investee company	Maturity	profit rate	As at July 1, 2008	Purchase during the period	Sales during the period	As at March 31, 2009	Carrying value as at March 31, 2009	Market value as at March 31, 2009	Unrealised loss as at March 31, 2009	Percentage in relation to	
			Number of certificates			Rupees in '000			Net assets of the Fund on the basis of market value of investments (see note 5.1.1.3)	total market value of investments	
Water and Power Development Authority	October 22, 2012	6 months KIBOR plus base rate of 0.35%	17,500	-	17,500	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates (5.1.1.6)	March 11, 2012	12.96%	-	250	-	250	25,000	25,000	-	2.36	2.66
<b>Total cost of investments</b>							<u>25,000</u>				

5.1.1.6 The nominal value of the sukuk certificates of GOP Ijarah is Rs 5,000 each.

**5.1.2 Investments at fair value through profit or loss upon initial recognition**

	Note	March 31, 2009 (Rupees in '000)	June 30, 2008
Shares of listed companies	5.1.2.1	49,294	96,780
Sukuk Certificates	5.1.2.2	222,708	256,892
		<u>272,002</u>	<u>353,672</u>

**5.1.2.1 Shares of listed companies**

Name of the investee company	As at July 01, 2008	Purchases during the period	Bonus rights issue	Sales during the period	As at March 31, 2009	Carrying value as at March 31, 2009	Market value as at March 31, 2009	Unrealised loss as at March 31, 2009	Percentage in relation to		
	Number of shares					(Rupees in '000)			Net assets of the Fund on the basis of market value of investments (see note 5.1.1.3)	paid-up capital of investee company (with face value of investments)	total market value of investments
Automobile assembler Indus Motor Company Limited	208,055	-	-	-	208,055	41,621	15,365	(26,256)	1.45	0.26	1.63
Paper and board Packages Limited	192,473	-	-	15,000	177,473	44,703	30,719	(13,984)	2.90	0.21	3.27
Commercial bank Meezan Bank Limited (an associate of the Fund)	219,000	-	18,834	-	237,834	6,677	3,210	(3,467)	0.30	0.05	0.34
<b>Total cost of investments</b>						<u>93,001</u>	<u>49,294</u>	<u>(43,707)</u>			

**5.1.2.2 Sukuk certificates**

Name of the investee company	Maturity	profit rate	As at July 01, 2008	Purchase during the period	Sales during the period	As at March 31, 2009	Carrying value as at March 31, 2009	Market value as at March 31, 2009	Unrealised loss as at March 31, 2009	Percentage in relation to	
			Number of certificates			Rupees in '000			Net assets of the Fund on the basis of market value of investments (see note 5.1.1.3)	total market value of investments	
Sitara Chemical Industries Limited - II (note 5.1.2.3)	December 17, 2011	3 months KIBOR plus base rate of 1.7%	18,000	-	-	18,000	62,185	60,051	(2,134)	5.66	6.39
Engro Chemical Pakistan Limited (note 5.1.2.4)	September 1, 2015	6 months KIBOR plus base rate of 1.5%	15,000	-	-	15,000	76,627	76,088	(539)	7.17	8.09
Security Leasing Corporation Limited II (note 5.1.2.4)	September 19, 2012	6 months KIBOR plus base rate of 1.95%	5,000	-	-	5,000	21,963	19,979	(1,984)	1.88	2.12
Century Paper & Board Mills Limited (note 5.1.2.4)	September 25, 2014	6 months KIBOR plus base rate of 1.35%	5,000	-	-	5,000	25,495	24,125	(1,370)	2.27	2.57
Eden Housing Limited (note 5.1.2.4)	April 2, 2013	6 months KIBOR plus base rate of 2.5%	5,000	-	-	5,000	25,275	23,715	(1,560)	2.24	2.52
Arzoo Textile Mills Limited (note 5.1.2.4)	April 15, 2014	6 months KIBOR plus base rate of 2%	5,000	-	-	5,000	25,250	18,750	(6,500)	1.77	1.99
<b>Total cost of investments</b>						<u>236,795</u>	<u>222,708</u>	<u>(14,087)</u>			

5.1.2.3 The nominal value of Sitara Chemicals Industries Limited - II sukuk certificates is Rs 3,437.50 each.

5.1.2.4 The nominal value of these sukuk certificates is Rs 5,000 each.

## 5.2 Loans and receivables - originated by the Fund

Name of the investee company	Maturity	profit rate	As at July 1, 2008	Purchase during the period	Sales during the period	Redemption during the period	as at March 31, 2009	Amorised cost as at March 31, 2009 (Rupees in '000)	Percentage in relation to	
									Net assets of the Fund on the basis of market value of investments (see note 5.1.1.3)	Total market value investment
D.G Khan Cement - Diminishing Musharaka (5.2.1)	May 8, 2010	6 months KIBOR plus base rate of 0.5%	1,000	-	-	-	1,000	100,519	9.48	10.69
								100,519		
Total cost of investments								100,000		

