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

Chairman  
Chief Executive  
Director  
Director  
Director  
Director  
Director

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE OF THE MANAGEMENT COMPANY

Mr. Ariful Islam  
Mr. Tasnimul Haq Farooqui  
Mr. Mazhar Sharif

Chairman  
Member  
Member

### TRUSTEE

Central Depository Company of Pakistan Limited  
Suite # M 13-16, Mezzanine Floor, Progressive Plaza,  
Beaumont Road, Karachi.

### AUDITORS

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

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

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

### LEGAL ADVISER

Bawaney & Partners  
404, 4<sup>th</sup> 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  
37-A, Lalazar Branch, Lalazar Area,  
Off: M.T. Khan Road, Karachi, Pakistan.  
Phone: (9221) 5610582, 5610417  
Fax: (9221) 5611427  
Web site: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



**MEEZAN**  
CAPITAL PROTECTED FUND-I

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2008

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Capital Protected Fund is pleased to present the un-audited financial statements of the fund for the half year ended December 31, 2008.

### **MARKET REVIEW**

The first half of FY09 witnessed a bearish trend in the stock market with KSE-100 index falling from its high of 12,221 to close the year at 5,865, a decline of 52%. There was a substantial decline in daily average traded volume to 41 million shares as compared to 261 million shares during the corresponding period last year, a decline of 84%.

### **Economic Review**

The macroeconomic outlook remained bearish during the initial months of FY09 as inflationary pressures mounted and current account deficit continued to widen unabated. The main reason for widening of the current account deficit was worsening of trade balance. Due to the extraordinary increase in international crude prices, which peaked at US\$ 147 per barrel in mid July, and later hike in food prices, Pakistan's trade deficit continued to rise and reached US\$ 5.84 billion in first four months of FY09. As a result, foreign exchange reserves declined to US \$6.6 billion on November 21, 2008 from the level of US\$ 11.4 billion at the beginning of period. This also created pressure on rupee against US dollar.

Subsequently, government administered much needed macro stabilization measures like subsidy removal, fiscal deficit management, monetary tightening, additional tariff imposition towards luxury items 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, a Stand-By Arrangement with IMF for providing US\$ 7.6 billion over 23 month period along with strong remittance inflows helped in reserve replenishment which crossed US\$ 10 billion again and also helped in stabilization in the rupee-dollar parity. On the domestic front, Government of Pakistan remained ahead of its tax collection target during six months and collected Rs. 548 billion which also helped in providing some relief to the burgeoning government borrowing.

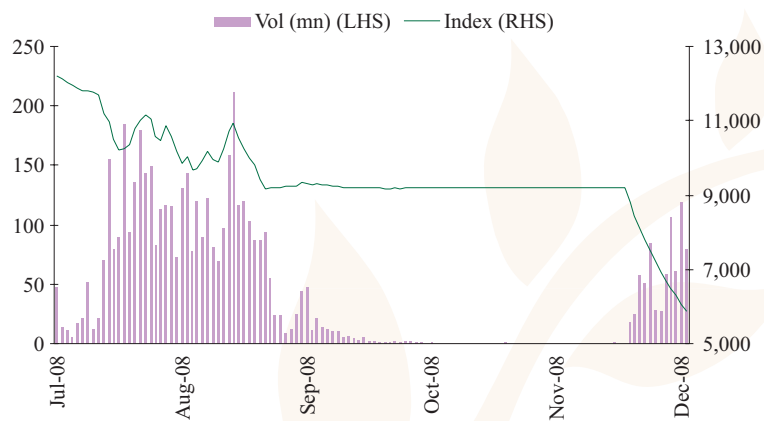
### **Equity Market Review**

The downward trend at KSE that began towards the end of FY08 continued into the first half of FY09. 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 FY08. 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 and downgrade of Pakistan's credit rating by Moody from B2 to B3 continued to create further downward pressure. To stem further downside 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 the closing prices of August 27. As a result, investors decided to stay away from the regular market where the volumes went down to less than a million shares in a day. However, limited trading took place in off the market counter at 20%-50% discount from the floor prices.

