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Our Vision

“To set standards of best practices and performance for the industry through efficient asset allocation & security selection on a SHARIAH COMPLIANT basis.”

Our Mission

“To provide investors, in a shariah compliant manner, capital protection at maturity of the Fund and maximize returns through investments in Pakistani equity markets.”

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
CDC House, 99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi-74400

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)
Bank Islami Pakistan Limited
MCB Bank Limited - Islamic Banking
Meezan Bank Limited

LEGAL ADVISER

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

Meezan Bank Limited
SITE Branch
Plot # B/9-C, Estate Avenue,
SITE, Karachi.
Phone: 3206 2891
Fax: 3255 2771
Web site: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Capital Protected Fund - I (MCPF-I) is pleased to present the audited annual financial statements of the fund for the year ended June 30, 2009.

Economic and Equity Market Review

The fiscal year 2009 was one of the most volatile for global economy with challenges involving sub-prime default, financial market crisis, stock market crashes and souring commodity prices including food inflation. The economic fundamental for Pakistan were also negatively impacted by global economic downturn and led to various economic imbalances including growing fiscal and trade deficit, rising inflation, declining foreign exchange reserves etc. In all, Pakistan managed an economic growth of 2% as against a target of 5%. The country's foreign exchange reserves declined from US\$ 11.1 billion in June 2008 to US\$ 6.6 billion in November 2008. The Dow Jones- JS Pakistan Islamic Index DJIMPK registered a decline of 55% whereas KSE-100 Index declined by about 52% till December 31, 2008.

A tight monetary policy stance was adopted by SBP in the first half of FY09 on the back of surging oil and food prices. Later, with the decline in oil prices coupled with lower commodity prices, it helped in easing pressure and economic recovery steadily progressed. Lower commodity prices have continued to ease pressure on external accounts, which along with 23-month US\$ 7.6 billion Stand-By Agreement by IMF and other inflows, have lent some degree of stability to Pak Rupee. Moreover, rescinding inflation paves the way for decline in interest rates which helped in bringing over all stability. Likewise, the stock market also experienced a recovery and ended the year at a level of 7,162 up from its lowest level of 4,815 in January 2009.

During the fiscal year 2009, DJIMPK declined by 35.4% whereas KSE-100 Index closed at 7,162 posting a 42% decline YoY. The average trading volume at KSE was 109 million shares as compared to 241 million shares a year earlier.

Outlook

Going forward, we maintain a positive view over the future capital market performance. With an expected cut in the policy rate by SBP, the liquidity position will improve and is going to have a positive impact on the stock market. Moreover, growing interest of the foreign investors is seen in the emerging markets. It is expected that Pakistan will also have foreign portfolio inflows (as compared to a net outflow of US\$ 445 million in fiscal year 2009) as our market is trading at an attractive PE multiple of 7x which is more than 50% discount to the regional markets.

Compliance with Code of Corporate Governance

Al Meezan Investment Management Limited always strives to maintain the highest standards of corporate governance. In compliance with the Code of Corporate Governance, the Board of Directors declares that:

- ▶ These financial statements, prepared by the management company of the Fund, present fairly the state of affairs of the Fund, the result of its operations, cash flows and movement in unit holder's fund.
- ▶ The Fund has maintained proper books of accounts.
- ▶ Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- ▶ International Accounting Standards and International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- ▶ The system of internal control is sound in design and has been effectively implemented and monitored.
- ▶ There are no significant doubts upon the Fund's ability to continue as a going concern.
- ▶ There has been no material departure from the best practices of corporate governance, as detailed in the Karachi Stock Exchange (KSE) listing regulations.
- ▶ The Board of Directors and employees of the management company have signed "Statement of Ethics and Business Practices".
- ▶ There is no sale and repurchase of units of the Fund carried out by the Directors, CEO, CFO and Company Secretary of the management company including their spouses and their minor children during the year.
- ▶ Pattern of holding of units is given in note no. 23 to the financial statements.
- ▶ Financial highlights since inception are given in note no. 20 to the financial statements.

Board Meetings

Please refer to note no. 24 provided in the financial statements.

Appointment of Auditors

M/s A.F. Ferguson & Co. Chartered Accountants retire and being eligible offers themselves as the auditors of the Fund for fiscal year 2010. The Board of Directors of the management company has approved their re-appointment.

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. We also thank the regulator, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan and management of Karachi Stock Exchange for all their support and guidance. We also take this opportunity to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued guidance and support on Shariah aspects of fund management.

For and behalf of the Board

Date: August 20, 2009
Karachi.

Mohammad Shoaib, CFA
Chief Executive

**PATTERN OF HOLDINGS (UNITS) AS PER REQUIREMENT
OF THE CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2008**

Units held by	Units held	%
Individuals	2,985,271	25.72%
Associated companies		
-Meezan Bank Limited	5,000,000	43.09%
-Al Meezan Investment Management Limited	181,097	1.56%
Chief Executive Officer		
-Mr. Mohammad Shoaib, CFA	9,709	0.08%
Public limited companies	194,175	1.67%
Insurance companies	582,524	5.02%
Retirement trusts	551,058	4.75%
Others	2,101,017	18.10%
Total	11,604,852	100.00%

REPORT OF THE FUND MANAGER

Meezan Capital Protected Fund - I is a listed open end capital protected fund, investing primarily in a Murabaha Structure to ensure capital protection and Shariah compliant listed equities to attain capital growth.

The primary objective of MCPF-I is to provide the maximum total return to the share holders from investment in Shariah Compliant investments while guaranteeing the initial principal amount invested upon maturity. The investments are made by giving due consideration to the Non-Banking Finance Companies Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008 and any other prevailing rules and regulations. Total return refers to returns from capital gains, realized and unrealized, and dividend income (from investment in secondary and primary equities - Musharaka), rental income (from operating leases - Ijara), mark-up (from cost-plus sales - Murabaha), and other Shariah Compliant investments.

Strategy and Investment Policy

Being a capital protected fund, majority of the funds have been invested in a Murabaha (Cost plus profit basis) structure with Meezan Bank Limited. Al Meezan Investment Management Limited actively manages the remaining funds with an aim to provide maximum risk adjusted total return to the investors. This involves a combination of stock selection, sector allocation, and asset allocation. Therefore, the fund manager aims to reduce exposure to equities in times when the market risk increases. While this may result in temporary underperformance as exposure is increased in a rising market, it pays off when the market corrects.

Economic Review

The macroeconomic outlook remained bearish during the initial months of fiscal year 2009 as inflationary pressures mounted and current account deficit continued to widen unabated. The main reason for the widening of the current account deficit was the worsening of trade balance which rose to US \$ 5.84 billion during the initial months of fiscal year 2009. This was mainly due to the extraordinary increase in international crude oil prices, which peaked at \$147 per barrel in mid July, and hike in food prices. As a result, foreign exchange reserves declined from US\$ 11.1 billion in June 2008 to US\$ 6.6 billion in November 2008.

