

Vision Statement

Vision

To become investment manager of choice that manages a series of funds which caters to a broad spectrum of investors.

Mission Statement

Mission

To provide superior returns to our shareholders by managing a series of funds in Capital and Money Markets through competent professionals who act with integrity and best of professional conduct and strive to achieve investment objectives for the benefit of our certificate holder's

WE BALANCED FUND

FUND INFORMATION

INVESTMENT ADVISER

WE Investment Management Limited
506, Stock Exchange Building, Stock Exchange Road, Karachi

BOARD OF DIRECTORS OF THE INVESTMENT ADVISER

Nessar Ahmed	Chairman
Asad Javed	Chief Executive
Javaid B. Sheikh	
Naved Ul Hassan	
Azhar Javaid	
Maria Faridi	

CFO & COMPANY SECRETARY OF THE INVESTMENT ADVISER

Asif Ahmad

AUDIT COMMITTEE

Javaid B, Sheikh
Azhar Javaid
Naved-ul-Hasan

INVESTMENT COMMITTEE

Asad Javed
Azhar Javaid
Asif Ahmad

TRUSTEE

Central Depository Company of Pakistan Limited
8th Floor, Stock Exchange Building, Stock Exchange Road, Karachi

AUDITORS

M. Yousuf Adil Saleem & Co.
Chartered Accountants
A-35, Cavish Court, Block 7 & 8
K.C.H.S.U., Sharah-e-Faisal
Karachi Pakistan.
Tel#: 111-552-626
Fax# 4541314.

WE BALANCED FUND

BANKERS TO THE FUND

MCB Bank Limited
Bank Al Falah Limited
First Dawood Islamic Bank Limited

LEGAL ADVISORS

Mohsin Tayebaly & Co.
Advocates & Legal Consultants
2nd Floor Dime Centre,
BC-4 Block 9, Kehkashan, Clifton
Karachi Pakistan
Tel #: 5375658 / 5375659 / 5838077
Fax #: 5870240

TRANSFER AGENT

Nobel Computer Services (Pvt.) Ltd.
2nd Floor, Sohni Centre,
BS 5 & 6, Main Karimabad,
Block 9, Federal B. Area
Karachi Pakistan
Tel #: 6801880/ 6801882
Fax #: 021-6801129

WE BALANCED FUND

REPORT OF THE DIRECTORS OF THE INVESTMENT ADVISER FOR THE YEAR ENDED JUNE 30, 2007

The Board of Directors of the WE Investment Management Limited, the Investment Advisor of WE Balanced Fund is pleased to present its first Annual Report along with audited financial statements, report of the Trustee for the period from November 10, 2006 to June 30, 2007.

Profile

WE balanced Fund (WEBF) is a closed end fund that can invest in equity, money market instruments, as well as debt instruments. The Fund seeks to achieve long-term capital appreciation while taking modest risk.

Financial Highlights

The net income for the period was Rs. 23.14 million which translates into an EPS of 1.16. The total income of the fund was Rs. 23.14 million where major constituents of the income were realized capital gain of Rs.16.58 million, unrealized appreciation in the market value of securities of Rs.0.7 million, dividend income of Rs. 1.1 million and profit on deposits of Rs. 6.24 million.

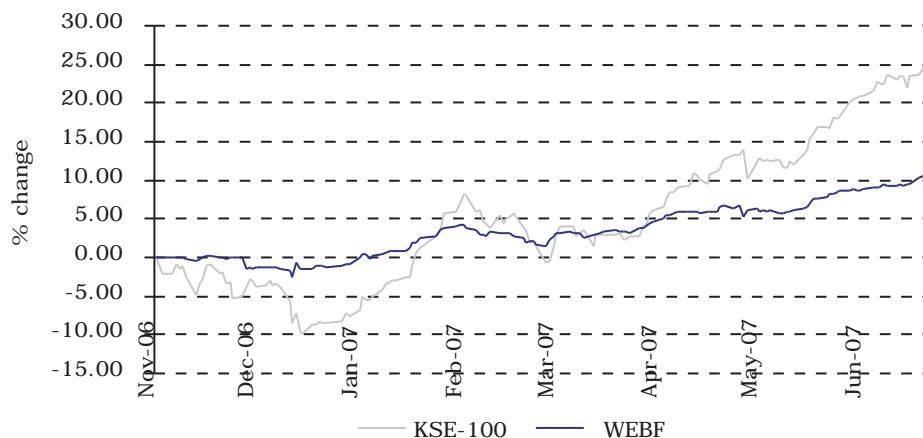
Profit for the period	Rs. 23,148,993
Basic Earnings per share	Rs. 1.16

As on June 30th 2007, WE Balanced Fund had invested approx 31% of Assets in listed securities as compared to the all time minimum requirement of 40%. The Management had intended & allocated certain portion of Fund to be invested in TFCs. But owing to unavailability of ample options in TFCs we were unable to invest up to the desired level.

Fund's Relative Performance

Since inception in November 2006 your fund has performed reasonably well and during the period under review its NAV has reached Rs.11.16. This translate into an annualized return of 24% .

Relative Performance



WE BALANCED FUND

Income Distribution

In context of your funds performance the board of directors is pleased to announce 10.5% cash dividend.

Corporate Governance

WE Balanced Fund is listed on Karachi Stock Exchange, the Investment Advisor is committed to observe code of corporate governance prescribed for listed companies. The financial statements, prepared by the Investment Adviser present fairly the state of affairs of the Company and results of its operations, cash flows and movement in equity and reserves. Proper books of accounts of the Fund have been maintained during the year. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates, if any are based on reasonable & prudent judgment. International accounting standards as applicable in Pakistan have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored. There is no doubt upon Fund's ability to continue as a going concern. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations. Key financial data since not available due to first year of operations are therefore not summarized in notes of the financial statements. Outstanding statutory payments on account of taxes, duties, levies, and charges, if any have been fully disclosed in the financial statements. The statement as to the value of investments of provident fund is not applicable in the case of the Fund as such expenses are borne by the Investment Adviser. The detailed pattern of certificateholding, as required by the Companies Ordinance, 1984 and the Code of Corporate Governance is enclosed.

