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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	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive
Mr. Tasnimul Haq Farooqui	Director
Mr. Aliuddin Ansari	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Syed Owais Wasti	Director

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	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
Dubai Islamic Bank Pakistan Limited
Prime Commercial Bank Ltd. Islamic Branch
UBL Ameen - Islamic Banking Branch

LEGAL ADVISOR

Bawaney & Partners
404, 4th 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 QUARTER ENDED SEPTEMBER 30, 2008

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 quarter ended September 30, 2008.

Market Review

Amid increased economic challenges and political uncertainty during the first quarter of FY09, KSE 100 index maintained a relatively bearish trend. Overall, the KSE-100 index during this quarter plunged by 3,110 points or 25.3% to end the quarter at 9,179 points on an average daily turnover of 66.28 million shares.

Economic Review

The macroeconomic outlook remained bearish during the quarter as inflationary pressures mounted and current account deficit continued to widen unabated. The main reason for widening of the deficit was worsening of trade balance. Due to the extraordinary increase in international crude prices, which peaked at US\$ 147 per barrel in mid July, and hike in food prices, Pakistan's trade deficit for the first quarter FY09 reached US\$ 5.55 billion, an increase of 53% over the corresponding period. As a result, foreign exchange reserves declined from US\$ 11.1 billion in June 2008 to US\$ 8.1 billion at the end of the quarter. This created pressure on rupee against US dollar, which depreciated by 12% to close the quarter at Rs. 78.25.

The economy was further hurt by the uncertain political situation as foreign investors remained cautious during the quarter, resulting in a decline in foreign exchange reserves and foreign portfolio investment. However, the remittance inflows remained strong, with the first quarter FY09 figure totaling US \$ 1.88 billion, and provided some support to the balance of payment situation. On domestic front, Government of Pakistan remained ahead of its tax collection target in three months and collected Rs. 253 billion which also helped in providing some relief to the burgeoning government borrowing.

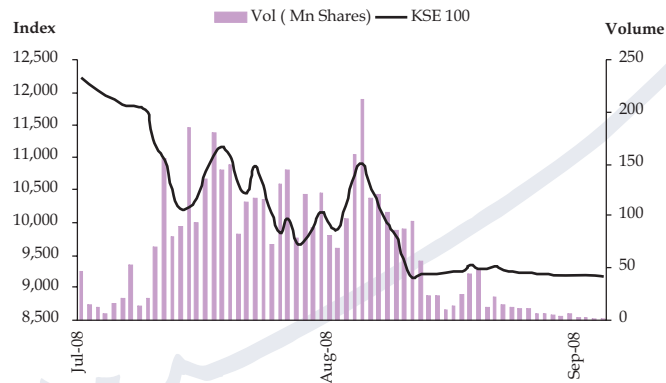
Equity Market Review

The downward trend at KSE that began in the final quarter of last year continued into the first quarter of FY09. In order 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% on June 24, 2008. This measure, however, did not improve the situation and created a problem for margin traders who wanted an exit. Due to drying up of volumes after the introduction of these circuit breakers, the SECP decided to revert them back to the original 5% level on July 11, 2008.

In order to restore investor confidence, SECP and KSE took some market stabilization measures, which provided some support to the market. However, the unabated economic pressures along with Moody's warning to downgrade the country's rating resulted in a market meltdown.

To stem further downslide in the market, the 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 securities that day. Since there is no price discovery since then, investors have stayed away from the market during the month of September and volumes are down to less than a million shares a day.

The US sub prime mortgages crises resulting in the collapse of Lehman Brothers, the institution which represented more than a 100 year old legacy of the US financial markets, started the meltdown of the global equities. Even after their governments' continuous liquidity injections, the bearish trend continued so much so that IMF termed this crisis as the worst after Great Depression. In line with increasing outflows from emerging markets, foreigners remained net seller at KSE, with a total net outflow of US\$ 142 million in the first quarter of FY09.