Subsequently, the government administered much needed macro stabilization measures like subsidy removal, fiscal deficit management, monetary tightening and tightening of forex market regulations. The impact of these decisions along with reversal in global commodity prices helped in bringing down current account deficit and inflationary pressure. Subsequently, 23-month Stand-By Arrangement with IMF along with strong remittance inflows of US\$ 7.8 billion for the year, the highest ever, helped in reserve replenishment which reached US\$11.84 at the close of the year and also helped in stabilization in the rupee-dollar parity. The rupee remained under pressure vis-à-vis the dollar especially in the first half of fiscal year 2009 and closed at about Rs 81.5, depreciation of 16% for the period under review.

On the domestic front, the Government of Pakistan did not succeed in meeting its tax collection target of Rs.1.3 trillion and collected Rs.1.15 trillion for the fiscal year 09. The government has once again set an ambitious target of Rs 1.37 trillion for fiscal year 2010 for which Federal Board of Revenue is actively bringing about tax administration reforms. Given the current global economic situation, Pakistan is expected to post a growth of 3% in the fiscal year 2010.

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

Later, some corrective measures by SBP included reducing Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) for commercial banks and subsequent cut in by 1% in discount rate in March helped to improve the liquidity position. As a result, overnight rates declined to 10-11%. The effect of these measures was also reflected in the six month KIBOR and T-bill rates which dropped from their peak by 245bps and 200bps to close at 12.76% and 12.01% respectively on June 30, 2009.

Equity Market Review

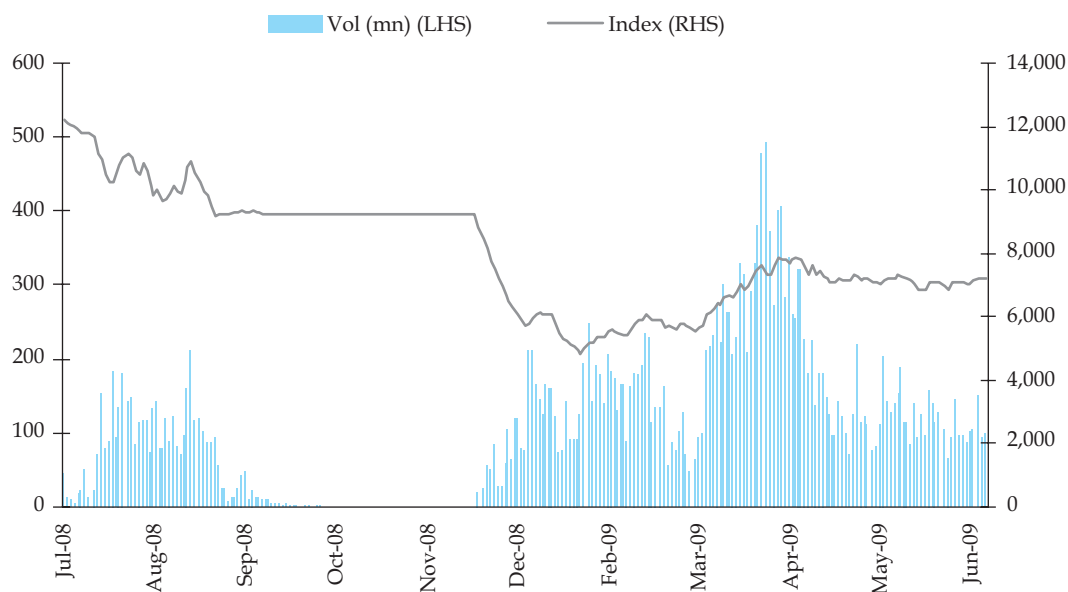
The fiscal year 2009 began on a bearish note for the equity market, in continuation of its decline from previous year. To arrest the sharp decline, Securities and Exchange Commission of Pakistan (SECP) had changed the circuit breakers to a floor of 1% and a cap of 10% at the end of the fiscal year 2008.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

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

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

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

On the international front, all leading indices were adversely affected at the prevalence of the negative sentiment due to global recession. However, as economies stabilized in the latter half of the year, the markets responded likewise and closed above their intra-year lows.



Implementation and Sector Allocation

At inception, 76.97% of the assets were secured in a Murabaha agreement with Meezan Bank, to ensure capital protection, while the remaining amount was invested in the equity market. The equity portion stood at 13.74% of the net assets of the Fund at the end of fiscal year 2009. Within the equities portfolio, the Fund maintained significant holdings in the Oil and Fertilizer sectors in order to benefit from rising international oil and fertilizer prices.

Performance Review

The Fund earned a total income of Rs.15.1 million for the year ended 30 June 2009. Bulk of the earnings was made up of profit on Murabaha agreement of Rs.53.4 million. Income from other sources amounted to Rs.7.0million. After incorporating the net realized loss on sale of investments of Rs.28.2 million, revaluation loss of Rs.17.1 million and expenses worth Rs.10.9 million, Meezan Capital Protected Fund - I recorded a net income of Rs.4.4 million for the period under review, thereby generating a return of 0.7%.

The net assets of MCPF-I at the end of fiscal year 2009 stood at Rs.582 million which translates into net asset value per unit of Rs.50.18.

Distributions:

Rs.0.35 per unit was paid out as dividends for the year ended 30 June 2009.

Breakdown of units

(As at June 30, 2009)

Range of units	Number of unitholders
1 - 9,999	446
10,000 - 49,999	62
50,000 - 99,999	10
100,000 - 499,999	8
500,000 and above	1
Total	527

Future Outlook

The economic outlook remains very challenging. However, we are optimistic about the long term growth trend in the economy. Future direction of the market is likely to be driven by developments on the economic front. We continue to see the value in Pakistani equities and remain positive on the basis of relative attractive valuations and continuing double-digit earnings growth of listed companies.

REPORT OF THE SHARIAH ADVISER - MEEZAN CAPITAL PROTECTED FUND-I

Karachi
September 1, 2009

In the capacity of Shariah Adviser, we have prescribed five criteria for Shariah compliance of equity investments which relate to (i) Nature of business, (ii) Debt to total assets, (iii) Illiquid assets to total assets, (iv) Investment in non-Shariah compliant activities and income from non-compliant investments, and (v) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shariah compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of investments of MCPF-I in light of Shariah requirements. The following is a list of investments of MCPF-I as on June 30, 2009 and their evaluation according to the screening criteria established by us. (The latest accounts of the Investee companies available as on March 31, 2009 have been used for the following calculations):