Statement showing attendance of Board meetings of Investment Advisor is as under:-

ATTENDANCE OF BOARD MEETINGS FROM 1 JULY 2006 TO 30 JUNE 2007

S. No.	Name	Designation	Meetings		
			Total	Attended	Leave Granted
1.	Nessar Ahmed	Chairman	3	3	
2.	Asad Javed	Chief Executive	3	3	
3.	Javaid B. Shaikh	Director	3	2	
4.	Azhar Javaid	Director	3	3	
5.	Maria Faridi	Director	3	2	
6.	Naved-Ul-Hasan	Director	3	2	

The trades in the certificates of the Fund carried out by its Investment Adviser, Directors, CEO, CFO, Company Secretary and their spouses and minor children of the Investment Advisor are as under:

Trades By	Purchases	Bonus	Right	Sales
	----- (No. of Shares) -----			
NIL				

Transactions with Connected Persons

Transactions with related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Economy

During FY06-07, economy grew by 7% as against the target of 7.5% as tight monetary policy decelerated rate of growth. Exports grew by 3.6% to \$17.01 billion while imports rose by \$30.5 billion translating into trade deficit of \$13.49 billion which is another concern that economic managers will have to alleviate.

On the fiscal side, the revenue collection target of Rs.835 billion by Central Board of Revenue has been achieved by collecting hefty Rs.841.1 billion while the per capita income has also increased to US\$ 925 as against US\$ 833 last year.

The strong fundamentals of the economy induced foreign investment and huge inflows were witnessed in Telecommunication, banking, and energy sector. Successful listing of local companies in International exchanges through GDR of MCB, OGDC, and UBL and the purchase of Government of Pakistan's sovereign bonds by international investors were also witnessed this year. Pakistan received the highest ever inflow of more than \$ 5.493 billion as workers' remittances during the year.

KSE- 100 Index Performance

During the fiscal year 2006-07, KSE-100 index has grown at a steady pace from 9,603.65 to 13,772.46 points. During this period, it has given return of 43.4%. The strong and persistent foreign interest in our capital market is evident from Special Rupee Convertible Account (SCRA) balance which reached to the highest ever record level of US\$ 978 million at the closing of the FY06-07.

Future Outlook

The economy has performed reasonably well during the past few years which reflect in the performance of the capital markets in general and your fund's performance in particular. However one of the primary reasons for this sustained economic performance was consistency in policies. The scenario is likely to get a little volatile as this is an election year and it is likely that the capital market in particular will remain volatile till the political environment settles down. Your fund managers are cognizant of these facts and have devised strategies to deal according to the situation.

Rating

We have initiated the process of credit rating with a highly reputable credit rating company in Pakistan.

Auditors

The present Auditors, Messrs Yousuf Adil Saleem & Co., Chartered Accountants are to retire and being eligible, have offered themselves for re-appointment.

WE BALANCED FUND

Commitment

The Investment Adviser is committed towards devoting all its skills, resources and experience, to enhance returns for the investors, while remaining conservative and watchful of market and systemic risks.

Acknowledgement

The Board is thankful to the Securities and Exchange Commission of Pakistan, the Trustee (CDC) and the management of Karachi stock exchange for their continued cooperation and support. The Directors also appreciate the continuous efforts put in by the investment adviser team, the Certificate Holders for their confidence in the management and the brokers for the growth of the fund.

For and on behalf of the Board

Karachi
August 02, 2007

Asad Javed
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE PERIOD ENDED 30 JUNE 2007

This statement is being presented by WE Investment Management Limited, the Investment Advisor of WE balanced Fund to comply with the Code of Corporate Governance contained in Regulation No. 37 of listing regulations of Karachi. The purpose of the Code is to establish a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Investment Adviser has applied the principles contained in the Code in the following manner:

1. The Investment Adviser encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes five non-executive directors however, none of the directors on the Board represent minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies .
3. All the resident directors of the Investment Adviser are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year no casual vacancies occurred in the Board at year end.
5. The Investment Adviser has adopted the 'Statement of Ethics and Business Practices', which has been approved by the Board of Directors & signed by all the directors, management, and employees of the Investment Adviser.
6. The Board has developed vision and mission statement & significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of Board have been duly exercised and decisions on material transactions have been taken by the Board. WEIML Board has appointed CE on the terms and conditions applicable under prevailing laws and employment policy of the Investment Adviser. There is no other Executive Director of the Investment Adviser beside the Chief Executive.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter after the establishment of the Fund. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meetings and the minutes of the meeting were appropriately recorded and circulated.
9. The Investment adviser arranged for the appointment of The CEO in a seminar on Corporate Governance.
10. The Investment Adviser is responsible for appointment of all the officers and other staff and to fix their remuneration and terms of employment. Accordingly, WE Investment Management Limited has appointed the Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including fixing their remuneration and terms and conditions of employment

WE BALANCED FUND

11. The roles and responsibilities of the Chairman and CEO have been approved by the Board of Directors.
12. The Directors' report of the Fund for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives of the Investment Adviser do not hold any interest in the certificates of the Fund other than that disclosed in the pattern of certificateholding.
15. The financial Statements of the Fund were duly endorsed by CEO and CFO of the Investment Adviser before approval of the Board.
16. The Investment advisor has complied with all the significant corporate and financial reporting requirements of the Code relevant to the Fund.
17. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors including the Chairman of the Committee.
18. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee are approved by the Board.
19. There exists an effective internal audit function within the Investment Adviser.
20. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. We confirm that all other material principles contained in the Code have been complied with.

For and on Behalf of the Board

Karachi
August 2, 2007

Asad Javed
Chief Executive

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

UAN: +92 (0) 21 111-55-2626
FAX: +92 (0) 21-454 1314
Web: www.deloitte.com

REVIEW REPORT TO THE CERTIFICATE HOLDERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the Investment Adviser of the WE BALANCED FUND to comply with the Listing Regulation of Karachi Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the investment adviser of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's investment advisor's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the investment adviser's personnel and review of various documents prepared by the investment adviser to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's investment advisor's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2007.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi
Dated: August 02, 2007



REPORT OF THE TRUSTEE WE BALANCED FUND

Report of the Trustee Pursuant to Rule 45(g) of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

WE Balanced Fund, a close-end fund was established under a trust deed executed between WE Investment Management Limited as the Investment Advisor and Central Depository Company of Pakistan Limited as Trustee on March 18, 2006. The Scheme was authorized by the Securities and Exchange Commission of Pakistan (SECP) on April 18, 2006.

