



Quarterly Report March 31, 2011



Al Meezan Investment Management Limited
A subsidiary of Meezan Bank



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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 provide investors, in a shariah compliant manner, capital protection at maturity of the Fund and maximize returns through investments in Pakistani equity markets.



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Aliuddin Ansari	Director
Mr. Rana Ahmed Humayun	Director
Mr. P. Ahmed	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Mohammad Shoab, CFA	Chief Executive

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Aliuddin Ansari	Member
Mr. Mazhar Sharif	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Meezan Bank Limited
Al Baraka Islamic Bank B.S.C (E.C)
Bank Islami Pakistan Limited
MCB Bank Limited

LEGAL ADVISER

Bawane & Partners
404, 4th Floor, Beaumont Plaza, 6-CL-10
Beaumont Road, Civil Lines
Karachi - 75530

TRANSFER AGENT

Meezan Bank Limited
SITE Branch
Plot # B/9-C, Estate Avenue,
SITE, Karachi.
Phone: 32062891
Fax: 32552771
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 Capital Protected Fund - I (MCPF-I) is pleased to present the un-audited financial statements of the fund for the nine months ended March 31, 2011.

Brief Overview

During the first nine months of fiscal year 2011, Meezan Capital Protected Fund - I (MCPF-I) provided a return of 11.59% to its investors.

Economic Review

The economic performance of the country improved significantly after the devastating floods in the first quarter of the fiscal year as most of the macro economic targets which were expected to slump in the aftermath of the floods showed signs of recovery. The revised GDP target for FY11 now stands at ~2.5-3% as compared to the initial target of 1.5%-2%. Inflation pressure eased off with CPI touching a low of 12.91% in February 2011 after recent respite in food inflation. Moreover, the government's commitment to reduce borrowing from SBP did materialize to some extent, where during the eight months total amount borrowed stood at Rs 76 billion and Rs 204 billion from SBP and commercial banks respectively. On account of these favorable developments, the SBP decided to keep the discount rate unchanged at 14% in the last two monetary policy statements against a total increase of 1.5% in the previous three monetary policy statements.

On the external front, the country's current account position showed a healthy picture with an overall deficit of USD 98 million in the eight months as compared to a massive deficit of USD 3 billion in the same period last year. The overall figure was bolstered by remittances (↑20.3% YoY) and exports which crossed USD 2 billion each for four consecutive months. These positive developments helped the country's FX reserves to hit an all time high of USD 17.9 billion as the currency showed a steady trend during the period under review.

On the fiscal side, the government's revenue collection crossed the Rs 1 trillion mark for the nine months of the fiscal year. To ensure the collection of the revised target of Rs 1,588 billion, some new tax measures were introduced for the remaining months of fiscal year including 15% flood surcharge, increase in special excise duty (SED) from 1% to 2.5% and withdrawal of zero rating facility to some key sectors including fertilizers. During the period under review, a single round of talks was held between government of Pakistan (GoP) and International Monetary Fund (IMF), where the parties principally agreed to enhance the fiscal deficit target to 5.3% of GDP for FY11.

Despite the government's effort to increase the tax base, implement RGST from the next fiscal year and limit the fiscal deficit, the talks with IMF regarding the release of last two tranches remained inconclusive with the next meeting likely in May 2011.

Money Market Review

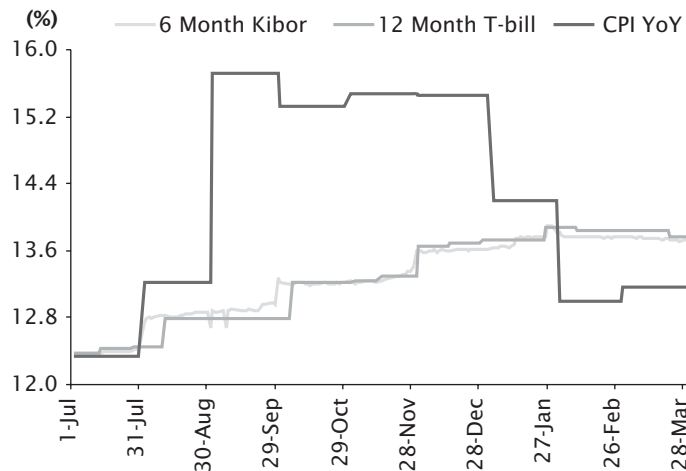
During the first nine months of fiscal year 2011, the money market remained highly volatile and to normalize the liquidity situation, State Bank of Pakistan (SBP) regularly conducted Open market operations. With the resurgence of inflation, SBP changed its monetary policy stance after 20 months and increased the policy rate by 50 bps to 13% in its bimonthly monetary policy statement at the end of July 2010.