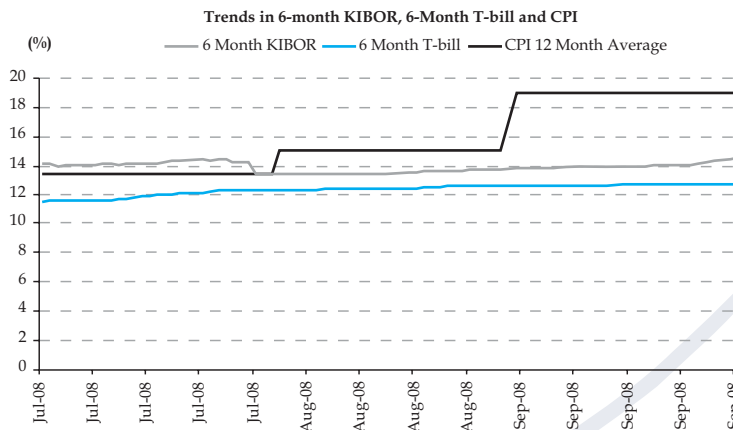
Money Market Review - Monetary Tightening

In order to curb inflation which hovered at around 25% for the quarter against 7% during the same period last year, State Bank of Pakistan (SBP) continued its policy of monetary tightening and increased the discount rate by 100 bps rate to 13% at the end of July 2008. The tight monetary stance resulted in six month T-bill rates to increase from 11.47% on June 30, 2008 to 12.68% by end of September 30, 2008, whereas 6 month KIBOR during the same period increased by 33 basis points closing at a record high of 14.52%. The high interest rate environment at the end of the quarter kept the money market gasping for breath, with overnight rates making new highs of over 40% as market participants felt the pinch of the liquidity crisis.

Despite continued assurance from the government to reduce its fiscal deficit, government borrowing from the SBP continued. In order to promote Islamic Banking industry and to tap other avenues to meet government expenditure, SBP also sold Rs.6.5 billion worth of GoP Ijarah Sukuk

with a pre-auction target of Rs.10 billion. The coupon rate for the first six months was set at

13.13% (six month T-bill plus 45 bps). The following graph shows the trend in interest rate during the period:



Performance Review

The benchmark for Meezan Balanced Fund (MBF) is composed of two parts. 50% weightage is given to the return of Dow Jones Islamic Market Pakistan Index and 50% weightage is given to the return of Islamic Bank Deposits. During the quarter ended September 30, 2008 MBF posted a decline of 15.36%, whereas the benchmark return declined by 13.13% during the same period, thus reporting an underperformance of 2.23%.

The Fund, during the quarter ended September 30, 2008 incurred a total loss of Rs.208 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.232 million and net realized loss on sale of investments of Rs.1 million. The dividend income for the period was Rs.10 million and income on debt securities and profit on bank deposits was Rs.14 million. After accounting for expenses of Rs.11 million, the net loss for the period was Rs.220 million, which translates into a loss per certificate of Rs.1.83 as on September 30, 2008. The net assets of the fund at the period end were Rs.1,204 million as compared to Rs.1,424 million as at June 30, 2008. The net asset value of the fund as at September 30, 2008 was Rs.10.03 per certificate as compared to Rs.11.86 per certificate as on June 30, 2008.

Investment Policy

The objective of MBF 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 Certificates of Investments ("COIs"), Certificates of Musharaka, Islamic Sukuks, Spread transactions and other such Shariah compatible instruments.

Mutual Fund Rating

We are pleased to inform you that the management company of MBF is rated AM-2 by JCR-VIS, while another leading rating agency operating in Pakistan, Pakistan Credit Rating Agency (PACRA) has assigned the highest possible rating for mutual funds to Meezan Balanced Fund. MBF has been rated 5-Star by PACRA which denotes superior performance of MBF versus its peers. PACRA has awarded 5-Star rating to MBF for its superior short term (trailing 12 month period) and long term (trailing 36 month period) performance as compared to its peers.

