



CONTENTS

Mission Statement & Vision Statement	03
Fund Information	04
Report of Directors of the Investment Advisor	05
Condensed Interim Statement of Assets and Liabilities	08
Condensed Interim Income Statement	09
Condensed Interim Distribution Statement	10
Condensed Interim Statement of Movement in Equity and Reserves-Per Certificate	11
Condensed Interim Cash Flow Statement	12
Notes to the Condensed Interim Financial Statements.....	13
Statement of Income & Expenditure of Investment Advisor in relation to the Fund	19



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.

Our Vision

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

FUND INFORMATION

INVESTMENT ADVISOR

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 INVESTMENT ADVISOR

Mr. Ariful Islam	Chairman
Mr. Najmul Hassan	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Mazhar Sharif	Director
Mr. Muhammad Adrees	Director
Syed Owais Wasti	Director
Mr. Mohammad Shoab, CFA	Chief Executive

CFO & COMPANY SECRETARY OF THE INVESTMENT ADVISOR

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. Fergusons & Company
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
Al Baraka Islamic Bank B.S.C (E.C)
Bank Alfalah Islamic Branch
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited

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 INVESTMENT ADVISOR

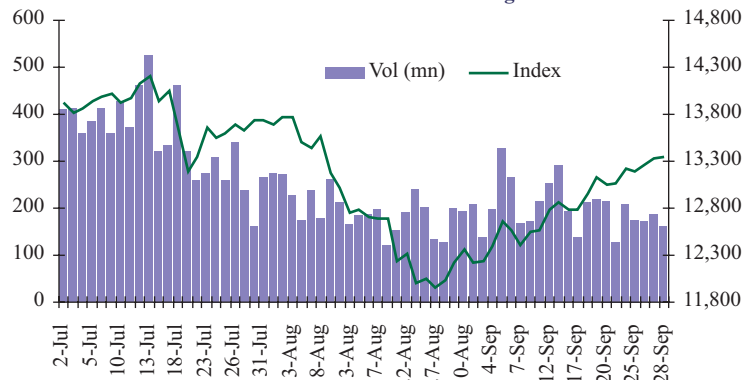
The Board of Directors of Al Meezan Investment Management Limited, the Investment Advisor of Meezan Balanced Fund, is pleased to present the unaudited accounts of Meezan Balanced Fund (MBF) for the quarter ended September 30, 2007.

Market Review

The Stock Market during the first quarter of the financial year was marked by volatility in trend and turnover. The market movements during the quarter can be segmented into three distinct phases; the positive, the slump and the recovery. Overall, the KSE-100 index during the quarter shed 419 points or 3% to finish the quarter at 13,353 with an average daily turnover of 250 mn shares.

The new financial year started on a positive note and the Index continued its upward momentum from previous year, making an all time high of 14,202 on July 13, 2007. However this upward movement failed to maintain itself primarily due to rising political uncertainty in the country. News regarding failed talks between leading political parties and the Government, suicidal attacks after the Lal Masjid operation, uncertainty regarding President's re-election and significant outflows of foreign funds led to a decline of 1,200 points in just one week, shedding a total of 1,500 points (11%) during the slump phase and making a low of 11,958 on August 27, 2007. The market completely ignored the robust profitability and handsome dividend payouts by the companies. Moreover, sub prime mortgage crisis in the US which led to persistent sell off in equity markets globally, further weakened market sentiment and contributed to this downtrend. However, later in September positive developments on political front and strong fundamentals helped in an impressive recovery of 1,400 points from the lowest level. Moreover, foreign funds which had divested their holdings during first couple of months started to invest in Pakistan again as foreign investors realized the fact that Pakistan's Capital Markets are not likely to be influenced by the sub prime crisis which had mostly affected the developed countries.

KSE-100 Index Performance during FY08



On the Money Market side the quarter started with little activity mainly due to the fact that market was expecting monetary policy statement in last week of July. The State Bank's Monetary Policy Statement was in line with market expectations as it reaffirmed its commitment to reign in inflation, contain money supply, and streamline external imbalances. SBP further revised discount rate upwards by 50bp to 10.00% from 9.50%. These steps resulted in liquidity crunch in the market. Moreover S&P altered its rating outlook for Pakistan from 'Positive' to 'Stable' on the back of political and security reasons (in addition to the economic fundamentals like the expansionary fiscal stance witnessed in the budget FY08), causing a rise in the yield for Pakistan's 10-year dollar denominated Eurobond in the middle of the month by around 250bps, resulting in a decline in bond prices.

