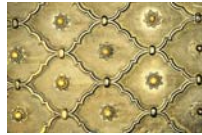




Balanced Fund



**Quarterly Report September 30, 2010**



**Al Meezan Investment Management Limited**  
A subsidiary of Meezan Bank



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**Our Vision**

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

**Our Mission**

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

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

## FUND INFORMATION

### MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre,  
Shahrah-e-Faisal, Karachi 74400, Pakistan.  
Phone: (9221) 35630722-6, 111-MEEZAN  
Fax: (9221) 35676143, 35630808  
Web site: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### TRUSTEE

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

### AUDITORS

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

### BANKERS TO THE FUND

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

### SHARIAH ADVISER

Meezan Bank Limited

### LEGAL ADVISER

Bawaney & Partners  
404, 4<sup>th</sup> Floor, Beaumont Plaza, 6-CL-10  
Beaumont Road, Civil Lines  
Karachi - 75530

### TRANSFER AGENT

THK Associates (Pvt.) Limited  
Ground Floor, State Life Building-3  
Dr. Ziauddin Ahmed Road, Karachi-75536  
Phone : (9221) 111-000-322  
Fax : (9221) 35655595  
P.O. Box No. 8533

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Balanced Fund (MBF) is pleased to present the un-audited financial statements of the fund for the quarter ended September 30, 2010.

### Brief Overview

During the first quarter of fiscal year 2011, Meezan Balanced Fund (MBF) provided a return of 3.76% to its investors as compared to benchmark return of 4.29%. The benchmark of MBF comprises 50% weight of KMI 30 and 50% weight of average return of 3 Islamic banks.

### Economic Review

After the consolidating year 2010, the new fiscal year was pinned with hopes of further economic recovery with the GDP target of 4.5%. However, the situation completely changed with the devastating floods in August 2010 in which about one-fifth of the country has been badly affected and 10 percent of the country population has been directly affected. Nearly two million homes have been destroyed or damaged and there is extensive damage to roads, telecom and energy infrastructure, crops and livestock. Precise estimates are not yet available, but it is clear that the costs of humanitarian relief and reconstruction will be in billions of dollars.

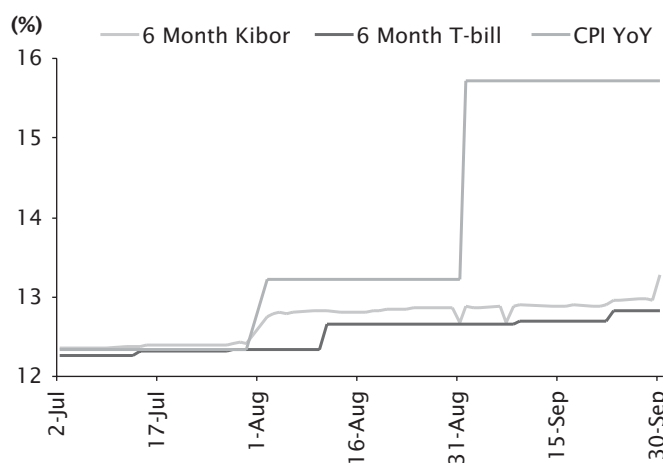
As a result all the macroeconomic targets are expected to be missed. The GDP growth target has already been revised down by 1-2% mainly because of sharply lower agricultural output growth estimates which accounts for 21 percent of GDP and 45 percent of employment. Average annual inflation is projected to rise to 13.5% in current fiscal year compared to 11.7% last year and the balance of payments is expected to weaken by US\$1.6 billion (0.8% of GDP) as compared to the pre-flood forecast.

To finance relief and rehabilitation work, government borrowed Rs. 220 billion from the State Bank of Pakistan (SBP) against International Monetary Fund's (IMF) target of zero net borrowing from the SBP. International aid for flood relief namely US\$ 451 million emergency aid by IMF and remittances helped to build the forex reserves which increased to all time high of US\$ 16.78 billion. The country saw the record monthly remittance inflow of US\$ 933 million during August. On domestic front, the provisional tax collection for the quarter was approximately Rs. 290 billion against a target of Rs. 295 billion.

### Money Market Review

In the first quarter of fiscal year 2011, money market remained highly volatile and to normalize the liquidity situation, State Bank of Pakistan (SBP) regularly conducted Open market operations. With the resurgence of inflation, SBP changed its monetary policy stance after 20 months and increased the policy rate by 50 bps to 13% in its bimonthly monetary policy statement at the end of July 2010.

