



Contents

Vision Statement & Mission Statement	01
Fund Information	02
Report of Directors of the Management Company	03
Condensed Interim Statement of Assets and Liabilities	07
Condensed Interim Income Statement	08
Condensed Interim Distribution Statement	09
Condensed Interim Statement of Movement in Equity and Reserves Per Certificate	10
Condensed Interim Cash Flow Statement	11
Notes to the Condensed Interim Financial Report	12
Statement of Income & Expenditure of Management Company in relation to the Fund	20

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) 35630722-6, 111-MEEZAN
Fax: (9221) 35676143, 35630808
Web site: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoab, CFA	Chief Executive
Mr. Aliuddin Ansari	Director
Mr. P. Ahmed	Director
Mr. Rana Ahmed Humayun	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Aliuddin Ansari	Member
Mr. Mazhar Sharif	Member

TRUSTEE

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

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
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
Askari Bank Limited - Islamic Banking
Dawood Islamic Bank Limited
Emirates Global Islamic Bank Limited

SHARIAH ADVISER

Meezan Bank Limited

LEGAL ADVISER

Bawaney & Partners
404, 4th Floor, Beaumont Plaza, 6-CL-10
Beaumont Road, Civil Lines
Karachi - 75530
Phone: (9221) 3565 7658-59
Fax: (9221) 3565 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) 35655595
P.O. Box No. 8533

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Balanced Fund (MBF) is pleased to present the un-audited financial statements of the fund for the nine months ended March 31, 2010.

Economic Review

Pakistan has shown gradual recovery and improvement on the macroeconomic front in the first nine months of fiscal year 2010. Average year-on-year inflation during the period eased off to 11.28%, which averaged 23.03% during the same period last year. The release of funds from IMF and improved balance of trade numbers has provided a strong impetus to the economy. As a result, foreign exchange reserves increased from US\$ 11.9 billion in June 2009 to US\$ 14.94 billion at the end of March 2010. This helped in stabilizing Pak Rupee against US Dollar, which depreciated by 3.2% in the nine months of fiscal year compared to depreciation of 15% in the corresponding period last year. Moreover, remittance inflows made new records, with nine month figure totaling to US\$ 6.55 billion, providing crucial support to the balance of payment situation.

On domestic front, tax collection for the period was approximately Rs. 903 billion, which helped Government of Pakistan limit its incremental borrowing from the State Bank to Rs. 64 billion at the end of March 2010 from Rs. 88 billion in the corresponding period last year. In view of declining inflation, State Bank reduced the policy rate by 150 basis points to 12.5% in November 2009. Moreover, to meet IMF requirements and to stabilize interest rates, the State Bank introduced an interest rate corridor, providing a reverse repo facility at 300 basis points below the repo rate. However, since inflation started to inch up from January 2010, the State Bank has remained cautious in easing the monetary policy.

The gradual improvement in Pakistan's risk perception has resulted in the yield of Pakistan Eurobond, maturing in 2016, to drop below 8% for the first time since May 2008. Likewise, the spread on Pakistan's 5 year credit default swap has also eased off to 775 basis points from over 5000 basis points in late 2008.

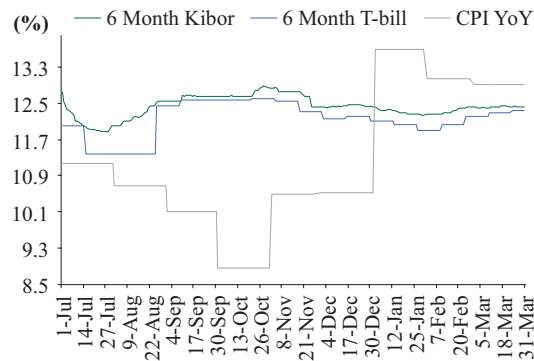
Money Market Review

With the beginning of new financial year, as inflation started easing off, the State Bank continued to ease monetary policy reducing the discount rate by another 150 basis points to 12.5% in first half of fiscal year 2010. However, the State Bank maintained an unchanged policy stance throughout the past quarter.

The soft monetary stance resulted in six month KIBOR to decline by 35 basis points to close the nine months at 12.41%. However, six month T-bill cut off rate increased by 33 basis points to close at 12.34%. Moreover, the introduction of interest rate corridor stabilized the overnight call and repo rates within a narrow band of 11.5% to 12.5%. In the nineteen T-bill auctions conducted by the State Bank during the current fiscal year, a sum of Rs. 921 billion was mopped up from the market, while T-bills worth Rs. 645 billion matured in the same period.

