

CONTENTS

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



Our Mission

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

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

Our Vision

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

FUND INFORMATION

MANAGEMENT COMPANY

Al Meezan Investment Management Limited
Ground Floor, Block "B", Finance & Trade Centre,
Shahrah-e-Faisal, Karachi 74400, Pakistan.
Phone: (9221) 5630722-6, 111-MEEZAN
Fax: (9221) 5676143, 5630808
Web site: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

| | |
|---------------------------|----------|
| Mr. Ariful Islam | Chairman |
| Mr. Tasnimul Haq Farooqui | Member |
| Mr. Mazhar Sharif | Member |

TRUSTEE

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

AUDITORS

A.F. Fergusons & 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
Bank Al Habib Limited
MCB Bank Limited - Islamic Banking Branch
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
Dubai Islamic Bank Pakistan Limited
Prime Commercial Bank Ltd. Islamic Branch
UBL Ameen - Islamic Banking Branch

LEGAL ADVISOR

Bawany & Partners
404, 4th Floor, Beaumont Plaza, 6-CL-10
Beaumont Road, Civil Lines
Karachi - 75530
Phone: (9221) 565 7658-59
Fax: (9221) 565 7673
E-mail: bawaney@cyber.net.pk

TRANSFER AGENT

THK Associates (Pvt.) Limited
Ground Floor, State Life Building-3
Dr. Ziauddin Ahmed Road, Karachi-75536
Phone : (9221) 111-000-322
Fax : (9221) 5655595
P.O. Box No. 8533



Balanced Fund

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

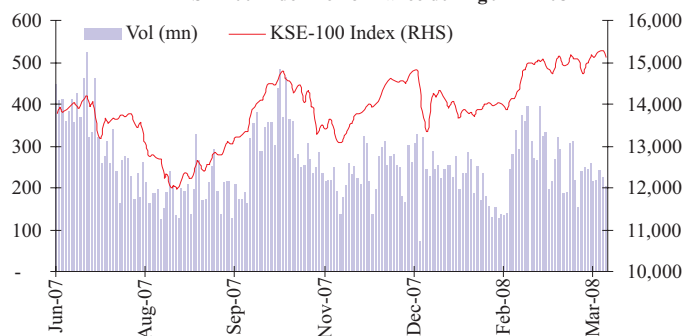
The Board of Directors of Al Meezan Investment Management Limited, the Management Company of Meezan Balanced Fund, is pleased to present the unaudited accounts of Meezan Balanced Fund (MBF) for the nine months ended March 31, 2008. MBF is a closed end balanced fund that complies with the provisions of Islamic Shariah. Despite being a balanced fund, MBF recorded an NAV based appreciation of 10.7% during the period under review which compares favorably with the bench mark return of 9.26%.

Market Review

Stock market showed resilience during the first three quarters of FY08 despite uncertainties on the political front. The KSE-100 Index gained 9.82% during the nine month period, while Dow Jones Islamic market Pakistan Index, an index of Shariah compliant companies listed on Karachi Stock Exchange, registered an increase of 10.32%.

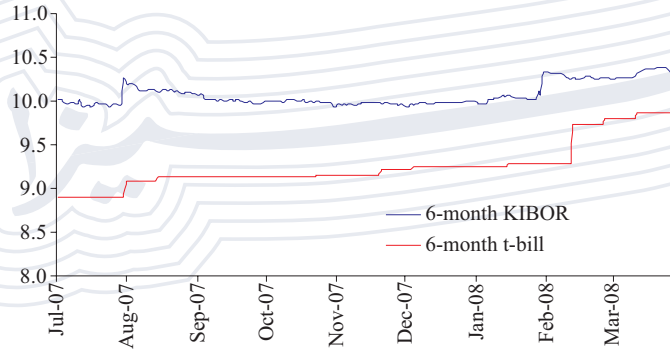
The fiscal year started with positive momentum but soon sentiments turned bearish as political uncertainty and judicial issue started to impact the market. KSE-100 Index touched period's low of 11,955 on August 27, 2007 triggered by outflow of foreign funds. Later, President's re-election led to stock market recovery which was short lived as news of imposition of emergency and assassination of former Prime Minister of Pakistan Benazir Bhutto brought back the negative sentiments. Turn of the calendar year brought some relief to the market. Peaceful elections and creation of broad based coalition government led to a rebound in the stock market post elections. In addition rising international oil prices, up 56% during the period under review, provided an impetus to the rally in KSE 100-index beyond the 15,000 level.