Expectation of further hike in inflation surfaced with the country hit by one of the worst floods in its history. Thus to curb the inflationary pressures, SBP went for further monetary tightening in September increasing the discount rate by another 50 bps to 13.5%. As a result, KIBOR rates also increased, with six month rate increasing by 90 bps to close the quarter at 13.27%. During the quarter, SBP conducted six T-Bill auctions mopping up Rs. 556 billion against a target of Rs. 535 billion with a maturity of Rs 499 billion. The cut off rate of six month T-Bill increased by 55 bps to close the quarter at 12.82%. Private sector credit growth remains muted, with banking ADR at a low of 64%. The following graph shows the trend of interest rates and inflation during the quarter under review.



### Equity Market Review

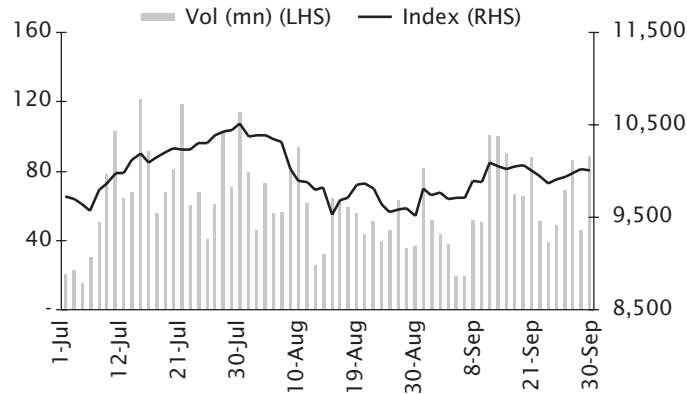
The market remained volatile during the first quarter of fiscal year 2011 due to mixed news flow and uncertain macroeconomic situation. As expected, activity in the market dried up with implementation of capital gain tax (CGT) as the daily average volume shrank to 62mn shares as compared to the 188.6mn shares during the corresponding quarter last year, depicting decline of 67% year on year.

Despite concerns related to CGT, the quarter started on a bullish note on the back of expectations of positive corporate results alongwith foreign interest, which helped the market to post an extraordinary return of 8.2% for the month of July with KSE-100 index making a high of 10,519.

However, this rally was arrested by 50 bps increase in the discount rate by SBP in its bimonthly monetary policy statement at the end of July. Later, the market performance was further derailed by the devastating floods in the country which adversely affected major sectors of the economy leading to 1-2% cut in the GDP growth target of 4.5%. Inflation concerns resurfaced in the market with flood related damage to agriculture sector,

jump in government expenditure on relief and rehabilitation, and price hike during Ramzan. In the wake of rising inflation expectations and keeping overall post-flood macroeconomic picture in view, SBP further increased the policy rate by another 50 bps in September 2010 to 13.5%.

Despite all the macroeconomic uncertainties, foreigners remained net buyers in the market on the back of cheap valuations relative to regional markets. Hence, there was a net foreign inflow of US\$ 106 million during the period under review. Moreover, the approval of Margin Trading System (MTS) by SECP along with above expectation payouts and earnings of the oil companies gave some respite to the market and helped KSE-100 index to close the quarter at 10,013.



### Performance Review

The Fund, during the quarter ended September 30, 2010 earned a total gross income of Rs.39 million compared to Rs. 207 million earned in the corresponding period last year. The dividend income for the period was Rs.14 million and income on debt securities and profit on bank deposits was Rs.20 million. The net income of fund was Rs. 31 million which translates into an earning per certificate of Rs.0.26 as on September 30, 2010.

The net assets of the fund at the end of the quarter stood at Rs.1,326 million as compared to Rs.1,278 million as at June 30, 2010. The net asset value of the fund as at September 30, 2010 was Rs.11.05 per certificate as compared to Rs.10.65 per certificate as on June 30, 2010. The fund has been able to show reasonable growth during the quarter with a return of 3.76% as compared to its hybrid benchmark (50% return of KMI-30 and 50% return on Islamic Bank Deposits) of 4.29% thus underperforming the benchmark by around 0.53%.

After the completion of restructuring process of Security Leasing sukuk, the company is making timely payment as per the new agreed schedule.