Future Outlook

Despite a challenging economic outlook, we are optimistic about the long term growth trend of the country and remain confident about the future prospects of the stock market in general and of Meezan Balanced Fund in particular. Going forward, it is expected that price floor mechanism would be removed along with the establishment of a stabilization fund, which will help to improve investor confidence. We anticipate growing interest from foreign and local investors in the equity market as it is currently trading at a PE multiple discount of 25% as compared to the regional markets.

On the money market front, the central bank is expected to relax its tight stance on the monetary policy. Increasing liquidity shortages in the banking sector and pressure in the foreign exchange market may lead to a cut in the CRR and SLR requirements for conventional and Islamic banks. We envisage six month KIBOR to remain above 14% for the upcoming months. In view of the current monetary tightening we have experienced so far, the re-setting of coupons linked to KIBOR will help in optimization of yield on Meezan Balanced Fund.

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 firm in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan, Meezan Balanced Fund's trustee, Central Depository Company of Pakistan and management of Karachi Stock Exchange for all their support and guidance. Last but not the least; we would like to place on record our gratitude for Justice (Retd.) Muhammad Taqi Usmani and other members of the Shariah Board of Meezan Bank for their continued guidance on Shariah aspects of fund management.

For and behalf of the Board

Date: October 22, 2008
Karachi

Muhammad Shoaib, CFA
Chief Executive

**CONDENSED INTERIM
STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2008**

	(Unaudited) September 30, 2008	(Audited) June 30, 2008
Note	(Rupees in '000)	
Assets		
Balances with banks	22,718	10,462
Investments	5 1,171,065	1,398,691
Dividend receivable	6,429	7,307
Advances, deposits and other receivables	12,162	17,012
Preliminary expenses and floatation costs	1,243	1,662
Total assets	<u>1,213,617</u>	<u>1,435,134</u>
Liabilities		
Payable to Al Meezan Investment Management Limited - management company of the Fund	6,312	6,851
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	118	136
Payable to Securities and Exchange Commission of Pakistan	322	1,515
Payable to Meezan Bank Limited - Shariah Adviser of the Fund	313	250
Accrued expenses and other liabilities	1,301	1,618
Unclaimed dividend	121,081	1,081
Total liabilities	<u>129,447</u>	<u>11,451</u>
Net assets	<u>1,084,170</u>	<u>1,423,683</u>
Commitments		
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 (loss) / income	(115,830)	223,683
	<u>1,084,170</u>	<u>1,423,683</u>
Net assets value per certificate (Rupees)	<u>9.03</u>	<u>11.86</u>

The annexed notes 1 to 7 form an integral part of these financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM
INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	September 30,	
	2008	2007
	(Rupees in '000)	
Income		
Net realised (loss) / gain on sale of investments	(1,087)	7,920
Dividend income	10,308	5,592
Profit on savings accounts with banks	97	5,849
Profit on placements	-	6,934
Profit on sukuk certificates	9,376	4,104
Profit on musharika certificates	4,359	-
	23,053	30,399
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss (net)	(231,517)	34,151
(Loss) / gain on re-measurement of derivative financial instruments (net)	-	(15,000)
	(231,517)	19,151
Total (loss)/income	(208,464)	49,550
Expenses		
Remuneration to Al Meezan Investment Management Limited -management company of the fund	9,378	11,572
Remuneration to Central Depository Company of Pakistan Limited -Trustee of the Fund	377	430
Annual fee to Securities and Exchange Commission of Pakistan	321	388
Remuneration to Meezan Bank Limited - Shariah Adviser of the Fund	63	63
Auditors' remuneration	84	105
Fees and subscription	32	32
Amortisation of preliminary expenses and floatation costs	420	420
Brokerage	238	458
Legal and professional charges	56	38
Bank and settlement charges	80	141
	11,049	13,647
Net (loss)/income	(219,513)	35,903
Earnings per certificate (Rupees)	(1.83)	0.30

The annexed notes 1 to 7 form an integral part of these financial statements.