Company Name	Nature of Business	(i)*	(ii)	(iii)	(iv)	(v)	
		Debt to Assets (<40%)	Illiquid Assets to Total Assets (>20%)	Non-Compliant Income to Gross Revenue (<5%)	% of Non-Shariah Compliant Investments (<33%)	Net Liquid Assets vs. Share Price (B>A)	Share Market Price (B)
						Net Liquid Assets per Share (A)	
D.G. Khan Cement Company Limited**	Cement Manufacturer	41.93%**	6.58%	0.03%	95%	(88.55)	21.81
Engro Chemical Pakistan Limited**	Manufacturers of Fertilizers and Chemicals	51.43%**	0.09%	1.34%	87%	(279.41)	144.65
Fauji Fertilizer Bin Qasim Limited	Manufacturers of Fertilizers	33.21%	0.00%	3.78%	71%	(17.94)	17.12
Fauji Fertilizer Company Limited	Manufacturers of Fertilizers	30.74%	2.59%	1.24%	71%	(43.09)	86.92
ICI Pakistan Limited	Manufacturers of Paints, Soda Ash, Staple Fibre and Chemicals	1.06%	0.01%	0.1%	73%	(2.78)	96.18
Indus Motors Company Limited	Automobile Assembling	0.00%	0.00%	0.99%	47%	1.06	73.85
Nishat Mills Limited	Manufacturers of Textile Products	22.96%	13.27%	0.05%	74.6%	(46.51)	30.30
Oil & Gas Development Company Limited	Exploration and Production of Oil & Gas	0.00%	4.77%	2.37%	54%	5.59	72.07
Pakistan Petroleum Limited	Exploration and Production of Oil & Gas	0.15%	1.19%	4.00%	57%	9.99	173.27
Pakistan Telecommunication Company Limited	Telecom	6.28%	0.00%	3.42%	70%	(6.98)	16.68

* All interest based debts

** The scrip became non-compliant on the basis of latest accounts and will be disinvested within the grace period

In light of the above, we hereby certify that all the provisions of the Scheme and investments made on account of MCPF-I by AMIM are Shariah compliant and in accordance with the criteria established by us.

- ii. The capital protection element of the fund is covered through Murabaha transaction of Shares and Sukuks with Meezan bank. Documents and procedure of this arrangement has been evaluated by us and found to be in compliance with the principles of Shari'ah. The capital is protected through structure and not guaranteed.
- iii. On the basis of information provided by the management, all operations of MCPF-I for the year ended June 30, 2009 have been in compliance with the Shariah principles.

May Allah bless us with best Tawfeeq to accomplish our cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani
Shariah Adviser

INDEPENDENT ASSURANCE PROVIDERS' REPORT ON SHARIAH COMPLIANCE TO THE UNITHOLDERS

We have performed our independent assurance engagement of Meezan Capital Protected Fund-I (the Fund) to assess the Fund's compliance with the Shariah guidelines prescribed by the Shariah Adviser of Meezan Capital Protected Fund-I for the year ended June 30, 2009.

Management company's responsibility

Management company of the Fund is responsible for the appointment of Shariah Adviser of the Fund and for compliance with the Shariah guidelines prescribed by the Shariah Adviser. This responsibility includes: designing, implementing and maintaining internal control to ensure compliance with the Shariah guidelines issued by the Shariah Adviser of the Fund.

Responsibility of independent assurance providers

Our responsibility is to express our conclusion on the compliance based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance whether the Fund has complied with the guidelines issued by the Shariah Adviser.

The procedures selected depend on our judgement, including the assessment of the risks of material non-compliances with the Shariah guidelines. In making those risk assessments, we have considered internal controls relevant to the entity's compliance with the guidelines in order to design our procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the guidelines. Our engagement was not for the purpose of expressing an opinion on the effectiveness of entity's internal control.

Conclusion

In our opinion, the Fund was, in all material respect, in compliance with the Shariah guidelines issued by the Shariah Adviser of the Fund for the year ended June 30, 2009.

Chartered Accountants
Karachi, September 28, 2009

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN CAPITAL PROTECTED FUND-I

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

Meezan Capital Protected Fund-I (the Fund), an open-end scheme was established under a trust deed dated February 25, 2008, executed between Al Meezan Investment Management Limited, as the management company and Central Depository Company of Pakistan Limited, as the trustee.

In our opinion, the management company has in all material respects managed the Fund during the year ended June 30, 2009 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the management company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 18, 2009

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The board of directors (the Board) of Al-Meezan Investment Management Limited, the management company, which is an unlisted public company, manages the affairs of Meezan Capital Protected Fund-1 (the Fund). The Fund being a unit trust scheme does not have its own board of directors. The management company has applied the principles contained in the code to the Fund, whose units are listed as a security on the Karachi Stock Exchange, in the following manner:

1. The management company encourages representation of non-executive directors. All the directors except the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are non-executive directors.
2. The existing directors have confirmed that none of them is serving as a director in more than ten listed companies, including the management company.
3. All the existing resident directors of the management company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs. None of the Directors of the management company of the Fund is a member of a stock exchange.
4. No casual vacancy occurred during the year on the Board of the management company of the Fund.
5. The board has formulated a Statement of Ethics and Business Practices for the management company, which has been signed by the existing directors and employees of the management company.
6. The board of the management company has developed a vision and mission statement. The investment policy of the Fund has been disclosed in the offering document, while other significant policies have also been formalized and have been adopted by the board.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the CEO of the management company, have been taken by the board.
8. The meetings of the board were presided over by the Chairman. The board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The orientation course for the directors of the management company was arranged during the year ended June 30, 2007.
10. The Board has approved the appointment of the Chief Financial Officer (CFO) and the Company Secretary of the management company, including his remuneration and terms and conditions of the employment as determined by the CEO.

11. The directors' report relating to the Fund, for the year ended June 30, 2009 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and the CFO of the management company before approval by the Board.
13. The interest of the CEO, Directors and the Executives in the units of the Fund is disclosed in the pattern of unit holdings.
14. The management company has complied with all the applicable corporate and financial reporting requirements of the code.
15. The board has formed an audit committee. It comprises of three non-executive directors of the management company as its members including chairman of the audit committee. The CFO and the Company Secretary is the Secretary of the audit committee.
16. The meetings of the audit committee were held once in every quarter prior to the approval of interim and final results of the Fund and as required by the Code. The terms of reference of the audit committee have been framed and approved by the Board of the management company and advised to the committee for compliance.
17. The board has outsourced the internal audit function of the Fund to a firm of Chartered Accountants.
18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the management company or units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The related party transactions entered during the year ended June 30, 2009 have been placed before the audit committee and approved by the board of directors in their respective meetings held on August 19 and 20, 2009 instead of at each of their meetings held since January 19, 2009.
21. We confirm that all other material principles contained in the Code have been complied with.

Syed Owais Wasti
Chief Financial Officer

Mohammad Shoaib, CFA
Chief Executive

Karachi.
August 20, 2009

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Al Meezan Investment Management Limited (the management company) of Meezan Capital Protected Fund-1 (the Fund) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the management company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the management company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation 37 (now Regulation 35) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required to check the approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee which were done in their respective meetings held on August 20 and 19, 2009. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of the management company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2009.