## Outlook

Although the implementation of capital gain tax has negatively impacted volumes, we believe that the introduction of the leverage product in the market will improve the liquidity position and attract the investors back to the equity market. On the basis of earnings multiples and dividend yields, Pakistan remains one of the cheapest emerging market. Pakistan's stock market is trading at a P/E multiple of under 7, which is almost at 45% discount to other frontier markets. This makes KSE an attractive option for foreign investors, who are expected to continue to make investments at the local bourses.

Moreover, investors going forward will be focusing on the macro-economic impact of the floods and effective response of the government to the rehabilitation and rebuilding country's infrastructure. The determination of losses and the materialization of foreign pledges in this regard will take time to firm up. However, it is anticipated that inflation will remain on the higher side because of supply side shortage and hence SBP may likely go for further monetary tightening. With a reasonable percentage of MBF portfolio invested in floating rate instruments, this will positively impact the return on portfolio of MBF.

Our outlook for the coming year is cautiously optimistic. The management of Al Meezan is fully aware of the challenges that lie ahead and is taking all possible measures to face them.

## Acknowledgement

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

For and on behalf of the Board

**Date: October 19, 2010**  
**Karachi.**

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



## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2010

		(Un-audited) September 30, 2010	(Audited) June 30, 2010
	Note	(Rupees in '000)	
<b>Assets</b>			
Balances with banks		252,255	292,188
Investments	5	1,069,966	985,810
Dividend receivable		8,142	2,909
Advances, deposits, prepayments and other receivables		13,407	20,460
Receivable against sale of investment		-	449
<b>Total assets</b>		<u>1,343,770</u>	<u>1,301,816</u>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan )- management company of the Fund		2,183	2,112
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		126	126
Payable to Securities and Exchange Commission of Pakistan (SECP)		281	1,093
Payable against purchase of investments		141	658
Accrued expenses and other liabilities		1,826	6,566
Unclaimed dividend		13,541	13,550
<b>Total liabilities</b>		<u>18,098</u>	<u>24,105</u>
<b>Net assets</b>		<u>1,325,673</u>	<u>1,277,711</u>
<b>Certificate holders' equity (as per statement attached)</b>			
<b>Issued, subscribed and paid-up capital</b>			
120,000,000 ordinary certificates of Rs 10 each		1,200,000	1,200,000
Unappropriated income		112,541	76,119
Surplus on revaluation of available for sale investments		13,132	1,592
		<u>1,325,673</u>	<u>1,277,711</u>
<b>Net assets value per certificate (Rupees)</b>		<u>11.05</u>	<u>10.65</u>

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

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	September 30,	
	2010	2009
	(Rupees in '000)	
<b>Income</b>		
Net realised gain on sale of investments	3,383	28,427
Dividend income	13,856	17,235
Profit on savings accounts with banks	6,905	5,827
Profit on sukuk certificates	12,833	9,470
Profit on musharaka certificates	-	3,047
	36,976	64,006
Unrealised gain on re-measurement of investments at fair value through profit or loss	4,983	143,342
Provision against non-performing debt securities	(2,750)	-
	2,233	143,342
<b>Total income</b>	39,209	207,348
<b>Expenses</b>		
Remuneration to Al Meezan - management company of the Fund	6,697	9,720
Remuneration to CDC - trustee of the Fund	384	372
Annual fee to SECP	281	268
Auditors' remuneration	160	110
Fees and subscription	47	167
Brokerage	32	330
Printing charges	35	-
Bank and settlement charges	118	98
<b>Total expenses</b>	7,754	11,066
<b>Net income for the period</b>	31,455	196,282
<b>Other comprehensive income for the period</b>		
Surplus on revaluation of available for sale investments	11,540	-
<b>Total comprehensive income for the period</b>	42,995	196,282
<b>Earnings per certificate (Rupees)</b>	0.26	1.64

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

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

**MEEZAN**  
Balanced Fund

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	September 30,	
	2010	2009
	(Rupees in '000)	
Unappropriated income / (loss) brought forward	76,119	(52,208)
Reversal of Workers Welfare Fund (WWF)	4,967	-
Net income for the period	31,455	196,282
Unappropriated income carried forward	<u>112,541</u>	<u>144,074</u>