KSE-100 Index Performance during 9MFY08



Increasing inflation and central bank's efforts to control it through a tight monetary policy has been the theme of the money markets in the first nine months of FY08. High international oil prices coupled with rising commodity prices, partly due to lower domestic production and partly due to international trends, have fed domestic inflation in recent months. State Bank of Pakistan (SBP) has been trying to control inflationary pressure through a combination of interest rate hikes and by increasing reserve requirements for commercial banks. SBP has twice increased interest rates during the first nine months of the current fiscal year. This has resulted in 6 month T-bill rates to increase from 8.9% in June 2007 to 9.8% by end of March 2008, an increase of almost 90 bps. The impact of tight monetary policy on KIBOR has been less pronounced with an increase of 31 bps during the same period, increase from 10.01% to 10.32%.

Trend in Interest Rates during 9MFY08

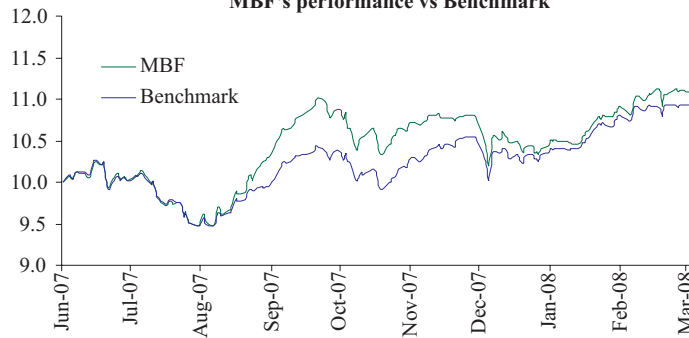


Performance Review

During the period under review, MBF yielded an NAV based return of 10.7% against its benchmark return of 9.26% which comprises of 50% return of DJIMPK and 50% return of 6-month T-bill. This represents an outperformance of 1.44% over its benchmark. MBF's outperformance of its benchmark was achieved from September 2007 onwards, when higher than benchmark allocation to equities helped the Fund. Net assets of the Fund as at March 31, 2007 were Rs. 1,547 million as compared to Rs. 1,598 million as at June 30, 2007. The net asset value of the Fund as at March 31, 2008 was Rs. 12.90 per certificate.

The Fund, during the nine months ended March 31, 2008 earned a total gross income of Rs. 182 million (9MFY07: Rs. 165 million). The income mainly comprised of capital gains (net) on sale of investments of Rs. 51 million (9MFY07: Rs. 65 million), dividend income of Rs. 30 million (9MFY07: Rs. 49 million) and return on Shariah compliant bank placements of Rs. 30 million (9MFY07: Rs. 16 million). The unrealized gain on investments for the nine months was Rs. 62 million (9MFY07: Rs. 25 million). After accounting for expenses of Rs. 40 million, the net profit for the period was Rs. 141 million (9MFY07: Rs. 124 million), which translates into earning per certificate of Rs. 1.18 (9MFY07: Rs. 1.03).

MBF's performance vs Benchmark



* Benchmark represents 50% return of Dow Jones JS Pakistan Islamic Index and 50% return on 6-month T-bill

Investment Policy

Being a balanced fund, the investment objective of Meezan Balanced Fund is to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and Islamic Income Instruments such as TFCs, Certificates of Islamic Investments, Certificates of Musharika, Islamic Sukuk, Shariah compliant spread transactions and other such Shariah compliant instruments.

Mutual Fund Rating

Investors of MBF would be pleased to know that Pakistan Credit Rating Agency (PACRA) has assigned the highest possible rating for mutual funds to Meezan Balanced Fund. MBF has been rated 5-Star which denotes superior performance of MBF versus its peers.

Future Outlook

We are optimistic about the future prospects of the stock market. Future direction of the market is likely to be driven by developments on the economic front. We expect the government to give incentives to domestic sectors and agriculture in the upcoming budget which will bode well for the economy and the market. We continue to see value in Pakistani equities and remain positive on the basis of relative attractive valuations and continuing double-digit earnings growth of listed companies.

On the money market side, in light of the persistent inflationary pressures on the economy, we expect SBP to continue with its tight monetary policy which will result in a firm interest rate environment. This along with increasing competition in the banking sector resulting in better deposit rates, bodes well for the future outlook of MBF.

Acknowledgment

We take this opportunity to thank our valuable investors for reposing faith in Al Meezan Investments and making it the largest Shariah Compliant asset management firm in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan, MBF's trustee, Central Depository Company of Pakistan and the management of Karachi Stock Exchange for all their support and guidance. Last but not the least, we would like to place on record our gratitude for 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

April 22, 2008
Karachi.