Chartered Accountants
Karachi, September 28, 2009

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS

We have audited the accompanying financial statements of **Meezan Capital Protected Fund - I**, which comprise the statement of assets and liabilities as at June 30, 2009, and the related income statement, distribution statement, statement of movement in unitholder's fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The management company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2009 and of its financial performance, cash flows and transactions for the year then ended in accordance with the requirements of the approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Company and Notified Entities Regulations, 2008.

Chartered Accountants
Karachi, September 28, 2009

Audit Engagement Partner: Saad Kaliya

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2009

Assets	Note	2009 (Rupees in '000)	2008
Capital protection segment			
Loans and receivables	5	510,337	346,220
Investment segment			
Balances with banks	6	1,773	142,831
Investments at fair value through profit or loss	7	80,020	96,243
Receivable against sale of investments		283	-
Profit receivable on savings accounts		115	498
		82,191	239,572
Dividend receivable		631	2,052
Deposit with Central Depository Company of Pakistan Limited (CDC)		100	100
Preliminary expenses and floatation costs	8	1,859	2,784
Total assets		595,118	590,728
Liabilities			
Payable to Al Meezan Investment Management Limited - management company of the Fund	9	10,714	5,374
Payable to CDC - trustee of the Fund	10	62	77
Payable to Meezan Bank Limited - shariah adviser of the Fund	11	252	5,218
Payable to Securities and Exchange Commission of Pakistan	12	479	59
Payable on redemption of units		1	-
Payable against purchase of investments		865	-
Accrued expenses and other liabilities	13	461	793
Total liabilities		12,834	11,521
Net assets		582,284	579,207
Unitholders' funds (as per statement attached)		582,284	579,207
Number of units			
Number of units in issue	15	11,604,852	11,631,196
Rupees			
Net assets value per unit		50.18	49.80

The annexed notes 1 to 27 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	Note	For the year ended June 30, 2009	For the period May 8 to June 30, 2008
		(Rupees in '000)	
Income			
Net realised (loss) / gain on sale of investments		(28,177)	430
Dividend income		5,567	1,506
Profit on savings accounts with banks		1,026	1,089
Profit on murabaha		53,427	3,190
Back end load		482	-
		32,325	6,215
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)		(17,176)	(6,499)
Total income / (loss)		15,149	(284)
Expenses			
Remuneration to Al Meezan Investment Management Limited - management company of the Fund	9.1	7,793	725
Remuneration to Central Depository Company of Pakistan Limited - trustee of the Fund	10	737	77
Remuneration to Meezan Bank Limited - shariah adviser of the Fund	11	219	33
Annual fee to Securities and Exchange Commission of Pakistan	12	479	59
Auditors' remuneration	14	387	225
Fees and subscription		35	38
Legal and professional charges		-	40
Amortisation of preliminary expenses and floatation costs	8	925	137
Brokerage		201	169
Bank and settlement charges		40	26
Printing charges		82	39
		10,898	1,568
Net income / (loss) from operating activities		4,251	(1,852)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		143	(501)
Net income / (loss)		4,394	(2,353)

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Director

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	For the year ended June 30, 2009			For the period May 8 to June 30, 2008		
	Unrealised gains / (losses)	Realised gains / (losses)	Total	Unrealised gains / (losses)	Realised gains / (losses)	Total
	------(Rupees in '000)-----					
Unappropriated income / (loss) brought forward as at July 1	(6,499)	4,146	(2,353)	-	-	-
Net income / (loss) for the year / period	(17,176)	21,570	4,394	(6,499)	4,146	(2,353)
Realisation of unrealised losses recognised in previous years on disposal of investment	5,068	(5,068)	-	-	-	-
Undistributed income / (loss) carried forward as at June 30	<u>(18,607)</u>	<u>20,648</u>	<u>2,041</u>	<u>(6,499)</u>	<u>4,146</u>	<u>(2,353)</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	For the year ended June 30, 2009	For the period May 8 to June 30, 2008
Note	(Rupees in '000)	
Net assets at the beginning of the year / period	579,207	-
Issue of 176,988 (2008: 11,631,196) units	8,655	581,059
Redemption of 203,332 (2008: Nil) units	(9,829)	-
	(1,174)	581,059
	578,033	581,059
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(143)	501
Net income / (loss) for the year / period	4,394	(2,353)
Net assets at the end of the year / period	582,284	579,207
Net assets value per unit at the beginning of the year / period	49.80	-
Net assets value per unit at the end of the year / period	50.18	49.80

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	Note	For the year ended June 30, 2009 (Rupees in '000)	For the period May 8 to June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss)		4,394	(2,353)
Adjustments for:			
Dividend income		(5,567)	(1,506)
Profit on savings accounts with banks		(1,026)	(1,089)
Profit on murabaha		(53,427)	(3,190)
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)		17,176	6,499
Amortisation of preliminary expenses and floatation costs		925	137
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		(143)	501
		<u>(37,668)</u>	<u>(1,001)</u>
Increase in assets			
Loans and receivables		(110,690)	(343,030)
Receivable against sale of investments		(283)	-
Investments at fair value through profit or loss		(953)	(103,288)
Deposit with CDC		-	(100)
		<u>(111,926)</u>	<u>(446,418)</u>
Increase / (decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - management company of the Fund		5,340	2,453
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund		(15)	77
Payable to Meezan Bank Limited - shariah adviser of the Fund		(4,966)	5,218
Payable to Securities and Exchange Commission of Pakistan		420	59
Payable to redemption of units		1	-
Payable against purchase of investments		865	-
Accrued expenses and other liabilities		(332)	793
		<u>1,313</u>	<u>8,600</u>
Profit received on savings accounts with banks		1,409	591
Dividend received		6,988	-
Net cash outflow from operating activities		<u>(139,884)</u>	<u>(438,228)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from sale of units		8,655	581,059
Payments against redemption of units		(9,829)	-
Net cash (outflow) / inflow from financing activities		<u>(1,174)</u>	<u>581,059</u>
Net cash inflow during the year / period		<u>(141,058)</u>	<u>142,831</u>
Cash and cash equivalents at the beginning of the year / period		<u>142,831</u>	-
Cash and cash equivalents at the end of the year / period	6	<u><u>1,773</u></u>	<u><u>142,831</u></u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD MAY 8 TO JUNE 30, 2008

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Capital Protected Fund-I (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (AMIML) as the management company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The trust deed was executed on February 25, 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations, 2007) notified on November 21, 2007. The NBFC Regulations 2007 have now been superseded by the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008) issued through S.R.O.1203(I)/2008 on November 21, 2008. The registered office of the management company of the Fund, is situated at Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2 The Fund consists of two segments, a capital protection segment and an investment segment. The capital protection segment aims at protecting investors' capital by placing the assets of the segment in murabaha arrangement with a scheduled islamic bank having atleast 'A' rating at the time of the arrangement. The investment segment generally invests in high return / high risk investments with an objective of providing unitholders a higher return than the minimum protection provided by the capital protection segment. Under the trust deed all the conducts and acts of the Fund are based on shariah. Meezan Bank Limited (MBL) acts as its 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 the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund with maturity of three years and six weeks and is listed on the Karachi Stock Exchange. The Fund shall cease to operate on maturity. The units are transferable and can be redeemed by surrendering them to the Fund. The issuance of units has been discontinued since July 31, 2008. The rating of the Fund has not been conducted as of June 30, 2009. The management company of the Fund has been given quality rating of AM 2- and credit rating of A by JCR - VIS.
- 1.4 Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.

