

HALF YEARLY REPORT  
December 31, 2007

**WE BALANCED FUND**

Managed by



**WE Investment Management Limited**

## WE BALANCED FUND

### 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 clients.*

## WE BALANCED FUND

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## 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  
Asad Javed  
Asif Ahmad  
Naved Ul Hassan  
Azhar Javaid  
Maria Faridi

#### CFO & COMPANY SECRETARY OF THE INVESTMENT ADVISER

Asif Ahmad

#### AUDIT COMMITTEE

Azhar Javaid  
Naved-ul-Hassan  
Maria Faridi

#### INVESTMENT COMMITTEE

Asad Javed  
Azhar Javaid  
Mohammad Irfan Rasheed

#### TRUSTEE

Central Depository Company of Pakistan Limited  
Suite No. M-13-16, Mezzanine Floor, Progressive Plaza,  
Beaumont 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.

#### BANKERS TO THE FUND

MCB Bank Limited  
Bank Al Falah Limited  
First Dawood Islamic Bank Limited  
NIB Bank Limited  
Habib 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 INVESTMENT ADVISER

It gives me immense pleasure to present on behalf of the Board of Directors of WE Investment Management Limited, the Investment Advisor of WE Balanced Fund, the financial statements of the fund for the half year ended 31st December, 2007.

#### Stock Market Review

During 2HCY07, capital markets in the country remained volatile mainly due to political events. KSE-100 index appreciated by marginal 2.21% as compared to the appreciation of 37% in 1HCY07. The events in the country lead to rating review of Pakistan to 'Stable' from 'Positive' by S&P. Moreover, the sub prime mortgage crisis in US affected the regional equity markets. Under this environment, foreign portfolio investment started to recede resulting in index decline.

We expect the market sentiment to remain dull as the upcoming elections are likely to keep any upward move in check. However the formation of next government would be the next trigger to re-evaluate ones investment decisions.

#### Operation Review

During 1HFY08, WE Balanced Fund earned net profit of Rs.8.843 million that translate into EPS(with diminution/ appreciation on re-measurement of marketable securities-net) of Rs.0.44. The Net Asset value per certificate as on Dec 31, 2007 was Rs.10.55. During this period, the fund posted return of 4.51% as compared to the benchmark return of 3.33%. The bench mark comprises of 60% of KSE-100 index and 40% of 6-months KIBOR.

#### Asset Allocation and Strategy

The later half of the CY07 has been full of events and the capital market remained under its influence. The fund during this period held a cautious stance and tried to limit its exposure for the preservation of the certificate holder's capital. However we continued our strategy to invest in fundamentally strong scrips and also focused on their growth prospects. Banking sector remained our top sector mainly because of the consistently high average spreads above 7%. The higher international oil prices close to \$100 would effect significantly the earnings of the E&P sector and the local demand of energy would open the doors of growth for this sector. Keeping in view these strong fundamentals we took exposure in this sector. Fertilizer sector is another segment in which we ventured because the huge capital expenditure to expand the operations brightens the future growth opportunities in the sector.

#### Acknowledgement

The Board of Directors of the Management Company likes to express its sincere appreciation and gratitude to the Regulatory Authorities especially the Securities and Exchange Commission of Pakistan (SECP) and the Karachi Stock Exchange Guaranteed Limited (KSE) for their continued professional guidance and support. We would also like to thank our Trustee the Central Depository Company of Pakistan Limited (CDC), our unit holders for their patronage and help and as well as the entire WEi team for their commitment, dedication and efforts.

For on behalf of the  
Board of Directors

February 11, 2008  
Karachi

Asad Javed  
Chief Executive Officer

## WE BALANCED FUND



### REPORT OF THE TRUSTEE TO THE CERTIFICATE HOLDERS

#### WE BALANCED FUND

Report of the Trustee Pursuant to Regulation 58(f) of the Non-Banking Finance Companies and Notified Entities Regulation, 2007

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

In our opinion, the Management Company has in all material respects managed the scheme during the six months ended December 31, 2007 in accordance with the provisions of the constitutive documents of the scheme (and the modifications authorized by the SECP from time to time) and the Non-Banking Finance Companies and Notified Entities Regulation, 2007.