To reduce government borrowing from State Bank and to promote Islamic mode of financing, State Bank conducted fourth Ijarah Sukuk auction in September 2009 and accepted Rs. 14.4 billion at the cut off rate of T-bill minus 5 basis points (current coupon of 12.25%). With this auction, the total size of Ijarah Sukuks issued increased to Rs. 42 billion. The government is also planning to make another Ijarah Sukuk issue before June 30, with a target issue size of Rs. 100 billion.

The following graph shows the trend in interest rates during the period under review:



Equity Market Review

The equity market continued to perform well in the nine months ended March 31, 2010 as KSE-100 Index appreciated by 42.1% or 3,016 points to close the period at 10,178. This is in sharp contrast to the same period last year when the equity market fell by 55.8%. Our benchmark KSE - Meezan Index appreciated by 44.9% during the same period. There was a reasonable increase in daily average volume to 171.6 million shares compared to mere 80.2 million shares during the corresponding period last year.

At the beginning of the financial year, uncertainty about the discount rate cut by the State Bank in the monetary policy statement and late release of IMF tranche caused some concern in the minds of investors and hence the market moved at slow pace. However, it quickly regained its momentum with the discount rate cut, disbursement of IMF tranche, continuous decline in inflation and foreign inflows.

This momentum was arrested in mid October as uncertain law and order situation led to apprehension among investors. Also on the domestic political front, the uproar from different fronts relating to conditions attached to the Kerry Lugar Bill and controversy regarding National Reconciliation Ordinance (NRO) kept the market dull.

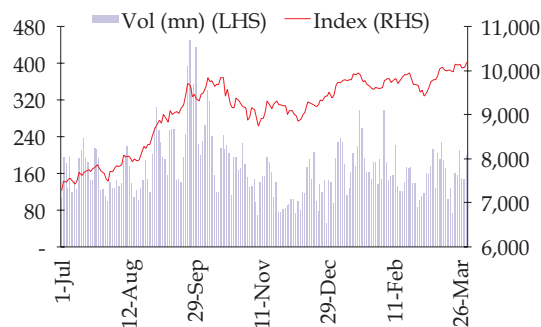
Later, investors welcomed the New Year with cautious note as uncertainty gripped the market on mechanism of capital gain tax and resignation of Mr. Shaukat Tarin as Finance Minister which kept the market in the dull phase with index hovering below 10,000 level and volume remained thin.

However, the lackluster behavior did not continue for long. Continuous inflow of foreign funds, improved law and order situation, appointment of Mr. Abdul Hafeez Shaikh as the Advisor to Prime Minister on Finance, coupled with improvements reported in macroeconomic indicators, such as workers' remittances and the continued reduction in the trade deficit, helped KSE 100 index to close above 10,000, for the first time since August 2008 (after 19 months). Another key factor behind the rally in the market was healthy corporate earnings from fertilizer, power and E&P sectors helping the market to close at 10,178 on March 31, 2010.

Foreign Flows

Imposition of the price floor and exclusion from the MSCI Emerging Markets index along with the global financial crisis caused a massive outflow (US\$446 million) of foreign portfolio investments from the equity market in calendar year 2008. However, eventually macro recovery and inclusion in MSCI Frontier Market Index in June 2009 encouraged offshore investors to return to Pakistan with a net inflow of US\$ 432 million in the nine months of fiscal year 2010. With interest rates in most developed countries hitting rock bottom and Pakistan's stock market trading at a significant discount to the regional markets, it seems that foreign investors have realized the growth potential in Pakistani market and foreign portfolio investment will continue to flow.

Performance of KSE - 100 Index



Performance Review

The Fund posted a return of 26.73% during the first nine months of Fiscal Year 2010 compared to benchmark return of 24.62% during the same period. Performance of MBF is benchmarked against 50% return on KMI 30 and 50% return on Islamic Bank deposit rates. During the period, Meezan Balanced Fund earned a gross income of Rs. 308 million. Realized gains on investments contributed Rs. 124 million, while unrealized gains on investment accounted for Rs. 81 million, of which Rs. 5.9 million were valuation losses on sukuks and Rs. 86.9 million comprised gains on equity securities. The Fund also created provision against profit on sukuk certificates worth Rs. 0.8 million. Dividend income for the period totalled Rs. 51 million, while profit on Sukuk certificates amounted to Rs. 35 million. During the period, Fund incurred expenses worth 28 million. As such, the net income for the Fund aggregated to Rs. 280 million.

The net assets of the Fund witnessed a decent increase of 15.4% during the period to reach a figure of Rs. 1.32 billion on March 31, 2010 despite a payment of Rs. 120 million as interim dividend for the year. The corresponding NAV per certificate of the Fund rose to Rs. 10.99 at the end of the period after being adjusted for a dividend of Re. 1 per certificate.