In our opinion, WE Investment Management Limited, the Investment Advisor of WE Balanced Fund has in all material respects managed WE Balanced Fund during the year ended June 30, 2007 in accordance with the provisions of the Trust Deed (and the modifications authorized by the SECP from time to time) and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

For the purpose of information, we draw attention of unit holders to the requirement of clause 2.3 of the Offering Document and clause 6.1.1 of the Trust Deed which states that “..... the Fund shall invest at any time not less than 40% of its assets in listed securities”. However, as per audited financial statements for the period June 30, 2007, the investment in listed securities is only to the extent of 31% of its assets.

Karachi: August 27, 2007

Mohammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

UAN: +92 (0) 21 111-55-2626
FAX: +92 (0) 21-454 1314
Web: www.deloitte.com

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the accompanying financial statements of We Balanced Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2007, and the income statement, distribution statement, statement of movement in net assets / reserves, cash flow statement and statement of changes in equity and reserves of the Fund for the period from November 10, 2006 to June 30, 2007, and a summary of significant accounting policies and other explanatory notes.

Investment Advisors' responsibility for the financial statements

Investment Advisor of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

A member firm of
Deloitte Touche Tohmatsu

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

UAN: +92 (0) 21 111-55-2626
FAX: +92 (0) 21-454 1314
Web: www.deloitte.com

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2007, and of its financial performance, cash flows and transactions for the period from November 10, 2006 to June 30, 2007 in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and NBFC Rules.

Dated: August 02, 2007
Karachi

M. Yousuf Adil Saleem & Co.
Chartered Accountants

A member firm of
Deloitte Touche Tohmatsu

WE BALANCED FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2007

	Note	Rupees
ASSETS		
Bank balances	4	100,069,945
Investments	5	111,670,341
Receivable against Continuous Funding System (CFS)	6	27,164,265
Receivable against sale of investments		17,910,502
Dividend and profit receivable	7	1,202,673
Security deposits		1,100,000
Preliminary expenses and floatation costs	8	1,600,000
Other receivables		100,000
Total assets		260,817,726
LIABILITIES		
Fee payable to Investment Adviser	9	4,316,344
Preliminary and floatation cost payable to Investment Adviser		2,000,000
Fee payable to SECP	10	139,878
Fee payable to Trustee	11	39,609
Payable against purchase of investments		30,462,571
Accrued expenses and other liabilities		710,331
Total liabilities		37,668,733
NET ASSETS		223,148,993
CAPITAL AND RESERVES		
Issued, subscribed and paid up capital	12	200,000,000
Unappropriated profit		23,148,993
CERTIFICATE HOLDERS' FUND		223,148,993
NET ASSET VALUE PER CERTIFICATE	23	11.16

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

For WE Investment Management Limited
(Investment Adviser)

CHIEF EXECUTIVE OFFICER

DIRECTOR

WE BALANCED FUND

INCOME STATEMENT FOR THE PERIOD FROM NOVEMBER 10, 2006 TO JUNE 30, 2007

	Note	Rupees
INCOME		
Capital gain on sale of investments		
- at fair value through profit and loss - net		16,587,367
Dividend income		1,127,250
Unrealized gain on remeasurement of investments		
- at fair value through profit and loss - net	5.1	704,909
Income from Certificates of Investment		1,419,179
Income from Musharika certificates		2,018,083
Income from Continuous Funding System transactions		2,199,682
Profit on Term Finance Certificates		129,717
Return on deposit accounts with banks		6,241,739
		30,427,926
OPERATING EXPENSES		
Fee to Investment Adviser	9	4,196,344
Fee to SECP	10	139,878
Fee to Trustee	11	266,878
Securities transaction cost	13	1,816,527
Auditors' remuneration	14	135,000
Amortization of preliminary expenses and floatation costs		400,000
Bank commission and charges		4,120
Others expenses		320,186
		7,278,933
Profit before taxation		23,148,993
Taxation	15	-
Profit after taxation		23,148,993
Earnings per certificate	16	23,148,993
With unrealized gain on remeasurement of investments		1.16
Without unrealized gain on remeasurement of investments		1.12

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

For WE Investment Management Limited
(Investment Adviser)

CHIEF EXECUTIVE OFFICER

DIRECTOR

WE BALANCED FUND

DISTRIBUTION STATEMENT FOR THE PERIOD FROM NOVEMBER 10, 2006 TO JUNE 30, 2007

Rupees

Profit for the period	23,148,993
Unappropriated profit carried forward	<u>23,148,993</u>

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

For WE Investment Management Limited
(Investment Adviser)

CHIEF EXECUTIVE OFFICER

DIRECTOR

WE BALANCED FUND

CASH FLOW STATEMENT FOR THE PERIOD FROM NOVEMBER 10, 2006 TO JUNE 30, 2007

Rupees

A. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	23,148,993
Adjustments for:	
Capital gain on sale of investments	
- at fair value through profit and loss - net	(16,587,367)
Unrealized Gain on remeasurement of investments	
- at fair value through profit and loss - net	(704,909)
Amortization of preliminary expenses and floatation costs	<u>400,000</u>
	6,256,717
Increase / decrease in:	
Assets	
Investments - net	(94,378,065)
Receivable against Continuous Funding System (CFS)	(27,164,265)
Receivable against sale of investments	(17,910,502)
Dividend and profit receivable	(1,202,673)
Security deposits	(1,100,000)
Other receivables	(100,000)
	(141,855,505)
Liabilities	
Fee payable to Investment Adviser	4,316,344
Fee payable to SECP	139,878
Fee payable to Trustee	39,609
Payable against purchase of investments	30,462,571
Accrued expenses and other liabilities	710,331
	<u>35,668,733</u>
Net cash used in operating activities	<u>(99,930,055)</u>