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

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN  
EQUITY AND RESERVES PER CERTIFICATE (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	September 30, 2010      2009 (Rupees in '000)	
Net assets per certificate at the beginning of the period	10.65	9.52
Reversal of Workers Welfare Fund (WWF)	0.04	-
Net realised gain on sale of investments	0.03	0.24
Dividend income	0.12	0.14
Profit on savings accounts with banks	0.06	0.05
Profit on sukuk certificates	0.11	0.08
Profit on musharaka certificates	-	0.03
Unrealised gain on re-measurement of investments at at fair value through profit or loss	0.04	1.19
Provision against non-performing debt securities	(0.02)	-
Expenses	(0.06)	(0.09)
Net income for the period	0.26	1.64
Surplus on revaluation of available for sale investments	0.10	-
Net assets per certificate at the end of the period	<u>11.05</u>	<u>11.16</u>

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

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

Chief Executive

Director

**MEEZAN**  
Balanced Fund

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	September 30, 2010                  2009 (Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	31,455	196,282
<b>Adjustments for:</b>		
Dividend income	(13,856)	(17,235)
Profit on savings accounts with banks	(6,905)	(5,827)
Profit on sukuk certificates	(12,833)	(9,470)
Profit on musharika certificates	-	(3,047)
Unrealised gain on re-measurement of investments at fair value through profit or loss	(4,983)	(143,342)
Provision against non-performing debt securities	2,750	-
Reversal of WWF	4,967	-
	595	17,361
<b>(Increase) / decrease in assets</b>		
Investments - at fair value through profit or loss	(70,383)	(119,375)
Receivable against sale of investments	449	-
Advances, deposits, prepayments and other receivables	(122)	(137)
	(70,056)	(119,512)
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan - management company of the Fund	71	(1,177)
Payable to CDC - trustee of the Fund	-	12
Payable to SECP	(812)	269
Payable to MBL	-	(434)
Payable against purchase of investments	(517)	(5,511)
Accrued expenses and other liabilities	(4,740)	1,250
	(5,998)	(5,591)
Cash generated from operations	(75,459)	(107,741)
Dividend income received	8,623	13,937
Profit received on savings accounts with banks	5,631	3,126
Profit received on sukuk certificates	21,281	11,882
<b>Net cash outflow from operating activities</b>	(39,924)	(78,797)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(9)	(419)
<b>Net cash outflow from financing activities</b>	(9)	(419)
Net decrease in cash and cash equivalents	(39,933)	(79,216)
Cash and cash equivalents at the beginning of the period	292,188	144,241
Cash and cash equivalents at the end of the period	252,255	65,025

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

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

**Chief Executive**

**Director**

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Meezan Balanced Fund (the Fund) was established as a closed-end scheme under a trust deed executed between Al Meezan as management company and CDC as Trustee. The trust deed was executed on June 15, 2004 and was approved by the SECP on September 8, 2004 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the management company of the Fund is situated in Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2 The investment objective of the Fund is to generate long-term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and islamic income instruments such as term finance certificates, certificates of islamic investment, musharika certificates, islamic sukuk certificates and other Shariah compliant instruments. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah. The management company has appointed Meezan Bank Limited (MBL) as shariah adviser to ensure that the activities of the Fund are in compliance with the principles of Shariah. The management company of the Fund is registered with SECP as a Non-Banking Finance Company under NBFC Rules.
- 1.3 The objective of the Fund is to carry on the business of a closed-end mutual fund and to invest its assets in securities, which are listed or proposed to be listed on the stock exchanges or Mutual Funds Association of Pakistan (MUFAP).
- 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

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements and the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2010.

	Note	September 30, 2010	June 30, 2010
		(Rupees in '000)	
<b>5. INVESTMENTS</b>			
Investments at fair value through profit or loss	5.1	589,050	604,036
Investments - 'available for sale'	5.2	480,916	381,774
		<u>1,069,966</u>	<u>985,810</u>
<b>5.1 Investments at fair value through profit or loss</b>			
Held for trading	5.1.1	397,443	392,003
Investments at fair value through profit or loss upon initial recognition	5.1.2	191,607	212,033
		<u>589,050</u>	<u>604,036</u>
<b>5.1.1 Held for trading</b>			
Shares of listed companies	5.1.1.1	179,728	174,288
Sukuk certificates	5.1.1.4	217,715	217,715
		<u>397,443</u>	<u>392,003</u>