Mohammad Hanif  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, Dated: February 11, 2008

## WE BALANCED FUND

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  
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Web: www.deloitte.com

### AUDITORS' REPORT TO THE CERTIFICATE HOLDERS' ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

#### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of WE Balanced Fund as at December 31, 2007, and the related condensed interim income statement, condensed interim cash flow statement and condensed interim statement of movement in equity and reserves (here-in-after referred to as the 'condensed interim financial information') for the six-months ended December 31, 2007. Management Company is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim cash flow statement and condensed interim statement of movement in equity and reserves for the quarters ended December 31, 2007 and 2006 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2007 and 2006.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months ended December 31, 2007 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

M. Yousuf Adil Saleem & Co.  
Chartered Accountants

Karachi  
Dated: February 11, 2008

A member firm of  
Deloitte Touche Tohmatsu

## WE BALANCED FUND

### CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2007

	Unaudited December 31 2007	Audited June 30 2007
Note	-----	Rupees -----
<b>ASSETS</b>		
Bank balances	80,292,420	100,069,945
Investment in marketable securities	4 125,285,191	111,670,341
Receivable against Continuous Funding System	-	27,164,265
Receivable against sale of securities	3,821,670	17,910,502
Dividend and profit receivable	1,758,773	1,202,673
Security deposits	3,600,000	1,100,000
Preliminary expenses and floatation cost	1,400,000	1,600,000
Other receivables	<u>21,882</u>	<u>100,000</u>
<b>Total assets</b>	<u><u>216,179,936</u></u>	<u><u>260,817,726</u></u>
<b>LIABILITIES</b>		
Fee payable to Investment Adviser	3,329,159	4,316,344
Preliminary and floatation cost payable to Investment Adviser	1,600,000	2,000,000
Fee payable to SECP	106,972	139,878
Fee payable to Trustee	36,250	39,609
Payable against purchase of marketable securities	-	30,462,571
Unclaimed dividend	8,976	-
Accrued expenses and other liabilities	<u>106,473</u>	<u>710,331</u>
<b>Total liabilities</b>	<u><u>5,187,830</u></u>	<u><u>37,668,733</u></u>
<b>NET ASSETS</b>	<u><u>210,992,106</u></u>	<u><u>223,148,993</u></u>
<b>CERTIFICATE HOLDERS' FUND</b>		
Issued, subscribed and paid up capital 20,000,000 ordinary certificates of Rs.10/-each issued as fully paid up in cash.	200,000,000	200,000,000
Unappropriated profit	<u>10,992,106</u>	<u>23,148,993</u>
<b>Total Certificate Holders' Fund</b>	<u><u>210,992,106</u></u>	<u><u>223,148,993</u></u>
Net Asset Value (Per certificate of Rs. 10/- each)	<u><u>10.55</u></u>	<u><u>11.16</u></u>

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

For WE Investment Management Limited  
(Investment Adviser)

