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## Our Vision

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

## Our Mission

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

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

## FUND INFORMATION

### MANAGEMENT COMPANY

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

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive
Mr. Tasnimul Haq Farooqui	Director
Mr. Aliuddin Ansari	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Pervaiz Ahmed	Director

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### TRUSTEE

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

### AUDITORS

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

### BANKERS TO THE FUND

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

### SHARIAH ADVISER

Meezan Bank Limited

### LEGAL ADVISER

Bawaney & Partners  
404, 4<sup>th</sup> Floor, Beaumont Plaza, 6-CL-10  
Beaumont Road, Civil Lines  
Karachi - 75530  
Phone: (9221) 3565 7658-59  
Fax: (9221) 3565 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) 35655595  
P.O. Box No. 8533

**REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Balanced Fund (MBF) is pleased to present the un-audited financial statements of the fund for the quarter ended September 30, 2009.

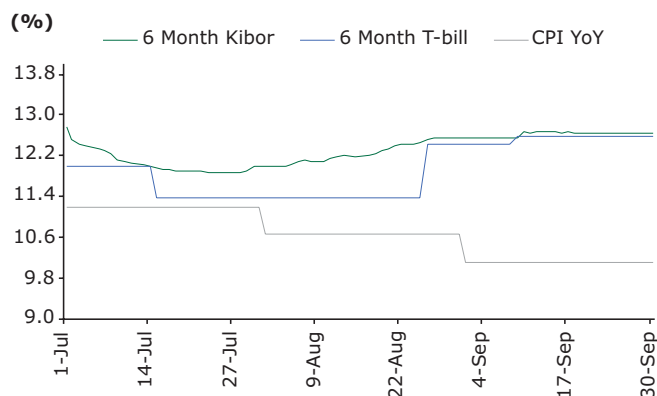
**Economic Review**

Pakistan has shown gradual recovery and improvement on the macroeconomic front in the first quarter of fiscal year 2010. Rising year-on-year inflation which averaged 20% last year, eased off to around 10.12% at the end of current quarter. Release of IMF tranche and improved balance of trade numbers provided impetus to the economy. As a result, foreign exchange reserves increased from US\$ 11.89 billion in June 2009 to US\$ 14.49 billion at the end of September 2009. This helped in stabilizing rupee against US dollar with the rupee depreciating by only 2% in the period under review. Moreover, remittance inflows made new records, with the first quarter fiscal year 2010 figure totaling US\$ 2.3 billion, providing support to the balance of payment situation. On domestic front, Government of Pakistan has almost achieved the collection target for the quarter of Rs. 270 billion which also helped in providing relief to the government borrowing.

**Monetary Softening**

With the beginning of the new financial year, as the inflation began started easing off, the central bank continued to ease monetary tightening when it reduced the discount rates by another 100bps to 13% in August 2009. Subsequently, due to fear of increase in headline inflation in September, 2009, the central bank kept the policy rate as unchanged in the bimonthly monetary policy review in September 2009, following two consecutive rate cuts in at the April 2009 and August 2009.

The soft monetary stance resulted in six month KIBOR declining by 11bps from June 30, 2009 to close the quarter at 12.65%. However, six month T-bill rate increased by 57bps to close at 12.58%. Moreover, after three successful auctions of the 3-year Ijarah Sukuk, the central bank conducted another auction and accepted Rs. 14.4 billion at the cut off rate to T-bill minus 5bps.