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

- 3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 and the said directives take precedence.

3.2 Standards, amendments and interpretations effective during the year ended June 30, 2009:

During the year, IFRS 7 'Financial Instruments: Disclosures' became effective. This IFRS has superseded IAS 30 and the disclosure requirements of IAS 32. The presentation requirements of IAS 32 remain unchanged. This IFRS requires disclosures in the financial statements that enable users to evaluate:

- (a) the significance of financial instruments for the entity's financial position and performance; and
- (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks. Such disclosures have been set out in note 17 to these financial statements.

Certain standards, amendments and interpretations to the approved accounting standards were mandatory for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

3.3 Standards, amendments and interpretations to published approved accounting standards that are not yet effective:

IFRS 7 (Amendment), 'Financial instruments: Disclosures' (effective from January 1, 2009) introduces enhanced disclosures relating to liquidity risk and fair value measurements. However it does not have any impact on the classification and valuation of the financial instruments.

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below.

4.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value in accordance with the criteria laid down in the International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

4.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of critical accounting estimates. It also requires the management company to exercise its judgment in the process of applying its accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, are as follows:

- (a) Classification and valuation of financial instruments (notes 4.3 and 7)
- (b) Impairment (note 4.3.5)
- (c) Recognition of provision for current taxation (current and prior year) and deferred taxation (note 4.10)
- (d) Amortisation of preliminary expenses and flotation costs (notes 4.8 and 8)

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

4.3 Financial instruments

4.3.1 The Fund classifies its financial instruments in the following categories:

- a) Investments 'at fair value through profit or loss'
 - Financial instruments 'held for trading'

These include financial instruments acquired principally for the purpose of generating profit from short-term fluctuations in prices or dealers' margins or are securities included in a portfolio in which a pattern of short-term profit taking exists.
 - Financial instruments designated 'at fair value through profit or loss upon initial recognition'.

These include investments that are designated as investments 'at fair value through profit or loss upon initial recognition'.

- b) Held to maturity

These are securities acquired by the Fund with the intention and ability to hold them upto maturity.

- c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as fair value through profit or loss or available for sale.

- d) Available for sale

These financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

4.3.2 Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

The Fund follows trade date accounting for purchase and sale of investments. Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

4.3.3 Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on 'financial asset or financial liability at fair value through profit or loss' are expensed immediately.

Subsequent to initial recognition, instruments classified as 'financial assets at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the income statement. Changes in the fair value of instruments classified as 'available for sale' are recognised in equity until derecognised or impaired when the accumulated fair value adjustments recognised in equity are included in the income statement.

Financial assets classified as loans and receivables and held-to-maturity are carried at amortised cost using the effective yield method, less impairment losses, if any.

Financial liabilities, other than those at 'fair value through profit or loss', are measured at amortised cost using the effective yield method.

4.3.4 Fair value measurement principles

The fair value of investments is based on their price quoted on the Karachi Stock Exchange at the balance sheet date without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their fair market value.

The fair value of unlisted securities are determined by using fair value techniques as allowed under IAS 39.

4.3.5 Impairment

Impairment loss on investments other than 'available for sale' is recognised in the income statement whenever the carrying amount of investment exceeds its recoverable amount. If in a subsequent period, the amount of an impairment loss recognised decreases the impairment is reversed through the income statement.

In case of investment classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement is removed from equity and recognised in the income statement. However, the decrease in impairment loss on equity securities classified as 'available for sale' is recognised in equity.

4.3.6 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.4 Unitholders' fund

Unitholders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

4.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the management company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributors and the management company.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption application during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.6 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed.

An equalisation account called 'element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed' is set up in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

The net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period is taken to the income statement.

4.7 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of that obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.8 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of three years and six weeks commencing from May 8, 2008 in accordance with the requirements of the trust deed of the Fund.

4.9 Net assets value per unit

The net assets value (NAV) per unit is calculated by dividing the net assets of the Fund by the number of units in issue at period end.

4.10 Taxation

Current

The income of the Fund is exempt from income tax under clause 99 of part I of the second schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Accordingly, the Fund has not recorded a tax liability in respect of income relating to the current period as the Fund intends to avail this exemption.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates. However, the Fund intends to avail the tax exemption by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability and deferred tax has been recognised in these financial statements.

4.11 Revenue recognition

- i. Gains / (losses) arising on sale of investments are included in income currently and are recognised on the date at which the transaction takes place.
- ii. Unrealised gains / (losses) arising on revaluation of securities classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- iii. Profit on savings accounts with banks is recorded on an accrual basis.
- iv. Dividend income is recognised when the Fund's right to receive the payment is established. Dividend received on marketable securities acquired after the declaration of Dividend but before the book closure date in respect of those securities is not taken to income but adjusted from the cost of securities.
- v. Profit on murabaha is recognised on an accrual basis over the term of the murabaha.

4.12 Expenses

All expenses, including management fee and trustee fee, are recognised in the income statement on an accrual basis.

4.13 Offsetting of financial instruments

A financial asset and financial liability is set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.14 Zakat

Units held by resident Pakistani unitholders are subject to Zakat at 2.5% of the face value or redemption value, whichever is lower, of units, under the Zakat and Ushr Ordinance, 1980 (XVII of 1980), except those exempted. Zakat is deducted at source from the dividend amount or from the redemption payment, if units are redeemed during the zakat year before payment of dividend after it becomes leviable.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash comprises current and savings accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4.16 Dividend and bonus units

Dividends declared (including distribution in the form of bonus units) subsequent to the balance sheet date are considered as a non-adjusting event and are recognised in the period in which they are authorised or approved.

		June 30, 2009	June 30, 2008
	Note	(Rupees in '000)	
5. LOANS AND RECEIVABLES			
Principal amount		453,720	343,030
Profit receivable	5.1	56,617	3,190
Total		<u>510,337</u>	<u>346,220</u>

5.1 For the purpose of capital protection, the Fund has allocated 76% of the initial fund size in murabaha with Meezan Bank Limited (an associated undertaking) such that it fulfills the requirement of capital protection as outlined in the trust deed and the offering document.

5.2 The duration of capital protection segment is 3 years and 6 weeks from first day of initial offering period with profit receivable at the rate of 11.75% on maturity.