The Board has already approved provisioning policy according to which the provisioning has been done in the sukuk of Arzoo Textile Mills and Security Leasing. The restructuring process of both these sukuk is in process.

Outlook

After a turbulent 2008, Pakistan's economy has seen a steady turnaround in the year 2009 with most major economic indicators pointing to greater stability ahead. The S&P rating upgrade has accelerated a pickup in foreign investment in Pakistan's equity market. Since June 2009, when KSE-100 index entered the MSCI Frontier Index, nearly US\$ 431 million has flowed into the stock market, reversing 18 months of capital flight. The significant build up of foreign exchange reserves has also improved confidence in country's ability in meeting its financial commitments.

The consensus achieved by Parliamentary Committee on Constitutional reforms to be included in the draft of 18th amendment to the Constitution will bode positively for the political situation in the country as well as stock market.

One of the major issues for the equity market is the introduction of margin financing product which is expected to be launched soon. The other major issue that investors will likely deal with is the introduction of capital gains tax on stocks in the next federal budget. Currently, Pakistan's stock market is trading at a P/E multiple of around 8, which is almost at a 45% discount to other regional markets. This makes KSE an attractive option for foreign investors, who are expected to continue their investment at the local bourse.

Acknowledgement

We take this opportunity to thank our valued investors for reposing faith in Al Meezan Investments and making it the largest Shariah Compliant asset management company in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan, Trustee, Central Depository Company of Pakistan and management of Karachi Stock Exchange for their support. We would also like to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued assistance and support on Shariah aspects of fund management.

For and on behalf of the Board

Date: April 27, 2010
Karachi.

Mohammad Shoaib, CFA
Chief Executive

**CONDENSED INTERIM
STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2010**

	<i>Note</i>	(Un-audited) March 31, 2010	(Audited) June 30, 2009
(Rupees in '000)			
Assets			
Balances with banks		62,554	144,241
Investments	5	1,255,577	992,205
Dividend receivable		16,097	6,156
Advances, deposits, prepayments and other receivables		13,087	18,254
Total assets		1,347,315	1,160,856
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund		2,244	4,488
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		129	114
Payable to Securities and Exchange Commission of Pakistan (SECP)		814	1,008
Payable to Meezan Bank Limited (MBL)		-	434
Payable against purchase of investments		6,387	5,702
Accrued expenses and other liabilities		1,313	614
Unclaimed dividend		17,583	5,653
Total liabilities		28,471	18,013
Net assets		1,318,844	1,142,843

Certificate holders' equity (as per statement attached)

Issued, subscribed and paid-up capital			
120,000,000 ordinary certificates of Rs 10 each		1,200,000	1,200,000
Unappropriated income / (loss)		107,902	(52,208)
Appreciation on revaluation of available for sale investments		10,942	(4,949)
		1,318,844	1,142,843
Net assets value per certificate (Rupees)		10.99	9.52

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, 2010 (UN-AUDITED)

	Nine months period ended March 31,		Quarter ended March 31,	
	2010	2009	2010	2009
----- (Rupees in '000) -----				
Income				
Net realised gain on sale of investments	123,892	(107,737)	17,100	(107,997)
Dividend income	50,988	37,358	21,371	16,819
Profit on savings accounts with banks	7,997	4,380	409	2,083
Profit on sukuk certificates	35,437	32,866	13,270	9,542
Profit on musharaka certificates	9,720	10,197	3,269	3,977
Other income	-	180	-	180
	228,034	(22,756)	55,419	(75,396)
Unrealised Gain / (loss) on re-measurement of investments at fair value through profit or loss	81,229	(211,371)	5,886	306,500
Gain on re-measurement of derivative financial instruments	-	19,672	-	19,653
Provision against profit on sukuk certificates	(828)	-	-	-
	80,401	(191,699)	5,886	326,153
Total income / (loss)	308,435	(214,455)	61,305	250,757
Expenses				
Remuneration to Al Meezan - management company of the Fund	24,640	24,034	6,366	7,063
Remuneration to CDC - trustee of the Fund	1,123	1,012	370	297
Annual fee to SECP	814	769	269	191
Remuneration to MBL	-	183	-	57
Auditors' remuneration	358	317	100	68
Fees and subscription	251	96	42	32
Amortisation of preliminary expenses and floatation costs	-	1,252	-	412
Brokerage	614	646	49	338
Printing charges	197	96	40	-
Legal and professional charges	-	76	-	51
Bank and settlement charges	329	198	98	84
Total expenses	28,326	28,679	7,334	8,593
Net income / (loss) for the period	280,110	(243,134)	53,972	242,164
Other comprehensive income for the period				
Appreciation on revaluation of available for sale investments	10,942	-	19,441	-
Total comprehensive income / (loss) for the period	291,052	(243,134)	73,413	242,164
Earnings / (loss) per certificate (Rupees)	2.33	(2.03)	0.45	2.02

