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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

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, 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
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 QUARTER ENDED SEPTEMBER 30, 2008

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 un-audited financial statements of the Fund for the quarter ended September 30, 2008.

Market Review

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

Economic Review

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

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

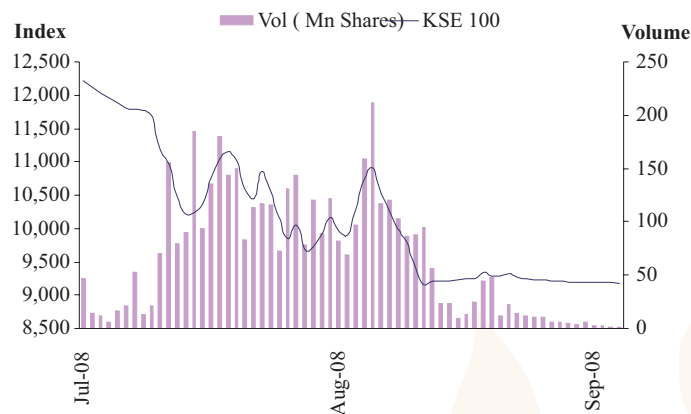
Equity Market Review

The downward trend at KSE that began in the final quarter of last year continued into the first quarter of FY09. In order to arrest the sharp decline, Securities and Exchange Commission of Pakistan (SECP) had changed the circuit breakers to a floor of 1% and a cap of 10% on June 24, 2008. This measure, however, did not improve the situation and created a problem for margin traders who wanted an exit. Due to drying up of volumes after the introduction of these circuit breakers, the SECP decided to revert them back to the original 5% level on July 11, 2008.

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

To stem further downside in the market, the KSE Board of Directors on August 27, 2008 decided to place a floor on the index at a level of 9,144 based on the closing prices of securities that day. Since there is no price discovery since then, investors have stayed away from the market during the month of September and volumes are down to less than a million shares a day.

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



Performance Review

For the quarter ended September 30, 2008, the Fund earned gross income of Rs. 14.75 million, main contributor of which was profit on Murabaha of Rs. 12.692 million. After accounting for expenses of Rs. 2.738 million and revaluation loss of Rs. 27.62 million, the Fund recorded a net loss of Rs. 15.802 million for the period. This translates into loss per unit of Rs. 1.34. The net assets of MCPF-I as at September 30, 2008 stood at Rs. 572 million which translates into net asset value per unit of Rs. 48.46.

A New Initiative - Launching of the Islamic Index

The KSE and Al-Meezan Investments launched the first co-branded Islamic Index "KSE-Meezan Index (KMI)" on the 1st Ramadan (September 2, 2008). The index comprises of thirty companies which qualify KMI Shariah screening criteria and are weighted by float adjusted market capitalisation subject to a 12% cap on weights of individual securities.

Investment Policy

The objective of MCPF-I is to provide the maximum total return to the unit holders from investment in Shariah compliant investments with capital protection of investment upon maturity. While abiding by "Non-Banking Finance Companies Rules, 2003" and "Non-Banking Finance Companies and Notified Entities Regulations, 2007", 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.

Future Outlook

Despite a challenging economic outlook, we are optimistic about the long term growth trend of the country and remain confident about the future prospects of the stock market in general and of Meezan Capital Protected Fund-I in particular. Going forward, it is expected that price floor mechanism would be removed along with the establishment of a stabilization fund, which will help to improve investor confidence.

Future direction of the market is likely to be driven by growth prospects, political stability, improved balance of payment and foreign investment in the country. We anticipate growing interest from foreign and local investors in the equity market as it is currently trading at a PE multiple discount of 25% as compared to the regional markets.

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, MCPF-I's trustee, Central Depository Company of Pakistan and management of Karachi Stock Exchange for all their support and guidance. Last but not the least, we would like to place on record our gratitude to Justice (Retd.) Muhammad Taqi Usmani in special and other members of the Shariah board of Meezan Bank in general, for their continued guidance on Shariah aspects of fund management.