B. CASH FLOWS FROM FINANCING ACTIVITIES

Issue of certificates	<u>200,000,000</u>
Net cash from financing activities	<u>200,000,000</u>
Bank balances at the end of the period	<u><u>100,069,945</u></u>

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

For WE Investment Management Limited
(Investment Adviser)

CHIEF EXECUTIVE OFFICER

DIRECTOR

WE BALANCED FUND

STATEMENT OF MOVEMENTS IN NET ASSETS / RESERVES FOR THE PERIOD FROM NOVEMBER 10, 2006 TO JUNE 30, 2007

Rupees

Movements in net assets value per certificate from operations

Capital gain on sale of investments	
- at fair value through profit and loss - net	0.83
Dividend income	0.06
Unrealized gain on remeasurement of investments	
- at fair value through profit and loss - net	0.04
Income from Certificates of Investment	0.07
Income from Musharika certificates	0.10
Income from Continuous Funding System (CFS) transactions	0.11
Profit on Term Finance Certificates	0.01
Return on deposit accounts with banks	0.31
	1.52
Operating expenses	(0.36)
Net increase in net assets value per certificate from operations	1.16

Movements in net assets value per certificate from financing

Issue of certificates	10.00
Net asset value per certificate at the end of the period	11.16

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

For WE Investment Management Limited
(Investment Adviser)

CHIEF EXECUTIVE OFFICER

DIRECTOR

WE BALANCED FUND

STATEMENT OF MOVEMENT IN EQUITY AND RESERVES FOR THE PERIOD FROM NOVEMBER 10, 2006 TO JUNE 30, 2007

	Issued, subscribed & paid up capital	Unappropriated Profit	Total
 Rupees		
Issue of certificates during the period	200,000,000	-	200,000,000
Profit for the period	-	23,148,993	23,148,993
Balance as at June 30, 2007	<u>200,000,000</u>	<u>23,148,993</u>	<u>223,148,993</u>

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

For WE Investment Management Limited
(Investment Adviser)

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 10, 2006 TO JUNE 30, 2007

1. STATUS AND NATURE OF BUSINESS

- 1.1 WE Balanced Fund (the Fund) is a closed end scheme established in Pakistan by a Trust Deed executed on March 18, 2006 under the Trust Act, 1882 (II of 1882) between WE Investment Management Limited as Investment Advisor and Central Depository Company of Pakistan Limited as Trustee. The Fund is governed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Registered office of the Fund is situated at Karachi, Pakistan. The certificates of the Fund are listed on Karachi Stock Exchange.
- 1.2 The objective of the Fund is to generate long term capital appreciation as well as current income by creating balanced portfolio that is invested in high quality equity securities, long term securities, high quality TFC's, money market instruments, financing under Continuous Funding System (CFS) and ready future hedges.
- 1.3 The certificates of the Fund were offered for public subscription on November 06 to 08, 2006. The Fund was deemed to have been constituted on next working day i.e. November 10, 2006, hence these are the first financial statements of the Fund effective from that date.
- 1.4 These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) as are notified under the provisions of the Ordinance. Wherever, the requirements of the Rules, the Ordinance, or directives issued by SECP differ with the requirements of these standards, the requirements of the Rules, the Ordinance and the said directives take precedence.
- 2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after January 1, 2007 are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than increased disclosures in certain cases: -

WE BALANCED FUND

IAS 1	Presentation of financial statements - amendments relating to capital disclosures	Effective from accounting period beginning on or after January 1, 2007
IFRS 2	Share based payment	Effective from accounting period beginning on or after January 1, 2007
IFRS 3	Business combinations	Effective from accounting period beginning on or after January 1, 2007
IFRS 5	Non-current assets held for sale and discontinued operations	Effective from accounting period beginning on or after January 1, 2007
IFRS 6	Exploration for and evaluation of mineral resources	Effective from accounting period beginning on or after January 1, 2007
IFRS 7	Financial instruments: Disclosures	Effective from accounting period beginning on or after January 1, 2007
IFRS 8	Operating segments	Effective from accounting period beginning on or after January 1, 2009
IFRIC 11	Group and treasury share transactions	Effective from accounting period beginning on or after March 1, 2007
IFRIC 12	Services concession arrangements	Effective from accounting period beginning on or after January 1, 2008
IFRIC 13	Customer loyalty program	Effective from accounting period beginning on or after July 1, 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below: -

3.1 Basis of measurement

These financial statements are prepared under the historical cost convention, except for the measurement of investments - at fair value through profit and loss - net and held to maturity investment at amortised cost.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances. Cash and cash equivalents are carried in the balance sheet at cost.

3.3 Investments

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention for purchases and sales are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the assets.

The Investment Adviser determines the appropriate classification of the Fund's investments in accordance with the requirements of International Accounting Standard (IAS) 39; 'Financial Instruments: Recognition and Measurement', at the time of purchase and re-evaluates this classification on a regular basis.

Financial assets at fair value through profit or loss

These financial assets are classified as held for trading or designated by the management at fair value through profit or loss at inception. Financial assets held for trading are those acquired principally for the purpose of selling in the near future. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are charged in the income statement. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. The fair value of financial instruments traded in active market is based on quoted market prices. Gains and losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise.

Available for sale

Investment securities held by the Fund which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investment are initially recognised at fair value plus transaction cost and subsequently re-measured at fair value. Investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognised directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognised in equity is included in income statement.

Held to maturity

These are securities with fixed or determinable payments with fixed maturity periods where the Fund has the positive intent and ability to hold till maturity. Held-to-maturity investments are subsequently re-measured at amortized cost, less any impairment loss recognized to reflect irrecoverable amounts.

3.4 Securities under resale agreements - Continuous Funding System (CFS) transactions

Securities purchased under an agreement to resell (reverse repo) are included as receivable against CFS transactions at the fair value of the consideration given. All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the asset. The CFS transactions are accounted for on the settlement date. The difference between the purchase and sale price is treated as income from CFS transactions in the income statement and is recognised over the term of the respective transactions.