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, 2010 (UN-AUDITED)

	Nine months period ended March 31,		Quarter ended March 31,	
	2010	2009	2010	2009
	----- (Rupees in '000) -----			
Unappropriated (loss) / income brought forward	(52,208)	223,683	53,930	(381,615)
Less: Final distribution in the form of cash dividend @ nil for the year ended June 30, 2009 (June 30, 2008 @ 10%)	-	(120,000)	-	-
Less: Interim dividend for the year ending June 30, 2010 @ 10% (June 30, 2009 @ nil)	(120,000)	-	-	-
Net income / (loss) for the period	280,110	(243,134)	53,972	242,164
Unappropriated income / (loss) carried forward	<u>107,902</u>	<u>(139,451)</u>	<u>107,902</u>	<u>(139,451)</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, 2010 (UN-AUDITED)**

	Nine months period ended March 31,		Quarter ended March 31,	
	2010	2009	2010	2009
----- (Rupees) -----				
Net assets per certificate at the beginning of the period	9.52	11.86	11.16	6.82
Net realised gain / (loss) on sale of investments	1.03	(0.90)	0.79	(0.90)
Dividend income	0.42	0.31	0.28	0.14
Profit on savings accounts with banks	0.07	0.04	0.02	0.02
Profit on sukuk certificates	0.30	0.27	0.22	0.08
Profit on musharaka certificates	0.08	0.08	0.05	0.03
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	0.68	(1.76)	(0.51)	2.55
Unrealised (loss) / gain on re-measurement of derivative financial instrument	(0.01)	0.16	(0.01)	0.16
Expenses	(0.24)	(0.24)	(0.15)	(0.08)
Net income / (loss) for the period	2.33	(2.02)	0.69	2.02
Less: Interim dividend for the period ending June 30, 2010 (comparative: Final dividend June 30, 2008 @ 10%)	(1.00)	-	(1.00)	-
Final distribution in the form of cash dividend @ nil for the year ended June 30, 2009 (June 30, 2008 @ Re 1)	-	(1.00)	-	-
Unrealised gain on investments - 'available for sale'	0.13	-	0.13	-
Net assets per certificate at the end of the period	10.99	8.84	10.99	8.84

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, 2010 (UN-AUDITED)

	Nine months period ended March 31,		Quarter ended March 31,	
	2010	2009	2010	2009
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss)	280,110	(243,134)	53,972	242,164
Adjustments for:				
Dividend income	(50,988)	(37,358)	(21,371)	(16,819)
Profit on savings accounts with banks	(7,997)	(4,380)	(409)	(2,083)
Profit on sukuk certificates	(35,437)	(32,866)	(13,270)	(9,542)
Profit on musharika certificates	(9,720)	(10,197)	(3,269)	(3,977)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss	(81,229)	211,371	(5,886)	(306,500)
Gain on re-measurement of derivative financial instruments	-	(19,672)	-	(19,653)
Amortisation of preliminary expenses and floatation costs	-	1,252	-	412
	94,738	(134,984)	9,766	(115,998)
(Increase) / decrease in assets				
Investments - at fair value through profit or loss	(166,251)	257,147	(33,079)	108,411
Advances, deposits, prepayments and other receivables	(42)	(35)	(1,901)	28
	(166,293)	257,112	(34,980)	108,439
Increase / (decrease) in liabilities				
Payable to Al Meezan - management company of the Fund	(2,244)	(2,479)	133	555
Payable to CDC - trustee of the Fund	15	(29)	5	(2)
Payable to SECP	(194)	(746)	240	191
Payable to MBL	(434)	183	29	57
Payable against purchase of investments	685	-	6,376	(21,435)
Accrued expenses and other liabilities	699	(140)	165	170
	(1,473)	(3,211)	6,948	(20,464)
Cash (used in) / generated from operations	(73,027)	118,917	(18,265)	(28,023)
Dividend income received	41,047	31,629	12,100	7,069
Profit received on savings accounts with banks	11,327	8,496	5,555	2,238
Profit received on sukuk certificates	40,766	35,565	33,784	26,189
Profit received on Diminishing Musharika certificates	6,270	-	(9,183)	-
Net cash inflow from operating activities	26,383	194,608	23,991	7,473
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(108,070)	(111,775)	(16,535)	(367)
Net cash outflow from financing activities	(108,070)	(111,775)	(16,535)	(367)
Net (decrease) / increase in cash and cash equivalents	(81,687)	82,833	7,456	7,107
Cash and cash equivalents at the beginning of the period	144,241	10,462	55,098	86,188
Cash and cash equivalents at the end of the period	62,554	93,295	62,554	93,295

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 REPORT**
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010 (UN-AUDITED)

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 as management company and CDC as the trustee. The trust deed was executed on June 15, 2004 and was approved by the SECP on September 8, 2004 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the management company of the Fund, is situated in 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 MBL as shariah adviser to ensure that the activities of the Fund are in compliance with the principles of Shariah. The management company of the Fund is registered with 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, 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, 2008 and the said directives differ with requirements of these standards, the requirements of the Trust Deed, NBFC Rules, 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, 2009., except for the change in accounting policy as referred in note 4.1 below.