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

Chief Executive

Director



**CONDENSED INTERIM
DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	September 30, 2008	2007 (Rupees in '000)
Unappropriated income brought forward	223,683	398,166
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	(219,513)	35,903
Unappropriated (loss) / income carried forward	<u>(115,830)</u>	<u>242,069</u>

The annexed notes 1 to 7 form an integral part of these financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN
EQUITY AND RESERVES-PER CERTIFICATE (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	September 30,	
	2008	2007
	(Rupees in '000)	
Net assets per certificate at the beginning of the year	11.86	13.32
Net realised (loss) / gain on sale of investments	(0.01)	0.07
Dividend income	0.09	0.05
Profit on savings accounts with banks	-	0.05
Profit on placements	-	0.06
Profit on sukuk certificates	0.08	0.03
Profit on musharika certificates	0.04	-
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss	(1.93)	0.28
(Loss) / gain on re-measurement derivative financial instruments (net)	-	(0.13)
Expenses	(0.09)	(0.11)
Net (loss) / income for the period	(1.83)	0.30
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	9.03	12.02

The annexed notes 1 to 7 form an integral part of these financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM
CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	September 30,	
	2008	2007
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income	(219,513)	35,903
Adjustments for:		
Dividend income	(10,308)	(5,592)
Profit on savings accounts with banks	(97)	(5,849)
Profit on placements	-	(6,934)
Profit on sukuk certificates	(9,376)	(4,104)
Profit on musharika certificates	(4,359)	-
Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss (net)	231,517	(34,151)
Loss / (gain) on re-measurement derivative financial instruments (net)	-	15,000
Amortisation of preliminary expenses and floatation costs	420	420
	(11,716)	(5,307)
(Increase) / decrease in assets		
Investments - at fair value through profit or loss	468	(170,167)
Receivable against sale of investments	-	140,691
Deposits and other receivables	(597)	(96)
	(129)	(29,572)
Increase / (decrease) in liabilities		
Payable to Al Meezan Investment Management Limited - management company of the fund	(539)	(31,083)
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	(18)	(9)
Payable to Securities and Exchange Commission of Pakistan	(1,193)	389
Payable to Meezan Bank Limited - Shariah Adviser of the Fund	63	63
Payable against purchase of investments	-	(40,908)
Accrued expenses and other liabilities	(317)	(689)
	(2,004)	(72,237)
Cash (used in) / generated from operations	(13,849)	(107,116)
Dividend income received	11,186	1,519
Profit received on savings accounts with banks	5,543	4,511
Profit received on placements	-	5,438
Profit received on sukuk certificates	9,376	170
Net cash (outflow) / inflow from operating activities	12,256	(95,478)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	17
	-	17
Net cash outflow from financing activities	-	17
Net (decrease) / increase in cash and cash equivalents	12,256	(95,461)
Cash and cash equivalents at the beginning of the period	10,462	515,628
Cash and cash equivalents at the end of the period	22,718	420,167

The annexed notes 1 to 7 form an integral part of these 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 SEPTEMBER 30, 2008

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 Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations) were notified. The registered office of the management company of the Fund is situated in Finance and Trade Centre, Sharah-e-Faisal, Karachi, Pakistan.

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.

The Fund is a close-end mutual fund and its certificates are listed on the Karachi Stock Exchange.

- 1.2 The Fund is a closed end scheme (mutual fund) and its certificates are listed on the Karachi Stock Exchange. The management company of the Fund has been rated AM 2 by JCR - VIS.

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 financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan, the trust deed, the NBFC Rules and NBFC Regulations and the directives issued by the SECP. Approved accounting standards comprise of such International Accounting Standards (IAS) and International Financial Reporting Standards (IFRSs) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the trust deed, the NBFC Rules and NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the trust deed, the NBFC Rules and NBFC Regulations and the said directives take precedence.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2008.