Further hike in inflation occurred as the country was hit by one of the worst floods in its history. Thus to curb the inflationary pressures, SBP went for further monetary tightening increasing the policy rate to 14%, with consecutive 50 bps hikes in September and November. Subsequently, Inflation pressure eased off with CPI touching a low of 12.91% in February 2011 after decent respite in food inflation. Moreover, the government's commitment to reduce the borrowing from the SBP did materialize to some extent. On account of these positive developments, the SBP decided to keep the discount rate unchanged at 14% in the last two monetary policy statements.

As a result, KIBOR rates also increased, with six month rate increasing by 86 bps to close the nine months at 13.73%. During this period, SBP conducted 15 T-Bill auctions in which it accepted Rs. 1,875 billion against a target of Rs. 1,815 billion with a maturity of Rs. 1,749 billion. The cut off rate of six month T-Bill also increased by 98 bps to close the period at 13.64%.

Apart from borrowing from SBP, government also tapped other avenues to meet government expenditure. During the period, SBP conducted three auctions of Ijarah Sukuks worth Rs. 137 billion at coupon rate of six month T-Bill.

The following graph shows the trend in interest rate during the period:



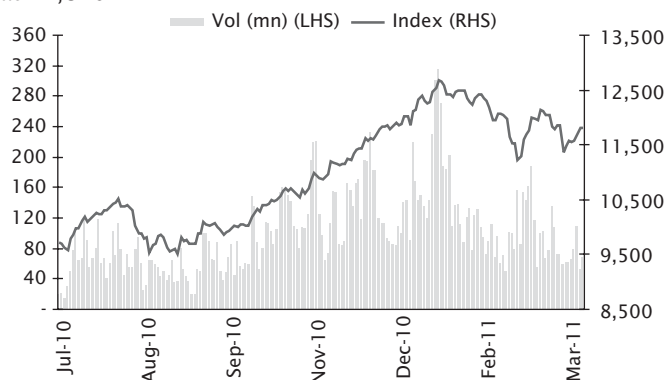
Equity Market Review

The stock market performed well during the first nine months of fiscal year 2011 primarily due to improved corporate earnings and continuing foreign inflows with the KSE-100 index rising by 21.47% to close at 11,810 points despite some correction seen in the last quarter. However, trading volumes remained low due to imposition of capital gains tax (CGT) from July and absence of a leveraged product. Average daily trading volume during the period under review declined by 51% to 85 million shares as compared to 172 million shares in the corresponding period last year.

The start of the fiscal year was initially bullish on the back of expectations of positive corporate results along with foreign interest, which helped the market to post an extraordinary return of 8.2% for the month of July. However, this rally was arrested by the unexpected 50 bps increase in the discount rate by State Bank in its bimonthly monetary policy statement at the end of July. Later, the market performance was further derailed by the devastating floods in the country which adversely affected major sectors of the economy leading to 1-2% cut in the GDP growth target of 4.5%. However, even after another 50 bps increase in discount rate in September, the investors shunned macroeconomic concerns and the sentiments remained bullish due to positive flows and positive corporate results. Since then the market witnessed a broad-based rally which was extended in the new calendar year as positive developments inched up investors' hopes of good result and payout expectations. Foreigners' net buying position boosted optimism in market as the third hike in the discount rate of 50bps in this fiscal year did not break the momentum of the market and KSE-100 rallied to year's peak of 12,768 points in mid of January, 2011.