Subsequently, after 110 days on December 15, 2008 the floor was finally removed with the KSE-100 Index undergoing heavy correction falling by 36% in last 15 days and closed the half year at the level of 5,865. 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 limit for several days. However, towards the end of the month, volumes picked up in scrips of fertilizer, power and gas distribution sectors.

The US subprime mortgage crises, which led to the collapse of many financial giants including Lehman Brothers, resulted in major financial downturn in the world markets. Even after governments' continuous liquidity injections, the bearish trend continued so much so that IMF termed this crisis as the worst after Great Depression. In line with increasing outflows from the emerging markets and with the removal of Pakistan from MSCI Emerging Market Index, foreigners remained net sellers at KSE with total outflow of US\$ 178 million in the first half of FY09.



### **Performance Review**

For the six months period ended December 31, 2008, the Fund incurred a total loss of PKR 39.102 million, main contributor of which was profit on Murabaha of PKR 26.043 million and revaluation loss of PKR 69.071 million. After accounting for expenses of PKR 5.617 million the Fund recorded a net loss of PKR 44.689 million for the period. This translates into loss per Unit of PKR 3.82. The net assets of MCPFI as at December 31, 2008 stood at PKR 537 million which translate into net asset value per unit of PKR 45.97.

### **Future Outlook**

With greater fiscal discipline, tight monetary policy, stabilization of the Rupee and sustained weakness in international commodity prices, the government has now firmed up its grip on underlying economic fundamentals through the help of various multilateral donor agencies, particularly IMF which is spearheading Pakistan's economic revival. We expect that these corrective measures will bring back the country into more stable economic territory. Moreover, as Pakistan has succeeded in meeting all of the IMF targets for December 31, 2008, we expect SBP will not further tighten the monetary policy. Going forward, it is expected that equity market will stabilize since it is currently trading at attractive multiples.

### **Acknowledgement**

We thank all our investors who have placed their confidence in us. We also offer our sincere gratitude to the Securities and Exchange Commission of Pakistan, the Trustee - Central Depository Company of Pakistan Limited and the management of the Karachi Stock Exchange. We also wish to place on record our appreciation for the personnel of the Management Company.

For and on behalf of the Board

Karachi.  
February 23, 2009

**Mohammad Shoaib, CFA**  
Chief Executive

## TRUSTEE REPORT TO THE UNIT HOLDERS

### **Report of the Trustee pursuant to Regulation 41(h) 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 period from July 01, 2008 to December 31, 2008 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, February 25, 2009

## AUDITORS' REPORT TO THE UNITHOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Meezan Capital Protected Fund (the Fund) as at December 31, 2008 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds and condensed interim cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the 'condensed interim financial information'). Management company is responsible for the preparation and presentation of this condensed interim financial information in accordance with the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, (NBFC Rules) Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations, 2007), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008), the directives issued by the Securities and Exchange Commission of Pakistan (the directives) and approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim financial information for the quarter ended December 31, 2008 and the notes forming part thereof have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2008.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of this condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information for the six months period ended December 31, 2008 is not prepared, in all material respects, in accordance with the requirements of the Trust deed, NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008, the directives and approved accounting standards as applicable in Pakistan.