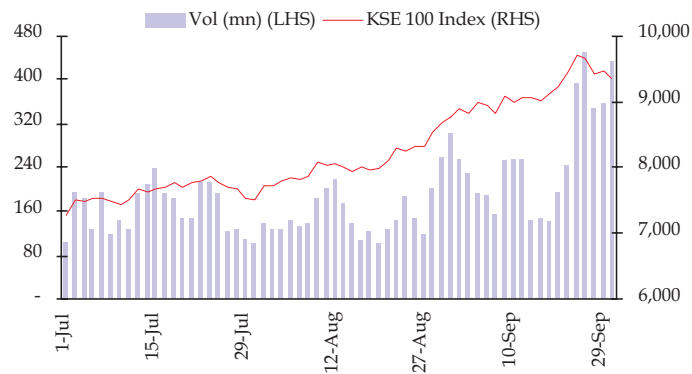


### Equity Market Review

The market witnessed a turnaround in the first quarter ended September 30, 2009 as KSE-100 Index appreciated 2,188 points to close the quarter at 9,350 marking 31% improvement from 7,162 levels on June 30, 2009. This was the highest return posted by the KSE-100 index in single quarter since calendar year 2002. This is in sharp contrast to the same period last year when the equity market fell by 24.9%. There was a substantial increase in daily average volume to 188.6 million shares as compared to 66 million shares during the corresponding period last year, an increase of 186%.

At the beginning of the quarter, there was uncertainty about the discount rate cut by the Central Bank in the monetary policy statement which was scheduled on July 25, 2009 but was later delayed to August 15, 2009. This delay caused some concern in the market regarding any possible discount rate cut and the release of IMF third tranche. However, the market soon recovered in the beginning of August with the disbursement of IMF tranche, continuous decline in the CPI inflation and improved balance of trade numbers. Moreover, better than expected corporate results were another booster for the market.

Later in August 2009, 100bps cut in discount rate coupled with improvement in Pakistan's rating by Moody's and Standard & Poor improved the foreigners' confidence in Pakistan's stock market. Hence, the quarter witnessed a net foreign inflow of US\$ 235 million as compared to a net outflow of US\$ 445 million in the fiscal year 2009. As a result of these inflows, the market broke the critical level of 9,000 and reached to the highest level of 9,700.



However, towards the end of the quarter, the market underwent marginal technical correction due to below expectations development in the Friend of Democratic Pakistan (FoDP) meeting in New York and KSE-100 index closed the quarter at the level of 9,350. During the same period, KMI-30 Index appreciated by 28.18% to close around 13,600.

## Performance Review

The Fund, during the quarter ended September 30, 2009 earned a total gross income of Rs. 207 million. A major chunk amounting to Rs. 143 million of income during the period was generated by marking the investments to market value while realized gains were recorded at Rs. 28 million. The dividend income for the period was Rs. 17 million and income on debt securities and profit on bank deposits was Rs.18 million. All these accounted for a net income of Rs. 196 million which translates into an earning per certificate of Rs. 1.64 as on September 30, 2009.

The net assets of the fund at the end of the quarter were at Rs. 1,340 million as compared to Rs.1,143 million as at June 30, 2009. The net asset value of the fund as at September 30, 2009 was Rs. 11.16 per certificate as compared to Rs. 9.52 per certificate as on June 30, 2009. The fund has been able to show immaculate growth during the quarter with a return of 17.23% as compared to its hybrid benchmark (50% return of KMI-30 and 50% return on Islamic Bank Deposits) of 14.78% thus outperforming the benchmark by 2.45%.

## Outlook

After a turbulent 2008, Pakistan's economy has seen a steady turnaround in the year 2009 and all major economic indicators are pointing to greater stability ahead. The S&P rating upgrade has accelerated a pickup in foreign investment in Pakistan's equity market. Since June 2009, when KSE-100 index entered the MSCI Frontier Index, nearly US\$ 235 million has flowed into the stock market, reversing 18 months of capital flight. The significant build up of forex reserves has also improved confidence in country's ability in meeting its commitments. The credit default swap (CDS) on Pakistan 5 year sovereign bond has come down to 650 bps from a peak of 5,000 bps in October 2008.

The medium term economic and equity outlook depends on the materialization of pledged aid and key fiscal reforms to raise taxes and reduce subsidies. The KSE-100 index is currently trading at a P/E multiple of around 7.8, which is at a discount of 35% to the regional markets and offers potential upside. Global equity markets, particularly emerging markets have shown strong performance in the last quarter amid early signs of global economic recovery.