		June 30, 2009	June 30, 2008
	Note	(Rupees in '000)	
6. BALANCES WITH BANKS			
On savings accounts	6.1	1,668	142,813
On current accounts		105	18
		<u>1,773</u>	<u>142,831</u>

6.1 The balances in savings accounts bear expected profit which ranges from 4.97% to 11.5% (2008: 5% to 9.5%) per annum.

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

7.1 Shares in listed companies

Name of the investee company	As at July 1, 2008	Purchases during the year	Bonus / rights issue	Sales during the year	As at June 30, 2009	Carrying value as at June 30, 2009	Market value as at June 30, 2009	Unrealised gain / (loss) as at June 30, 2009	Percentage of total investment
	-----Number of shares-----					----- (Rupees in '000) -----			
Commercial Bank									
Meezan Bank Limited (an associate of Fund)	-	151,000	70,381	-	221,381	4,981	2,435	(2,546)	0.41
Automobile assembler									
Indus Motor Company Limited	6,190	10,000	-	-	16,190	2,008	1,744	(264)	0.30
Textile Composite									
Nishat Mills Limited	45,000	22,500	-	16,500	51,000	3,124	1,929	(1,195)	0.33
Cement									
DG Khan Cement Company Limited	32,000	82,000	9,580	114,000	9,580	192	284	92	0.05
Lucky Cement Limited	-	30,000	-	-	30,000	879	1,756	877	0.30
									0.35
Chemical									
ICI Pakistan Limited	14,800	5,000	-	5,000	14,800	2,225	2,076	(149)	0.35
Power generation and distribution									
Hub Power Company Limited	-	198,000	-	-	198,000	4,942	5,364	422	0.91
Technology and communication									
Pakistan Telecommunication Company Limited 'A'	126,000	473,000	-	291,100	307,900	6,604	5,308	(1,296)	0.90
Miscellaneous									
Tri Pack Films Limited	-	80,000	-	-	80,000	13,028	7,991	(5,037)	1.35
Oil and gas exploration companies									
Oil and Gas Development Company Limited	150,000	100,000	-	140,000	110,000	11,131	8,650	(2,481)	1.47
Pakistan Petroleum Limited	150,000	55,700	15,000	177,200	43,500	8,277	8,245	(32)	1.40
Pak Oil Fields Limited	-	86,400	-	21,500	64,900	10,093	9,470	(623)	1.60
									4.47
Oil and gas marketing companies									
Pakistan State Oil Company Limited	-	19,000	-	-	19,000	3,830	4,059	229	0.69
Fertilizer									
Engro Chemical Pakistan Limited	33,000	11,000	17,600	21,000	40,600	7,260	5,214	(2,046)	0.88
Fauji Fertilizer Bin Qasim Company Limited	323,000	315,000	-	223,000	415,000	10,732	7,341	(3,391)	1.24
Fauji Fertilizer Company Limited	40,000	50,400	23,375	20,000	93,775	7,890	8,154	264	1.38
									3.50
Total						<u>97,196</u>	<u>80,020</u>	<u>(17,176)</u>	
Total cost of investment						<u>98,627</u>			

7.2 All shares have a nominal value of Rs 10 each.

		June 30, 2009	June 30, 2008
	Note	(Rupees in '000)	
8. PRELIMINARY EXPENSES AND FLOATATION COSTS			
Preliminary expenses and floatation costs		2,784	2,921
Less: Amortisation during the year		925	137
		<u>1,859</u>	<u>2,784</u>

**9. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED
- management company of the Fund**

Management fee	9.1	7,793	725
Sales load payable		-	1,728
Preliminary expenses and floatation costs		<u>2,921</u>	<u>2,921</u>
		<u>10,714</u>	<u>5,374</u>

9.1 Under the provisions of NBFC Regulations 2008, the management company is entitled to a remuneration of an amount not exceeding three percent of the average annual net assets of the Fund during the first five years of the Fund's existence, and thereafter, of an amount equal to two percent of such assets of the Fund. The remuneration of the management company has been charged at the rate of three percent per annum of average annual net assets invested under the investment segment.

9.2 Further, an amount equal to one percent per annum of the average annual net assets invested under the capital protected segment has been charged by the management company to MBL which will be paid by the management company.

**10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED
- trustee of the Fund**

The trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed in accordance with the tariff specified therein, based on the daily net assets value of the Fund.

11. PAYABLE TO MEEZAN BANK LIMITED - shariah adviser of the Fund

		June 30, 2009	June 30, 2008
	Note	(Rupees in '000)	
Sales load payable		-	5,185
Shariah advisory fee payable	11.1	<u>252</u>	<u>33</u>
		<u>252</u>	<u>5,218</u>

11.1 This represents payable to MBL for providing technical services relating to shariah matters. During the year ended June 30, 2009, the SECP through its circular 11 of 2009 dated March 26, 2009 has required that the shariah advisory fee shall not be charged to the collective investment scheme. Accordingly, the management of the Fund has ceased to charge such fee to the Fund from March 26, 2009.

12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to the SECP. Under regulation 71 of NBFC Regulations, 2007, fee at the rate of one tenth of one percent of average annual net assets of the Fund is payable to the SECP. Subsequent to the notification of NBFC Regulations 2008 dated November 21, 2008, fee at the rate of 0.075% of the average annual net assets of the Fund is payable to the SECP under regulation 62 read with Schedule II of NBFC Regulations, 2008.

	Note	June 30, 2009	June 30, 2008
13. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		220	175
Charity payable	13.1	182	70
Withholding tax payable		10	3
Legal and professional charges payable		-	40
Profit payable to Pre-IPO and core investors		3	466
Printing charges payable		-	39
Brokerage payable		11	-
Annual Listing fee payable		35	-
		<u>461</u>	<u>793</u>

- 13.1 According to the instructions of the shariah adviser, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs 0.182 million (2008: Rs 0.700 million) is outstanding in this regard since no payments in respect of charity has been made during the year.

	Note	June 30, 2009	June 30, 2008
14. AUDITORS' REMUNERATION			
Audit fee		120	100
Half year audit fee		40	-
Out of pocket expense		27	-
Other certification		200	125
		<u>387</u>	<u>225</u>

15. CLASSES OF UNITS IN ISSUE

15.1 The Fund may issue following classes of units:

Class	Description
A	Units that shall be charged with front-end and back-end load.
B	Units that shall be offered for subscription if and when the Fund is re-opened for subscription and shall be charged with front-end and back-end load.
C	Units that shall be announced from time to time and shall be charged with back-end load.

15.2 The units in issue as at June 30, 2009 and 2008 and their par values were as follows:

	June 30, 2009		June 30, 2008	
	Number of units in issue	Rupees in '000	Number of units in issue	Rupees in '000
Class A units	<u>11,604,852</u>	<u>580,243</u>	<u>11,631,196</u>	<u>581,560</u>

The par value of each unit is Rs 50. The management company of the Fund has set a minimum initial investment limit of Rs 5,000. All units carry equal rights and are entitled to dividends and payment of net asset value on liquidation. The units were continuously offered for public subscription till July 31, 2008.