**A.F. Ferguson & Co.**  
Chartered Accountants  
Karachi, February 27, 2009



**CONDENSED INTERIM  
STATEMENT OF ASSETS AND LIABILITIES**  
AS AT DECEMBER 31, 2008 (UNAUDITED - NOTE 3)

	Note	December 31, 2008	June 30, 2008
Assets		(Rupees in '000)	
<b>Capital protection segment</b>			
Loans and receivables originated by the enterprise	5	482,953	346,220
<b>Investment segment</b>			
Balances with banks		392	142,831
Investments at fair value through profit or loss	6	58,259	96,243
Profit receivable on savings accounts		143	498
Derivative financial instruments	7	6	-
		58,800	239,572
Dividend receivable		1,125	2,052
Deposit with CDC		100	100
Preliminary expenses and floatation costs		2,319	2,784
<b>Total assets</b>		<u>545,297</u>	<u>590,728</u>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - management company of the Fund		4,719	4,988
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund		62	77
Payable to Meezan Bank Limited - shariah adviser of the Fund		2,576	5,604
Payable to Securities and Exchange Commission of Pakistan		269	59
Accrued expenses and other liabilities		350	793
<b>Total liabilities</b>		<u>7,976</u>	<u>11,521</u>
<b>Net assets</b>		<u>537,321</u>	<u>579,207</u>
<b>Unitholders' funds (as per statement attached)</b>		<u>537,321</u>	<u>579,207</u>
<b>Number of units</b>			
<b>Number of units in issue</b>		<u>11,687,248</u>	<u>11,631,196</u>
<b>Rupees</b>			
<b>Net assets value per unit</b>		<u>45.97</u>	<u>49.80</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**



**CONDENSED INTERIM INCOME STATEMENT**  
**FOR THE SIX MONTHS AND QUARTER**  
**ENDED DECEMBER 31, 2008 (UNAUDITED - NOTE 3)**

	Note	Six months period ended December 31, 2008 (Rupees in '000)	Quarter ended
<b>Income</b>			
Dividend income		3,070	1,449
Profit on savings accounts with banks		565	128
Profit on murabaha		26,043	13,351
Back end sales load		291	291
		29,969	15,219
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)		(69,077)	(41,457)
Gain on re-measurement of derivative financial instruments		6	6
		(69,071)	(41,451)
<b>Total loss</b>		(39,102)	(26,232)
<b>Expenses</b>			
Remuneration to Al Meezan Investment Management Limited - management company of the Fund		1,736	869
Remuneration to Central Depository Company of Pakistan Limited - trustee of the Fund		373	188
Remuneration to Meezan Bank Limited - shariah adviser of the Fund		2,358	1,184
Annual fee to Securities and Exchange Commission of Pakistan		269	126
Auditors' remuneration		256	202
Fees and subscription		18	9
Legal and professional charges		20	20
Amortisation of preliminary expenses and floatation costs		465	231
Brokerage		48	-
Bank and settlement charges		17	1
Printing charges		57	49
		5,617	2,879
<b>Total expenses</b>		(44,719)	(29,111)
<b>Net loss from operating activities</b>		(44,689)	(28,887)
Element of income and capital gains included in prices of units issued less those in units redeemed		30	224
<b>Net loss</b>		(44,689)	(28,887)
<b>Loss per unit outstanding - basic (Rupees)</b>	8	(3.82)	(2.47)

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director



**CONDENSED INTERIM DISTRIBUTION STATEMENT  
FOR THE SIX MONTHS AND QUARTER  
ENDED DECEMBER 31, 2008 (UNAUDITED - NOTE 3)**

	Note	Six months period ended December 31, 2008 (Rupees in '000)	Quarter ended
Loss brought forward		(2,353)	(18,155)
Net loss for the period		(44,689)	(28,887)
Net loss for the period carried forward		<u>(47,042)</u>	<u>(47,042)</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF  
MOVEMENT IN UNITHOLDERS' FUNDS**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008 (UNAUDITED - NOTE 3)