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

For and behalf of the Board

Date: October 20, 2009  
Karachi

**Mohammad Shoaib, CFA**  
Chief Executive

**CONDENSED INTERIM  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2009**

	Note	(Un-audited) September 30, 2009	(Audited) June 30, 2009
(Rupees in '000)			
<b>Assets</b>			
Balances with banks		65,025	144,241
Investments	5	1,255,431	992,205
Dividend receivable		9,454	6,156
Advances, deposits, prepayments and other receivables		21,725	18,254
<b>Total assets</b>		<b>1,351,636</b>	<b>1,160,856</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - management company of the Fund		3,311	4,488
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund		126	114
Payable to Securities and Exchange Commission of Pakistan		1,277	1,008
Payable to Meezan Bank Limited - shariah adviser of the Fund		-	434
Payable against purchase of investments		191	5,702
Accrued expenses and other liabilities		1,864	614
Unclaimed dividend		5,234	5,653
<b>Total liabilities</b>		<b>12,003</b>	<b>18,013</b>
<b>Net assets</b>		<b>1,339,633</b>	<b>1,142,843</b>
 <b>Certificate holders' equity (as per statement attached)</b>			
<b>Issued, subscribed and paid-up capital</b>			
120,000,000 ordinary certificates of Rs 10 each		1,200,000	1,200,000
Unappropriated income / (loss)		144,074	(52,208)
Deficit on revaluation of available for sale investments		(4,441)	(4,949)
		<b>1,339,633</b>	<b>1,142,843</b>
<b>Net assets value per certificate (Rupees)</b>		<b>11.16</b>	<b>9.52</b>

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

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

**Chief Executive**

**Director**

**CONDENSED INTERIM  
INCOME STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	September 30,	
	2009	2008
	(Rupees in '000)	
<b>Income</b>		
Net realised gain / (loss) on sale of investments	28,427	(1,087)
Dividend income	17,235	10,308
Profit on savings accounts with banks	5,827	97
Profit on sukuk certificates	9,470	9,376
Profit on musharaka certificates	3,047	4,359
	<b>64,006</b>	23,053
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	<b>143,342</b>	(231,517)
	<b>143,342</b>	(231,517)
<b>Total income</b>	<b>207,348</b>	(208,464)
<b>Expenses</b>		
Remuneration to Al Meezan Investment Management Limited - management company of the Fund	<b>9,720</b>	9,378
Remuneration to Central Depository Company of Pakistan Limited - trustee of the Fund	<b>372</b>	377
Annual fee to Securities and Exchange Commission of Pakistan	<b>268</b>	321
Remuneration to Meezan Bank Limited - shariah adviser of the Fund	-	63
Auditors' remuneration	<b>110</b>	84
Fees and subscription	<b>167</b>	32
Amortisation of preliminary expenses and floatation costs	-	420
Brokerage	<b>330</b>	238
Legal and professional charges	-	56
Bank and settlement charges	<b>98</b>	80
<b>Total expenses</b>	<b>11,066</b>	11,049
<b>Net income / (loss) for the period</b>	<b>196,282</b>	(219,513)
<b>Earnings / (loss) per certificate (Rupees)</b>	<b>1.64</b>	(1.83)

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

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

**Chief Executive**

**Director**



**CONDENSED INTERIM  
DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	September 30, 2009                  2008 (Rupees in '000)	
Unappropriated (loss) / income brought forward	(52,208)	223,683
Less: Nil dividend for the period ended June 30, 2009 (comparative: June 30, 2008 @ 10%)	-	(120,000)
Net income / (loss) for the period	<b>196,282</b>	(219,513)
Unappropriated income / (loss) carried forward	<u><b>144,074</b></u>	<u>(115,830)</u>