3.5 Revenue recognition

Capital gains / (losses) whether realised or unrealised arising on sale of investments are included in the income statement in the period in which they arise.

Dividend income is recognised when the right to receive the dividend is established.

Profit on bank deposit and income from Continuous Funding System (CFS) is recognized on accrual basis.

3.6 Taxation

Charge for current year taxation is based on taxable income, if any, at the current rates for taxation after taking into account any available tax credits.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amount used for taxation purposes. In addition, the Fund also records deferred tax assets on unutilized tax losses to the extent that this will be available for set off against future taxable profits. However, the Fund intends to avail the tax exemption by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, as per clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, to its certificate holders every year. Accordingly, no tax liability and deferred tax has been recognised in these financial statements.

3.7 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on the net basis, or realise the asset and settle liability simultaneously.

3.8 Financial assets and financial liabilities

All the financial assets and financial liabilities are recognised at the time when the Fund becomes a party contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

Financial assets carried on the statement of assets and liabilities include bank balances, investments, receivable against sale of investments and CFS, dividend and profit receivable and security deposits.

Financial Liabilities carried on the statement of assets and liabilities include fee and preliminary and floatation cost payable to the Investment Adviser, fee payable to Trustee, payable against purchase of investments and accrued expenses and other liabilities.

Particular recognition and measurement policy associated with relevant instrument is disclosed separately.

3.9 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are amortized over the period of five years on straight line basis.

WE BALANCED FUND

3.10 Accrued expenses and other liabilities

Accrued expenses and other liabilities are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether or not billed to the Fund.

3.11 Dividend distribution

Dividends declared (including distribution in the form of bonus certificates) subsequent to the balance sheet date are considered as a non-adjusting event as per International Accounting Standard-10 'Events after Balance Sheet Date' and are recognised in the period in which they are authorised or approved.

3.12 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.13 Transactions with connected person/related party

Transactions between the Fund and its related parties, as defined in NBFC Rules, are carried out on contracted rates substantiated in a manner set out in note 17.

3.14 Critical accounting estimates and judgments

In the process of applying the Fund's accounting policies, management has not identified any area where the critical judgment has been exercised which could significantly impact the financial statements. Further there are no key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date that have significant risk of causing a material adjustment within the next financial year.

	Note	Rupees
4. BANK BALANCES		
In saving accounts		<u>100,069,945</u>
4.1 These carry mark-up ranging from 4% to 10.5% per annum.		
5. INVESTMENTS		
Investments - at fair value through profit or loss	5.1	68,273,500
Investments - held to maturity		
Certificates of Investment (COI)	5.2	40,667,124
Term Finance Certificates (TFC)	5.3	2,729,717
		<u>111,670,341</u>

5.1 Investments - At fair value through profit or loss

The holdings are in the fully paid ordinary shares /certificate of Rs.10/- each.

Name of Investee	Number of Shares / Certificates				Value of Shares / Certificates			Percentage in relation to		
	Purchases	Bonus / Rights	Sales	Closing	Cost	Market value	Unrealized gain / (loss)	Net Assets of the Fund	Investee paid up capital	Total Investment
						(Rupees)				
MODARABA										
B.R.R. Guardian Modarba	50,000	-	50,000	-	-	-	-	-	-	-
INVESTMENT BANK/CO./SECURITY										
Pakistan Industrial Credit and Investment Corporation	45,000	-	45,000	-	-	-	-	-	-	-
COMMERCIAL BANKS										
Allied Bank Limited	55,000	9,000	64,000	-	-	-	-	-	-	-
Askari Bank Limited	295,000	12,500	247,500	60,000	6,196,275	6,354,000	157,725	0.028%	-	0.092%
Bank Al-Falah Limited	180,000	-	180,000	-	-	-	-	-	-	-
Bank Islami Pakistan Limited	50,000	-	50,000	-	-	-	-	-	-	-
The Bank of Punjab	155,000	-	155,000	-	-	-	-	-	-	-
Faysal Bank Limited	205,000	-	205,000	-	-	-	-	-	-	-
MCB Bank Limited	15,000	-	15,000	-	-	-	-	-	-	-
National Bank of Pakistan	170,000	-	170,000	-	-	-	-	-	-	-
NIB Bank Limited	25,000	-	25,000	-	-	-	-	-	-	-
PICIC Commercial Bank Limited	25,000	-	15,000	10,000	441,200	440,000	(1,200)	0.002%	-	0.007%
Sonari Bank Limited	10,000	-	10,000	-	-	-	-	-	-	-
United Bank Limited	20,000	-	20,000	-	-	-	-	-	-	-
	1,205,000	21,500	1,156,500	70,000	6,637,475	6,794,000	156,525	0.030%	-	0.099%
INSURANCE										
Adamjee Insurance Company Limited	25,000	-	20,000	5,000	1,595,000	1,629,750	34,750	0.007%	-	0.024%
TEXTILE COMPOSITE										
Nishat Mills Limited	10,000	-	10,000	-	-	-	-	-	-	-
CEMENT										
D. G. Khan Cement Company Limited	25,000	-	25,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	500,000	-	50,000	450,000	8,789,650	8,865,000	75,350	0.040%	0.001%	0.130%
Lucky Cement Limited	400,000	-	400,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	200,000	-	200,000	-	-	-	-	-	-	-
Pioneer Cement Limited	275,000	-	275,000	-	-	-	-	-	-	-
	1,400,000	-	950,000	450,000	8,789,650	8,865,000	75,350	0.040%	0.001%	0.130%