	<b>Six months period ended</b>	<b>Quarter ended</b>
	<b>December 31, 2008</b>	
	<b>(Rupees in '000)</b>	
Net assets at the beginning of the period	579,207	572,254
Issue of 176,988 units and nil units for the six months and quarter respectively	8,655	-
Redemption of 120,936 units for the six months and quarter respectively	(5,822)	(5,822)
Element of income and capital gains included in prices of units issued less those in units redeemed	(30)	(224)
Net loss for the period	(44,689)	(28,887)
Net assets at the end of the period	<u>537,321</u>	<u>537,321</u>
Net assets value per unit at the end of the period	<u>45.97</u>	<u>45.97</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS AND QUARTER**  
**ENDED DECEMBER 31, 2008 (UNAUDITED - NOTE 3)**

	<b>Six months period ended</b>	<b>Quarter ended</b>
	<b>December 31, 2008 (Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(44,689)	(28,887)
<b>Adjustments for:</b>		
Dividend income	(3,070)	(1,449)
Profit on savings accounts with banks	(565)	(128)
Profit on murabaha	(26,043)	(13,351)
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	69,077	41,457
Gain on re-measurement of derivative financial instruments	(6)	(6)
Amortisation of preliminary expenses and floatation costs	465	231
Element of income and capital gains included in prices of units issued less those in units redeemed	(30)	(224)
	(4,861)	(2,357)
<b>(Increase)/decrease in assets</b>		
Loans and receivables originated by the enterprise	(110,690)	-
Investments at fair value through profit or loss	(31,093)	60
	(141,783)	60
<b>(Increase)/decrease in liabilities</b>		
Payable to Al Meezan Investment Management Limited - management company of the Fund	(269)	869
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund	(15)	-
Payable to Meezan Bank Limited - shariah adviser of the Fund	(3,028)	1,186
Payable to Securities and Exchange Commission of Pakistan	210	126
Accrued expenses and other liabilities	(443)	126
	(3,545)	2,307
Dividend received	3,997	866
Profit received on savings accounts with banks	920	377
<b>Net cash (outflow)/inflow from operating activities</b>	(145,272)	1,253
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from sale of units	8,655	-
Payments against redemption of units	(5,822)	(5,822)
<b>Net cash inflow/(outflow) from financing activities</b>	2,833	(5,822)
Net cash outflow during the period	(142,439)	(4,569)
Cash and cash equivalents at the beginning of the period	142,831	4,961
Cash and cash equivalents at the end of the period	392	392

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008 (UNAUDITED - NOTE 3)**

**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 have been discontinued since July 31, 2008. The rating of the Fund has not been conducted as of December 31, 2008.
- 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 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, 2007, NBFC Regulations, 2008 and the directives issued by the 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, 2007, NBFC Regulations, 2008 and the said directives differ with the requirements of these standards, the requirements of the trust deed, NBFC Rules, NBFC Regulations, 2007, 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'.
- 3.2 These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at December 31, 2008 and the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the six months period ended December 31, 2008, which have been subject to a review but not audited. These condensed interim financial statements also include condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto.
- 3.3 The comparative statement of assets and liabilities presented in these condensed interim financial statements as at June 30, 2008 has been extracted from the audited financial statements of the Fund for the period May 8, 2008 to June 30, 2008. These are the first condensed interim financial statements of the Fund, accordingly there are no comparatives in the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto.
- 3.4 Standards, amendments and interpretations effective from July 1, 2008:
- During the period, IFRS 7 'Financial instruments: Disclosures' became effective. Adoption of such standard would require certain additional disclosures to the complete set of financial statements. However, in accordance with paragraph 18 of IAS 34 such disclosures have not been made in these condensed interim financial statements.
- Certain interpretations to the approved accounting standards are mandatory for accounting periods beginning on or before July 1, 2008 but are considered not to be relevant or have any significant effect to the Fund's operations and are therefore not disclosed in these condensed interim financial statements.
- 3.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:
- Certain standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or have any significant effect to the Fund's operations and are therefore not detailed in these condensed interim financial statements.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statements and the significant judgments 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 period ended May 8 to June 30, 2008.