Mohammad Shoib, CFA
Chief Executive

**CONDENSED INTERIM
STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2008**

| | (Unaudited) March 31, 2008 | (Audited) June 30, 2007 |
|--|----------------------------------|-------------------------------|
| Note | ----- (Rupees in '000) ----- | |
| Assets | | |
| Balances with banks | 440,571 | 415,628 |
| Placements | - | 100,000 |
| Investments at fair value through profit or loss | 5 1,098,274 | 951,211 |
| Receivable against sale of investments | - | 202,561 |
| Dividend receivable | 5,013 | 2,352 |
| Derivative financial instruments | 6 2,625 | 19,573 |
| Deposits, prepayments and other receivables | 13,056 | 8,640 |
| Preliminary expenses and floatation costs | 2,079 | 3,334 |
| Total assets | <u>1,561,618</u> | <u>1,703,299</u> |
| Liabilities | | |
| Payable to Al Meezan Investment Management Limited - Management Company of the fund | 7,288 | 47,658 |
| Payable to Central Depository Company of Pakistan Limited - trustee of the fund | 145 | 156 |
| Payable to Securities and Exchange Commission of Pakistan | 1,138 | 1,445 |
| Payable to Meezan Bank Limited - Shariah Advisor of the fund | 189 | 250 |
| Payable against purchase of investments | 41 | 45,600 |
| Accrued expenses and other liabilities | 1,788 | 2,243 |
| Derivative financial instruments | 6 - | 4,573 |
| Unclaimed dividend | 3,574 | 3,208 |
| Total liabilities | <u>14,163</u> | <u>105,133</u> |
| Net assets | <u>1,547,455</u> | <u>1,598,166</u> |
| Commitments | 6 | |
| Certificate holders' equity (as per statement attached) | | |
| Issued, subscribed and paid-up capital | | |
| 120,000,000 ordinary certificates of Rs. 10 each | 1,200,000 | 1,200,000 |
| Unappropriated income carried forward | 347,455 | 398,166 |
| | <u>1,547,455</u> | <u>1,598,166</u> |
| Net assets value per certificate (Rupees) | <u>12.90</u> | <u>13.32</u> |

The annexed notes from 1 to 8 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 NINE MONTHS AND QUARTER ENDED AS AT MARCH 31, 2008**

| | Nine months ended | | Quarter ended | |
|--|------------------------------|----------------|---------------|---------------|
| | March 31, | | March 31, | |
| | 2008 | 2007 | 2008 | 2007 |
| | ----- (Rupees in '000) ----- | | | |
| Income | | | | |
| Net realised gain on sale of investments | 51,307 | 65,422 | 5,648 | 22,624 |
| Dividend income | 30,153 | 48,742 | 9,520 | 12,735 |
| Profit on deposit accounts with banks | 30,384 | 16,346 | 9,360 | 6,591 |
| Profit on term finance certificates | - | 198 | - | 40 |
| Profit on Sukuk certificates | 19,840 | 6,330 | 7,720 | 1,980 |
| | <u>131,684</u> | <u>137,038</u> | <u>32,248</u> | <u>43,890</u> |
| Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss (net) | 62,328 | 24,500 | 56,865 | 41,010 |
| (Loss) / Gain on re-measurement of derivative financial instruments (net) | (12,375) | 3,605 | 2,625 | (3,238) |
| | <u>49,953</u> | <u>28,105</u> | <u>59,490</u> | <u>37,772</u> |
| Total income | <u>181,637</u> | <u>165,143</u> | <u>91,738</u> | <u>81,662</u> |
| Operating expenses | | | | |
| Remuneration of Al Meezan Investment Management Limited - Management Company of the Fund | 34,249 | 31,229 | 11,348 | 10,341 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee of the Fund | 1,268 | 1,210 | 416 | 391 |
| Annual fee-Securities and Exchange Commission of Pakistan | 1,138 | 1,068 | 372 | 342 |
| Remuneration to Meezan Bank Limited - Shariah Advisor of the fund | 188 | - | 62 | - |
| Auditors' remuneration | 335 | 281 | 81 | 68 |
| Fees and subscription | 96 | 221 | 32 | 157 |
| Amortisation of preliminary expenses and floatation costs | 1,257 | 1,251 | 417 | 417 |
| Brokerage | 1,370 | 5,003 | 344 | 1,193 |
| Legal and professional charges | 138 | 113 | 62 | 37 |
| Settlement and bank charges | 309 | 848 | 68 | 206 |
| | <u>40,348</u> | <u>41,224</u> | <u>13,202</u> | <u>13,152</u> |
| Net income for the period | <u>141,289</u> | <u>123,919</u> | <u>78,536</u> | <u>68,510</u> |
| Basic earnings per certificate (Rupees) | <u>1.18</u> | <u>1.03</u> | <u>0.65</u> | <u>0.57</u> |