The market underwent a correction of 12% since then as there was profit taking activity initiated by institutional investors. This was seen due to heightened political noise and strained foreign relations due to the Raymond Davis case in courts along with the uprising in the MENA region and the natural calamity in Japan. Subsequently, foreign investment which was the major trigger of the market rally in last few quarters remained at subdued levels of USD 52.5 million in third quarter of FY11, slightly thinning the fiscal year to date inflow to USD 302 million, while registering first monthly negative number of USD 16.2 million since May 09 in March FY 11.

Towards the end of the period under review, introduction of Margin Trading System (MTS) coupled with better than expected corporate results gave some support to the market and eventually helped the KSE 100 index to close at 11,810.



Performance Review

Meezan Capital Protected Fund - I earned a total income of Rs.80.85 million in the first nine months of the current fiscal year as compared to Rs.84.78 million in the corresponding period last year. The earnings were primarily driven by profit received on Murabahah placements amounting to Rs.49.66 million. Total gains on investments, both realized and unrealized amounted to Rs.24.76 million. After deducting expenses of Rs.8.80 million, the Fund recorded a net profit of Rs.74.65 million.

The net assets of the Fund as at the end of the period under review were Rs.708.59 million representing an increase of 11.30% from Rs.636.64 million at the beginning of the current fiscal year and the net asset value (NAV) was Rs.56.68 per unit. During the period, nil unit were issued while units amounting to Rs. 1.75 million were redeemed, resulting in net outflow of Rs. 1.75 million.

The duration of MCPF-I is 3 years and 6 weeks from the first day of Initial Public Offering. As per the offering document dated May 16, 2008 the Fund will cease to exist on June 29, 2011, the date on which the period specified for the Fund is expiring.

Outlook

Going forward, the key challenge for the government under the current political environment would be to implement the reforms demanded by IMF. In line with the government's commitment to keep SBP borrowing within limits, and as inflation has tapered off from its peak, we are of the view that the government will continue its 'wait and watch' policy before increasing the discount rate in the last quarter of the fiscal year.

Although the implementation of capital gain tax has negatively impacted volumes, we believe that the introduction of the leverage product in the market will improve the liquidity position and attract investors back to the equity market. On the basis of earnings multiples and dividend yields, Pakistan remains one of the cheapest markets. Pakistan's stock market is trading at a P/E multiple of 7.7x, which is almost at a 38% discount to other frontier markets. This makes KSE an attractive option for foreign investors, who are expected to continue to make investments at the local bourses.

Our outlook for the remaining period is cautiously optimistic. The management of Al Meezan is fully aware of the challenges that lie ahead and is taking all possible measures to proactively combat them.

Acknowledgement

We take this opportunity to thank our valued investors for reposing faith in Al Meezan Investments and making it the largest asset management company in the private sector 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 their support. We would also like to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued assistance and support on Shariah aspects of fund management.

For and on behalf of the Board

**Date: April 21, 2011
Karachi.**

**Mohammad Shoaib, CFA
Chief Executive**

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2011

	Note	(Unaudited) March 31, 2011 (Rupees in '000)	(Audited) June 30, 2010
Assets			
Capital protection segment			
Loans and receivables	5	620,038	570,373
Investment segment			
Balances with banks		68,017	18,901
Investments at fair value through profit or loss	6	36,827	67,489
Profit receivable on savings accounts		1,571	207
		106,415	86,597
Dividend receivable		906	175
Deposit with Central Depository Company of Pakistan Limited (CDC)		100	100
Preliminary expenses and floatation costs		229	931
Total assets		727,688	658,176
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund		18,026	18,744
Payable to CDC - trustee of the Fund		78	63
Payable to Securities and Exchange Commission of Pakistan (SECP)		379	459
Accrued expenses and other liabilities		609	2,269
Total liabilities		19,092	21,535
Net assets		708,596	636,641
Unitholders' funds (as per statement attached)		708,596	636,641
Number of units			
Number of units in issue		12,502,312	11,200,846
Rupees			
Net assets value per unit		56.68	56.84

The annexed notes 1 to 9 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

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011 (UNAUDITED)