5. INVESTMENTS

		(Unaudited) September 30, 2008	(Audited) June 30, 2008
	Note	(Rupees in '000)	
Investments at fair value through profit or loss	5.1	1,066,706	1,297,230
Loans and receivables originated by the fund	5.2	104,359	101,461
		<u>1,171,065</u>	<u>1,398,691</u>
5.1 Investments at fair value through profit or loss			
Held for trading	5.1.1	753,338	943,558
Investments at fair value through profit or loss upon initial recognition	5.1.2	313,368	353,672
		<u>1,066,706</u>	<u>1,297,230</u>
5.1.1 Held for trading			
Shares / units of listed companies	5.1.1.1	664,849	855,148
Sukuk certificates	5.1.1.5	88,489	88,410
		<u>753,338</u>	<u>943,558</u>

5.1.1.1 Held for trading - shares / units of listed companies

Name of the investee company	As at July 1, 2008	Purchase during the quarter	Bonus / rights issue	Sales during the quarter	As at September 30, 2008	Carrying Value as at September 30, 2008	Market Value as at September 30, 2008	Unrealised gain/(loss) as at September 30, 2008	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						
Open end mutual fund												
Meezan Islamic Income Fund (note 5.1.1.2) (an associate of the Fund)	3,521,415	864,138	-	2,568,576	1,816,977	91,363	93,175	1,812	8.59	1.63	7.96	
									8.59		7.96	
Textile composite												
Nishat Mills Limited	105,600	50,000	-	-	155,600	12,120	7,268	(4,852)	0.67	0.10	0.62	
									0.67		0.62	
Jute												
Thal Limited (note 5.1.1.2)	115,544	-	-	-	115,544	22,649	14,663	(7,986)	1.35	0.19	1.25	
									1.35		1.25	
Cement												
Attock Cement Pakistan Limited	160,000	-	-	-	160,000	12,341	7,269	(5,072)	0.67	0.22	0.62	
DG Khan Cement Company Limited	180,000	395,000	-	-	575,000	34,992	22,586	(12,406)	2.08	0.23	1.93	
Cherat Cement Company Limited	48,382	-	-	-	48,382	1,311	769	(542)	0.07	0.05	0.07	
Fauji Cement Limited	93,500	140,000	-	-	233,500	2,041	1,611	(430)	0.15	0.03	0.14	
									2.98		2.74	
Automobile Assembler												
Pak Suzuki Motor Company Limited	56,800	20,000	-	-	76,800	8,905	6,435	(2,470)	0.59	0.09	0.55	
									0.59		0.55	
Refinery												
National Refinery Limited	-	25,000	-	25,000	-	-	-	-	-	-	-	
Power generation and distribution												
The Hub Power Company Limited	2,762,000	126,000	-	-	2,888,000	82,105	61,976	(20,129)	5.72	0.25	5.29	
									5.72		5.29	
Oil and gas marketing companies												
Pakistan State Oil Company Limited	61,600	12,500	-	13,000	61,100	24,849	17,107	(7,742)	1.58	0.04	1.46	
Sui northern Gas Pipeline Ltd	120,100	78,600	-	-	198,700	8,375	6,241	(2,134)	0.58	0.04	0.53	
									2.16		1.99	
Oil and gas exploration companies												
Oil and Gas Development Company Limited (note 5.1.1.4)	592,766	38,400	-	88,000	543,166	67,058	51,291	(15,767)	4.73	0.01	4.38	
Pakistan Oilfields Limited	127,500	-	-	18,000	109,500	39,950	26,663	(13,287)	2.46	0.06	2.28	
Pakistan Petroleum Limited	382,000	85,000	40,000	67,000	440,000	95,633	85,206	(10,427)	7.86	0.06	7.28	
									15.05		13.94	
Technology and communication												
Pakistan Telecommunication Company Limited	815,500	275,000	-	-	1,090,500	42,254	34,351	(7,903)	3.17	0.03	2.93	
TRG Pakistan Limited	1,708,000	100,000	-	-	1,808,000	11,158	6,907	(4,251)	0.64	0.48	0.59	
									3.81		3.51	
Chemical												
ICI Pakistan Limited	115,000	-	-	-	115,000	18,558	14,604	(3,954)	1.35	0.08	1.25	
									1.35		1.25	
Fertilizer												
Engro Chemical (Pakistan) Limited	291,908	220,000	-	-	511,908	128,138	92,369	(35,769)	8.52	0.26	7.89	
Fauji Fertilizer Bin Qasim Company Limited	1,799,000	200,000	-	-	1,999,000	70,530	45,537	(24,993)	4.20	0.21	3.89	
Fauji Fertilizer Company Limited	560,619	-	-	-	560,619	74,181	56,062	(18,119)	5.17	0.11	4.79	
									17.90		16.56	
Miscellaneous												
Tri-Pack Films Limited	20,000	63,400	-	-	83,400	13,257	12,759	(498)	1.18	0.28	1.09	
									1.18		1.09	
Total						861,768	664,849	(196,919)				
Total cost of investments						<u>912,454</u>						