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

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

Chief Executive

Director

**CONDENSED INTERIM
DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED AS AT MARCH 31, 2008**

| | Nine months ended March 31, | | Quarter ended March 31, | |
|--|--------------------------------|----------------|----------------------------|----------------|
| | 2008 | 2007 | 2008 | 2007 |
| | ----- (Rupees in '000) ----- | | | |
| Unappropriated income brought forward | 398,166 | 313,204 | 233,016 | 128,613 |
| Less: Final distribution in the form of cash dividend for the year ended June 30, 2007 (comparative : June 30, 2006) | (192,000) | (240,000) | - | - |
| Net income for the period | 141,289 | 123,919 | 78,536 | 68,510 |
| Unappropriated income carried forward | <u>347,455</u> | <u>197,123</u> | <u>311,552</u> | <u>197,123</u> |

The annexed notes from 1 to 8 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 (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED AS AT MARCH 31, 2008**

| | Nine months ended 31 March | | Quarter ended 31 March | |
|---|-------------------------------|--------|---------------------------|--------|
| | 2008 | 2007 | 2008 | 2007 |
| | (Rupees in '000) | | | |
| Net assets per certificate at the beginning of the period | 13.32 | 12.61 | 12.24 | 11.07 |
| Net realised gain on sale on investments | 0.43 | 0.55 | 0.05 | 0.20 |
| Dividend income | 0.25 | 0.41 | 0.08 | 0.11 |
| Profit on deposit accounts with banks | 0.25 | 0.14 | 0.07 | 0.06 |
| Profit on Sukuk Certificates | 0.17 | 0.05 | 0.07 | 0.01 |
| Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss (net) | 0.52 | 0.20 | 0.48 | 0.34 |
| (Loss) / Gain on re-measurement of derivative financial instruments (net) | (0.10) | 0.03 | 0.02 | (0.03) |
| Expenses | (0.34) | (0.34) | (0.11) | (0.11) |
| Net income for the period | 1.18 | 1.03 | 0.66 | 0.57 |
| Dividend declared of Rs. 1.6 (June 30, 2006: Rs. 2) per certificate for the year ended June 30, 2007 | (1.60) | (2.00) | - | - |
| Net assets per certificate at the end of the period | 12.90 | 11.64 | 12.90 | 11.64 |

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

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

Chief Executive

Director

**CONDENSED INTERIM
CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED AS AT MARCH 31, 2008**

| | Nine months ended | | Quarter months ended | |
|--|------------------------------|------------------|----------------------|----------------|
| | 31 March | 2007 | 2008 | 2007 |
| | ----- (Rupees in '000) ----- | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income for the period | 141,289 | 123,919 | 78,536 | 68,510 |
| Adjustments for: | | | | |
| Dividend income | (30,153) | (48,742) | (9,520) | (12,735) |
| Profit on deposit accounts with banks | (30,384) | (16,346) | (9,360) | (6,591) |
| Profit on term finance certificates | - | (198) | - | 40 |
| Profit on Sukuk Certificates | (19,840) | (6,330) | (7,720) | (1,980) |
| Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss | (62,328) | (24,500) | (56,865) | (41,010) |
| Loss / (Gain) on derivative financial instruments (net) | 12,375 | (3,605) | (2,625) | 3,238 |
| Amortisation of preliminary expenses and floatation costs | 1,257 | 1,251 | 417 | 417 |
| | 12,216 | 25,449 | (7,137) | 9,889 |
| (Increase) / decrease in assets | | | | |
| Placements | 100,000 | - | 175,000 | - |
| Investments - available for sale | - | 200,000 | - | - |
| Investment at fair value through profit or loss | (84,735) | 203,305 | 39,104 | 153,178 |
| Receivable against sale of investments | 202,561 | 154,318 | - | (53,473) |
| Advances, deposits, prepayments and other receivables | (2,532) | 1,269 | 32 | 1,373 |
| | 215,294 | 558,892 | 214,136 | 101,078 |
| Increase / (decrease) in liabilities | | | | |
| Payable to Al Meezan Investment Management Limited - Management Company of the fund | (40,370) | (15,091) | 205 | 10,341 |
| Payable to Central Depository Company of Pakistan Limited - trustee of the fund | (11) | (3) | 1 | 4 |
| Payable to Securities and Exchange Commission of Pakistan | (307) | (420) | 372 | (1,146) |
| Payable to Meezan Bank Limited- Shariah Advisor of the Fund | (61) | - | 63 | - |
| Payable against purchase of investments | (45,559) | (149,925) | 2 | - |
| Accrued expenses and other liabilities | (455) | 780 | 25 | 90 |
| | (86,763) | (164,659) | 668 | 9,289 |
| Cash (used in) / generated from operations | 140,747 | 419,682 | 207,667 | 120,256 |
| Dividend income received | 27,492 | 53,779 | 8,355 | 7,929 |
| Profit received on deposit accounts with banks | 32,751 | 13,756 | 12,617 | 5,318 |
| Profit received on term finance certificates | - | 238 | - | 1 |
| Profit received on Sukuk certificates | 15,588 | 3,198 | 8,076 | (3,811) |
| Net cash inflow / (outflow) from operating activities | 216,578 | 490,653 | 236,715 | 129,693 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Dividend paid | (191,635) | (239,705) | (3,845) | (8,481) |
| Net cash outflow from financing activities | (191,635) | (239,705) | (3,845) | (8,481) |
| Net (decrease) / increase in cash and cash equivalents | 24,943 | 250,948 | 232,870 | 121,212 |
| Bank Balances at the beginning of the period | 415,628 | 53,138 | 207,701 | 182,874 |
| Bank Balances as at the March 31, 2008 | 440,571 | 304,086 | 440,571 | 304,086 |