- 4.1 IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity.

The Fund has applied IAS 1 (revised) from July 1, 2009, and has elected to present one performance statement. As a result non-owner changes in equity which were previously credited directly in the statement of movement in unitholders' fund and the distribution statement are now shown as other comprehensive income in the performance statement (referred to as income statement in this condensed interim financial report). The change in presentation has not affected the values of the net assets of the Fund for either the current or any of the prior periods and hence restated statement of assets and liabilities has not been presented.

	<i>Note</i>	March 31, 2010	June 30, 2009
		(Rupees in '000)	
5. INVESTMENTS			
Investments at fair value through profit or loss	5.1	779,860	897,154
Investments - 'available for sale'	5.2	475,717	95,051
		<u>1,255,577</u>	<u>992,205</u>
5.1 Investments at fair value through profit or loss			
Held for trading	5.1.1	541,877	629,640
Investments at fair value through profit or loss upon initial recognition	5.1.2	237,983	267,514
		<u>779,860</u>	<u>897,154</u>
5.1.1 Held for trading			
Shares / units of listed companies / funds	5.1.1.1	324,147	604,640
Sukuk certificates	5.1.1.5	217,730	25,000
		<u>541,877</u>	<u>629,640</u>

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

Name of the investee company	As at July 01, 2009	Purchase during the period	Bonns / rights issue	Sales during the period	As at March 31, 2010	Carrying value as at March 31, 2010	Market value as at March 31, 2010	Unrealised gain / (loss) as at March 31, 2010	Percentage in relation to		
									Net assets of the Fund on the basis of investments (see note 5.1.1.4 below)	Paid-up capital of investee company (with face value of investments)	Total market value of investments
----- Number of shares -----						----- Rupees in '000 -----			%		
Nishat Mills Limited	174,400	70,200	-	244,600	-	-	-	-	-	-	-
Jute											
Thal Limited (note 5.1.1.2)	161,761	-	32,352	-	194,113	12,528	15,721	3,193	1.19	0.38	1.25
Cement											
Attock Cement Pakistan Limited	160,000	10,000	25,000	70,000	125,000	7,417	8,886	1,469	0.67	0.14	0.71
DG Khan Cement Company Limited	-	-	-	-	-	-	-	-	-	-	-
Cherat Cement Company Limited	3,882	-	-	3,882	-	-	-	-	-	-	-
Fauji Cement Limited	-	-	-	-	-	-	-	-	-	-	-
Lucky cement	265,000	52,000	-	152,000	165,000	9,829	13,413	3,584	1.02	0.05	1.07
									0.67	0.14	0.71
Automobile Assembler											
Pak Suzuki Motor Company Limited	76,800	-	-	10,000	66,800	4,536	5,315	779	0.40	0.08	0.42
Power generation and distribution											
The Hub Power Company Limited	3,420,500	-	-	494,000	2,926,500	79,279	100,291	21,012	7.60	0.25	7.99
Oil and gas marketing companies											
Pakistan State Oil Company Limited	188,500	61,500	-	250,000	-	-	-	-	-	-	-
Sui northern Gas Pipeline Ltd	98,700	-	-	98,700	-	-	-	-	-	-	-
Oil and gas exploration companies											
Oil and Gas Development Company Limited (note 5.1.1.3)	807,166	92,000	-	899,166	-	-	-	-	-	-	-
Pakistan Oilfields Limited	226,600	30,675	-	98,000	159,275	23,953	37,245	13,292	2.82	0.07	2.97
Pakistan Petroleum Limited	318,500	26,000	65,300	150,600	259,200	40,456	50,653	10,197	3.84	0.03	4.03
									6.66	0.09	7.00
Technology and communication											
Pakistan Telecommunication Company Limited	2,730,500	-	-	1,445,000	1,285,500	22,162	27,008	4,846	2.05	0.03	2.15
Chemical											
ICI Pakistan Limited	285,300	5,000	-	157,000	133,300	18,704	21,611	2,907	1.64	0.10	1.72
Fertilizer											
Engro Chemical (Pakistan) Limited	283,671	-	-	283,671	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Company Limited	-	-	-	-	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	1,688,500	50,000	-	913,000	825,500	14,646	26,276	11,630	1.99	0.09	2.09
Fauji Fertilizer Company Limited	1,136,187	125,000	-	1,178,000	83,187	7,272	9,125	1,853	0.69	0.01	0.73
									2.68	0.10	2.82
Miscellaneous											
Tri-Pack Films Limited	83,400	-	-	-	83,400	8,331	8,603	272	0.65	0.28	0.69
Total						249,113	324,147	75,034			
											288,170

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.