5.2.1 The nominal value of the diminishing musharika certificates is Rs 100,000 each.

## 6. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivative	Number of shares	Settlement	Underlying	Notional amount	Fair value	
					Assets	Liabilities
----- Rupees in '000 -----						
Rights entitlement						
Engro Chemical Pak Ltd	511,908	May 20, 2009	Equity indices	-	19381	-
Meezan Bank Ltd	237,834	June 03, 2009	Equity indices	-	291	-
				<b>March 31, 2009</b>	<u>19,672</u>	<u>-</u>
				<b>June 30, 2008</b>	<u>-</u>	<u>-</u>

## 7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include AMIML being the management company, CDC being the trustee, Meezan Bank Limited being the shariah adviser of the Fund and holding company of the management company, directors and officers of the management company, Meezan Islamic Fund, Meezan Islamic Income Fund, Al Meezan Mutual Fund, Meezan Tahaffuz Pension Fund and Meezan Capital Protected Fund - I, being the funds under the common management of the management company and Pakistan Kuwait Investment Company (Private) Limited.

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

Remuneration payable to the management company and the trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations, 2007 and NBFC Regulations, 2008 and the Trust Deed respectively.

Details of balances with connected persons and transactions with them for the period are as follows:

	<b>March 31, 2009</b>	<b>June 30, 2008</b>
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited</b>		
- management company of the Fund		
Remuneration payable	2,709	3,517
Preliminary expenses and floatation costs payable	<u>1,663</u>	<u>3,334</u>
Investment of 3,821,824 certificates (June 30, 2008: 4,821,824)	<u>3,822</u>	<u>46,048</u>
<b>Central Depository Company of Pakistan Limited</b>		
<b>- Trustee of the Fund</b>		
Remuneration payable	107	134
Charges payable	<u>1</u>	<u>2</u>
<b>Meezan Bank Limited - shariah adviser of the Fund</b>		
Bank balance and placements	1,626	1,804
Shariah advisory fee payable	<u>433</u>	<u>250</u>
Investment in 237,834 shares (June 30, 2008: 219,000 shares)	<u>3,210</u>	<u>6,677</u>
Investment of 16,134,468 certificates (June 30, 2008: 16,134,468 certificates)	<u>70,508</u>	<u>154,084</u>
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Investment of 11,057,791 certificates (June 30, 2008: 11,057,791 certificates)	<u>48,323</u>	<u>105,602</u>
<b>Directors and officers of the management company</b>		
Investment of 31,975 certificates (June 30, 2008: 21,975 certificates)	<u>140</u>	<u>210</u>

	<b>For the nine months period ended</b>	
	<b>March 31, 2009</b>	<b>March 31, 2008</b>
	(Rupees in '000)	
<b>Meezan Islamic Income Fund</b>		
Investment of 910,280 units (March 31, 2008 Nil units)	39,000	-
Redemption of 4,431,695 units (March 31, 2008 Nil units)	<u>223,120</u>	<u>-</u>
<b>Al Meezan Investment Management Limited</b>		
<b>- management company of the Fund</b>		
Remuneration for the period	24,034	34,249
Preliminary expenses and floatation costs for the period	<u>1,252</u>	<u>1,257</u>
Dividend for the period	<u>4,822</u>	<u>8,001</u>
<b>Central Depository Company of Pakistan Limited - trustee of the Fund</b>		
Remuneration for the period	1,012	1,268
Charges for the period	<u>127</u>	<u>151</u>
<b>Meezan Bank Limited - shariah adviser of the Fund</b>		
Profit on savings account	21	12,346
Shariah advisory fee for the period	<u>183</u>	<u>188</u>
Dividend for the period	<u>16,134</u>	<u>25,815</u>
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Dividend for the period	<u>11,058</u>	<u>17,692</u>
<b>Directors and officers of the management company</b>		
Dividend for the period	<u>72</u>	<u>55</u>

**8. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

These condensed interim financial statements have been authorised on April 15, 2009 by the Board of Directors of the management company of the Fund.

**For Al Meezan Investment Management Limited  
( Management Company)**

**Chief Executive**

**Director**



Balanced Fund

**STATEMENT OF INCOME & EXPENDITURE OF  
MANAGEMENT COMPANY IN RELATION TO THE FUND  
FOR THE NINE MONTHS AND QUARTER ENDED AS AT MARCH 31, 2009**

	31 March 2009	31 March 2008
(Rupees in '000)		
<b>INCOME</b>		
Remuneration receivable from Meezan Balanced Fund	24,035	34,249
Dividend income	3,822	5,681
	27,857	39,930
<b>OPERATING EXPENSES</b>		
Salaries and other benefits	3,432	5,037
Motor vehicle running expenses	125	98
Fees & subscription	143	262
Insurance expense	20	54
Stationery & printing	148	110
Communication	202	238
Depreciation	541	416
Travelling & conveyance	54	154
Entertainment	11	25
Legal & professional charges	238	502
Training and development	42	71
Repairs & maintenance	21	26
Office supplies	32	48
Rent, rates and taxes	463	431
Utilities	77	96
Misc. expense	21	13
	5,570	7,581
<b>Net income for the period</b>	<b>22,287</b>	<b>32,349</b>

Note: The above expenses are allocated based on the average net assets of the respective funds managed by the management company. Other revenue and expense not relating to the fund has not been included in the above statement.

**For Al Meezan Investment Management Limited  
(Management Company)**

Chief Executive

Director