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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 be the leading mutual fund in the industry, providing unitholders, in a truly SHARIAH COMPLIANT way,a safe stable stream of Halal returns on risk adjusted basis.”

FUND INFORMATION

MANAGEMENT COMPANY

Al Meezan Investment Management Limited
Ground Floor, Block "B", Finance & Trade Centre,
Shahrah-e-Faisal, Karachi 74400, Pakistan.
Phone: (9221) 3563 0722-6, 111-MEEZAN
Fax: (9221) 3567 6143, 3563 0808
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 OF THE MANAGEMENT COMPANY

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-74400

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)
Allied Bank Limited - Islamic Banking
Askari Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Islami Pakistan Limited
Dawood Islamic Bank Limited
Dubai Islamic Bank Pakistan Limited
Emirates Global Islamic Bank Limited
Habib Bank Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
MCB Bank Limited - Islamic Banking
Meezan Bank Limited
Royal Bank of Scotland - Islamic Banking
Soneri Bank Limited - Islamic Banking
Standard Chartered Bank (Pakistan) Limited - Islamic Banking
UBL Ameen Islamic Banking

LEGAL ADVISER

Bawaney & Partners
404, 4th 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

Meezan Bank Limited
SITE Branch
Plot # B/9-C, Estate Avenue,
SITE, Karachi.
Phone: 3206 2891
Fax: 3255 2771
Web site: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Islamic Income Fund (MIIF) 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 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.

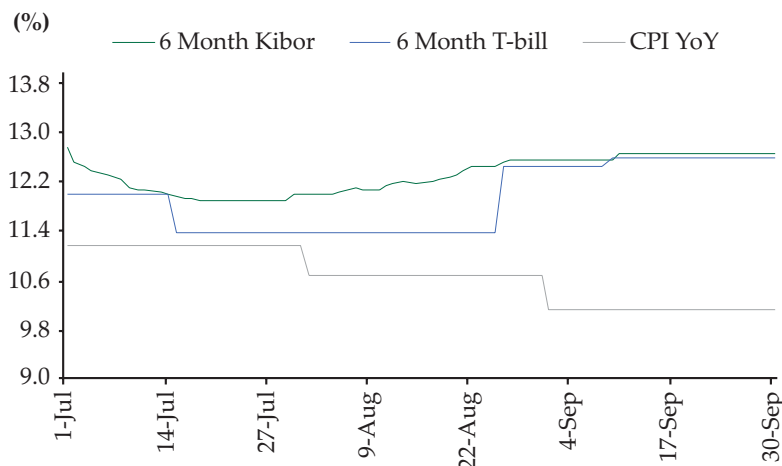
To stabilize the economy and in view of the declining inflation, State Bank reduced the policy rate by 100 bps to 13%. Moreover to meet IMF requirements, the central bank introduced an interest rate corridor, providing a reverse repo facility at 300bps below the repo rate. This helped in maintaining overnight interbank rates within a close band of 11.5% to 12.5%.

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.

The following graph shows the trend in interest rates during the period under review:



Performance Review

MIIF delivered a total annualized return of 10.99% for the quarter ended September 30, 2009. The focus was on proactive allocation of funds to high yield instruments so as to optimize fund yield while maintaining a balance between risk management constraints. To manage interest rate risk and meet liquidity objectives, the fund manager over the period has kept the duration below six months. In this respect, a sizeable portion was invested in cash, cash equivalents and short term deposits with Islamic Banks. We increased exposure in GoP Ijarah Sukuk exposure which is around 22%. The rest of the portfolio (around 32% of net assets) comprised of good quality Islamic income instruments (sukuks).

During the quarter ended September 30, 2009, MIIF earned a total income of Rs. 167 million comprising of Rs. 69 million of income on investment in Sukuk certificates and Rs. 82 million on deposits and placements with banks. The operating income of the fund stood at Rs. 140 million after adjustment of Rs. 27 million expenses. The net income was Rs. 152 million.

The net assets of the fund as on September 30, 2009 stood at Rs. 5,820 million. The net asset value per unit of the fund as on September 30, 2009 appreciated to Rs. 51.50 per unit, providing a total annualized return of 10.99% during the quarter. The Management Company of MIIF approved interim payout for the quarter ended September 30, 2009 of 2.5% i.e. Rs. 1.25 per unit to the unit holders.