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 2 (xxvi) of NBFC Regulations.

5.1.1.4 The SECP through its letter No. NBFC-II/AD/AMIML/97/2008 dated February 22, 2008 has relaxed the investment limits prescribed in regulation 64(5) and (8) of NBFC Regulations to fifteen percent and thirty percent respectively.

5.1.1.5 Sukuk certificates

Name of the investee company	Maturity	profit rate	As at July 1, 2008	Purchase during the quarter	Sales Redemption during the quarter	as at September 30, 2008	Carrying Value as at September 30, 2008	Market Value as at September 30, 2008	Unrealised loss as at September 30, 2008	Percentage in relation to	
										Number of certificates	Rupees in '000
Water and Power Development Authority	October 22, 2012	6 months KIBOR plus base rate of 0.35%	17,500	-	-	17,500	88,410	88,489	79	8.16	7.56
Total cost of investments								89,883			

5.1.1.7 The nominal value of the sukuk certificates is Rs 5,000 each.

(Unaudited)
September
30, 2008

(Audited)
June
30, 2008

Note (Rupees in '000)

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

Shares of listed companies	5.1.2.1	63,052	191,293
Sukuk Certificates	5.1.2.2	250,316	90,000
		<u>313,368</u>	<u>281,293</u>

5.1.2.1 Shares of listed companies

Name of the investee company	As at July, 2008	Purchases during the quarter	Bonuses/ rights issue	Sale during the quarter	As at September 30, 2008	Carrying Value as at September 30, 2008	Market Value as at September 30, 2008	Unrealised loss as at September 30, 2008	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)
Automobile assembler Indus Motor Company Limited	208,055	-	-	-	208,055	41,621	29,814	(11,807)	2.75	0.26	2.55
Paper and board Packages Limited	192,473	-	-	-	192,473	48,482	27,281	(21,201)	2.52	0.23	2.33
Commercial bank Meezan Bank Limited (an associate of the Fund)	219,000	-	-	-	219,000	6,677	5,957	(720)	0.55	0.05	0.51
						<u>96,780</u>	<u>63,052</u>	<u>(33,728)</u>			
Total cost of investments						<u>129,284</u>					

5.1.2.2 Sukuk certificates

Name of the investee company	Maturity	profit rate	As at July 1, 2008	Purchase during the quarter	Sales Redemption during the quarter	as at September 30, 2008	Carrying Value as at September 30, 2008	Market Value as at September 30, 2008	Unrealised loss as at September 30, 2008	Percentage in relation to	
										Number of certificates	(Rupees in '000)
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	73,125	73,381	256	6.77	6.27
Egco Chemical Pakistan Limited (note 5.1.2.4)	September 1, 2015	6 months KIBOR plus base rate of 1.5%	15,000	-	-	15,000	76,628	76,087	(541)	7.02	6.50
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	24,875	25,100	225	2.32	2.14
Century Paper & Board Mills Limited (note 5.1.2.4)	September 25, 2014	6 months KIBOR plus base rate of 1.37%	5,000	-	-	5,000	25,495	25,443	(52)	2.35	2.17
Edon Housing Limited (note 5.1.2.4)	April 2, 2013	6 months KIBOR plus base rate of 2.3%	5,000	-	-	5,000	25,275	25,207	(68)	2.33	2.15
Azoo 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	25,098	(152)	2.31	2.14
							<u>290,648</u>	<u>290,316</u>	<u>(332)</u>		
Total cost of investments											<u>253,750</u>