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

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

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN  
EQUITY AND RESERVES PER CERTIFICATE (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	September 30, 2009                      2008 (Rupees in '000)	
Net assets per certificate at the beginning of the period	<b>9.52</b>	11.86
Net realised gain on sale of investments	<b>0.24</b>	(0.01)
Dividend income	<b>0.14</b>	0.09
Profit on savings accounts with banks	<b>0.05</b>	-
Profit on sukuk certificates	<b>0.08</b>	0.08
Profit on musharaka certificates	<b>0.03</b>	0.04
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	<b>1.19</b>	(1.93)
Expenses	<b>(0.09)</b>	(0.09)
Net income / (loss) for the period	<b>1.64</b>	(1.83)
Nil Dividend (June 30, 2008: Re. 1) for the year ended June 30, 2009	-	(1.00)
Net assets per certificate at the end of the period	<b>11.16</b>	9.03

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

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

**Chief Executive**

**Director**

**CONDENSED INTERIM  
CASH FLOW STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	September 30,	
	2009	2008
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss)	196,282	(219,513)
<b>Adjustments for:</b>		
Dividend income	(17,235)	(10,308)
Profit on savings accounts with banks	(5,827)	(97)
Profit on sukuk certificates	(9,470)	(9,376)
Profit on musharika certificates	(3,047)	(4,359)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss	(143,342)	231,517
Amortisation of preliminary expenses and floatation costs	-	420
	<u>17,361</u>	<u>(11,716)</u>
<b>(Increase) / decrease in assets</b>		
Investments - at fair value through profit or loss	(119,375)	468
Advances, deposits, prepayments and other receivables	(137)	(597)
	<u>(119,512)</u>	<u>(129)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited - management company of the Fund	(1,177)	(539)
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund	12	(18)
Payable to Securities and Exchange Commission of Pakistan	269	(1,193)
Payable to Meezan Bank Limited - shariah adviser of the Fund	(434)	63
Payable against purchase of investments	(5,511)	-
Accrued expenses and other liabilities	1,250	(317)
	<u>(5,591)</u>	<u>(2,004)</u>
Dividend income received	13,937	11,186
Profit received on savings accounts with banks	3,126	5,543
Profit received on sukuk certificates	11,882	9,376
<b>Net cash inflow / (outflow) from operating activities</b>	<u>(78,797)</u>	<u>12,256</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(419)	-
<b>Net cash outflow from financing activities</b>	<u>(419)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	(79,216)	12,256
Cash and cash equivalents at the beginning of the period	144,241	10,462
Cash and cash equivalents at the end of the period	<u>65,025</u>	<u>22,718</u>

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

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2009

### 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 the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations, 2007) were notified which are now 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 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, musharika certificates, islamic sukuk certificates and other shariah compliant instruments. Under the trust deed all the conducts and acts of the Fund are based on shariah. The management company has appointed Meezan Bank Limited (MBL) as shariah adviser to ensure that the activities of the Fund are in compliance with the principles of islamic shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under NBFC Rules.

### 2. BASIS OF MEASUREMENT

The transactions undertaken by the Fund in accordance with the process prescribed under the shariah guidelines issued by the shariah adviser are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

### 3. STATEMENT OF COMPLIANCE

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

2008 and the said directives differ with 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'.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements and the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2009.

	September 30, 2009	June 30, 2009
Note	(Rupees in '000)	
<b>5. INVESTMENTS</b>		
Investments at fair value through profit or loss	5.1	897,154
Investments - 'available for sale'	5.2	95,051
		<u>1,255,431</u>
<b>5.1 Investments at fair value through profit or loss</b>		
Held for trading	5.1.1	629,640
Investments at fair value through profit or loss upon initial recognition	5.1.2	267,514
		<u>1,129,380</u>
<b>5.1.1 Held for trading</b>		
Shares / units of listed companies / funds	5.1.1.1	604,640
Sukuk certificates	5.1.1.4	25,000
		<u>861,228</u>