During the quarter, fresh units worth Rs. 2,018 million were issued while units amounting to Rs. 1,157 million were redeemed, resulting in net inflow of Rs. 861 million.

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. Pakistan's rating upgrade by S&P has accelerated foreign portfolio and foreign direct investments in Pakistan. The significant build up of forex reserves has also improved confidence in country's ability in meeting its domestic and foreign 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. Going forward, declining inflation and stable foreign exchange reserves will help in further easing of the interest rates which will bode well for the economy of the country.

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 on 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

		(Unaudited) September 30, 2009	(Audited) June 30, 2009
	Note	(Rupees in '000)	
Assets			
Balances with banks		1,797,327	1,301,480
Placements	5	800,000	1,335,500
Investments	6	3,124,719	2,143,085
Deposits and other receivables		172,141	168,776
Preliminary expenses and floatation costs		874	1,000
Total assets		5,895,061	4,949,841
Liabilities			
Payable to Al Meezan Investment Management Limited - management company of the Fund		9,106	5,924
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund		560	491
Payable to Securities and Exchange Commission of Pakistan		5,300	4,259
Payable to Meezan Bank Limited - Shariah adviser of the Fund		63	601
Payable on redemption of units		50,836	65,169
Accrued expenses and other liabilities		9,137	789
Total liabilities		75,002	77,233
Net assets		5,820,059	4,872,608
Commitments			
Unitholders' funds (as per statement attached)		5,820,059	4,872,608
Number of units			
Number of units in issue		113,012,741	93,860,629
Rupees			
Net asset value per unit		51.50	51.91

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

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

Chief Executive

Director

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

	September 30,	
	2009	2008
	(Rupees in '000)	
Income		
Profit on savings accounts with banks	64,164	10,566
Profit on placements	17,732	70,841
Profit on sukuk certificates	69,110	65,301
Profit on diminishing musharaka certificates	6,982	5,796
Realised income on sale of securities on deferred settlement basis	-	8,330
Realised gain on sale of sukuk certificates	676	-
Other income	-	15
	158,664	160,849
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss (net)	8,630	(1,516)
Loss on re-measurement of financial instruments sold on deferred settlement basis (net)	-	(2,863)
	8,630	(4,379)
Total income	167,294	156,470
Expenses		
Remuneration to Al Meezan Investment Management Limited - management company of the Fund	20,819	13,921
Remuneration to Central Depository Company of Pakistan Limited - trustee of the Fund	1,640	1,644
Annual fee to Securities and Exchange Commission of Pakistan	1,041	1,392
Remuneration to Meezan Bank Limited - Shariah adviser of the Fund	-	76
Auditors' remuneration	118	153
Fees and subscription	8	44
Legal and professional charges	3,000	19
Amortisation of preliminary expenses and floatation costs	126	126
Brokerage	-	209
Bank and settlement charges	17	88
Total expenses	26,769	17,672
Net income from operating activities	140,525	138,798
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed	11,579	(7,904)
Net income	152,104	130,894

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

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

Chief Executive

Director

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

	September 30,	
	2009	2008
	(Rupees in '000)	
Undistributed income brought forward	189,474	152,437
Less: Final distribution for the year ended June 30, 2009		
- bonus units @ 3.5% (June 30, 2008: 2.7%)	(106,440)	(115,970)
- cash dividend @ 3.5% (June 30, 2008: 2.7%)	(57,816)	(34,814)
Element of income and capital gains included in prices of units sold less those in units redeemed (net)	(1,468)	-
Net income for the quarter	152,104	130,894
Undistributed income carried forward	175,854	132,547

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN
UNITHOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	September 30, 2009 2008 (Rupees in '000)	
Net assets at the beginning of the quarter	4,872,608	5,737,038
Issue of 39,679,666 units (September 30, 2008: 58,424,983 units)	2,018,031	2,952,262
Redemption of 22,649,572 units (September 30, 2008: 69,187,346 units)	(1,156,754)	(3,498,308)
	861,277	(546,046)
Element of income and capital gains included in prices of units sold less those in units redeemed		
- transferred to income statement	(11,579)	7,904
- transferred directly to distribution statement	1,468	-
	(10,111)	7,904
Unrealised gain on available for sale	3,465	-
Net income for the quarter	152,104	130,894
Element of income and capital gains included in prices of units sold less those in units redeemed	(1,468)	-
Cash distribution during the quarter	(57,816)	(34,814)
Issue of bonus units during the quarter	(106,440)	(115,970)
Net (loss) / income for the quarter less distribution	(13,620)	(19,890)
Issue of 2,122,018 bonus units for the year ended June 30, 2009	106,440	115,970
Net assets at the end of the quarter	5,820,059	5,294,976
Net asset value per unit as at the beginning of the quarter	51.91	51.36
Net asset value per unit as at the end of the quarter	51.50	51.28