For and on behalf of the Board

Karachi.
October 22, 2008

Mohammad Shoib, CFA
Chief Executive

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

	Note	(Unaudited) September 30, 2008	(Audited) June 30, 2008
Assets		(Rupees in '000)	
Capital protection segment			
Loans and receivables originated by the enterprise	5	469,602	346,220
Investment segment			
Balances with banks		4,961	142,831
Investments at fair value through profit or loss		99,716	96,243
Profit receivable on savings accounts		392	498
		105,069	239,572
Dividend receivable		602	2,052
Deposit with CDC		100	100
Preliminary expenses and floatation costs		2,550	2,784
Total assets		577,923	590,728
Liabilities			
Payable to Al Meezan Investment Management Limited - management company of the Fund		3,850	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		1,390	5,604
Payable to Securities and Exchange Commission of Pakistan		143	59
Accrued expenses and other liabilities		224	793
Total liabilities		5,669	11,521
Net assets		572,254	579,207
Unitholders' funds (as per statement attached)		572,254	579,207
		Number of units	
Number of units in issue		11,808,185	11,631,196
		Rupees	
Net assets value per unit		48.46	49.80

The annexed notes 1 to 9 form an integral part of these financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM
INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	September 30, 2008 (Rupees in '000)
Income	
Net realised gain on sale of investments	-
Dividend income	1,621
Profit on savings accounts with banks	437
Profit on murabaha	<u>12,692</u>
	14,750
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	<u>(27,620)</u>
Total income	(12,870)
Expenses	
Remuneration to Al Meezan Investment Management Limited - management company of the Fund	867
Remuneration to Central Depository Company of Pakistan Limited - trustee of the Fund	185
Remuneration to Meezan Bank Limited - Shariah adviser of the Fund	1,174
Annual fee to Securities and Exchange Commission of Pakistan	143
Auditors' remuneration	54
Fees and subscription	9
Legal and professional charges	-
Amortisation of preliminary expenses and floatation costs	234
Brokerage	48
Bank and settlement charges	16
Printing charges	8
Total expenses	<u>2,738</u>
Net loss from operating activities	(15,608)
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	(194)
Net loss	<u><u>(15,802)</u></u>
Loss per unit outstanding - basic (Rupees)	<u><u>(1.34)</u></u>

The annexed notes 1 to 9 form an integral part of these financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM
DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	September 30, 2008 (Rupees in '000)
Unappropriated loss brought forward	(2,353)
Net loss for the period	(15,802)
Net loss for the period carried forward	<u>(18,155)</u>

The annexed notes 1 to 9 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 UNITHOLDERS' FUNDS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	September 30, 2008 (Rupees in '000)
Net assets at the beginning of the period	579,207
Issue of 176,989 units	8,655
Element of loss and capital losses included in prices of units issued less those in units redeemed	194
Net loss for the period	(15,802)
Net assets at the end of the period	<u><u>572,254</u></u>
Net assets value per unit at the end of the period	<u><u>48.46</u></u>

The annexed notes 1 to 9 form an integral part of these financial statements.

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

Chief Executive

Director

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

	September 30, 2008 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	(15,802)
Adjustments for:	
Dividend income	(1,621)
Profit on savings accounts with banks	(437)
Profit on murabaha	(12,692)
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	27,620
Amortisation of preliminary expenses and floatation costs	234
Element of loss and capital losses included in prices of units issued less those in units redeemed	194
	(2,504)
Increase in assets	
Loans and receivables originated by the enterprise	(110,690)
Investments at fair value through profit or loss	(31,153)
	(141,843)
Increase in liabilities	
Payable to Al Meezan Investment Management Limited - management company of the Fund	(1,138)
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund	(15)
Payable to Meezan Bank Limited - Shariah adviser of the Fund	(4,214)
Payable to Securities and Exchange Commission of Pakistan	84
Accrued expenses and other liabilities	(569)
	(5,852)
Dividend received	3,131
Profit received on savings accounts with banks	543
Net cash outflow from operating activities	(146,525)
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts from sale of units	8,655
Net cash inflow from financing activities	8,655
Net cash inflow during the period	(137,870)
Cash and cash equivalents at the beginning of the year	142,831
Cash and cash equivalents at the end of the period	4,961

The annexed notes 1 to 9 form an integral part of these financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM NOTES TO THE
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 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). 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.
- 1.5 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 requirements of approved accounting standards as applicable in Pakistan, the trust deed, the NBFC Rules and NBFC Regulations and directives issued by the SECP. Approved accounting standards comprise of such International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Whenever the requirements of

the trust deed, the NBFC Rules and NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the trust deed, the NBFC Rules and NBFC Regulations and the said directives take precedence.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5. LOANS AND RECEIVABLES ORIGINATED BY THE ENTERPRISE