### 5.1.1.1 Held for trading - Shares of listed companies

Name of the investee company	As at July 1, 2010	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2010	Carrying value as at September 30, 2010	Market value as at September 30, 2010	Unrealised gain (loss) as at September 30, 2010	Percentage in relation to					
									Net assets of the Fund on the basis of investments (see note S.1.1.3 below)	Paid-up capital of investee company (with face value of investments)	Total market value of investments			
						Number of shares			Rupees in '000			%		
<b>General Industrials</b>														
Thal Limited (note S.1.1.2)	194,113	-	-	-	194,113	18,429	20,607	2,178	1.55	0.38	1.93			
Tri-Pack Films Limited	83,400	-	-	-	83,400	8,134	8,257	123	0.62	0.28	0.77			
									2.17	0.66	2.70			
<b>Construction and Materials</b>														
Attock Cement Pakistan Limited	125,000	-	-	-	125,000	8,188	8,043	(145)	0.61	0.14	0.75			
Lucky cement	135,000	-	-	70,000	65,000	4,039	4,495	456	0.34	0.02	0.42			
									0.95	0.16	1.17			
<b>Automobile and Parts</b>														
Pak Suzuki Motor Company Limited	66,800	-	-	40,000	26,800	2,124	1,857	(267)	0.14	0.03	0.17			
<b>Oil and Gas</b>														
Pakistan Oilfields Limited	159,275	-	-	-	159,275	34,387	37,769	3,381	2.85	0.07	3.53			
Pakistan Petroleum Limited	221,200	-	44,240	-	265,440	40,727	45,765	5,037	3.45	0.02	4.28			
									6.30	0.09	7.81			
<b>Fixed Line and telecommunication</b>														
Pakistan Telecommunication Company Limited	1,285,500	-	-	-	1,285,500	22,882	24,167	1,286	1.82	0.03	2.26			
<b>Chemical</b>														
Fauji Fertilizer Bin Qasim Company Limited	725,500	-	-	-	725,500	18,892	19,661	769	1.48	0.08	1.84			
Fauji Fertilizer Company Limited	83,187	-	-	-	83,187	8,574	8,721	147	0.66	0.01	0.82			
ICI Pakistan Limited	3,300	-	-	-	3,300	391	386	(5)	0.03	0.00	0.04			
									2.17	0.09	2.70			
<b>Total</b>						<b>166,768</b>	<b>179,728</b>	<b>12,960</b>						
<b>Total cost of investment</b>							<b>178,506</b>							

5.1.1.2 All shares have a face value of Rs 10 each except for the shares of Thal Limited which have a face value of Rs 5 each.

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

### 5.1.1.4 Held for trading - Sukuk certificates

Name of the investee company	Maturity	Profit rate	As at July 1, 2010	Purchases during the period	Sales / redemptions during the period	As at September 30, 2010	Carrying value as at September 30, 2010	Market value as at September 30, 2010	Unrealised gain / loss as at September 30, 2010	Percentage in relation to		
										Net assets of the Fund on the basis of investments (see note S.1.1.3 below)	Total market value of investments	
						Number of certificates			Rupees in '000		%	
<b>Secured</b>												
GoP Ijarah Sukuk Certificates - III (note S.1.1.5)	March 11, 2012	12.22%	250	-	-	250	25,485	25,485	-	1.92	2.38	
GoP Ijarah Sukuk Certificates - IV (note S.1.1.5)	September 17, 2012	12.25%	1,880	-	-	1,880	192,230	192,230	-	14.50	17.97	
<b>Total</b>							<b>217,715</b>	<b>217,715</b>	<b>-</b>			
<b>Total cost of investments</b>							<b>213,000</b>					

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



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

	Note	September 30, 2010	June 30, 2010
		(Rupees in '000)	
Shares of listed companies	5.1.2.1	36,659	43,789
Sukuk Certificates	5.1.2.2	154,948	168,244
		<u>191,607</u>	<u>212,033</u>