The annexed notes from 1 to 8 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 (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED AS AT MARCH 31, 2008**

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 Investment Management Limited (AMIML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed on June 15, 2004 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 8, 2004 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On November 21, 2007 Non Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations) were notified. The registered office of the Management Company is situated in Finance and Trade Centre, Sharah-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, musharaka 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 as shariah advisor to ensure that the activities of the Fund are in compliance with the principles of islamic shariah. The Management Company of the Fund is registered with SECP as a Non-Banking Finance Company under NBFC Rules.

1.3 The Fund is a closed end scheme (mutual fund) and its certificates are listed on the Karachi Stock Exchange.

2. BASIS OF PRESENTATION

2.1 The transactions undertaken by the Fund in accordance with the process prescribed under the shariah guidelines issued by the shariah advisor are accounted for on substance rather than the form prescribed by the earlier referred guidelines.

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, the NBFC Rules and NBFC Regulations and the directives issued by the SECP. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Wherever 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. 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 The comparative balance sheet presented in these condensed financial statements as at June 30, 2007 has been extracted from the audited financial statements of the fund for the year ended June 30, 2007 whereas the comparative income statement, distribution statement, statement of movement in equity and reserves per certificate and the cashflow statement have been extracted from the financial statements for the nine months period ended March 31, 2007.

4. SUMMARY OF ACCOUNTING POLICIES AND ESTIMATES

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, 2007.

| | Note | (Unaudited) March 31, 2008 | (Audited) June 30, 2007 |
|--|-------|----------------------------------|-------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 5 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS | | | |
| Held for trading | 5.1 | 771,868 | 669,918 |
| Investments 'at fair value through profit or loss upon initial recognition.' | 5.2 | 326,406 | 281,293 |
| | | <u>1,098,274</u> | <u>951,211</u> |
| 5.1 Held for trading | | | |
| Shares of listed companies | 5.1.1 | 681,008 | 644,254 |
| Sukuk Certificates | 5.1.5 | 90,860 | 25,664 |
| | | <u>771,868</u> | <u>669,918</u> |