Chairman

Chief Executive Officer

Director

## WE BALANCED FUND

### CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2007

Note	Six months period ended December 31, 2007	For the period from November 10, 2006 to December 31, 2006	Three months period ended December 31, 2007	For the period from November 10, 2006 to December 31, 2006
	----- Rupees -----			
<b>INCOME</b>				
Capital gain on sale of investment				
- at fair value through profit and loss - net	8,128,981	152,857	7,211,553	152,857
Dividend income	1,243,750	80,750	681,250	80,750
(Diminution) / unrealized appreciation on re-measurement of investments to fair value - net	(2,679,534)	(3,107,667)	2,782,130	(3,107,667)
Income from Certificates of Investment	1,767,397	58,905	1,116,300	58,905
Income from Musharika certificates	563,836	46,850	506,302	46,850
Income from Continuous Funding System transactions	528,026	-	-	-
Profit on Term Finance Certificates	160,291	-	129,488	-
Profit on deposit accounts with banks	3,963,972	2,640,818	1,420,472	2,640,818
	13,676,719	(127,487)	13,847,495	(127,487)
<b>OPERATING EXPENSES</b>				
Fee to Investment Adviser	3,209,159	871,372	1,589,151	871,372
Fee to SECP	106,972	33,368	52,971	33,368
Fee to Trustee	214,409	58,092	106,408	58,092
Securities transaction cost	1,006,833	472,953	496,077	472,953
Auditors remuneration	50,000	35,000	40,000	35,000
Amortization of preliminary and floatation cost	200,000	200,000	100,000	200,000
Fees and subscription	11,500	-	10,000	-
Bank commission and charges	4,733	450	2,755	450
Others expenses	30,000	-	-	-
	4,833,606	1,671,235	2,397,362	1,671,235
Profit before taxation	8,843,113	(1,798,722)	11,450,133	(1,798,722)
Taxation	6	-	-	-
Profit after taxation	8,843,113	(1,798,722)	11,450,133	(1,798,722)
Profit after taxation carried to distribution statement				
Earnings per certificate				
With (diminution) / appreciation on remeasurement of marketable securities-net	0.44	(0.09)	0.57	(0.09)
Without (diminution) / appreciation on remeasurement of marketable securities-net	0.58	0.07	0.43	0.07

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

For WE Investment Management Limited  
(Investment Adviser)

Chairman

Chief Executive Officer

Director

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**WE<sub>i</sub> WE Investment  
Management Limited**

## WE BALANCED FUND

### CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2007

	Six months period ended December 31, 2007	For the period from November 10, 2006 to December 31, 2006	Three months period ended December 31, 2007	For the period from November 10, 2006 to December 31, 2006
	----- Rupees -----			
Unappropriated income / (loss) brought forward	23,148,993	-	(458,027)	-
Net income / (loss) for the period	8,843,113	(1,798,722)	11,450,133	(1,798,722)
Cash dividend @ Rs.1.05 (2006 : Rs.Nil) per certificate announced  on August 02, 2007 and distributed on September 26, 2007	(21,000,000)	-	-	-
Unappropriated profit / (loss) carried forward	10,992,106	(1,798,722)	10,992,106	(1,798,722)

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

For WE Investment Management Limited  
(Investment Adviser)

Chairman

Chief Executive Officer

Director

## WE BALANCED FUND

### CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2007

	Six months period ended December 31, 2007	For the period from November 10, 2006 to December 31, 2006	Three months period ended December 31, 2007	For the period from November 10, 2006 to December 31, 2006
----- Rupees -----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income / (loss) before taxation	8,843,113	(1,798,722)	11,450,133	(1,798,722)
Adjustments :				
Capital gain on sale of marketable securities	(8,128,981)	(152,857)	(8,128,981)	(152,857)
(Diminution) / appreciation on re-measurement of investments to fair value - net	2,679,534	3,107,667	(2,782,130)	3,107,667
Amortisation of preliminary expenses and floatation cost	200,000	200,000	200,000	200,000
	<u>3,593,666</u>	<u>1,356,088</u>	<u>739,022</u>	<u>1,356,088</u>
<b>Assets</b>				
Investments in marketable securities	(8,165,403)	105,326,315	5,472,931	105,326,315
Dividend and profit receivable	(556,100)	240,473	694,611	240,473
Security deposits	(2,500,000)	1,100,000	(2,500,000)	1,100,000
Receivable against sale of marketable securities	41,253,097	4,450,000	(3,816,684)	4,450,000
Other receivable	78,118	-	(21,882)	-
	<u>30,109,712</u>	<u>(111,116,788)</u>	<u>(171,024)</u>	<u>(111,116,788)</u>
<b>Liabilities</b>				
Fee payable to Investment Adviser	(987,185)	871,372	1,709,151	871,372
Preliminary and floatation cost payable to Investment Adviser	(400,000)	-	(500,000)	-
Annual fee payable to SECP	(32,906)	33,368	(86,907)	33,368
Fee payable to Trustee	(3,359)	58,048	(249)	58,048
Payable against purchase of marketable securities	(30,462,571)	11,477,110	(23,373)	11,477,110
Accrued expenses and other liabilities	(603,858)	380,652	(54,002)	380,652
	<u>(32,489,879)</u>	<u>12,820,550</u>	<u>1,044,620</u>	<u>12,820,550</u>
Cash (used in) / from operations	(2,380,167)	(98,296,238)	873,596	(98,296,238)
Dividend paid	(20,991,024)	-	8,976	-
Net cash (used in) / from operating activities (A)	<u>(19,777,525)</u>	<u>(96,940,150)</u>	<u>1,621,594</u>	<u>(96,940,150)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issue of certificates	-	200,000,000	-	200,000,000
Net cash generated from financing activities (B)	<u>-</u>	<u>200,000,000</u>	<u>-</u>	<u>200,000,000</u>
Net (decrease) / increase in bank balances (A + B)	(19,777,525)	103,059,850	1,621,594	103,059,850
Bank balances at the start of the period	100,069,945	-	78,670,826	-
Bank balances at the end of the period	<u>80,292,420</u>	<u>103,059,850</u>	<u>80,292,420</u>	<u>103,059,850</u>