5.1.1.3 100,000 shares of Oil and Gas Development Company Limited, having market value of Rs 12.99 million as at March 31, 2010, have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

5.1.1.4 Net assets are defined in Regulation 66 of NBFC Regulations.

5.1.1.5 Held for trading - Sukuk certificates

Name of the investee company	Maturity	Profit rate	As at July 01, 2009	Purchases during the period	Sales / redemptions during the period	As at March 31, 2010	Carrying value as at March 31, 2010	Market value as at March 31, 2010	Unrealised gain / (loss) as at March 31, 2010	Percentage in relation to	
			----- Number of certificates -----			----- Rupees in '000 -----			%		
Secured											
GoP Ijarah Sukuk Certificates - III (note 5.1.1.6)	March 11, 2012	12.22%	250	-	-	250	25,000	25,500	500	1.93	2.03
GoP Ijarah Sukuk Certificates - IV (note 5.1.1.6)	September 17, 2012	12.25%	-	1,880	-	1,880	188,000	192,230	4,230	14.58	15.31
Wapda First Sukuk Certificates	March 11, 2012	13.61%	-	4,000	4,000	-	-	-	-	-	-
							213,000	217,730	4,730		
Total cost of investments								<u>213,000</u>			

5.1.1.6 The nominal value of the sukuk certificates of GoP Ijarah III & IV is Rs 100,000 each.

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

		March 31, 2010	June 30, 2009
	Note	(Rupees in '000)	
Shares of listed companies	5.1.2.1	58,696	51,659
Sukuk Certificates	5.1.2.2	179,287	215,855
		<u>237,983</u>	<u>267,514</u>

5.1.2.1 Shares of listed companies

Name of the investee company	As at July 1, 2009	Purchase during the period	Bonns / rights issue	Sales during the period	As at March 31, 2010	Carrying value as at March 31, 2010	Market value as at March 31, 2010	Unrealised gain / (loss) as at March 31, 2010	Percentage in relation to		
									----- Number of shares -----		----- Rupees in '000 -----
Automobile assembler											
Indus Motor Company Limited	188,055	-	-	33,000	155,055	16,702	32,275	15,573	2.45	0.20	2.57
Paper and board											
Packages Limited	177,473	-	-	-	177,473	27,870	23,071	(4,799)	1.75	0.21	1.84
Commercial bank											
Meezan Bank Limited (an associate of the Fund)	321,075	-	9,204	136,977	193,302	2,025	3,350	1,325	0.25	0.03	0.27
						46,597	58,696	12,099			
Total cost of investments								<u>80,675</u>			

5.1.2.2 Sukuk certificates

Name of the investee company	Maturity	profit rate	As at July 01, 2009	Purchase during the period	Sales / redemptions during the period	As at March 31, 2010	Carrying Value as at March 31, 2010	Market value as at March 31, 2010	Unrealised gain / (loss) as at March 31, 2010	Percentage in relation to		
			----- Number of certificates -----			----- (Rupees in '000) -----			Net assets of the Fund on the basis of investments (see note 5.1.1.4 above)	Paid-up capital of investee company (with face value of investments)	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%	11,250	-	3,375	7,875	38,849	39,075	226	2.96	19.29	3.11
Engro Chemical Pakistan Limited (note 5.1.2.3)	September 1, 2015	6 months KIBOR plus base rate of 1.5%	15,000	-	-	15,000	73,695	71,325	(2,370)	5.41	2.52	5.68
Security Leasing Corporation Limited II (note 5.1.2.3)	September 19, 2012	6 months KIBOR plus base rate of 1.95%	4,375	-	859	3,516	15,806	13,184	(2,622)	1.00	4.84	1.05
Century Paper & Board Mills Limited (note 5.1.2.3)	September 25, 2014	6 months KIBOR plus base rate of 1.35%	5,000	-	500	4,500	21,949	21,797	(152)	1.65	3.18	1.74
Eden Housing Limited (note 5.1.2.3)	April 2, 2013	6 months KIBOR plus base rate of 2.5%	5,000	-	-	5,000	20,871	16,406	(4,465)	1.24	1.43	1.31
Arzoo Textile Mills Limited (note 5.1.2.3)	April 15, 2014	6 months KIBOR plus base rate of 2%	5,000	-	-	5,000	18,750	17,500	(1,250)	1.33	3.64	1.39
							189,920	179,287	(10,633)			
Total cost of investments												201,328

5.1.2.3 The nominal value of these sukuk certificates is Rs 5,000 each except Eden Housing Limited which has a face value of Rs 4,375.