	September 30, 2008	June 30, 2008
Note	(Rupees in '000)	
5.1 Principal amount	453,720	343,030
Profit receivable	15,882	3,190
Total	469,602	346,220

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 Sep 30, 2008	Cost as at Sep 30, 2008	Market value as at Sep 30, 2008	Unrealised (loss) as at Sep 30, 2008	Percentage of net assets on the basis of market value (see note 6.3 below)	Percentage of total investment
	----- Number of shares of listed companies -----					Rupees in '000				
Automobile assemblers										
Indus Motor Company Limited	6,190	-	-	-	6,190	1,238	887	(351)	0.16	0.89
Commercial Banks										
Meezan Bank Limited	-	151,000	-	-	151,000	4,407	4,107	(300)	0.72	4.12
Textile Composite										
Nishat Mills Limited	45,000	-	-	-	45,000	3,869	2,102	(1,767)	0.37	2.11
Cement										
DG Khan Cement Company Limited	32,000	82,000	-	-	114,000	7,201	4,478	(2,723)	0.78	4.49
Chemical										
ICI Pakistan Limited	14,800	-	-	-	14,800	2,388	1,879	(509)	0.33	1.88
Technology and communication										
Pakistan Telecommunication Company Limited 'A'	126,000	75,000	-	-	201,000	7,669	6,332	(1,337)	1.11	6.35
Oil and gas exploration companies										
Oil and Gas Development Company Ltd.	150,000	-	-	-	150,000	18,654	14,165	(4,489)	2.48	14.21
Pakistan Petroleum Limited	150,000	-	15,000	-	165,000	36,899	31,952	(4,947)	5.58	32.04
									8.06	46.25
Miscellaneous										
Tri Pack Films Limited	-	80,000	-	-	80,000	13,028	12,239	(789)	2.14	12.27
Fertilizer										
Engro Chemical Pakistan Limited	33,000	11,000	-	-	44,000	12,205	7,939	(4,266)	1.39	7.96
Fauji Fertilizer Bin Qasim Company Ltd.	323,000	100,000	-	-	423,000	14,485	9,636	(4,849)	1.68	9.66
Fauji Fertilizer Company Limited	40,000	-	-	-	40,000	5,293	4,000	(1,293)	0.70	4.01
Total						127,336	99,716	(27,620)	3.77	21.64

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

6.3 Net assets are as defined in regulation 2 (xxvi) of NBFC Regulations.

	September 30, 2008 (Rupees in '000)
7. LOSS PER UNIT	
Net loss for the period	<u>(15,802)</u>
	Number of units
Number of units in issue	<u>11,808,185</u>
	Rupees
Loss per unit outstanding - Basic	<u>(1.34)</u>

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

	September 30, 2008	June 30, 2008
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- management company of the Fund		
Remuneration payable	<u>867</u>	<u>339</u>
Sales load payable	<u>61</u>	<u>1,728</u>
Preliminary expenses and floatation cost	<u>2,921</u>	<u>2,921</u>
Investment of 74,853 Units (June 30, 2008: NIL Units)	<u>3,627</u>	<u>-</u>
Meezan Bank Limited - shariah adviser		
of the Fund		
Balances with bank	<u>156</u>	<u>11,399</u>
Remuneration payable	<u>1,098</u>	<u>386</u>
Shariah advisory fee payable	<u>108</u>	<u>33</u>
Sales load payable	<u>185</u>	<u>5,185</u>
Investment of 5,000,000 units	<u>242,300</u>	<u>248,989</u>
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	<u>470</u>	<u>483</u>

For the
quarter ended
September 30,
2008

(Rupees in '000)

**Al Meezan Investment Management Limited
- management company of the Fund**

Remuneration for the period 867

Meezan Bank Limited - shariah adviser of the Fund

Profit on savings accounts 43

Remuneration for the period 1,098

Shariah advisory fee 76

Units issued: 5,000,000 units -

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

Trustee fee 185

CDS charges 3

9. DATE OF AUTHORISATION FOR ISSUE

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director