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

For WE Investment Management Limited  
(Investment Adviser)

Chairman

Chief Executive Officer

Director

## WE BALANCED FUND

### CONDENSED INTERIM STATEMENT OF MOVEMENT IN EQUITY AND RESERVES (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2007

	Issued, subscribed and paid up capital	Unappropriated profit	Total
	----- Rupees -----		
Balance at November 10, 2006	-	-	-
Issue of certificate during the period	200,000,000	-	200,000,000
Loss for the period ended December 31, 2006	-	(1,798,722)	(1,798,722)
Balance at December 31, 2006	200,000,000	(1,798,722)	198,201,278
Profit for the six months ended June 30, 2007	-	24,947,715	24,947,715
Balance at June 30, 2007	200,000,000	23,148,993	223,148,993
Cash dividend for the year ended June 30, 2007 @ 10.50% (Rs. 1.05 per certificate)	-	(21,000,000)	(21,000,000)
Loss for the three months ended September 30, 2007	-	(2,607,020)	(2,607,020)
Balance at September 30, 2007	200,000,000	(458,027)	199,541,973
Profit for the Three months ended December 31, 2007	-	11,450,133	11,450,133
Balance at December 31, 2007	200,000,000	10,992,106	210,992,106

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

For WE Investment Management Limited  
(Investment Adviser)

Chairman

Chief Executive Officer

Director

## WE BALANCED FUND

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 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 (11 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 both in high quality equity 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.

*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 condensed interim financial statements have been prepared in accordance with approved International Financial Reporting Standards (IFRS) with limited disclosures based on the requirements of International Accounting Standard - 34, "Interim Financial Reporting" as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 (the Ordinance), the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), the Non-Banking Finance Companies and Notified Entities Regulations 2007 (the Regulations), and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Approved IFRS comprise of such International Accounting Standards and IFRS as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance, the Rules, the Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Ordinance, the Rules, the Regulations and the said directives take precedence.

## WE BALANCED FUND

2.2 These condensed interim financial statements are unaudited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and these condensed interim financial statements are being submitted to the certificate holders as required under the NBFC Regulations.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the fund for the year ended June 30, 2007.