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

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

Chief Executive

Director

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

	September 30, 2009 2008 (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	152,104	130,894
Adjustments for non-cash items		
Profit on savings accounts with banks	(64,164)	(10,566)
Profit on placements	(17,732)	(70,841)
Profit on sukuk certificates	(69,110)	(65,301)
Profit on diminishing musharaka certificates	(6,982)	(5,796)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss (net)	(8,630)	1,516
Loss on re-measurement of financial instruments sold on deferred settlement basis (net)	-	2,863
Amortisation of preliminary expenses and floatation costs	126	126
Element of income and capital gains included in prices of units sold less those in units redeemed	(11,579)	7,904
	(178,071)	(140,095)
Decrease / (increase) in assets		
Placements	1,335,500	157,500
Investments	(969,539)	(242,413)
Deposits, prepayments and other receivables	(22)	(1)
	365,939	(84,914)
(Increase) / decrease in liabilities		
Payable to Al Meezan Investment Management Limited - management company of the Fund	3,182	(172)
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund	69	(20)
Payable to Securities and Exchange Commission of Pakistan	1,041	(4,392)
Payable to Meezan Bank Limited - Shariah adviser of the Fund	(538)	69
Payable on redemption of units	(14,333)	(54,794)
Payable against purchase of investments	-	239,933
Accrued expenses and other liabilities	8,348	9,460
	(2,231)	190,084
Profit received on savings accounts with banks	55,438	6,571
Profit received on placements	39,294	117,586
Profit received on sukuk certificates	59,914	58,606
Net cash inflow / (outflow) from operating activities	492,387	278,732
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from sale of units	2,018,031	2,952,262
Payments against redemption of units	(1,156,754)	(3,498,308)
Dividend paid	(57,816)	(34,814)
Net cash inflow / (outflow) from financing activities	803,461	(580,860)
Net cash inflow / (outflow) during the quarter	1,295,848	(302,128)
Cash and cash equivalents at the beginning of the quarter	1,301,480	1,155,498
Cash and cash equivalents at the end of the quarter	2,597,327	853,370

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

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

Chief Executive

Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Islamic Income Fund (the Fund) was established 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 September 13, 2006 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). On November 21, 2007, 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 at Finance and Trade Centre, Shahrah- e-Faisal, Karachi, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the trust deed all 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 listed on the Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The stability rating of the Fund is A+(f) given by JCR-VIS Credit Rating Company Limited. The management company of the Fund has been given quality rating of AM2 - and credit rating of A by JCR - VIS.
- 1.4 Title to the assets of the Fund are on 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 aforementioned guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

3. STATEMENT OF COMPLIANCE

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

Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 and the said directives take precedence.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2009.

5. PLACEMENTS

Placements carry expected profit at rates ranging from 10.10 percent per annum to 12.95 percent per annum and are due to mature from October 8, 2009 to November 29, 2009.

		(Unaudited) September 30, 2009	(Audited) June 30, 2009
	Note	(Rupees in '000)	
6. INVESTMENTS			
Investments at fair value through profit or loss	6.1	2,854,589	1,952,983
Investments - available for sale	6.2	<u>270,130</u>	<u>190,102</u>
		<u><u>3,124,719</u></u>	<u><u>2,143,085</u></u>
6.1 Investments at fair value through profit or loss			
- Held for trading	6.1.1	1,208,000	300,000
- Investments at fair value through profit or loss upon initial recognition	6.1.2	<u>1,646,589</u>	<u>1,652,983</u>
		<u><u>2,854,589</u></u>	<u><u>1,952,983</u></u>
6.1.1 Held for trading			
Sukuk certificates	6.1.1.1	<u>1,208,000</u>	<u>300,000</u>
		<u><u>1,208,000</u></u>	<u><u>300,000</u></u>