### 5.1.1.1 Held for trading - Shares / units of listed companies / funds

Name of the investee company	As at July 1, 2009	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2009	Carrying value as at September 30, 2009	Market value as at September 30, 2009	Unrealised gain (loss) as at September 30, 2009	Percentage of market value of total investment
	Number of shares				Rupees in '000				
Nishat Mills Limited	174,400	70,200	-	87,000	157,600	6,150	10,482	4,332	0.83
<b>Jute</b>									<b>0.83</b>
Thal Limited (note 5.1.1.2)	161,761	-	-	-	161,761	12,528	19,963	7,435	1.59
<b>Cement</b>									<b>1.59</b>
Attock Cement Pakistan Limited	160,000	10,000	-	20,000	150,000	10,680	12,926	2,245	1.03
Cherat Cement Company Limited	3,882	-	-	3,882	-	-	-	-	-
Fauji Cement Limited	-	-	-	-	-	-	-	-	-
Lucky cement	265,000	52,000	-	127,000	190,000	11,318	14,239	2,920	1.13
<b>Automobile Assembler</b>									<b>1.03</b>
Pak Suzuki Motor Company Limited	76,800	-	-	-	76,800	5,215	6,685	1,470	0.53
<b>Power generation and distribution</b>									<b>0.53</b>
The Hub Power Company Limited	3,420,500	-	-	394,000	3,026,500	81,988	95,002	13,014	7.57
<b>Oil and gas marketing companies</b>									<b>7.57</b>
Pakistan State Oil Company Limited	188,500	61,500	-	65,500	184,500	41,110	57,769	16,659	4.60
Sui northern Gas Pipeline Ltd	98,700	-	-	98,700	-	-	-	-	-
<b>Oil and gas exploration companies</b>									<b>4.60</b>
Oil and Gas Development Company Limited (note 5.1.1.3)	807,166	92,000	-	439,000	460,166	36,829	49,413	12,583	3.94
Pakistan Oilfields Limited	226,600	30,675	-	22,500	234,775	35,307	48,976	13,670	3.90
Pakistan Petroleum Limited	318,500	26,000	65,300	35,000	374,800	58,499	70,833	12,334	5.64
<b>Technology and communication</b>									<b>13.48</b>
Pakistan Telecommunication Company Limited	2,730,500	-	-	725,000	2,005,500	34,575	40,090	5,515	3.19
<b>Chemical</b>									<b>3.19</b>
ICI Pakistan Limited	285,300	5,000	-	57,000	233,300	32,736	41,721	8,986	3.32
<b>Fertilizer</b>									<b>3.32</b>
Engro Chemical (Pakistan) Limited	283,671	-	-	283,671	-	-	-	-	-
Fauji Fertilizer Bin Qasim Company Limited	1,688,500	50,000	-	-	1,738,500	30,845	39,934	9,089	3.18
Fauji Fertilizer Company Limited	1,136,187	125,000	-	-	1,261,187	110,251	129,587	19,336	10.32
<b>Miscellaneous</b>									<b>13.50</b>
Tri-Pack Films Limited	83,400	-	-	-	83,400	8,331	10,110	1,779	0.81
<b>Total</b>						<u>516,362</u>	<u>647,728</u>	<u>131,367</u>	
<b>Total cost of investments</b>						<u>571,731</u>			

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

**5.1.1.3** 225,000 shares of Oil and Gas Development Company Limited, having market value of Rs 24.2 million as at September 30, 2009, have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

**5.1.1.4 Held for trading - Sukuk certificates**

Name of the investee company	Maturity	Profit rate	As at July 1, 2009	Purchases during the period	Sales during the period	As at September 30, 2009	Carrying value as at September 30, 2009	Market value as at September 30, 2009	Unrealised gain (loss) as at September 30, 2009	Percentage of market value of total investment
<b>Secured</b>										
GoP Ijarah Sukuk Certificates (note 5.1.1.5)	March 11, 2012	12.96%	250	-	-	250	25,000	25,500	500	2.03
GoP Ijarah Sukuk Certificates (note 5.1.1.5)	March 11, 2012	12.53%	-	1,880	-	1,880	188,000	188,000	-	14.97
							<u>213,000</u>	<u>213,500</u>	<u>500</u>	
Total cost of investments								<u>213,000</u>		

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

**(Unaudited) (Audited)**  
**September June**  
**30, 2009 30, 2009**

**Note (Rupees in '000)**

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

Shares of listed companies	5.1.2.1	<b>62,291</b>	51,659
Sukuk Certificates	5.1.2.2	<b>205,861</b>	215,855
		<u><b>268,152</b></u>	<u>267,514</u>