		December 31 2007	June 30 2006
----- Rupees -----			
4. INVESTMENTS			
Investment - at fair value through profit or loss	4.1	82,460,470	68,273,500
Investments - held to maturity			
Certificates of investment	4.2	40,095,753	40,667,124
Term Finance Certificates (TFC)	4.3	2,728,968	2,729,717
		<u>125,285,191</u>	<u>111,670,341</u>

## WE BALANCED FUND

### 4.1 INVESTMENTS - AT FAIR VALUE THROUGH PROFIT AND LOSS

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

The holding are in the fully paid ordinary shares of Rs.5/- each. \*

The holding are in the fully paid ordinary shares of Rs.3.5/- each. \*\*

Name of Investee	---Balance at December 31, 2007---				-----Percentage in relation to-----						
	At July 01, 2007	Purchases	Bonus / Rights	Sales	At December 31, 2007	Book Value	Market Value	Appreciation / (Diminution)	Net Assets of the Fund	Investee Paid Up Capital	Total Investment
							Rupees				
<b>INVESTMENT BANKS/ COS/ SECURITIES</b>											
Jahangir Siddiqui & Company Limited	-	3,000	-	3,000	-	-	-	-	0.00%	0.00%	0.00%
Afff Habib Securities Limited	-	10,000	-	10,000	-	-	-	-	0.00%	0.00%	0.00%
	-	13,000	-	13,000	-	-	-	-	0.00%	0.00%	0.00%
<b>COMMERCIAL BANKS</b>											
Askari Bank (Formerly Askari Commercial Bank Limited)	60,000	100,000	-	160,000	-	-	-	-	0.00%	0.00%	0.00%
Bank Al-Falah Limited	-	100,000	-	100,000	-	-	-	-	0.00%	0.00%	0.00%
Habib Bank Limited	-	10,000	-	10,000	2,618,315	2,399,000	(219,315)	1.20%	0.00%	0.00%	0.50%
National Bank of Pakistan	-	50,000	-	20,000	30,000	7,390,750	6,964,500	(426,250)	3.48%	0.00%	1.49%
NIB Bank Limited	-	1,900,000	-	1,000,000	900,000	18,516,240	19,665,000	1,148,760	9.83%	4.00%	44.82%
PLC Commercial Bank Limited	10,000	250,000	-	260,000	-	-	-	-	0.00%	0.00%	0.00%
Soneri Bank Limited	-	200,000	-	200,000	10,000	1,749,995	1,729,000	(20,995)	0.00%	0.00%	0.00%
United Bank Limited	-	30,000	-	20,000	10,000	1,749,995	1,729,000	(20,995)	0.86%	0.00%	0.50%
	70,000	2,640,000	-	1,760,000	950,000	30,275,300	30,757,500	482,201	15.38%	4.00%	47.31%
<b>INSURANCE</b>											
Adamjee Insurance Company Limited	5,000	-	-	5,000	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Reinsurance Corporation Limited	-	10,000	-	-	10,000	3,788,480	4,037,500	249,040	2.02%	2.00%	0.50%
	5,000	10,000	-	5,000	10,000	3,788,480	4,037,500	249,040	2.02%	2.00%	0.50%
<b>CEMENT</b>											
Al Abbas Cement Industries Limited	-	100,000	-	100,000	-	-	-	-	0.00%	0.00%	0.00%
Fauji Cement Company Limited	450,000	300,000	-	450,000	300,000	4,648,650	4,470,000	(178,650)	2.24%	8.00%	14.94%
Lucky Cement Limited	-	70,000	-	20,000	50,000	6,494,365	5,825,000	(669,365)	2.91%	2.00%	2.49%
Pakistan Cement Company Limited	-	50,000	-	50,000	-	-	-	-	0.00%	0.00%	0.00%
Zeal Pak Cement Factory Limited	-	135,000	-	135,000	-	-	-	-	0.00%	0.00%	0.00%
	450,000	655,000	-	755,000	350,000	11,143,015	10,295,000	(848,015)	5.15%	10.00%	17.43%
<b>POWER GENERATION AND DISTRIBUTION</b>											
Hub Power Company Limited	250,000	-	-	-	250,000	9,175,000	7,625,000	(1,550,000)	3.81%	2.00%	12.45%
Karachi Electric Supply Corporation Limited **	100,000	50,000	-	100,000	50,000	282,500	265,000	(17,500)	0.13%	0.00%	2.49%
	350,000	50,000	-	100,000	300,000	9,467,500	7,890,000	(1,577,500)	3.95%	2.00%	14.94%
<b>OIL &amp; GAS MARKETING</b>											
Pakistan State Oil Company Limited	-	20,000	-	20,000	-	-	-	-	0.00%	0.00%	0.00%
Sui Southern Gas Company Limited	-	100,000	-	100,000	-	-	-	-	0.00%	0.00%	0.00%
	-	120,000	-	120,000	-	-	-	-	0.00%	0.00%	0.00%