6.1.1.1 Sukuk certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2009	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2009	Carrying value as at September 30, 2009	Market value as at September 30, 2009	Unrealised Gain / (Loss)	Percentage of market value of investment
			----- Number of certificates -----			-- (Rupees in '000) --				
GoP Ijarah Sukuk Certificates (note 6.1.1.2)	March 11, 2012	12.58%	3,000	-	-	3,000	300,000	306,000	6,000	9.79
GoP Ijarah Sukuk Certificates (note 6.1.1.2)	September 17, 2012	12.53%	-	9,020	-	9,020	902,000	902,000	-	28.87
							<u>1,202,000</u>	<u>1,208,000</u>	<u>6,000</u>	
Total cost of investments							<u><u>1,202,000</u></u>			

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

6.1.2 Investments at fair value through profit or loss upon initial recognition

6.1.2.1 Sukuk certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2009	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2009	Carrying value as at September 30, 2009	Market value as at September 30, 2009	Unrealised Gain / (Loss)	Percentage of market value of investment
			----- Number of certificates -----			-- (Rupees in '000) --				
Arzoo Textile Mills Limited (note 6.1.2.2)	April 15, 2014	6 months Kibor plus base rate of 2%	14,000	-	-	14,000	52,500	49,000	(3,500)	1.57
Century Paper & Board Mills Limited (note 6.1.2.2)	September 25, 2014	6 months Kibor plus base rate of 1.35%	18,940	-	-	18,940	92,380	92,822	442	2.97
Eden Builders Limited (note 6.1.2.2)	December 15, 2013	3 months Kibor plus base rate of 2.3%	9,600	-	-	9,600	48,070	48,000	(70)	1.54
Eden Housing Limited (note 6.1.2.2)	April 2, 2013	6 months Kibor plus base rate of 2.5%	59,400	-	-	59,400	283,369	282,339	(1,030)	9.04
Engro Chemical Pakistan Limited (note 6.1.2.2)	September 1, 2015	6 months Kibor plus base rate of 1.5%	60,500	-	-	60,500	297,236	297,364	128	9.52
Karachi Shipyard & Engineering Works (note 6.1.2.2)	November 2, 2015	6 months Kibor plus base rate of 0.4%	12,000	-	-	12,000	59,330	57,705	(1,625)	1.85
Karachi Shipyard & Engineering Works II (note 6.1.2.2)	February 4, 2016	6 months Kibor plus base rate of 0.4%	53,400	-	-	53,400	261,798	261,886	88	8.38
Maple Leaf Cement Factory Limited (note 6.1.2.2)	December 1, 2013	6 months Kibor plus base rate of 1.7%	64,000	-	-	64,000	282,404	291,200	8,796	9.32
Security Leasing Corporation Limited II (note 6.1.2.2)	September 19, 2012	6 months Kibor plus base rate of 1.95%	8,750	-	1,250	7,500	33,720	33,631	(89)	1.08
Shahmurad Sugar Mills Limited (note 6.1.2.3)	September 30, 2012	6 months Kibor plus base rate of 2.25%	73	-	-	73	67,550	67,859	309	2.17
Sitara Chemical Industries Limited II (note 6.1.2.2)	December 17, 2011	3 months Kibor plus base rate of 1.7%	6,900	-	690	6,210	30,636	30,390	(246)	0.97
Sitara Chemical Industries Limited III (note 6.1.2.2)	December 31, 2012	3 months Kibor plus base rate of 1%	27,000	-	-	27,000	134,966	134,393	(573)	4.30
Grand Total							1,643,959	1,646,589	2,630	
Total cost of investments								1,732,405		

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

6.1.2.3 The nominal value of the sukuk certificates is Rs. 1,000,000 each.

6.2 Investments - available for sale

Name of the investee company	Maturity date	Profit rate	As at July 1, 2009	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2009	Carrying value as at September 30, 2009	Market value as at September 30, 2009	Unrealised Gain / (Loss)	Percentage of market value of investment
			----- Number of certificates -----			-- (Rupees in '000) --				
D.G Khan Cement Company Limited Diminishing Musharaka Certificates	May 8, 2010	6 months Kibor plus base rate of 0.5%	2,000	-	-	2,000	190,102	193,630	3,528	6.20
GoP Ijarah Sukuk Certificates	March 11, 2012	12.58%	-	750	-	750	76,563	76,500	(63)	2.45
Total cost of investments							266,665	270,130	3,465	
								276,563		