#### 5. LOANS AND RECEIVABLES ORIGINATED BY THE ENTERPRISE

	December 31, 2008	June 30, 2008
Note	(Rupees in '000)	
5.1 Principal amount	453,720	343,030
Profit receivable	5.2 29,233	3,190
Total	482,953	346,220

5.2 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.

5.3 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.

#### 6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

##### 6.1 Shares in listed companies

Name of the investee company	As at July 01, 2008	Purchases during the period	Bonus/ rights issue	Sales during the period	As at December 31, 2008	Carrying value as at December 31, 2008	Market value as at December 31, 2008 (see note 6.4 below)	Unrealised (loss) as at December 31, 2008	Percentage in relation to			
									Number of shares	Rupees in '000	Net assets of the Fund on the basis of market value (see note 6.3 below)	Paid-up capital of investee company (with face value of investment)
<b>Automobile assembler</b>												
Indus Motor Company Limited	6,190	-	-	-	6,190	1,238	761	(477)	0.14	0.01	1.31	
<b>Commercial Banks</b>												
Meezan Bank Limited (an associate of the Fund)	-	151,000	12,986	-	163,986	4,407	3,522	(885)	0.66	0.03	6.05	
<b>Textile Composite</b>												
Nishat Mills Limited	45,000	-	-	-	45,000	3,869	1,017	(2,852)	0.19	0.03	1.75	
<b>Cement</b>												
DG Khan Cement Company Limited	32,000	82,000	-	-	114,000	7,201	2,425	(4,776)	0.45	0.04	4.16	
<b>Chemical</b>												
ICI Pakistan Limited	14,800	-	-	-	14,800	2,388	1,017	(1,371)	0.19	0.01	1.75	
<b>Technology and communication</b>												
Pakistan Telecommunication Company Limited 'A'	126,000	75,000	-	-	201,000	7,669	3,395	(4,274)	0.63	0.01	5.83	
<b>Oil and gas exploration companies</b>												
Oil and Gas Development Company Limited	150,000	-	-	-	150,000	18,654	7,499	(11,155)	1.40	0.00	12.87	
Pakistan Petroleum Limited	150,000	-	15,000	-	165,000	36,899	16,602	(20,297)	3.09	0.02	28.50	
									4.49		41.37	



Name of the investee company	As at July 01, 2008	Purchases during the period	Bonus / rights issue	Sales during the period	As at December 31, 2008	Carrying value as at December 31, 2008	Market value as at December 31, 2008 (see note 6.4 below)	Unrealised (loss) as at December 31, 2008	Percentage in relation to			
									Number of shares	Rupees in '000	Net assets of the Fund on the basis of market value (see note 6.3 below)	Paid-up capital of investee company (with face value of investment)
<b>Fertilizer</b>												
Engro Chemical Pakistan Limited	33,000	11,000	-	-	44,000	12,205	4,244	(7,961)	0.79	0.02	7.28	
Fauji Fertilizer Bin Qasim Company Limited	323,000	100,000	-	-	423,000	14,485	5,457	(9,028)	1.02	0.05	9.37	
Fauji Fertilizer Company Limited	40,000	-	-	-	40,000	5,293	2,349	(2,944)	0.44	0.01	4.03	
									<b>2.25</b>		<b>20.68</b>	
<b>Miscellaneous</b>												
Tri Pack Films Limited	-	80,000	-	-	80,000	13,028	9,971	(3,057)	1.86	0.27	17.11	
<b>Total</b>						<b>127,336</b>	<b>58,259</b>	<b>(69,077)</b>				
<b>Total cost of investments</b>						<b>133,835</b>						

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

6.3 Net assets are as defined in regulation 66 of NBFC Regulations, 2008.

6.4 During the period, the Karachi Stock Exchange (Guarantee) Limited (KSE) placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the "Floor Mechanism", the individual security price of equity security could vary within the normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008. Consequent to the introduction of the above measures by the KSE the market volume declined significantly. The "Floor Mechanism" was subsequently removed by KSE on December 15, 2008. Subsequent to the removal of the "Floor Mechanism" the KSE 100 index declined from 9,187.10 points at December 15, 2008 to 5,865.01 points at December 31, 2008 and the market remained generally inactive during this period due to low trading volumes.