5.1.1 Held for trading - shares of listed companies

| Name of the investee company | As at July 01, 2007 | Purchases during the period | Bonuses/ rights issued | Sales during the period | Closing balance as at March 31, 2008 | Cost as at March 31, 2008 | Market value as at March 31, 2008 | Unrealised gain/(loss) as at March 31, 2008 | Percentage in relation to | | |
|---|---------------------|-----------------------------|------------------------|-------------------------|--------------------------------------|---------------------------|-----------------------------------|---|---|--|--|
| | | | | | | | | | Net assets of the Fund on the basis of market value of investments (see note 5.1.3) | Paid-up capital of investee company (with face value of investments) | Total market value (carrying value of investments) |
| -----Number of shares of listed companies----- | | | | | | Rupees in 000 | | | below | | |
| Commercial Banks | | | | | | | | | | | |
| Bank Islami Pakistan Limited | - | 15,131,250 | - | 15,030,000 | 101,250 | 1,238 | 1,984 | 746 | 0.13 | 0.02 | 0.29 |
| Textile composite | | | | | | | | | | | |
| Nisbat Mills Limited | 378,100 | 25,000 | - | 168,500 | 234,600 | 30,179 | 25,208 | (4,971) | 1.63 | 0.15 | 3.70 |
| Jute | | | | | | | | | | | |
| Thal Limited | 88,880 | - | 26,664 | - | 115,544 | 24,798 | 28,337 | 3,539 | 1.83 | 0.19 | 4.16 |
| Cement | | | | | | | | | | | |
| Attock Cement Pakistan Limited | 125,000 | 35,000 | - | - | 160,000 | 19,130 | 17,696 | (1,434) | 1.14 | 0.22 | 2.60 |
| Cherat Cement Company Limited | 48,382 | - | - | - | 48,382 | 2,734 | 2,148 | (586) | 0.14 | 0.05 | 0.32 |
| D.G. Khan Cement Limited | - | 210,000 | - | 100,000 | 110,000 | 11,947 | 12,430 | 483 | 0.80 | 0.04 | 1.83 |
| Fauji Cement Limited | - | 143,500 | - | 50,000 | 93,500 | 1,609 | 1,393 | (216) | 0.09 | 0.01 | 0.20 |
| Automobile Assembler | | | | | | | | | | | |
| Pak Suzuki Motor Company Limited | 56,800 | - | - | - | 56,800 | 22,266 | 14,484 | (7,782) | 0.94 | 0.07 | 2.13 |
| Refinery | | | | | | | | | | | |
| National Refinery Limited | 89,500 | - | 7,700 | - | 97,200 | - | - | - | - | - | - |
| Power generation and distribution | | | | | | | | | | | |
| Kot Addu Power Company Limited | - | 81,000 | - | 81,000 | - | - | - | - | - | - | - |
| The Hub Power Company Limited | 2,056,500 | 585,000 | - | 379,500 | 2,262,000 | 80,825 | 72,271 | (8,554) | 4.67 | 0.20 | 10.61 |
| Oil and gas marketing companies | | | | | | | | | | | |
| Pakistan State Oil Company Limited | 20,600 | 71,000 | - | 30,000 | 61,600 | 24,117 | 32,861 | 8,744 | 2.12 | 0.04 | 4.83 |
| Oil and gas exploration companies | | | | | | | | | | | |
| Oil and Gas Development Company Limited | 562,766 | 335,000 | - | 305,000 | 592,766 | 69,078 | 79,371 | 10,293 | 5.13 | 0.01 | 11.65 |
| Pakistan Oilfields Limited | 85,500 | 154,000 | - | 103,000 | 136,500 | 44,779 | 50,150 | 5,371 | 3.24 | 0.07 | 7.36 |
| Pakistan Petroleum Limited | 176,000 | 156,000 | 23,000 | 51,000 | 304,000 | 71,776 | 79,359 | 7,583 | 5.13 | 0.04 | 11.65 |
| Technology and communication | | | | | | | | | | | |
| Pakistan Telecommunication Company Limited 'A' | - | 1,079,500 | - | 435,900 | 643,600 | 33,742 | 29,219 | (4,523) | 1.89 | 0.02 | 4.29 |
| TRG Pakistan Limited | - | 1,433,000 | - | - | 1,433,000 | 18,420 | 16,265 | (2,155) | 1.05 | 0.38 | 2.39 |
| Chemical | | | | | | | | | | | |
| ICI Pakistan Limited | - | 145,000 | - | 30,000 | 115,000 | 20,507 | 23,058 | 2,551 | 1.49 | 0.08 | 3.39 |
| Fertilizer | | | | | | | | | | | |
| Engro Chemical (Pakistan) Limited | 247,070 | 203,710 | - | 274,500 | 176,280 | 35,489 | 57,097 | 21,608 | 3.69 | 0.09 | 8.38 |
| Fauji Fertilizer Bin Qasim Company Limited | 891,000 | 908,000 | - | 500,000 | 1,299,000 | 52,750 | 58,910 | 6,160 | 3.81 | 0.14 | 8.65 |
| Fauji Fertilizer Company Limited | 457,619 | 153,000 | - | 50,000 | 560,619 | 67,699 | 78,767 | 11,068 | 5.09 | 0.11 | 11.57 |
| Securities sold under deferred sale arrangements | | | | | | | | | | | |
| Oil and gas marketing companies | | | | | | | | | | | |
| Oil and Gas Development Company Limited | 200,000 | - | - | 200,000 | - | - | - | - | - | - | - |
| Technology and communication | | | | | | | | | | | |
| Pakistan Telecommunication Company Limited 'A' | 1,725,500 | - | - | 1,725,500 | - | - | - | - | - | - | - |
| Total | | | | | | 633,083 | 681,008 | 47,925 | | | |

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

5.1.3 Net assets are defined in Regulation 2 (xxvi) of Non Banking Finance Companies and Notified Entities Regulations, 2007.