Note	Nine months ended March 31		Quarter ended March 31	
	2011	2010	2011	2010
	(Rupees in '000)			
Income				
Net realised gain on sale of investments	17,101	16,300	13,505	4,529
Dividend income	4,216	6,220	895	3,216
Profit on savings accounts with banks	2,161	406	1,559	105
Profit on murabaha	49,665	44,437	16,773	15,007
Back end sales load	52	912	12	362
	<u>73,195</u>	<u>68,275</u>	<u>32,744</u>	<u>23,219</u>
Unrealised gains/ (loss) on re-measurement of investments at fair value through profit or loss (net)	7,663	16,509	(6,993)	3,004
Total income	80,858	84,784	25,751	26,223
Expenses				
Remuneration to Al Meezan - management company of the Fund	6,459	7,656	2,228	2,773
Remuneration to CDC-trustee of the Fund	661	598	224	202
Annual fee to SECP	379	342	130	116
Auditors' remuneration	276	293	70	71
Fees and subscription	37	26	9	8
Amortisation of preliminary expenses and floatation costs	701	696	228	228
Brokerage	138	159	71	38
Bank and settlement charges	34	31	17	14
Printing charges	124	124	19	-
Reversal of provision for Workers' Welfare Fund (WWF)	(1,660)	-	-	-
Total expenses	7,149	9,925	2,996	3,450
Net income from operating activities	73,709	74,859	22,755	22,773
Element of gain/(loss) and capital gain/(losses) included in prices of units issued less those in units redeemed	938	(1,277)	(43)	(932)
Net Income	74,647	73,582	22,712	21,841

The annexed notes 1 to 9 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
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011 (UNAUDITED)

	Nine months ended March 31		Quarter ended March 31	
	2011	2010	2011	2010
	(Rupees in '000)			
Unappropriated income				
brought forward	76,598	2,041	60,768	49,720
Less: Final distribution in the form of bonus units @ 12.10% for the year ended June 30, 2010 (June 30, 2009: 0.70 %)	(67,765)	(4,062)	-	-
Net income for the period	74,647	73,582	22,712	21,841
Net income for the period carried forward	<u>83,480</u>	<u>71,561</u>	<u>83,480</u>	<u>71,561</u>

The annexed notes 1 to 9 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 UNIT HOLDERS' FUNDS
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011 (UNAUDITED)**

	Nine months ended March 31		Quarter ended March 31	
	2011	2010	2011	2010
	(Rupees in '000)			
Net assets at the beginning of the period	636,641	582,284	686,275	620,545
Redemption of 32,756 (March 31, 2010: 433,953 units)	(1,754)	(22,960)	(434)	(9,135)
	(1,754)	(22,960)	(434)	(9,135)
Element of (income)/loss and (gains)/capital losses included in prices of units issued less those in units redeemed	(938)	1,277	43	932
Net income at the end of the period less distribution	6,882	69,520	22,712	21,841
Issue of 1,334,221 bonus units for the year ended June 30, 2010	67,765	4,062	-	
	74,647	73,582	22,712	21,841
Net assets at the end of the period	<u>708,596</u>	<u>634,183</u>	<u>708,596</u>	<u>634,183</u>
Net assets value per unit at the end of the period - Rupees	<u>56.68</u>	<u>56.36</u>	<u>54.86</u>	<u>54.36</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011 (UNAUDITED)