However toward quarter end, the political scenario improved and an increased interest in PIBs was witnessed. The bond market gained momentum, with 10-year PIB rates declining by 12-15bps. Moreover due to the Fed's rate cut, the rates on Pakistan's Eurobonds declined to 8.22%, which were as high as 9.4% (July, 2007).

On the Islamic Bond Market side, many new Sukuks were issued during the quarter, further expanding the Sukuk market in Pakistan which now amounts to Rs. 30 billion.

Operational Review

The Fund, during the quarter ended September 30, 2007 earned a total income of Rs. 50 million. The income for the year comprises of, mainly capital gains (net) on sale of investments of Rs. 8 million and profit on deposit accounts with banks of Rs.13 million. The un-realized gain on investments at fair value through profit or loss for the quarter was Rs. 34 million. After accounting for expenses of Rs. 14 million, the net income for the year was Rs. 36 million, which translates into the earning of Rs. 0.30 per certificate as at September 30, 2007. The net assets of the Fund as at September 30, 2007 were Rs. 1,442 million as compared to Rs. 1,598 million as at June 30, 2007. The net asset value of the fund as at September 30, 2007 was Rs. 12.02 per certificate. In accordance with the provision of the Trust Deed of the fund an amount of Rs.0.14 million was also set aside as charity to purify the income earned from the non-shariah compliant avenues by the investee companies.

Investment Policy

MBF is a Shariah-complaint Balanced Fund. The investment objective of Meezan Balanced 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 TFCs, Certificates of Islamic Investments, Certificates of Musharika, Islamic Sukuk, Ready-future hedges, and other such Shariah compliant instruments.

Mutual Fund Rating

Investors of MBF would be pleased to know that Pakistan Credit Rating Agency (PACRA) has assigned its highest possible rating for mutual funds to Meezan Balanced Fund. MBF has been rated 5-Star which denotes superior performance of MBF versus its peers. We believe that this has been possible due to the untiring efforts of the management of Al Meezan Investments, the fund manager/ Investment Advisor of MBF.

Future Outlook

We remain hopeful of the future prospects of the stock and money markets in general and of Meezan Balanced Fund in particular. While the minor corrections in the market may continue to take place in the short term, we believe that the long term direction would continue to be guided by the overall economic growth in the country and increasing foreign funds inflows on the back of positive investment and economic outlook of the country.

We take this opportunity to thank our valuable investors for reposing faith in us and making us the largest Shariah Compliant in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan, MBF's trustee, Central Depository Company of Pakistan and the management of Karachi Stock Exchange for all their support and guidance.

For and on behalf of the Board

October 22, 2007
Karachi.

Mohammad Shoib, CFA
Chief Executive

**CONDENSED INTERIM
STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2007**

	(Unaudited) September 30, 2007	(Audited) June 30, 2007
Note	(Rupees in '000)	
Assets		
Bank balances	420,167	515,628
Receivable against sale of investments	61,870	202,561
Investment in marketable securities - 'at fair value through profit or loss'	5 1,155,529	951,211
Dividend receivable	6,425	2,352
Derivative financial instruments	-	19,573
Advances, deposits, prepayments and other receivables	15,503	8,640
Preliminary expenses and floatation costs	2,915	3,334
Total assets	1,662,409	1,703,299
Liabilities		
Payable to Al Meezan Investment Management Limited - Investment Advisor of the Fund	16,575	47,658
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	134	143
Payable to Securities and Exchange Commission of Pakistan	1,834	1,445
Payable to Meezan Bank Limited - Shariah Advisor of the Fund and holding company of the Investment Advisor	313	250
Payable against purchase of investments	4,692	45,600
Accrued expenses and other liabilities	1,567	2,256
Derivative financial instruments	-	4,573
Unclaimed dividend	195,225	3,208
Total liabilities	220,340	105,133
Net assets	1,442,069	1,598,166
Commitments		
Certificate holders' equity		
Issued, subscribed and paid-up capital		
120,000,000 ordinary certificates of Rs. 10 each issued as fully paid up in cash	1,200,000	1,200,000
Unappropriated income carried forward	242,069	398,166
	1,442,069	1,598,166