5.2 Investments - 'available for sale'

		March 31, 2010	June 30, 2009
	Note	(Rupees in '000)	
Shares of listed companies	5.2.1	376,162	-
Sukuk certificates	5.2.2	99,555	95,051
		<u>475,717</u>	<u>95,051</u>

5.2.1 Investments - 'available for sale'

Name of the investee company	As at July 01, 2009	Purchase during the period	Bonus / rights issue	Sales during the period	As at March 31, 2010	Carrying value as at March 31, 2010	Market value as at March 31, 2010	Unrealised gain / (loss) as at March 31, 2010	Percentage in relation to			
	----- Number of shares -----				----- Rupees in '000 -----			Net assets of the Fund on the basis of investments (see note 5.1.1.4 above)	Paid-up capital of investee company (with face value of investments)	Total market value of investments	%	
Oil and gas exploration companies												
Oil and Gas Development Company	-	620,000	-	213,834	406,166	47,078	52,745	5,667	4.00	0.01	4.20	
Pakistan Oilfields Limited		108,750			108,750	22,588	25,430	2,842	1.93	0.05	2.03	
Pakistan Petroleum Limited	-	180,100	7,000	-	187,100	36,248	36,563	315	2.77	0.02	2.91	
Fertilizer												
Fauji Fertilizer Bin Qasim Company Limited	-	678,000	-	-	678,000	16,436	21,581	5,145	1.64	0.07	1.72	
Fauji Fertilizer Company Limited	-	1,100,000	-	-	1,100,000	118,778	120,659	1,881	9.15	0.16	9.61	
Cement												
Lucky cement	-	304,421	-	-	304,421	21,583	24,746	3,163	1.88	0.09	1.97	

Name of the investee company	As at July 01, 2009	Purchase during the period	Bonus/ rights issue	Sales during the period	As at March 31, 2010	Carrying value as at March 31, 2010	Market value as at March 31, 2010	Unrealised gain / (loss) as at March 31, 2010	Percentage in relation to		
									Net assets of the Fund on the basis of investments (see note 5.1.1.4 above)	Paid-up capital of investee company (with face value of investments)	Total market value of investments
----- Number of shares -----						----- Rupees in '000 -----			%		
Refinery											
National Refinery Limited	-	22,000	-	-	22,000	3,954	3,971	17	0.30	0.03	0.32
Automobile assembler											
Indus Motor Company Limited	-	10,000	-	-	10,000	1,825	2,080	256	0.16	0.01	0.17
Power generation and distribution											
The Hub Power Company Limited	-	100,000	-	-	100,000	3,350	3,427	77	0.26	0.01	0.27
Technology and communication											
Pakistan Telecommunication Company Limited	-	75,000	-	-	75,000	1,381	1,576	195	0.12	0.00	0.13
Oil and gas marketing companies											
Pakistan State Oil Company Limited	-	234,000	-	20,500	213,500	72,085	66,140	(5,945)	5.02	0.12	5.27
Chemical											
ICI Pakistan Limited	-	100,000	-	-	100,000	18,337	16,212	(2,125)	1.23	0.07	1.29
Miscellaneous											
Tri-Pack Films Limited	-	10,000	-	-	10,000	1,132	1,031	(101)	0.08	0.03	0.08
						364,775	376,162	11,387			
Total cost of investments						<u>364,135</u>					

5.2.2 Sukuk certificates - 'available for sale'

Name of the investee company	Maturity date	profit rate	As at July 01, 2009	Purchase during the period	Sales / Redemption during the period	As at March 31, 2010	Carrying Value as at March 31, 2010	Market value as at March 31, 2010	Unrealised gain / (loss) as at March 31, 2010	Percentage in relation to		
										Net assets of the Fund on the basis of investments (see note 5.1.1.4 above)	Paid-up capital of investee company (with face value of investments)	Total market value of investments
----- Number of certificates -----						----- (Rupees in '000) -----			%			
D.G Khan Cement - Diminishing Musharaka (note 5.2.2.1)	May 8, 2010	6 months KIBOR plus base rate of 0.5%	1,000	-	-	1,000	100,000	99,555	(445)	7.55	3.29	7.93
Total cost of investments						<u>100,000</u>						

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

6 CONTINGENCIES

Through Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it can be construed that all Collective Investment Schemes (CIS) whose income exceeds Rs 0.5 million in a tax year may have been brought within the purview and scope of the WWF Ordinance, thus rendering them liable to pay two percent of their total income (as defined in section 4 of the Workers' Welfare Fund Ordinance, 1971). However, during the period the Mutual Funds Association of Pakistan (MUFAP), of which the Management Company is a member, has filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that CIS are not liable to pay contribution to the WWF on the grounds that CIS do not have any workers or employees. The legal proceedings in respect of the aforementioned petition are currently in progress and the outcome cannot be reasonably ascertained.