**5.1.2.1 Shares of listed companies**

Name of the investee company	As at July 1, 2009	Purchases during the period	Bonuses / rights issue	Sales during the period	As at September 30, 2009	Carrying value as at September 30, 2009	Market value as at September 30, 2009	Unrealised gain (loss) as at September 30, 2009	Percentage of market value of total investment
<b>Automobile assembler</b>									
Indus Motor Company Limited	188,055	-	-	23,000	165,055	17,780	28,924	11,145	2.30
<b>Paper and board</b>									
Packages Limited	177,473	-	-	-	177,473	27,870	28,855	985	2.30
<b>Commercial bank</b>									
Meezan Bank Limited (an associate of the Fund)	321,075	-	-	-	321,075	3,532	4,511	979	0.36
						<u>49,182</u>	<u>62,291</u>	<u>13,109</u>	
Total cost of investments							<u>84,503</u>		

### 5.1.2.2 Sukuk certificates

Name of the investee company	Maturity	Profit rate	As at July 1, 2009	Purchases during the period	Sales during the period	As at September 30, 2009	Carrying value as at September 30, 2009	Market value as at September 30, 2009	Unrealised gain (loss) as at September 30, 2009	Percentage of market value of total investment
			Number of certificates			Rupees in '000				
Sitara Chemical Industries Limited - II (note 5.1.2.3)	December 17, 2011	3 months KIBOR plus base rate of 1.7%	11,250	-	1,125	10,125	49,949	49,549	(401)	3.95
Engro Chemical Pakistan Limited (note 5.1.2.3)	September 1, 2015	6 months KIBOR plus base rate of 1.5%	15,000	-	-	15,000	73,695	73,727	32	5.87
Security Leasing Corporation Limited II (note 5.1.2.3)	September 19, 2012	6 months KIBOR plus base rate of 1.95%	4,375	-	625	3,750	16,860	16,816	(44)	1.34
Century Paper & Board Mills Limited (note 5.1.2.3)	September 25, 2014	6 months KIBOR plus base rate of 1.35%	5,000	-	-	5,000	24,388	24,504	117	1.95
Eden Housing Limited (note 5.1.2.3)	April 2, 2013	6 months KIBOR plus base rate of 2.5%	5,000	-	-	5,000	23,853	23,766	(87)	1.89
Arzoo Textile Mills Limited (note 5.1.2.3)	April 15, 2014	6 months KIBOR plus base rate of 2%	5,000	-	-	5,000	18,750	17,500	(1,250)	1.39
							<u>207,494</u>	<u>205,861</u>	<u>(1,633)</u>	
Total cost of investments								<u>219,375</u>		

5.1.2.3 The nominal value of these sukuk certificates is Rs 5,000 each.

### 5.2 Investments - 'available for sale'

Name of the investee company	Maturity date	Profit rate	As at July 1, 2009	Purchases during the period	Sales during the period	Redemptions during the period	As at September 30, 2009	Carrying value as at September 30, 2009	Market value as at September 30, 2009	Unrealised gain (loss) as at September 30, 2009	Percentage of market value of total investment
			Number of certificates / shares			Rupees in '000					
D.G Khan Cement - Diminishing Musharaka (note 5.2.1)	May 8, 2010	6 months KIBOR plus base rate of 0.5%	1,000	-	-	-	1,000	100,000	96,815	(3,185)	7.71
Oil and Gas Development Company			-	70,000	-	-	70,000	7,940	7,517	(423)	0.60
Pakistan Petroleum Limited			-	35,000	-	-	35,000	8,030	7,938	(92)	0.63
Fauji Fertilizer Bin Qasim Company Limited			-	600,000	-	-	600,000	14,522	13,782	(740)	1.10
							<u>130,492</u>	<u>126,051</u>	<u>(4,441)</u>		
Total cost of investments								<u>130,492</u>			

5.2.1 The nominal value of the diminishing musharika certificates is Rs 100,000 each.

## 6. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

Remuneration payable to the management company and the trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations, 2007 and NBFC Regulations, 2008 and the Trust Deed respectively.