5.1.2.3 The nominal value of the Sitara Chemicals Industries Limited Sukuk certificates is Rs 4,063 each.

5.1.2.4 The nominal value of the 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 quarter	Sales during the quarter	Redemption during the quarter	as at September 30, 2008	Amortised cost as at September 30, 2008	Percentage in relation to	
									Number of certificates	(Rupees in '000)
D.G Khan Cement - Diminishing Musharaka - I May 8, 2010	6 months KIBOR plus base rate of 0.5%	550	-	-	-	550	57,398	5.29	4.90	
D.G Khan Cement - Diminishing Musharaka - II May 14, 2010	6 months KIBOR plus base rate of 0.5%	250	-	-	-	250	26,063	2.40	2.23	
D.G Khan Cement - Diminishing Musharaka - III June 3, 2010	6 months KIBOR plus base rate of 0.5%	200	-	-	-	200	20,898	1.93	1.78	
							<u>104,359</u>			
Total cost of investments							<u>100,000</u>			

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

6. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include AMIML being the management company, CDC being the trustee, MBL 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.

	September 30, 2008	June 30, 2008
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- management company of the Fund		
Remuneration payable	<u>2,977</u>	<u>3,517</u>
Preliminary expenses and floatation costs payable	<u>3,335</u>	<u>3,335</u>
Investment of 4,821,824 certificates (June 30, 2008: 4,821,824)	<u>33,946</u>	<u>46,048</u>
Central Depository Company of Pakistan Limited		
- Trustee of the Fund		
Remuneration payable	<u>118</u>	<u>134</u>
Charges payable	<u>-</u>	<u>2</u>
Meezan Bank Limited - Shariah Adviser of the Fund		
Bank balance and placements	<u>1,986</u>	<u>1,804</u>
Shariah advisory fee payable	<u>313</u>	<u>250</u>
Investment in 219,000 shares (June 30, 2008: 219,000 shares)	<u>5,957</u>	<u>6,677</u>
Investment of 16,134,468 certificates (June 30, 2008: 16,134,468 certificates)	<u>113,587</u>	<u>154,084</u>
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 11,057,791 certificates (June 30, 2008: 11,057,791 certificates)	<u>77,847</u>	<u>105,602</u>
Directors and officers of the management company		
Investment of 21,975 certificates (June 30, 2008: 21,975 certificates)	<u>155</u>	<u>210</u>

For the Quarter ended September 30

	2008	2007
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- management company of the fund		
Remuneration for the year	<u>9,378</u>	<u>11,572</u>
Preliminary expenses and floatation costs for the period	<u>420</u>	<u>420</u>
Central Depository Company of Pakistan Limited		
- Trustee of the Fund		
Remuneration for the period	<u>377</u>	<u>430</u>
Charges for the period	<u>45</u>	<u>52</u>
Meezan Bank Limited - Shariah Adviser of the Fund		
Shariah advisory fee for the period	<u>63</u>	<u>63</u>

7. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue on October 22, 2008 by the Board of Directors of the management company.

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

Chief Executive

Director

**STATEMENT OF INCOME & EXPENDITURE OF
MANAGEMENT COMPANY IN RELATION TO THE FUND
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	September 30, 2008	September 30, 2007 Restated
INCOME		
	(Rupees in '000)	
Management Company remuneration	9,379	11,572
Dividend Income	-	5,681
	9,379	17,252
OPERATING EXPENSES		
Salaries and other benefits	1,291	710
Motor vehicle running expenses	38	34
Fees and subscription	30	148
Insurance expense	13	14
Printing and stationery	61	15
Financial charges	406	2
Telephone, fax, postage & stamps	56	57
Depreciation	181	178
Traveling and conveyance	24	32
Entertainment	7	14
Legal and professional charges	41	127
Repair and maintenance	7	22
Other office supplies	7	14
Training and development	12	24
Rent, rates and taxes	162	143
Utilities	26	25
Miscellaneous expense	3	2
	2,365	1,561
Net income for the quarter	7,014	15,691

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