The Management Company based on the advice of the MUFAP's legal counsel, is confident of a favorable decision and accordingly no provision for the aforementioned liability which has an impact of Rs 0.05 per certificate as of March 31, 2010 has been made in this condensed interim financial report.

There were no other contingencies and commitments outstanding as at March 31, 2010 and June 30, 2009.

7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan 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, Meezan Sovereign Fund, Meezan Capital Protected Fund - I and Meezan Cash Fund 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 and the trust deed respectively.

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

	March 31, 2010	June 30, 2009
	(Rupees in '000)	
Al Meezan - management company of the Fund		
Remuneration payable	2,244	2,826
Preliminary expenses and floatation costs payable	-	1,662
Investment of 3,821,824 certificates (June 30, 2009: 3,821,824)	23,504	22,090
CDC - trustee of the Fund		
Remuneration payable	129	114
Charges payable	3	1
MBL		
Bank balance and placements	1,157	856
Shariah advisory fee payable	-	434
Investment in 193,302 shares (June 30, 2009: 321,075 shares)	3,350	3,532
Investment of 16,134,468 certificates (June 30, 2009: 16,134,468 certificates)	99,227	93,257

	March 31, 2010	June 30, 2009
	(Rupees in '000)	
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 11,057,791 certificates (June 30, 2009: 11,057,791 certificates)	<u>68,005</u>	<u>63,914</u>
Directors and executives of the management company		
Investment of 43,675 certificates (June 30, 2009: 21,975 certificates)	<u>269</u>	<u>127</u>
	Nine months ended March 31	
	2010	2009
	(Rupees in '000)	
Meezan Islamic Income Fund		
Investment of Nil units (March 31, 2009 910,280 units)	<u>-</u>	<u>39,000</u>
Redemption of Nil units (March 31, 2009 4,431,695 units)	<u>-</u>	<u>223,120</u>
Al Meezan - management company of the Fund		
Remuneration for the period	<u>24,640</u>	<u>24,034</u>
Preliminary expenses and floatation costs for the period	<u>-</u>	<u>1,252</u>
Dividend for the period	<u>3,822</u>	<u>4,822</u>
CDC - trustee of the Fund		
Remuneration for the period	<u>1,123</u>	<u>1,012</u>
Charges for the period	<u>128</u>	<u>127</u>
MBL		
Profit on savings account	<u>17</u>	<u>21</u>
Shariah advisory fee for the period	<u>-</u>	<u>183</u>
Dividend for the period	<u>16,134</u>	<u>16,134</u>
Pakistan Kuwait Investment Company (Private) Limited		
Dividend for the period	<u>11,058</u>	<u>11,058</u>
Directors and executives of the management company		
Dividend for the period	<u>44</u>	<u>72</u>

8. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These condensed interim financial statements have been authorised on April 27, 2010 by the Board of Directors of the management company of the Fund.

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

Chief Executive

Director

**STATEMENT OF THE INCOME & EXPENDITURE OF
MANAGEMENT COMPANY IN RELATION TO THE FUND
FOR THE NINE MONTHS AND PERIOD ENDED MARH 31, 2010**

	March 31, 2010	March 31, 2009
(Rupees in '000)		
INCOME		
Remuneration from Meezan Balanced Fund	24,640	24,035
Dividend income	<u>3,822</u>	<u>3,822</u>
	28,462	27,857
OPERATING EXPENSES		
Salaries and other benefits	6,162	3,432
Motor vehicle running expenses	115	125
Fees and subscription	130	143
Insurance expense	48	20
Printing and stationery	61	148
Communication	380	202
Depreciation	399	541
Travelling and conveyance	45	54
Entertainment	19	11
Legal and professional charges	227	238
Repair and maintenance	31	21
Office supplies	43	32
Training and development	16	42
Rent, rates and taxes	404	463
Utilities	54	77
Shariah advisory fee	188	0
Miscellaneous expenses	<u>11</u>	<u>21</u>
	8,334	5,570
OPERATING PROFIT	<u>20,128</u>	<u>22,287</u>

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