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

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

Chief Executive

Director

**CONDENSED INTERIM
INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

September 30,
2007 2006
(Rupees in '000)

Income		
Gain on sale of investments (net)	7,920	34,183
Dividend income	5,592	20,576
Profit on deposit accounts with banks	12,783	3,093
Profit on term finance certificates	-	120
Profit on Sukuk certificates	4,104	3,770
	30,399	61,742
Unrealised gain on investments - 'at fair value through profit or loss'	34,151	690
(Loss) / Gain on derivative financial instruments (net)	(15,000)	(2,838)
	19,151	(2,148)
Total income	49,550	59,594
Operating expenses		
Remuneration to Al Meezan Investment Management Limited - Investment Advisor of the Fund	11,572	10,840
Remuneration to Central Depository Company of Pakistan Limited - Trustee of the Fund	430	429
Annual fee - Securities and Exchange Commission of Pakistan	388	386
Remuneration to Meezan Bank Limited - Shariah Advisor	63	-
Auditors' remuneration	105	107
Fees & subscription	32	32
Amortization of preliminary expenses and formation costs	420	420
Brokerage	458	2,183
Legal and professional charges	38	38
Bank & settlement charges	141	346
	13,647	14,781
Net income for the quarter	35,903	44,813
Basic and diluted earnings per certificate	0.30	0.37

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

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

Chief Executive

Director

**CONDENSED INTERIM
DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	September 30,	
	2007	2006
	(Rupees in '000)	
Unappropriated income brought forward as at July 01	398,166	313,204
Net income for the quarter	35,903	44,813
Less : Final distribution in the form of cash dividend for the year ended June 30, 2007 (comparative June 30, 2006)	(192,000)	(240,000)
Unappropriated income carried forward	<u>242,069</u>	<u>118,017</u>

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN EQUITY AND RESERVES-PER CERTIFICATE
(UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

September 30,
2007 2006
(Rupees in '000)

Net asset per certificate at the beginning of the quarter	13.32	12.61
Capital gains on sale of investments (net)	0.07	0.28
Dividend income	0.05	0.17
Profit on deposit accounts with banks	0.11	0.03
Profit on Sukuk certificates	0.03	0.03
Unrealised gain on investments - 'at fair value through profit or loss'	0.28	0.01
(Loss) / Gain on derivative financial instruments (net)	(0.13)	(0.02)
Operating expenses	(0.11)	(0.12)
Net income for the quarter	0.30	0.37
Dividend payable of Rs. 1.60 (June 30, 2006 : Rs. 2 per certificate) for the year ended June 30, 2007	(1.60)	(2.00)
Net assets per certificate as at September 30, 2007	12.02	10.98

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

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

Chief Executive

Director

**CONDENSED INTERIM
CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	September 30,	
	2007	2006
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the quarter	35,903	44,813
Adjustments for:		
Dividend income	(5,592)	(20,576)
Profit on deposit accounts with banks	(12,783)	(3,093)
Profit on term finance certificates	-	(120)
Profit on Sukuk certificates	(4,104)	(3,770)
Unrealised (gain) / loss on investments - 'at fair value through profit or loss'	(34,151)	(690)
Loss / (Gain) on derivative financial instruments (net)	15,000	2,838
Amortisation of preliminary expenses and floatation costs	420	420
	(5,307)	19,822
(Increase) / decrease in assets		
Receivable against sale of investments	140,691	1,440
Investment in marketable securities - 'available for sale'	-	160,000
Investment in marketable securities - 'at fair value through profit or loss'	(170,167)	139,195
Advances, deposits, prepayments and other receivables	(96)	(136)
	(29,572)	300,499
Increase / (decrease) in liabilities		
Payable to Al Meezan Investment Management Limited - Investment Advisor of the Fund	(31,083)	(35,481)
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund	(9)	-
Payable to Securities and Exchange Commission of Pakistan	389	386
Payable to Meezan Bank Limited - Shraiah Advisor	63	-
Payable against purchase of investments	(40,908)	(37,008)
Accrued expenses and other liabilities	(689)	235
	(72,237)	(71,868)
Cash generated / used in operations	(107,116)	
Dividend income received	1,519	8,902
Profit received on deposit accounts with banks	9,949	2,481
Profit received on Sukuk certificates	170	5,742
Net cash (outflow) from operating activities	(95,478)	265,578
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	17	-
Net cash inflow from financing activities	17	-
Net increase / (decrease) in cash and cash equivalents during the quarter	(95,461)	265,578
Cash and cash equivalents at the beginning of the quarter	515,628	53,138
Cash and cash equivalents as at September 30, 2007	420,167	318,716