WE BALANCED FUND

Name of Investee	Number of Shares / Certificates			Value of Shares / Certificates			Percentage in relation to			
	Purchases	Bonus / Rights	Sales	Closing	Cost	Market value	Unrealized gain / (loss)	Net Assets of the Fund	Investee paid up capital	Total Investment
REFINERY										
Attock Refinery Limited	50,000	-	50,000	-	-	-	-	-	-	-
Bostor Pakistan Limited	10,000	-	10,000	-	-	-	-	-	-	-
	60,000	-	60,000	-	-	-	-	-	-	-
POWER GENERATION AND DISTRIBUTION										
Kot Addu Power Company Limited	160,000	-	160,000	-	-	-	-	-	-	-
Hub Power Company Limited	803,000	-	553,000	250,000	9,240,875	9,175,000	(65,875)	0.041%	-	0.137%
Karachi Electric Supply Corporation	300,000	-	200,000	100,000	654,583	675,000	20,417	0.003%	-	0.010%
	1,263,000	-	913,000	350,000	9,895,458	9,850,000	(45,458)	0.044%	-	0.147%
OIL & GAS MARKETING										
Pakistan State Oil Company Limited	65,000	-	65,000	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	175,000	-	175,000	-	-	-	-	-	-	-
	240,000	-	240,000	-	-	-	-	-	-	-
OIL & GAS EXPLORATION										
Oil & Gas Development Company Limited	460,500	-	360,500	100,000	12,351,119	11,980,000	(371,119)	0.054%	-	0.183%
Pakistan Oil Fields Limited	140,000	-	140,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited	225,400	-	225,400	-	-	-	-	-	-	-
	825,900	-	725,900	100,000	12,351,119	11,980,000	(371,119)	0.054%	-	0.183%
AUTOMOBILE PARTS & ACCESSORIES										
General Tyre and Rubber Company of Pakistan	25,000	-	25,000	-	-	-	-	-	-	-
AUTOMOBILE ASSEMBLER										
Al-Chazi Tractors Limited	10,000	-	10,000	-	-	-	-	-	-	-
	10,000	-	10,000	-	-	-	-	-	-	-
TRANSPORT										
Pakistan International Container Terminal Corporation 'A'	25,000	-	-	25,000	1,930,000	2,120,000	190,000	0.010%	-	0.029%
Pakistan International Airline Corporation 'A'	300,000	-	300,000	-	-	-	-	-	-	-
	325,000	-	300,000	25,000	1,930,000	2,120,000	190,000	0.010%	0.000%	0.029%

WE BALANCED FUND

Name of Investee	Number of Shares / Certificates			Value of Shares / Certificates			Percentage in relation to			
	Purchases	Bonus / Rights	Sales	Closing	Cost	Market value	Unrealized gain / (loss)	Net Assets of the Fund	Investee paid up capital	Total Investment
< ----- (Rupees) ----- >										
TECHNOLOGY AND COMMUNICATION										
Pakistan Telecommunication Company Limited 'A'	907,500	-	857,500	50,000	2,728,750	2,850,000	121,250	0.013%	-	0.040%
Telecard Limited	150,000	-	150,000	-	-	-	-	-	-	-
TRC Pakistan Limited	200,000	-	200,000	-	-	-	-	-	-	-
World Call Telecom Limited	10,000	-	10,000	-	-	-	-	-	-	-
	1,267,500	-	1,217,500	50,000	2,728,750	2,850,000	121,250	0.013%	-	0.040%
FERTILIZERS										
Dawood Hercules Chemicals Limited	700	-	700	-	-	-	-	-	-	-
Engro Chemicals Pakistan Limited	115,000	-	75,000	40,000	10,055,652	10,120,000	64,348	0.045%	-	0.149%
Engro Chemicals Pakistan Limited	3,000	3,000	-	3,000	-	384,000	384,000	0.002%	-	-
Fauji Fertilizer Bin Qasim Limited	595,000	-	575,000	20,000	783,800	780,000	(3,800)	0.003%	-	0.012%
Fauji Fertilizer Company Limited	275,000	-	195,000	80,000	9,750,650	9,700,000	(50,650)	0.043%	-	0.144%
	985,700	3,000	845,700	143,000	20,590,102	20,984,000	393,898	0.093%	-	0.305%
PHARMACEUTICAL										
Searle Pakistan Limited	15,000	-	-	15,000	589,725	573,750	(15,975)	0.003%	0.001%	0.009%
CHEMICAL										
ICI Pakistan Limited	20,000	-	20,000	-	-	-	-	-	-	-
Pakistan PTA Limited	400,000	-	200,000	200,000	1,026,442	1,100,000	73,558	0.005%	-	0.015%
	420,000	-	220,000	200,000	1,026,442	1,100,000	73,558	0.005%	-	0.015%
PAPER AND BOARD										
Packages Limited	10,000	-	10,000	-	-	-	-	-	-	-
GLASS & CERAMICS										
Ghani Glass Limited	20,000	-	-	20,000	1,434,870	1,527,000	92,130	0.007%	-	0.021%
MISCELLANEOUS										
Siddiqson Tinplate Limited	25,000	-	25,000	-	-	-	-	-	-	-
	8,227,100	24,500	6,823,600	1,428,000	67,568,591	68,273,500	704,909	31%	-	100%

June 30, 2007

WE BALANCED FUND

Rupees

5.2 Certificates of investment

Grays Leasing Limited	20,604,110
Crescent Leasing Corporation Limited	20,063,014
	40,667,124
	40,667,124

5.2.1 These certificates are unsecured and carry mark-up ranging from 11.50% to 12.25% per annum.

5.3 Term Finance Certificates

Bank Al-Habib Limited	2,729,717
	2,729,717
	2,729,717

5.3.1 These are un-secured and carry mark-up at a rate six months average KIBOR Plus 195 bps points per annum receivable semi-annually in arrears and will mature in February 2015.

6. RECEIVABLE AGAINST CONTINUOUS FUNDING SYSTEM (CFS)

It represents financing extended for investments in the Continuous Funding System. This carries markup ranging from 11% to 19% per annum. It is secured against the securities purchased therefrom.

7. DIVIDEND AND PROFIT RECEIVABLE

Dividend receivable	314,250
Profit receivable on bank deposit	888,423
	1,202,673
	1,202,673

8. PRELIMINARY EXPENSES AND FLOATATION COST

Total expenses	2,000,000
Less: Amortization during the period	(400,000)
	1,600,000
	1,600,000

9. REMUNERATION PAYABLE TO INVESTMENT ADVISER

The NBFC licensed by the Commission to operate as an investment adviser of a closed-end fund shall be entitled to be paid annually, after the accounts of the Fund have been audited, a remuneration during the first five years of a Fund's existence, of an amount not exceeding three per cent of the average annual net assets of the Fund and thereafter of an amount equal to two per cent of such assets. The remuneration of the Investment Adviser has been determined at the rate of three per cent of average monthly net assets of the Fund.