16. 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, Al Meezan Mutual Fund Limited, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Balanced Fund, Meezan Cash Fund and Meezan Islamic Income Fund being the Funds under the common management of the management company and the directors and officers 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 management company and the trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 and the trust deed respectively.

Details of transactions with connected persons and balances with them for the year ended June 30, 2009 and as of June 30, 2009 are as follow:

	2009 (Rupees in '000)	2008 (Rupees in '000)
Al Meezan Investment Management Limited - management company of the Fund		
Remuneration payable	<u>7,793</u>	<u>725</u>
Sales load payable	<u>-</u>	<u>1,728</u>
Preliminary expenses and floatation cost payable	<u>2,921</u>	<u>2,921</u>
Investment of 181,097 units (June 30, 2008: nil units)	<u>9,087</u>	<u>-</u>
Meezan Bank Limited - shariah adviser of the Fund		
Balances with bank	<u>114</u>	<u>11,399</u>
Shariah advisory fee payable	<u>252</u>	<u>33</u>
Sales load payable	<u>-</u>	<u>5,185</u>
Investment - loans and receivables	<u>510,337</u>	<u>346,220</u>
Investment in 221,381 shares (June 30, 2008: nil shares)	<u>2,435</u>	<u>-</u>
Investment of 5,000,000 units (June 30, 2008: 5,000,000 units)	<u>250,880</u>	<u>248,989</u>

	2009 (Rupees in '000)	2008
Central Depository Company of Pakistan Limited - trustee of the Fund		
Trustee fee payable	<u>62</u>	<u>77</u>
Director		
Investment of 9,709 units (June 30, 2008: 9,709 units)	<u>487</u>	<u>483</u>
	For the year ended June 30, 2009	For the period May 8 to June 30, 2008
Al Meezan Investment Management Limited - management company of the Fund		
Remuneration for the year / period	<u>7,793</u>	<u>725</u>
Meezan Bank Limited - shariah adviser of the Fund		
Profit on savings accounts	<u>43</u>	<u>1,206</u>
Shariah advisory fee	<u>219</u>	<u>33</u>
Investment - loans and receivables	<u>164,117</u>	<u>346,220</u>
Shares purchased during the year / period : 151,000 shares (2008 : nil shares)	<u>4,407</u>	<u>-</u>
Bonus shares received during the year / period : 70,381 shares (2008: nil shares)	<u>-</u>	<u>-</u>
Units issued: nil units (2008: 5,000,000 units)	<u>-</u>	<u>248,989</u>
Central Depository Company of Pakistan Limited - trustee of the Fund		
Trustee fee	<u>737</u>	<u>77</u>
CDS charges	<u>10</u>	<u>4</u>
Director		
Units issued: nil units (2008: 9,709 units)	<u>-</u>	<u>500</u>

17. FINANCIAL RISK

The risk management policy of the Fund aims to maximise the return attributable to the unitholders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risk of the Funds are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk and interest rate risk) credit risk and liquidity risk. Further, the overall exposure of the fund complies with the NBFC Regulations 2007 and 2008 and the directives issued by SECP.

Risks managed and measured by the Fund are explained below:

17.1 Market risk

17.1.1 Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, industry environment and / or the economy in general.

The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the unit holders from investment in Shariah compliant investments for the given level of risks. The Fund's market risk is managed on a daily basis by the fund manager in accordance with the policies and procedures laid down by the SECP. The Funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio. The market risk is managed by monitoring exposure to marketable securities, and by complying with the internal risk management policies and regulations laid down in NBFC Rules and NBFC Regulations 2007 and 2008.

The Fund's overall market positions are monitored on a monthly basis by the board of directors of the management company of the Fund.

At June 30, the fair value of equities exposed to price risk is disclosed in note 7. At June 30, the Fund's overall exposure to price risk is limited to the fair value of those positions mentioned in note 7. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the Dow Jones - JS Pakistan Islamic Index (DJIMPK). The Fund's policy is to concentrate the investment portfolio in sectors where management believe the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

The net assets of the Fund will increase / decrease by approximately Rs 0.05 million (2008: decrease / increase approximately by Rs 0.3 million) if the prices of equity vary due to increase / decrease in the Dow Jones - JS Pakistan Islamic Index (the index) by ten points. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with DJIMPK and that the index increases and decreases by ten points with all other factors held constant.

The Fund Manager uses the DJIMPK Index as a reference point in making investment decisions. However, the fund manager does not manage the Fund's investment strategy to track the DJIMPK or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at June 30 and the historical correlation of the securities comprising the portfolio to the DJIMPK. The composition of the Fund's investment portfolio and the correlation thereof to the DJIMPK Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of the DJIMPK.

17.1.2 Interest rate risk

The interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates which effects cashflows pertaining to financial instruments and their fair values.

Cash flow interest rate risk

During the year ended June 30, 2009, the net assets of the Fund will increase / decrease by Rs 2.67 million (2008: Rs 0.160 million) if the interest rate on murabaha (capital protection segment) increase / decrease by five percent.

17.2 Credit risk

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. All banks in which the Fund has balances have a credit rating of atleast A or higher. Further, all transactions in securities are settled through approved brokers, thus the risk of default is considered to be minimal. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the board of directors on a quarterly basis.

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The maximum exposure to credit risk as at June 30, 2009, along with comparative is tabulated below:

	2009	2008
	(Rupees in '000)	
Financial assets		
Loans and receivables	510,337	346,220
Balances with banks	1,773	142,831
Investments	80,020	96,243
Receivable against sale of investments	283	-
Profit receivable on savings accounts	115	498
Dividend receivable	631	2,052
Deposit with CDC	100	100
	<u>593,259</u>	<u>587,944</u>

The Fund does not have any collateral against any of the aforementioned assets.

17.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's offering document provides for daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unit holder's redemptions at any time. The Fund's investments are considered to be readily realisable as they are all listed on stock exchanges of the country. The Fund manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

In accordance with the regulation 58 (1)(k) of the NBFC Regulation 2008, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the trustee, for a period not exceeding three months to the extent of fifteen per cent of the net assets which amounts to Rs 87.343 million as on June 30, 2009 (2008: Rs 86.881 million). However, no such borrowing has been obtained during the year.

Further, the Fund is also allowed, in accordance with regulation 57(10) of the NBFC Regulations 2008, to defer redemption requests to next dealing day, had such requests exceed ten percent of the total numbers.

In accordance with the risk management policy of the Fund, the investment manager monitors the liquidity position on a daily basis, which is reviewed by the board of directors of the management company on a quarterly basis.