#### 5.1.2.1 Shares of listed companies

Name of the investee company	As at July 1, 2010	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2010	Carrying value as at September 30, 2010	Market value as at September 30, 2010	Unrealised gain (loss) as at September 30, 2010	Percentage in relation to		
									Number of shares	Rupees in '000	%
<b>Automobile and Parts</b>											
Indus Motor Company Limited	155,055	-	-	-	155,055	40,683	33,583	(7,100)	2.53	0.20	3.14
<b>General Industrials</b>											
Packages Limited	2,473	-	-	-	2,473	293	250	(43)	0.02	0.00	0.02
<b>Banks</b>											
Meezan Bank Limited (an associate of the Fund)	193,302	-	-	-	193,302	2,813	2,826	14	0.21	0.03	0.26
<b>Total</b>						<u>43,789</u>	<u>36,659</u>	<u>(7,130)</u>			
<b>Total cost of investments</b>							<u>33,190</u>				

#### 5.1.2.2 Sukuk certificates

Name of the investee company	Maturity	Profit rate	As at July 1, 2010	Purchases during the period	Sales / redemptions during the period	As at September 30, 2010	Carrying value as at September 30, 2010	Market value as at September 30, 2010	Unrealised gain / loss as at September 30, 2010	Percentage in relation to		
										Number of certificates	Rupees in '000	%
Sitara Chemical Industries Limited - II (note 5.1.2.3)	December 17, 2011	3 months KIBOR plus base rate of 1.7%	6,750	-	1,125	5,625	28,022	28,030	8	2.11	14	2.62
Engro Chemical Pakistan Limited (note 5.1.2.3)	September 1, 2015	6 months KIBOR plus base rate of 1.5%	15,000	-	-	15,000	73,500	73,688	188	5.56	3	6.89
Security Leasing Corporation Limited II (note 5.1.2.3)	September 19, 2012	6 months KIBOR plus base rate of 1.95%	3,516	-	234	3,282	12,305	12,305	-	0.93	5	1.15
Century Paper & Board Mills Limited (note 5.1.2.3)	September 25, 2014	6 months KIBOR plus base rate of 1.35%	4,500	-	500	4,000	19,157	18,900	(257)	1.43	3	1.77
Eden Housing Limited (note 5.1.2.3)	April 2, 2013	6 months KIBOR plus base rate of 2.5%	5,000	-	-	5,000	14,062	13,276	(786)	1.00	1	1.24
Arzoo Textile Mills Limited (note 5.1.2.3)	April 15, 2014	6 months KIBOR plus base rate of 2%	5,000	-	-	5,000	11,500	8,750	(2,750)	0.66	4	0.82
<b>Total</b>							<u>158,545</u>	<u>154,948</u>	<u>(3,597)</u>			
<b>Total cost of investments</b>								<u>176,885</u>				

5.1.2.3 The nominal value of these sukuk certificates is Rs 5,000 each except Eden Housing Limited which has a face value of Rs 3,750

## 5.2 Investments - 'available for sale'

Name of the investee company	As at July 1, 2010	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2010	Carrying value as at September 30, 2010	Market value as at September 30, 2010	Unrealised gain (loss) as at September 30, 2010	Percentage in relation to		
	Number of shares				Rupees in '000			Net assets of the Fund on the basis of investments (see note S.1.1.3 below)	Paid-up capital of investee company (with face value of investments)	Total market value of investments	
								%			
<b>Oil and Gas</b>											
Oil and Gas Development Company (note 5.2.1)	183,166	95,000	-	95,000	183,166	22,575	26,689	4,115	2.01	0.00	2.49
Pakistan Oilfields Limited	145,750	-	-	-	145,750	32,078	34,562	2,484	2.61	0.06	3.23
Pakistan Petroleum Limited	215,100	30,000	49,020	-	294,120	45,918	50,709	4,791	3.83	0.02	4.74
Pakistan State Oil Company Limited	243,100	112,000	-	-	355,100	94,874	95,415	542	7.20	0.21	8.92
National Refinery Limited	63,000	40,876	-	-	103,876	19,733	20,989	1,256	1.58	0.13	1.96
									17.23	0.43	21.34
<b>Chemical</b>											
Fauji Fertilizer Bin Qasim Company Limited	678,000	-	-	-	678,000	16,436	18,374	1,938	1.39	0.07	1.72
Fauji Fertilizer Company Limited	1,100,000	-	-	-	1,100,000	114,443	115,324	881	8.70	0.16	10.78
ICI Pakistan Limited	230,000	110,000	-	-	340,000	40,754	39,814	(940)	3.00	0.24	3.72
									13.09	0.48	16.22
<b>Construction and Materials</b>											
Lucky cement	355,421	175,000	-	-	530,421	34,270	36,684	2,414	2.77	0.16	3.43
Attock Cement	-	45,000	-	-	45,000	3,088	2,895	(193)	0.22	0.05	0.27
									2.99	0.22	3.7
<b>Automobile and Parts</b>											
Indus Motor Company Limited	10,000	22,213	-	-	32,213	7,097	6,977	(120)	0.53	0.04	0.65
<b>General Industrials</b>											
Packages Limited	175,000	-	-	-	175,000	21,185	17,675	(3,510)	1.33	0.21	1.65
Tri-Pack Films Limited	10,000	-	-	-	10,000	1,132	990	(142)	0.07	0.03	0.09
									1.40	0.24	1.74
<b>Fixed Line and telecommunication</b>											
Pakistan Telecommunication Company Limited	295,000	440,000	-	-	735,000	14,202	13,818	(384)	1.04	0.02	1.29
<b>Total</b>						<b>467,783</b>	<b>480,916</b>	<b>13,132</b>			
<b>Total cost of investments</b>						<b>467,783</b>					