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2007

1 LEGAL STATUS AND NATURE OF BUSINESS

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 Investment Advisor 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). The registered office of the Investment Advisor is situated at Finance & 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 Investment Advisor has appointed Meezan Bank Limited as Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Islamic Shariah. The Investment Advisor of the Fund is registered with 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.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor 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 requirements of the Companies ordinance, 1984, the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 and the directives issued by the Securities and Exchange Commission of Pakistan. Approved accounting standards comprise of such International Accounting Standards and International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 and the said directives differ with the requirements of these standards, the requirements of the companies ordinance, 1984, the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 and the said directives take precedence.

4 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, 2007.

	Note	(Unaudited) September 30, 2007	(Audited) June 30, 2007
		(Rupees in '000)	
5 INVESTMENT IN MARKETABLE SECURITIES			
- 'at fair value through profit or loss'			
Held for trading	5.1	748,462	669,918
Investments 'at fair value through profit or loss upon initial recognition.'	5.2	407,067	281,293
		<u>1,155,529</u>	<u>951,211</u>

5.1 INVESTMENT IN MARKETABLE SECURITIES - 'at fair value through profit or loss'

Shares of listed companies	5.1.1	658,579	644,254
Sukuk certificates	5.1.5	89,883	25,664
		<u>748,462</u>	<u>669,918</u>

5.1.1 Held for trading - shares of listed companies

Name of the investee company	As at July 01, 2007	Purchases during the quarter	Bonus/ rights issue	Sales during the quarter	Closing balance as at September 30, 2007	Carrying Value as at September 30, 2007	Market value as at September 30, 2007	Unrealised gain/(loss) as at September 30, 2007	Percentage in relation to		
									Net assets of the Fund on the basis of market value of investments (see note 5.1.3)	Paid-up capital of investee company (with face value of investments)	Total market value (carrying value of investments)
----- Number of shares of listed companies -----						Rupees in '000					
Commercial Banks											
Bank Islami Pakistan Limited	-	15,100,000	-	15,000,000	100,000	1,322	1,325	3	0.09	0.03	0.20
Textile composite											
Nishat Mills Limited	378,100	25,000	-	56,000	347,100	44,651	40,541	(4,110)	2.81	0.22	6.16
Jute											
Thal Limited (Note 5.1.2)	88,880	-	-	-	88,880	24,798	26,753	1,955	1.86	0.76	4.06
Cement											
Attock Cement Pakistan Limited	125,000	-	-	-	125,000	15,306	14,438	(868)	1.00	0.17	2.19
Cherat Cement Company Limited	48,382	-	-	-	48,382	2,734	2,206	(528)	0.15	0.05	0.33
Fauji Cement Limited	-	100,000	-	-	100,000	1,825	1,835	10	0.13	0.03	0.28
Automobile Assembler											
Pak Suzuki Motor Company Limited	56,800	-	-	-	56,800	22,266	21,914	(352)	1.52	0.07	3.33
Refinery											
National Refinery Limited	89,500	-	7,700	89,500	7,700	2,188	2,984	796	0.21	0.01	0.45