## WE BALANCED FUND

Name of Investee	---Balance at December 31, 2007---				-----Percentage in relation to-----						
	At July 01, 2007	Purchases	Bonus / Rights	Sales	At December 31, 2007	Book Value	Market Value	Appreciation/ (Diminution)	Net Assets of the Fund	Invested Capital	Total Investment
	----- Rupees -----										
	----- No. of shares -----										
<b>OIL &amp; GAS EXPLORATION</b>											
Oil & Gas Development Company Limited	100,000	175,000	-	250,600	24,400	3,098,800	2,914,580	(184,220)	1,46%	0.00%	1.22%
Pakistan Oilfields Limited	-	20,000	-	20,000	50,000	12,588,490	12,252,500	(333,990)	0.00%	0.00%	0.00%
Pakistan Petroleum Limited	100,000	243,000	-	270,600	74,400	13,685,290	13,167,080	(318,210)	6.13%	1.00%	2.49%
									7.38%	1.00%	3.70%
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>											
Agriauto Industries Limited *	-	5,000	-	-	5,000	580,490	541,250	(19,240)	0.27%	4.00%	0.25%
<b>TRANSPORT</b>											
Pakistan International Container Terminal Limited	25,000	10,000	-	25,000	10,000	744,950	704,000	(40,950)	0.35%	1.00%	0.50%
<b>TECHNOLOGY &amp; COMMUNICATION</b>											
TRG Pakistan Limited	-	300,000	-	300,000	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Telecommunication Company Limited 'A'	50,000	150,000	-	200,000	-	-	-	-	0.00%	0.00%	0.00%
	50,000	450,000	-	500,000	-	-	-	-	0.00%	0.00%	0.00%
<b>FERTILIZER</b>											
Engro Chemicals Pakistan Limited	40,000	67,000	-	107,000	-	-	-	-	0.00%	0.00%	0.00%
Engro Chemicals Pakistan Limited @	3,000	-	-	3,000	-	-	-	-	0.0%	0.0%	0.0%
Fauji Fertilizer Bin Qasim Limited	80,000	350,000	-	327,000	50,000	2,310,950	2,102,500	(208,450)	0.95%	1.00%	2.00%
Fauji Fertilizer Company Limited	80,000	125,000	-	170,000	35,000	4,212,788	4,156,250	(56,538)	2.08%	1.00%	1.71%
	143,000	542,000	-	600,000	85,000	6,523,638	6,238,750	(284,888)	3.13%	1.00%	4.23%
<b>PHARMACEUTICAL</b>											
Seattle Pakistan Limited	15,000	1,500	-	16,500	-	-	-	-	0.00%	0.00%	0.00%
<b>CHEMICALS</b>											
ICI Pakistan Limited	-	30,000	-	30,000	-	-	-	-	0.00%	0.00%	0.00%
Pakistan PTA Limited	200,000	1,200,000	-	1,200,000	200,000	1,226,200	1,010,000	(216,200)	0.51%	1.00%	9.98%
Colgate Palmolive (Pak) Limited	200,000	1,230,900	-	1,000	800	438,089	607,240	171,151	0.30%	1.00%	0.04%
	200,000	1,230,900	-	1,230,100	200,800	1,662,289	1,617,240	(45,049)	0.81%	5.00%	10.00%
<b>PAPER &amp; BOARD</b>											
Packages Limited	-	10,000	-	-	10,000	3,799,950	3,638,000	(161,950)	1.82%	1.00%	0.50%
<b>GLASS &amp; CERAMICS</b>											
Ghant Glass Limited	20,000	-	500	10,000	10,500	763,500	843,150	79,650	0.42%	3.00%	0.52%
<b>JUTE</b>											
Thal Limited (formerly Thal Jute Mills Limited) *	-	2,500	-	-	2,500	725,625	711,000	(14,625)	0.36%	2.00%	0.12%
<b>TOBACCO</b>											
Pakistan Tobacco Company Limited	-	45,000	-	45,000	-	-	-	-	0.00%	0.00%	0.00%
<b>Grand Total</b>						85,140,005	82,460,470	(2,679,534)	41.23%	36.00%	100.00%
<b>June 30, 2007</b>						67,568,591	68,273,500	704,909	31.00%	0.00%	100.00%