5.2.1 100,000 shares of Oil and Gas Development Company Limited, having market value of Rs 14.57 million as at September 30, 2010, has been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

## 6. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	September 30, 2010	June 30, 2010
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited</b>		
<b>- management company of the Fund</b>		
Remuneration payable	<u>2,183</u>	<u>2,112</u>
Investment of 3,821,824 certificates (June 30, 2010: 3,821,824)	<u>22,625</u>	<u>22,886</u>
<b>Central Depository Company of Pakistan Limited</b>		
<b>- trustee of the Fund</b>		
Remuneration payable	<u>126</u>	<u>124</u>
Charges payable	<u>-</u>	<u>2</u>
<b>Meezan Bank Limited - shariah adviser of the Fund</b>		
Bank balance and placements	<u>1,925</u>	<u>1,738</u>
Investment in 193,302 shares (June 30, 2010: 321,075 shares)	<u>2,826</u>	<u>2,813</u>
Investment of 16,134,468 certificates (June 30, 2010: 16,134,468 certificates)	<u>95,516</u>	<u>100,840</u>
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Investment of 11,057,791 certificates (June 30, 2010: 11,057,791 certificates)	<u>65,462</u>	<u>69,111</u>

	September 30, 2010	June 30, 2010
	(Rupees in '000)	
<b>Directors and officers of the management company</b>		
Investment of 32,975 certificates (June 30, 2010: 31,975 certificates)	<u>195</u>	<u>200</u>
	<b>For the Quarter ended September 30</b>	
	2010	2009
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - management company of the Fund</b>		
Remuneration for the period	<u>6,697</u>	<u>9,720</u>
<b>Central Depository Company of Pakistan Limited - trustee of the Fund</b>		
Remuneration for the period	<u>384</u>	<u>372</u>
Charges for the period	<u>37</u>	<u>45</u>
<b>Meezan Bank Limited - shariah adviser of the Fund</b>		
Profit on savings account	<u>1</u>	<u>5</u>

#### 7. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These condensed interim financial statements have been authorised on October 19, 2010 by the Board of Directors of the management company of the Fund.

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

**STATEMENT OF INCOME & EXPENDITURE OF MANAGEMENT COMPANY  
IN RELATION TO THE FUND  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	September 30,	
	2010	2009
	(Rupees in '000)	
<b>INCOME</b>		
Remuneration from Meezan Balanced Fund	6,697	9,720
<b>OPERATING EXPENSES</b>		
Salaries and other benefits	1,485	976
Motor vehicle running expenses	49	41
Fees and subscription	120	90
Insurance expense	20	25
Printing and stationery	17	29
Communication	106	95
Depreciation	208	137
Travelling and conveyance	-	12
Entertainment	13	5
Legal and professional charges	56	56
Repair and maintenance	11	12
Office supplies	16	14
Training and development	5	8
Rent, rates and taxes	136	150
Utilities	34	13
Shariah advisory fee	59	-
Miscellaneous expenses	9	7
	<u>2,345</u>	<u>1,671</u>
<b>OPERATING PROFIT</b>	<u><b>4,352</b></u>	<u><b>8,049</b></u>

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



**Pure. Profit.**

**Registered Office**

**Al Meezan Investment Management Limited**

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