5.1.4 SECP through its letter No.SEC/NBFC-DD-I/476/2004 dated May 26, 2004 had relaxed the investment limits prescribed in rule 49(3) and (4) of NBFC Rules, 2003 to fifteen percent and thirty percent respectively. The said relaxations now under regulations 64 (5) and (8) of the NBFC Regulations 2007 are valid as confirmed by the SECP vide there letter No.NBFC-II/AD/AMIML/97/2008 dated February 22,2008.

5.1.5 WAPDA Sukuk Certificates

| Name of the investee company | As at July 01, 2007 | Purchases during the period | Sales during the period | As at March 31, 2008 | Carrying Value as at March 31, 2008 | Market value as at March 31, 2008 | Unrealised gain/(loss) as at March 31, 2008 | Percentage in relation to | |
|--|---------------------|-----------------------------|-------------------------|----------------------|-------------------------------------|-----------------------------------|---|---|--|
| | | | | | | | | Net assets of the Fund on the basis of market value of investments (see note 5.1.3) | Total market value (carrying) value of investments |
| -----Number of shares of listed companies----- | | | | | Rupees in '000 | | | | |
| WAPDA First Sukuk Company Limited | - | 20,000 | 2,500 | 17,500 | 89,883 | 90,860 | 977 | 5.87 | 8.27% |

These certificates carry a return at the rate of 10.88% receivable on a semi annual basis with principal redeemable on maturity. The nominal value of the Sukuk certificates are Rs. 5,000 each.

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

| | Note | March 31 2008 (Rupees in '000) | June 30 2007 |
|----------------------------|-------|--------------------------------------|-----------------|
| Shares of listed companies | 5.2.1 | 140,306 | 191,293 |
| Sukuk Certificates | 5.2.2 | 186,100 | 90,000 |
| | | <u>326,406</u> | <u>281,293</u> |

5.2.1 Shares of listed companies

| Name of the investee company | As at July 01, 2007 | Purchases during the period | Bonus/ rights issue | Sales during the period | Closing balance as at March 31, 2008 | Cost as at March 31, 2008 | Market value as at March 31, 2008 | Unrealised gain/(loss) as at March 31, 2008 | Percentage in relation to | | |
|--|---------------------|-----------------------------|---------------------|-------------------------|--------------------------------------|---------------------------|-----------------------------------|---|---|--|--|
| | | | | | | | | | Net assets of the Fund on the basis of market value of investments (see note 5.1.3 above) | Paid-up capital of investee company (with face value of investments) | Total market value (carrying) value of investments |
| -----Number of shares of listed companies----- | | | | | | Rupees in '000 | | | | | |
| Automobile assembler | | | | | | | | | | | |
| Indus Motor Company Limited | 206,100 | - | - | - | 206,100 | 62,963 | 58,739 | (4,224) | 3.80 | 0.26 | 41.86 |
| Paper and board | | | | | | | | | | | |
| Packages Limited | 366,868 | 318,500 | 25,105 | 518,000 | 192,473 | 59,805 | 72,610 | 12,805 | 4.69 | 0.23 | 51.75 |
| Commercial banks | | | | | | | | | | | |
| Meezan Bank Limited | 352,500 | - | 36,500 | 170,000 | 219,000 | 5,840 | 8,957 | 3,117 | 0.58 | 0.05 | 6.38 |
| | | | | | | <u>128,608</u> | <u>140,306</u> | <u>11,698</u> | | | |

5.2.2 Sukuk certificates

| Name of the investee company | As at July 01, 2007 | Purchases during the period | Sales during the period | Redemption during the period | As at March 31, 2008 | Carrying Value as at March 31, 2008 | Market value as at March 31, 2008 | Unrealised gain/(loss) as at March 31, 2008 | Percentage in relation to | |
|--|---------------------|-----------------------------|-------------------------|------------------------------|----------------------|-------------------------------------|-----------------------------------|---|---|--|
| | | | | | | | | | Net assets of the Fund (with market value of investments) | Total market value (carrying value of investments) |
| ----- Number of shares of listed companies ----- | | | | | | Rupees '000 | | | | |
| Sitara Chemical Industries Limited | 18,000 | - | - | - | 18,000.00 | 84,375 | 84,375 | - | 0.05 | 7.68 |
| Engro Chemical Pakistan Limited | - | 15,000 | - | - | 15,000.00 | 75,000 | 76,725 | 1,725 | 0.05 | 6.99 |
| Security Leasing Corporation Limited | - | 5,000 | - | - | 5,000.00 | 25,000 | 25,000 | - | 0.02 | 2.28 |
| | | | | | | 184,375 | 186,100 | 1,725 | | |
| Total cost of investments | | | | | | | 186,100 | | | |

5.2.3 These certificates carry a return at the rate of 11.76% to 12.31% receivable on a semi annual basis with principal redeemable on maturity. The nominal value of the above certificates is Rs. 5,000 each.