WE BALANCED FUND

10. FEE PAYABLE TO SECP

Annual fee to SECP has been determined at one tenth of one percent of average monthly net assets of the Fund in terms of Rule 54 of the NBFC Rules.

11. FEE PAYABLE TO TRUSTEE

Central Depository Company (CDC) (the Trustee) is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed.

12. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

No. of Certificates	Issued, subscribed and paid up capital	2007 Rupees
20,000,000	Fully paid ordinary certificates of Rs. 10/- each issued for cash	200,000,000

12.1 The total authorised number of certificates are 20,000,000 with a par value of Rs. 10/- per certificate.

Number of
Certificates

12.2 The associated companies hold certificates as follows: -

WE Investment Management Limited	2,000,000
WE Financial Services limited	7,735,500
First Dawood Investment Bank Limited	5,000,000

For the period from
November 10, 2006
to June 30, 2007
Rupees

13. SECURITIES TRANSACTION COST

Transaction cost associated with:

- initial recognition of financial asset	892,668
- derecognition of financial asset	649,057
- financing under Continuous Funding System	274,802

1,816,527

WE BALANCED FUND

For the period from
November 10, 2006
to June 30, 2007
Rupees

14. AUDITORS' REMUNERATION

Annual statutory audit fee	75,000
Half yearly review	35,000
Fee for review of statement of compliance of code of corporate governance	<u>25,000</u>
	<u>135,000</u>

15. TAXATION

The Fund is exempt from tax under clause 99 part I of Second Schedule to the Income Tax Ordinance 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its certificate holders.

The Fund is also exempt from the provision of Section 113 (minimum tax) under clause II of part IV of the Second Schedule to the Income Tax Ordinance, 2001.

16. EARNINGS PER CERTIFICATE

Rupees

There is no dilutive effect on earnings per certificate as computed below: -

Profit after taxation (with unrealized gain on remeasurement of investments)	<u>23,149</u>
Profit after taxation (without unrealized gain on remeasurement of investments)	<u>22,444</u>
Weighted average number of certificates	<u>20,000</u>
Basic earnings per certificate (with unrealized gain on remeasurement of investments)	<u>1.16</u>
Basic earnings per certificate (without unrealized gain on remeasurement of investments)	<u>1.12</u>

WE BALANCED FUND

17. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include WE Investment Management Limited being the Investment Adviser of the Fund, WE Financial Services Limited being the company under common control and First Dawood Investment Bank Limited being the major certificate holder of the Fund.

Transactions with related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with market rates.

For the period from
November 10, 2006
to June 30, 2007
Rupees

WE Investment Management Limited

Fee Payable to investment adviser	4,196,344
Preliminary expenses and flotation costs	2,000,000
Payable to investment adviser	120,000

WE Financial Services Limited

Brokerage paid	162,346
----------------	---------

First Dawood Investment Bank Limited

Return received on certificates of investment	308,219
---	---------

18. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Investment Advisor in its meeting held on August 02, 2007 has approved a final cash dividend for the period ended June 30, 2007 of Rs. 1.05 per certificate i.e. 10.5%, amounting to Rs.21,000,000. These financial statements do not reflect the appropriation of the dividend.

WE BALANCED FUND

19. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

19.1 The Fund's Market Rate of Return (MROR) sensitivity related to financial assets and financial liabilities as at 30 June, 2007 can be determined from the following: -

		June 30, 2007				
		Exposed to MROR Risk				
Effective interest rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to MROR Risk	Total	
< ----- Rupees ----- >						
Financial Assets						
Bank balances	4% - 10.5%	100,069,945	-	-	-	100,069,945
Investments	11.5% - 12.25%	40,797,361	520	2,598,960	68,273,500	111,670,341
Receivable against						
Continuous Funding System	11.50% - 18%	27,164,265	-	-	-	27,164,265
Receivable against sale of						
investments		-	-	-	17,910,502	17,910,502
Dividend and profit receivable		-	-	-	1,202,673	1,202,673
Security deposits		-	-	-	1,100,000	1,100,000
Other receivables		-	-	-	100,000	100,000
		168,031,571	520	2,598,960	88,586,675	259,217,726
Financial Liabilities						
Fee payable to Investment Adviser		-	-	-	4,316,344	4,316,344
Preliminary and floatation costs payable to Investment Advisor		-	-	-	2,000,000	2,000,000
Fee payable to Trustee		-	-	-	39,609	39,609
Payable against purchase of investments		-	-	-	30,462,571	30,462,571
Accrued expenses and other liabilities		-	-	-	710,331	710,331
		-	-	-	37,528,855	37,528,855
On-balance sheet gap		168,031,571	520	2,598,960	51,057,820	221,688,871

WE BALANCED FUND

20. MATURITIES OF ASSETS AND LIABILITIES

As at June 30, 2007

	Upto three months	More than three months and upto one year	More than one year	Total
----- (Rupees) -----				
Assets				
Bank balances	100,069,945	-	-	100,069,945
Investments	109,070,861	520	2,598,960	111,670,341
Receivable against Continuous Funding System	27,164,265			27,164,265
Receivable against sale of investments	17,910,502	-	-	17,910,502
Dividend and profit receivable	1,202,673			1,202,673
Security deposits	-	-	1,100,000	1,100,000
Preliminary expenses and floatation costs	400,000	-	1,200,000	1,600,000
Other receivables	100,000	-	-	100,000
	255,918,246	520	4,898,960	260,817,726
Liabilities				
Fee payable to Investment Adviser	4,316,344	-	-	4,316,344
Preliminary and floatation cost payable to Investment Adviser	400,000	-	1,600,000	2,000,000
Fee payable to SECP	139,878	-	-	139,878
Fee payable to Trustee	39,609	-	-	39,609
Payable against purchase of investments	30,462,571	-	-	30,462,571
Accrued expenses and other liabilities	710,331	-	-	710,331
	36,068,733	-	1,600,000	37,668,733
Net Assets	219,849,513	520	3,298,960	223,148,993

21. RISK MANAGEMENT

The Fund primarily invests in listed equity securities, certificate of investments, term finance certificate and CFS. These investments are subject to varying natures of risk. These risk emanate from various factors that include, but are not limited to following: -

- Market rate of return (MROR) risk

MROR risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Fund manages its investment portfolio in order to reduce the risk of loss in market value of investments as a result of changes in market interest rates. In case the management expects economic uncertainty the portfolio will be restructured so as to comprise of short-term debt securities, money market instruments, short maturity repurchase transactions and continuous funding system transactions.