Name of the investee company	As at July 01, 2007	Purchases during the quarter	Bonus/ rights issue	Sales during the quarter	Closing balance as at September 30, 2007	Carrying Value as at September 30, 2007	Market value as at September 30, 2007	Unrealised gain/(loss) as at September 30, 2007	Percentage in relation to		
									Net assets of the Fund on the basis of market value of investments (see note 5.1.3)	Paid-up capital of investee company (with face value of investments)	Total market value (carrying value of investments)
-----Number of shares of listed companies-----						Rupees in '000					
Power generation and distribution											
Kot Addu Power Company Limited	-	81,000	-	-	81,000	3,888	4,366	478	0.30	0.01	0.66
The Hub Power Company Limited	2,056,500	585,000	-	-	2,641,500	94,385	88,754	(5,631)	6.15	0.23	13.48
Oil and gas marketing companies											
Pakistan State Oil Company Limited	20,600	13,000	-	20,000	13,600	4,876	4,903	27	0.34	0.01	0.74
Oil and gas exploration companies											
Oil and Gas Development Company Limited											
Company Limited	562,766	180,000	-	50,000	692,766	80,056	79,668	(388)	5.52	0.02	12.10
Pakistan Oilfields Limited	85,500	37,000	-	18,000	104,500	32,989	32,343	(646)	2.24	0.05	4.91
Pakistan Petroleum Limited	176,000	61,000	-	7,000	230,000	59,050	61,180	2,130	4.24	0.03	9.29
Technology and communication											
Pakistan Telecommunication Company Limited 'A'											
Company Limited 'A'	-	979,500	-	25,900	953,600	51,297	50,064	(1,233)	3.47	0.03	7.60
Chemical											
ICI Pakistan Limited											
ICI Pakistan Limited	-	65,000	-	-	65,000	9,867	10,169	302	0.71	0.05	1.54
Fertilizer											
Engro Chemical (Pakistan) Limited											
Company Limited	247,070	149,710	-	107,000	289,780	54,151	75,314	21,163	5.22	0.15	11.44
Fauji Fertilizer Bin Qasim Company Limited											
Company Limited	891,000	908,000	-	150,000	1,649,000	66,963	73,051	6,088	5.07	0.18	11.09
Fauji Fertilizer Company Limited	457,619	123,000	-	-	580,619	70,239	66,771	(3,468)	4.63	0.12	10.14
Securities sold under deferred sale arrangements											
Oil and gas exploration companies											
Oil and Gas Development Company Limited											
Company Limited	200,000	-	-	200,000	-	-	-	-	-	-	-
Technology and communication											
Pakistan Telecommunication Company Limited 'A'											
Company Limited 'A'	1,725,500	-	-	1,725,500	-	-	-	-	-	-	-
Total						642,851	658,579	15,728			
Total cost of Investment						642,851					

5.1.2 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.

5.1.3 Net assets are defined in Rule, 2 (xxxiv) of NBFC Rules.

5.1.4 SECP through its letter NO.SEC/NBFC-DD-I/476/2004 dated May 26, 2004 has increased the investment limits prescribed in rule 49(3) and (4) of NBFC Rules to fifteen percent and thirty percent respectively.

5.1.5 Sukuk Certificates

Name of the investee company	As at	Purchases	Sales	Redemptions	As at	Market	Percentage of net assets on the basis of cost	
	July 01, 2007	during the quarter	during the quarter	during the quarter	September 30, 2007	value as at September 30, 2007		
	-----Number of certificates-----						(Rs. in '000)	
WAPDA First Sukuk Company Limited	5,000	12,500	-	-	17,500	89,883	5.62	

5.1.6 The nominal value of the Sukuk certificates are Rs. 5,000 each.

5.1.7 These certificates carry a return at the rate of 10.53% receivable on a semi annual basis with principal redeemable on maturity.

5.2 Investments 'at fair value through profit or loss upon initial recognition'

		(Unaudited) September 30, 2006	(Audited) June 30, 2006
	Note	(Rupees in '000)	
Shares of listed companies	5.2.1	217,067	115,702
Sukuk certificates	5.2.2	190,000	5,000
		<u>407,067</u>	<u>120,702</u>

5.2.1 Shares of listed companies

Name of the investee company	As at July 01, 2007	Purchases during the quarter	Bonus/ rights issue	Sales during the quarter	Closing balance as at September 30, 2007	Carrying Value as at September 30, 2007	Market value as at September 30, 2007	Unrealised loss as at September 30, 2007	Percentage in relation to		
									Net assets of the Fund on the basis of market value of investments (see note 5.1.3)	Paid-up capital of investee company (with face value of investments)	Total market value (carrying value of investments)
	Number of share of listed companies				Rupees in '000						
Automobile assembler											
Indus Motor Company Limited	206,100	-	-	-	206,100	62,964	68,013	5,049	0.05	0.26	31.33
Paper and board											
Packages Limited	366,868	23,500	-	-	390,368	124,400	136,628	12,228	0.09	0.53	62.94
Commercial Banks											
Meezan Bank Limited	352,500	-	-	-	352,500	11,280	12,426	1,146	0.01	0.09	5.72
Total						<u>198,644</u>	<u>217,067</u>	<u>18,423</u>			
Total cost of Investment						<u>198,644</u>					