6 DERIVATIVE FINANCIAL INSTRUMENTS

| Type of contract | Settlement | Underlying | March 31, 2008 | |
|------------------|------------|----------------|---------------------|--------------------------|
| | | | Fair value (Assets) | Fair value (Liabilities) |
| Letter of right | June 2008 | Equity indices | 2,625 | - |
| | | | 2,625 | - |
| | | June 30, 2007 | 19,573 | - |

7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company Limited being the trustee, Meezan Bank Limited being the shariah advisor of the fund and holding company of the Management Company, Sitara Chemical Industries Limited, Pak Kuwait Investment Company (Private) Limited, directors and officers of the Management Company and funds under management of the Management Company.

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

| | March 31 2008 | June 30 2007 |
|---|------------------|-----------------|
| | (Rupees in '000) | |
| Al Meezan Investment Management Limited | | |
| - Management Company of the Fund | | |
| Remuneration payable | 3,953 | 42,656 |
| Preliminary expenses and floatation costs payable | 3,335 | 5,002 |
| Central Depository Company of Pakistan Limited | | |
| - trustee of the Fund | | |
| Remuneration payable | 145 | 143 |
| Charges payable | 1 | 13 |

| | March 31 2008 | June 30 2007 |
|--|------------------|-----------------|
|--|------------------|-----------------|

(Rupees in '000)

Meezan Bank Limited - shariah advisor of the fund

| | | |
|------------------------------|---------|--------|
| Bank balance and placements | 179,748 | 74,369 |
| Shariah advisory fee payable | 188 | 250 |

Nine months period ended

| | March 31 2008 | March 31 2007 |
|--|------------------|------------------|
|--|------------------|------------------|

(Rupees in '000)

Al Meezan Investment Management Limited

- Management Company of the Fund

| | | |
|--|--------|--------|
| Remuneration for the period | 34,249 | 31,229 |
| Preliminary expenses and floatation costs for the period | 1,257 | 1,251 |

Central Depository Company of Pakistan Limited

- trustee of the Fund

| | | |
|-----------------------------|-------|-------|
| Remuneration for the period | 1,268 | 1,210 |
| Charges for the period | 151 | 178 |

Meezan Bank Limited (MBL) - shariah advisor of the fund

| | | |
|-------------------------------------|--------|--------|
| Profit on deposit accounts with MBL | 12,346 | 8,285 |
| Shariah advisory fee for the period | 188 | - |
| Dividend for the period | 25,815 | 32,269 |

Sitara Chemical Industries Limited

| | | |
|------------------------------|-------|---|
| Profit on sukuk certificates | 7,641 | - |
|------------------------------|-------|---|

Pak Kuwait Investment Company (Private) Limited

| | | |
|-------------------------|--------|--------|
| Dividend for the period | 17,692 | 22,116 |
|-------------------------|--------|--------|

Directors and officers of the management company

| | | |
|-------------------------|----|----|
| Dividend for the period | 55 | 69 |
|-------------------------|----|----|

8. DATE OF AUTHORISATION

These condensed interim financial statements have been authorised on April 22, 2008 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 THE
MANAGEMENT COMPANY IN RELATION TO THE FUND
FOR THE NINE MONTHS AND QUARTER ENDED AS AT MARCH 31, 2008**

| | 2008 | 2007 |
|----------------------------------|-------------------------|---------------|
| | (Rupees in '000) | |
| INCOME | | |
| Management company remuneration | 34,249 | 31,450 |
| Dividend income | 5,681 | 4,100 |
| | 39,930 | 35,550 |
| OPERATING EXPENSES | | |
| Salaries and other benefits | 5,037 | 4,490 |
| Motor vehicle running expenses | 98 | 118 |
| Fees & subscription | 262 | 154 |
| Insurance expense | 54 | 70 |
| Stationery & printing | 110 | 131 |
| Communication | 238 | 249 |
| Depreciation | 416 | 577 |
| Travelling & conveyance | 154 | 109 |
| Entertainment | 25 | 23 |
| Legal & professional charges | 502 | 274 |
| Training and development | 71 | 31 |
| Repairs & maintenance | 26 | 12 |
| Office supplies | 48 | 33 |
| Transfer agency fees | - | 229 |
| Rent, rates and taxes | 431 | 579 |
| Utilities | 96 | 142 |
| Misc. expense | 13 | 8 |
| | 7,581 | 7,229 |
| Net income for the period | 32,349 | 28,321 |

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