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



	September 30, 2009	June 30, 2009
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - management company of the Fund</b>		
Remuneration payable	<u>3,311</u>	<u>2,826</u>
Preliminary expenses and floatation costs payable	<u>-</u>	<u>1,662</u>
Investment of 3,821,824 certificates (June 30, 2009: 3,821,824)	<u>22,931</u>	<u>22,090</u>
<b>Central Depository Company of Pakistan Limited - trustee of the Fund</b>		
Remuneration payable	<u>126</u>	<u>114</u>
Charges payable	<u>37</u>	<u>1</u>
<b>Meezan Bank Limited - shariah adviser of the Fund</b>		
Bank balance and placements	<u>1,055</u>	<u>856</u>
Shariah advisory fee payable	<u>-</u>	<u>434</u>
Investment in 321.075 shares (June 30, 2009: 321,075 shares)	<u>4,511</u>	<u>3,532</u>
Investment of 16,134,468 certificates (June 30, 2009: 16,134,468 certificates)	<u>96,807</u>	<u>93,257</u>
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Investment of 11,057,791 certificates (June 30, 2009: 11,057,791 certificates)	<u>66,347</u>	<u>63,914</u>
<b>Directors and officers of the management company</b>		
Investment of 21,975 certificates (June 30, 2009: 21,975 certificates)	<u>192</u>	<u>127</u>
	<b>For the Quarter ended September 30</b>	
	<b>2009</b>	<b>2008</b>
	(Rupees in '000)	
<b>Meezan Islamic Income Fund</b>		
Investment of Nil units (September 30, 2008 864,138 units)	<u>-</u>	<u>39,000</u>
Redemption of Nil units (September 30, 2008 2,568,576 units)	<u>-</u>	<u>129,500</u>

	<b>For the Quarter ended September 30</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited</b>		
- management company of the Fund		
Remuneration for the period	<u>9,720</u>	<u>9,378</u>
Preliminary expenses and floatation costs for the period	<u>-</u>	<u>420</u>
Dividend for the period	<u>-</u>	<u>4,822</u>
<b>Central Depository Company of Pakistan Limited</b>		
- trustee of the Fund		
Remuneration for the period	<u>372</u>	<u>377</u>
Charges for the period	<u>45</u>	<u>45</u>
<b>Meezan Bank Limited - shariah adviser of the Fund</b>		
Profit on savings account	<u>5</u>	<u>1</u>
Shariah advisory fee for the period	<u>-</u>	<u>63</u>
Dividend for the period	<u>-</u>	<u>16,134</u>
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Dividend for the period	<u>-</u>	<u>11,058</u>
<b>Directors and officers of the management company</b>		
Dividend for the period	<u>-</u>	<u>22</u>

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

These condensed interim financial statements have been authorised on October 20, 2009 by the Board of Directors of the management company of the Fund.

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

**Chief Executive**

**Director**

**STATEMENT OF INCOME & EXPENDITURE OF  
MANAGEMENT COMPANY IN RELATION TO THE FUND  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	September 30,	
	2009	2008
	(Rupees in '000)	
<b>INCOME</b>		
Remuneration from Meezan Balanced Fund	9,720	9,379
<b>OPERATING EXPENSES</b>		
Salaries and other benefits	976	1,291
Motor vehicle running expenses	41	38
Fees and subscription	90	30
Insurance expense	25	13
Printing and stationery	29	61
Communication	95	56
Depreciation	137	181
Travelling and conveyance	12	24
Entertainment	5	7
Legal and professional charges	56	41
Repair and maintenance	12	7
Office supplies	14	7
Training and development	8	12
Rent, rates and taxes	150	162
Utilities	13	26
Miscellaneous expenses	7	3
	1,671	1,959
<b>NET INCOME FOR THE PERIOD</b>	<b>8,049</b>	<b>7,420</b>

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

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

**Chief Executive**

**Director**