5.2.2 Sukuk certificates

Name of the investee company	As at	Purchases	Sales	Redemptions	As at	Market	Percentage of net assets on the basis of cost
	July 01, 2007	during the quarter	during the quarter	during the quarter	September 30, 2007	value as at September 30, 2007	
	-----Number of certificates-----					(Rs. in '000)	
Engro chemical sukuk certificates	-	15,000	-	-	15,000	75,000	5.20
Security leasing sukuk certificates	-	40,000	-	-	40,000	25,000	1.73
Sitara chemical sukuk certificates	18,000	-	-	-	18,000	90,000	6.24
						<u>190,000</u>	

5.2.3 The nominal value of the sukuk certificates are Rs. 5,000 each except Security Leasing sukuk certificates which have a face value of Rs. 625/- each.

5.2.4 These certificates carry a return at the rate of 11.51% to 11.95% receivable on a semi annual basis with principal redeemable on maturity.

6. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Pakistan Kuwait Investment Company (Private) Limited and Al Meezan Mutual Fund Limited, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund and Meezan Islamic Fund being the Funds under the common management of the Management Company.

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 Investment Advisor and the Trustee is determined in accordance with the provisions of NBFC Rules and the Trust Deed respectively.

Details of transactions with connected persons and balances with them at year end are as follows:

(Unaudited)
September 30,
2007 2006
(Rupees in '000)

Transactions and balances with connected persons - unsecured

Al Meezan Investment Management Limited - Investment Advisor of the Fund

Balance at the beginning of the quarter	47,658	51,544
Remuneration for the quarter	<u>11,572</u>	<u>10,840</u>
	59,230	62,384
Amount paid during the quarter	<u>(42,655)</u>	<u>(46,321)</u>
Balance at the end of the quarter	<u>16,575</u>	<u>16,063</u>
Dividend for the year / period ended June 30, 2007 / 2006	<u>7,200</u>	<u>7,000</u>

(Unaudited)
September 30,
2007 2006
(Rupees in '000)

Meezan Bank Limited

Bank balance at the end of the quarter	<u>178,916</u>	<u>232,542</u>
Profit on deposit accounts with the bank	<u>4,087</u>	<u>2,086</u>
Dividend for the year / period ended June 30, 2007 / 2006	<u>23,234</u>	<u>32,269</u>

**Central Depository Company of Pakistan
Limited - Trustee**

Balance at the beginning of the quarter	156	138
Remuneration for the quarter	430	429
CDS charges for the quarter	52	87
	<u>482</u>	<u>516</u>
	638	654
Amount paid during the quarter	<u>(473)</u>	<u>(516)</u>
Balance at the end of the quarter	<u>134</u>	<u>138</u>

**Pakistan Kuwait Investment Company
(Private) Limited**

Dividend for the year / period ended June 30, 2007 / 2006	<u>15,923</u>	<u>22,116</u>
--	---------------	---------------

**Directors & Executives of the
Investment Advisor**

Dividend for the year / period ended June 30, 2007 / 2006	<u>42</u>	<u>69</u>
--	-----------	-----------

7. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue on October 22, 2007 by the Board of Directors of the Investment Advisor.

8. GENERAL

- Figures have been rounded off to the nearest thousand Rupees.

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

Chief Executive

Director

**STATEMENT OF INCOME & EXPENDITURE
IN RELATION TO THE FUND
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

30 September
2007 2006
(Restated)
(Rupees in '000)

INCOME

Investment Advisor's remuneration	11,572	10,840
Dividend Income	5,681	4,101
	17,252	14,941

OPERATING EXPENSES

Salaries and other benefits	710	752
Motor vehicle running expenses	34	56
Fees and subscription	148	19
Insurance expense	14	34
Printing and stationery	15	41
Financial charges	2	8
Telephone, fax, postage & stamps	57	50
Depreciation	163	244
Amortization	15	13
Traveling and conveyance	32	39
Entertainment	14	14
Legal and professional charges	127	34
Repair and maintenance	22	3
Other office supplies	14	12
Training and development	24	2
Rent, rates and taxes	143	218
Utilities	25	33
Miscellaneous expense	2	3
	1,561	1,575
Net income for the quarter	15,691	13,366

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