## WE BALANCED FUND

	December 31 2007	June 30 2006
----- Rupees -----		
<i>4.2 Certificates of investment</i>		
First Dawood Investment Bank Limited	20,063,288	-
Grays Leasing Limited	-	20,604,110
Crescent Leasing Corporation Limited	<u>20,032,465</u>	<u>20,063,014</u>
	<u>40,095,753</u>	<u>40,667,124</u>

*4.2.1* These certificates are unsecured and carry mark-up rates ranging from 10.5% - 11.5% (2007: 11.50% to 12.25%) per annum and have maturity period of 3 months.

#### *4.3 Term Finance Certificates*

Bank Al Habib Limited	<u>2,728,968</u>	<u>2,729,717</u>
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*4.3.1* These are un-secured and carry mark-up at a rate six months average KIBOR Plus 195 basis points per annum receivable semi-annually in arrears and will mature in February 2015.

### 5. TRANSACTIONS WITH CONNECTED PERSONS

	Six months period ended Dec 31, 2007	For the period from November 10, 2006 to December 31, 2006
----- Rupees -----		
We Investment Management Limited		
Fee payable to investment adviser	3,209,159	871,372
Preliminary expenses and flotation costs	400,000	2,000,000
Paid to investment advisor	120,000	120,000
We Financial Services Limited		
Brokerage paid	86,721	19,073
First Dawood Investment Bank Limited		
Money market placement	-	10,000,000
Return on money market placement	-	34,247

## WE BALANCED FUND

### 6. 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. Accordingly, no provision for tax has been made in these condensed interim financial statements as the management intends to avail the tax benefits at the year end.

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.

### 7. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 11, 2008 by the Board of Directors of the Investment adviser.

### 8. FIGURES

Figures have been rounded off to the nearest Rupee.

For WE Investment Management Limited  
(Investment Adviser)

Chairman

Chief Executive Officer

Director

## WE BALANCED FUND

### STATEMENT OF INCOME AND EXPENDITURE OF THE INVESTMENT ADVISOR IN RELATION TO THE FUND FOR THE HALF YEAR ENDED DECEMBER 31, 2007 (UN-AUDITED)

	31-Dec-07 Rupees	10-Nov-06 to 31-Dec-06 Rupees
<b>INCOME</b>		
Advisory Fee - WE Balanced Fund	3,207,636	871,372
<b>Total Income</b>	<b>3,207,636</b>	<b>871,372</b>
<b>OPERATING EXPENSES</b>		
Staff Salaries	1,863,333	245,030
Fees & Subscription	323,217	25,000
Conveyance & Travelling	163,095	68,609
Software Maintenance	180,595	-
Computer Supplies, Stationery & Printing	74,216	-
Incorporation Expenses	-	3,688,731
Insurance Expenses	13,593	-
Legal Fee	30,000	-
Amortization of Software	150,000	-
Advertisement	7,200	-
Depreciation Expense	63,522	-
CFS Phone Line Bill	7,780	-
Finance Lease Charges	42,636	-
<b>Total Expenses</b>	<b>2,919,187</b>	<b>4,027,370</b>
<b>Gain/ (Loss) for the Period</b>	<b>288,449</b>	<b>(3,155,998)</b>

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



**WE Investment Management Limited**

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