- Market Risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market price of securities due to change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

WE BALANCED FUND

The investment adviser manages market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines as approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

- Credit Risk

Credit risk arises from the inability of the counter parties to fulfill their obligations.

All investing transactions are settled / paid for upon delivery using approved brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has received payment. On a purchase, payment is made once the securities have been received by the broker. If either party fails to meet the obligation, the trade will fail.

The Fund enters into transactions with diverse credit worthy counter parties thereby mitigating any significant concentration of credit risk.

- Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short term in nature and are restricted to the extent of available liquidity and all assets of the Fund are readily disposable in the market.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments categorized as 'held for trading' are carried at their fair value. The management is of the view that the fair market value of most of the remaining financial assets and financial liabilities are not significantly different from their carrying values.

23. PERFORMANCE TABLE

	Rupees
Net assets	223,148,993
Net asset value per certificate	11.16
Profit after tax	23,148,993
Earnings per certificate	1.16

WE BALANCED FUND

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 02 August, 2007 by the Board of Directors of the Investment Adviser.

25. GENERAL

These are the first financial statements of the Fund as such there are no corresponding figures to report.

Figures have been rounded off to the nearest Rupee.

For WE Investment Management Limited
(Investment Adviser)

CHIEF EXECUTIVE OFFICER

DIRECTOR

WE BALANCED FUND

PATTERN OF SHAREHOLDING

AS OF JUNE 30, 2007

No. of Share Holders	<----- Having Shares ----->		Shares Held	Percentage
	From	To		
532	101	500	266,000	1.33%
8	501	1,000	8,000	0.04%
5	1,001	5,000	16,500	0.08%
6	5,001	10,000	57,000	0.29%
1	20,001	25,000	21,500	0.11%
3	45,001	50,000	150,000	0.75%
1	50,001	55,000	50,500	0.25%
1	80,001	85,000	85,000	0.43%
1	95,001	100,000	100,000	0.50%
1	480,001	485,000	485,000	2.43%
2	495,001	500,000	1,000,000	5.00%
1	565,001	570,000	570,000	2.85%
1	965,001	970,000	970,000	4.85%
1	1,480,001	1,485,000	1,485,000	7.43%
1	1,995,001	2,000,000	2,000,000	10.00%
1	4,995,001	5,000,000	5,000,000	25.00%
1	7,735,001	7,740,000	7,735,500	38.68%
567	19,006,617	19,081,500	20,000,000	100.00%

CATEGORIES OF SHAREHOLDERS
AS AT 30-06-2007

CATEGORY NO.	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARES HELD	CATEGORY WISE NO. OF SHARE HOLDERS	CATEGORY WISE SHARES HELD	PERCENTAGE %
1	INDIVIDUALS		556	1,273,500	6.37
2	INVESTMENT COMPANIES		-	-	-
3	JOINT STOCK COMPANIES		3	1,955,000	9.78
4	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN MR. ASAD JAVED MRS. KIRAN ASAD JAVED MR. NAVEED-UL-HASSAN	50,000 500 500	3	51,000	0.26
5	EXECUTIVES		-	-	-
6	NIT / ICP		-	-	-
7	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES WE FINANCIAL SERVICES WE INVESTMENT MANAGEMENT LIMITED FIRST DAWOOD INVESTMENT BANK LIMITED	7,735,500 2,000,000 5,000,000	3	14,735,500	73.68
8	PUBLIC SECTOR COMPANIES AND CORPORATIONS		-	-	-
9	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS		1	1,485,000	7.43
10	FOREIGN INVESTORS		-	-	-
11	CO-OPERATIVE SOCIETIES		-	-	-
12	CHARITABLE TRUSTS		-	-	-
13	OTHERS		1	500,000	2.50
TOTALS				20,000,000	100.00

SHARE-HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY			
TOTAL PAID-UP CAPITAL OF THE COMPANY	20,000,000	SHARES	
10 % OF THE PAID-UP CAPITAL OF THE COMPANY	2,000,000	SHARES	
NAME(S) OF SHARE-HOLDER(S)	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE %
WE FINANCIAL SERVICES LIMITED	FALLS IN CATEGORY # 7	7,735,500	38.68
WE INVESTMENT MANAGEMENT LTD.	FALLS IN CATEGORY # 7	2,000,000	10.00
FIRST DAWOOD INVESTMENT BANK LIMITED	FALLS IN CATEGORY # 7	5,000,000	25.00
TOTAL		14,735,500	73.68

WE BALANCED FUND

STATEMENT OF INCOME AND EXPENDITURE IN RELATION TO THE INVESTMENT COMPANY

FOR THE PERIOD FROM NOVEMBER 10, 2006 TO JUNE 30, 2007

INCOME	Rupees
Advisory Fee - WE Balanced Fund	4,196,344
Total Income / (Loss)	<u>4,196,344</u>
OPERATING EXPENSES	
Staff Salaries	2,146,275
Fees & Subscription	191,239
Conveyance & Traveling	283,510
Repair & Maintenance	27,672
Computer Supplies, Stamps & Courier	58,039
Incorporation Expenses	3,688,731
Insurance Expenses	17,370
Legal Fee	50,000
Amortization of Software	300,000
CFS Phone Line Bill	3,390
Finance Lease Charges	41,297
Total Expenses	<u>6,807,523</u>
(Loss) for the period	<u>(2,611,179)</u>

Revenue and expenses not relating to the fund has not been included in the above statement