SECP through its circular No. Enf/D-III/Misc/1/2008 dated January 29, 2009 has clarified that the market prices quoted on stock exchange on December 31, 2008 may be used as the fair value of securities as of that date for the purpose of preparation of financial statements for the period ended December 31, 2008. Accordingly, equity securities have been valued at the market prices as quoted on the stock exchange on December 31, 2008.

## 7. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivative	Number of shares	Settlement	Underlying	Notional amount	Fair value	
					Assets	Liabilities
----- (Rupees in '000) -----						
Rights entitlement						
Nishat Mills Limited	22,500	February 12, 2009	Equity indices	-	6	-
			<b>December 31, 2008</b>		<b>6</b>	<b>-</b>
			<b>June 30, 2008</b>		<b>-</b>	<b>-</b>

	<u>Six months period ended</u>	<u>Quarter ended</u>
	<u>December 31, 2008</u>	
	(Rupees in '000)	
<b>8. LOSS PER UNIT OUTSTANDING - BASIC</b>		
Net loss for the period	<u>(44,689)</u>	<u>(28,887)</u>
	(Number of units)	
Number of units in issue	<u>11,687,248</u>	<u>11,687,248</u>
	(Rupees)	
Loss per unit outstanding - basic	<u>(3.82)</u>	<u>(2.47)</u>

**9. 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, Pak Kuwait Investment Company (Private) Limited and Al Meezan Mutual Fund Limited, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Balanced Fund and Meezan Islamic Income Fund being the Funds under the common management of 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 balances with connected persons and transactions with them at period end and for the period are as follows:

	<u>December 31, 2008</u>	<u>June 30, 2008</u>
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited</b>		
<b>- management company of the Fund</b>		
Remuneration payable	<u>1,736</u>	<u>339</u>
Sales load payable	<u>62</u>	<u>1,728</u>
Preliminary expenses and floatation cost	<u>2,921</u>	<u>2,921</u>
Investment of 146,172 units (June 30, 2008: nil units)	<u>6,720</u>	<u>-</u>

	December 31, 2008	June 30, 2008
	(Rupees in '000)	
<b>Meezan Bank Limited - shariah adviser of the Fund</b>		
Balances with bank	147	11,399
Remuneration payable	2,208	386
Shariah advisory fee payable	183	33
Sales load payable	185	5,185
Investment - loans and receivables originated by the enterprise	482,953	346,220
Investment in 163,986 shares (June 30, 2008: nil shares)	3,522	-
Investment of 5,000,000 units (June 30, 2008: 5,000,000 units)	229,850	248,989
<b>Central Depository Company of Pakistan Limited - trustee of the Fund</b>		
Trustee fee payable	62	77
<b>Directors and other officers of the management company</b>		
Investment of 9,709 units (June 30, 2008: 9,709 units)	446	483
		<b>For the six months period ended December 31, 2008 (Rupees in '000)</b>
<b>Al Meezan Investment Management Limited - management company of the Fund</b>		
Remuneration for the period		1,736
<b>Meezan Bank Limited - shariah adviser of the Fund</b>		
Profit on savings accounts		46
Remuneration for the period		2,208
Shariah advisory fee		150
Investment - loans and receivables originated by the enterprise		136,733
Shares purchased during the period : 151,000 shares		4,407
Bonus shares received during the period: 12,986 shares		-

**For the six  
months  
period ended  
December 31,  
2008  
(Rupees in  
'000)**

**Central Depository Company of Pakistan Limited  
- trustee of the Fund**

Trustee fee	373
CDS charges	<u>4</u>

**10. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 23, 2009 by the board of directors of the management company.

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

**Chief Executive**

**Director**