6.2.1.1 The nominal value of the diminishing musharaka certificate and sukuk certificate of GoP Ijarah is Rs. 100,000 each

7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include AMIML being the management company, CDC being the Trustee, MBL being the shariah adviser of the Fund and holding company of the management company, Pakistan Kuwait Investment Company (Private) Limited and Al Meezan Mutual Fund Limited, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Balanced Fund, Meezan Capital Protected Fund - I and Meezan Cash Fund being the Funds under the common management of the management company.

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

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

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

	(Unaudited) September 30, 2009	(Audited) June 30, 2009
	(Rupees in '000)	
Al-Meezan Investment Management Limited - management company of the Fund		
Remuneration for the period	20,819	49,917
Sales load for the period	522	1,442
Preliminary expenses and floatation costs	1,000	1,500
Certificate charges	1	1
	<u>22,342</u>	<u>52,860</u>
Payments made during the period	<u>(13,236)</u>	<u>(46,936)</u>
Balance at the end of the period	<u>9,106</u>	<u>5,924</u>
Units issued: 726,225 units (June 30, 2009: 4,089,622 units)	<u>37,000</u>	<u>207,000</u>
Redemptions: 18,756 units (June 30, 2009: 4,425,018 units)	<u>950</u>	<u>224,206</u>
Bonus units issued: 59,975 units (June 30, 2009: 164,206 units)	<u>3,008</u>	<u>4,750</u>
Investments as at September 30, 2009: 2,486,500 units (June 30, 2009: 1,719,056 units)	<u>128,055</u>	<u>89,236</u>
Meezan Bank Limited - Shariah Adviser of the Fund		
Remuneration as the Shariah Adviser	-	220
Sales load for the period	63	541
	<u>63</u>	<u>761</u>
Payments made during the period	538	(488)
Balance at the beginning of the period	601	328
Balance at the end of the period	<u>63</u>	<u>601</u>
Bank balance in savings account	<u>33,312</u>	<u>54,595</u>
Profit on savings accounts	<u>395</u>	<u>13,448</u>
Units issued: nil units (June 30, 2009: 3,953,746 units)	-	200,000
Cash dividend paid	<u>41,066</u>	<u>97,209</u>
Investments as at September 30, 2009: 23,466,113 units (June 30, 2009: 23,466,113 units)	<u>1,208,505</u>	<u>1,218,126</u>

(Unaudited) (Audited)
September 30, June 30,
2009 2009
(Rupees in '000)

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

Remuneration for the period	1,640	5,992
CDS Charges for the period	<u>1</u>	<u>25</u>
	1,641	6,017
Payments made during the period	<u>(1,081)</u>	<u>(5,526)</u>
Balance at the end of the period	<u>560</u>	<u>491</u>
Units issued: nil units (June 30, 2009: 532,649 units)	<u>-</u>	<u>27,000</u>
Redemptions: nil units (June 30, 2009: 1,131,293 units)	<u>-</u>	<u>55,971</u>
Bonus units issued: nil units (June 30, 2009: 43,017 units)	<u>-</u>	<u>2,151</u>

Directors and executives

Units issued: 45,228 units (June 30, 2009: 4,139,460 units)	<u>2,308</u>	<u>206,427</u>
Redemptions: 603,198 units (June 30, 2009: 3,860,514 units)	<u>72,786</u>	<u>193,162</u>
Bonus units issued: 41,118 units (June 30, 2009: 81,551 units)	<u>2,062</u>	<u>4,100</u>
Investments as at September 30, 2009: 661,717 units (June 30, 2009: 1,177,758 units)	<u>34,078</u>	<u>61,137</u>

Pakistan Kuwait Investment Company (Private) Limited

Redemptions: nil units (June 30, 2009: 726,631 units)	<u>-</u>	<u>37,719</u>
Bonus units issued: nil units (June 30, 2009: 59,880 units)	<u>-</u>	<u>3,009</u>

8. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 20, 2009 by the Board of Directors of the Management Company.

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

Chief Executive

Director