An analysis of the Fund's liabilities into relevant maturity grouping as at June 30, 2009 is tabulated below:

	Maturity upto				Total	2008
	Three months	six months	one year	More than one year		
Payable to Al Meezan Investment Management Limited - management Company of the Fund	7,793	-	-	2,921	10,714	5,374
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund	62	-	-	-	62	77
Payable to Meezan Bank Limited - shariah adviser of the Fund	252	-	-	-	252	5,218
Payable on redemption of units	1	-	-	-	1	-
Payable against purchase of investments	865	-	-	-	865	-
Accrued expenses and other liabilities	416	-	-	-	416	790
2009	<u>9,389</u>	<u>-</u>	<u>-</u>	<u>2,921</u>	<u>12,310</u>	<u>11,459</u>
2008	<u>8,538</u>	<u>-</u>	<u>-</u>	<u>2,921</u>	<u>11,459</u>	

18. CAPITAL RISK MANAGEMENT

The Fund's capital is represented by redeemable units. They are entitled to dividends and to payment of a proportionate share based on the Fund's net asset value per share on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund's objectives when managing capital are to safeguard its ability to continue as a going concern for a period of 3 years and 6 weeks so that it can continue to provide returns for units holders and to maintain a strong capital base to meet unexpected losses or opportunities.

In accordance with the NBFC Regulations, the Fund is required to distribute at least ninety percent of its income from sources other than capital gain whether realised or unrealised as reduced by such expenses as are chargeable to the Fund.

In accordance with risk management policies stated above, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments where necessary.

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying value of financial assets and liabilities either equal or approximate their fair values.

	2009	2008
20. PERFORMANCE TABLE		
Net assets value (Rs '000) (ex-distribution) *	582,284	579,207
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	49.83	49.80
Offer price per unit as at 30 June (Rs) (ex-distribution) *	51.32	51.29
Distribution (%)		
- Annual	0.70	-
Date of distribution (annual)	July 6, 2009	-
Highest offer price per unit (Rs)	51.69	51.69
Lowest offer price per unit (Rs)	47.33	50.32
Highest redemption price per unit (Rs)	48.17	50.18
Lowest redemption price per unit (Rs)	43.65	48.85
Total return (%)	0.76	(2.81)

* The distribution is not accounted for in these financial statements as also explained in note 25.

	One Year	Two Years
Average annual return (%)	0.76	(1.04)

Investment portfolio composition of the Fund

Investment portfolio composition of the Fund is as described in note 7.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate as described in note 17.

21. INVESTMENT COMMITTEE MEMBERS

21.1 Details of members of investment committee of the Fund are as follow:

	2009		
	Designation	Qualification	Experience in years
1. Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Nineteen years
2. Mr. Muhammad Asad	Chief Investment Officer	CFA Level II / MBA	Thirteen years
3. Ms. Sanam Ali Zaib	Head of Research	CFA Level II / MBA	Five years

21.2 The Fund Manager of the Fund is Syed Talal Mehdi, Esq. Other funds being managed by the Fund Manager are as follows:

- Meezan Tahaffuz Pension Fund
- Meezan Balanced Fund

22. TOP TEN BROKERAGE COMMISSION BY PERCENTAGE **2009**
%

Broker's name

Invest & Finance Securities Limited	22.84
Invest Capital Investment Bank Limited	17.27
Foundation Securities (Private) Limited	9.82
Ample Securities (Private) Limited	9.56
AKD Securities Limited	8.10
JS Global Capital Limited	5.70
Taurus Securities Limited	5.48
Invisor Securities (Private) Limited	4.72
Elixir Securities Pakistan (Private) Limited	4.48
Global Securities Pakistan Limited	2.90

2008

Invest & Finance Securities Limited	58.55
KASB Securities Limited	15.13
Ample Securities (Private) Limited	13.22
Taurus Securities Limited	5.82
Invisor Securities (Private) Limited	4.70
First Capital Equities Limited	1.68
Foundation Securities (Private) Limited	0.90

23. PATTERN OF UNITHOLDING

As at June 30, 2009

	Number of investors	Investment amount (Rupees in '000)	% of total investment
Individuals	503	149,788	25.72
Associated companies / directors	2	9,574	1.65
Insurance companies	2	29,229	5.02
Banks / DFIs	1	250,880	43.09
NBFCs	2	9,743	1.67
Retirement funds	12	27,650	4.75
Public limited companies	-	-	-
Others	5	105,420	18.10
Total	527	582,284	100.00

As at June 30, 2008

	Number of investors	Investment amount (Rupees in '000)	% of total investment
Individuals	517	158,285	27.33
Associated companies / directors	1	483	0.08
Insurance companies	3	33,843	5.84
Banks / DFIs	1	248,989	42.99
NBFCs	-	-	-
Retirement funds	12	27,441	4.74
Public limited companies	1	4,835	0.83
Others	7	105,331	18.19
Total	542	579,207	100.00

24. DETAILS OF MEETINGS OF BOARD OF DIRECTORS

Name /	Designation	Dates of Board of Directors Meetings and Directors' present therein					
		July 7, 2008	August 7, 2008	September 30, 2008	October 22, 2008	February 23, 2009	April 15, 2009
Mr. Ariful Islam	Chairman	Yes	Yes	No	Yes	No	Yes
Mr. Mohammad Shoaib	Chief Executive	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Aliuddin Ansari *	Director	No	Yes	Yes	No	Yes	Yes
Mr. Tasnimul Haq Farooqui	Director	Yes	Yes	Yes	Yes	Yes	No
Mr. Mazhar Sharif	Director	Yes	Yes	No	Yes	Yes	Yes
Mr. Rizwan Ata	Director	Yes	Yes	Yes	Yes	Yes	No
Syed Owais Wasti	Director	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Aliuddin Ansari chaired the meetings held on September 30, 2008 and February 23, 2009 in the absence of Mr. Ariful Islam.

25. NON ADJUSTING EVENT

The Board of Directors in its meeting held on July 6, 2009 has announced a payout of 0.70 % (2008: Nil %) amounting to Rs 4.062 million (2008: Rs Nil million) equivalent to 81,511 bonus units (2008: Nil bonus units). The financial statements for the year ended June 30, 2009 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending June 30, 2010.

	2009	2008
	Number of units	
The effect of issue of bonus units is as follows:		
Number of units in issue before bonus units	<u>11,604,852</u>	<u>11,631,196</u>
Number of units in issue after bonus units	<u>11,686,363</u>	<u>-</u>
	Rupees	
Net assets value per unit before bonus issue	<u>50.18</u>	<u>49.80</u>
Net assets value per unit after bonus issue	<u>49.83</u>	<u>-</u>

26. CORRESPONDING FIGURES

The following items have been reclassified, accordingly prior year figures have been reclassified.

Reclassification from component	Reclassification to component	Rupees in '000
Payable to Meezan Bank Limited -Management fee - Note 11	Payable to Al Meezan Investment Management Limited -Management fee - Note 9.2	386

27. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 20, 2009 by the Board of Directors of the management company.

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

Chief Executive

Director