	Nine months ended March 31		Quarter ended March 31	
	2011	2010	2011	2010
(Rupees in '000)				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	74,647	73,582	22,712	21,841
Adjustments for:				
Dividend income	(4,216)	(6,220)	(895)	(3,216)
Reversal of provision for WWF	-	-	1,660	-
Profit on savings accounts with banks	(2,161)	(406)	(1,559)	(105)
Profit on murabaha	(49,665)	(44,437)	(16,773)	(15,007)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss (net)	(7,663)	(16,509)	6,993	(3,004)
Amortisation of preliminary expenses and floatation costs	701	696	228	228
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(938)	1,277	43	932
	<u>10,705</u>	<u>7,983</u>	<u>12,409</u>	<u>1,669</u>
Increase/Decrease in assets				
Receivable against sale of investment	-	283	-	-
Investments at fair value through profit or loss	<u>38,325</u>	<u>2,531</u>	<u>33,565</u>	<u>(4,053)</u>
	38,325	2,814	33,565	(4,053)
Increase in liabilities				
Payable to Al Meezan - management company of the Fund	(718)	7,656	866	2,773
Payable to CDC- trustee of the Fund	15	8	3	2
Payable to MBL	-	(252)	-	-
Payable to SECP	(80)	(137)	130	116
Payable on redemption of units	-	25	(100)	21
Payable against purchase of investments	-	(503)	-	362
Accrued expenses and other liabilities	(1,659)	(23)	(1,746)	(141)
	<u>(2,442)</u>	<u>6,774</u>	<u>(847)</u>	<u>3,133</u>
Profit received on savings accounts with banks	797	421	279	186
Dividend received	3,485	4,108	(11)	1,114
Net cash inflow from operating activities	<u>50,870</u>	<u>22,100</u>	<u>45,395</u>	<u>2,049</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments against redemption of units	(1,754)	(22,960)	(434)	(9,135)
Net cash (outflow) from financing activities	<u>(1,754)</u>	<u>(22,960)</u>	<u>(434)</u>	<u>(9,135)</u>
Net cash inflow during the period	49,116	(860)	44,961	(7,086)
Cash and cash equivalents at the beginning of the period	18,901	1,773	23,056	7,999
Cash and cash equivalents at the end of the period	<u>68,017</u>	<u>913</u>	<u>68,017</u>	<u>913</u>

The annexed notes 1 to 9 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 REPORT FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011 (UNAUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Capital Protected Fund-I (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (AMIML) as the management company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The trust deed was executed on February 25, 2008 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) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). 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 consists of two segments, a capital protection segment and an investment segment. The capital protection segment aims at protecting investors' capital by placing the assets of the segment in murabaha arrangement with a scheduled islamic bank having atleast 'A' rating at the time of the arrangement. The investment segment generally invests in high return / high risk investments with an objective of providing unitholders a higher return than the minimum protection provided by the capital protection segment. Under the trust deed all the 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 with maturity of three years and six weeks and is listed on the Karachi Stock Exchange. The Fund shall cease to operate on maturity. The units are transferable and can be redeemed by surrendering them to the Fund. The issuance of units has been discontinued since July 31, 2008. The rating of the Fund has not been conducted as at March 31, 2011. The management company of the Fund has been given quality rating of AM2 by JCR - VIS.
- 1.4 Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.
- 1.5 As per the offering document dated May 16, 2008, the Fund will cease to exist on June 29, 2011, the date on which the period specified for the Fund is expiring. Since the Fund was established for a specified period and the said period is expiring within the twelve months period from the balance sheet date, accordingly this condensed interim financial report has not been prepared on going concern basis. The management has assessed that, except for preliminary expenses and floatation costs, which will be amortised, this has not resulted in any impact on the carrying amount of the assets and the liabilities of the Fund as these are already stated at the amounts expected to be realised or settled.

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

- 3.1 This condensed interim financial report has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting' (IAS 34), the Trust Deed, NBFC Rules, NBFC Regulations and the directives issued by SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IAS 34, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence.
- 3.2 This condensed interim financial report comprises of the condensed interim statement of assets and liabilities as at March 31, 2011 and the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the nine months period ended March 31, 2011. This condensed interim financial report also includes condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarter ended March 31, 2011.
- 3.3 The comparative statement of assets and liabilities presented in this condensed interim financial report as at June 30, 2010 has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2010, whereas the comparative condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the condensed interim financial report for the nine months period ended March 31, 2010. The comparative condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund and condensed interim cash flow statement for the quarter ended March 31, 2010 included in this condensed interim financial report.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies adopted for the preparation of these financial statements are same as those applied in the preparation of financial statements for the preceding year ended June 30, 2010.

5. LOANS AND RECEIVABLES

	March 31, 2011	June 30, 2011
	(Rupees in '000)	
5.1 Principal amount	453,720	453,720
Profit receivable	166,318	116,653
Total	620,038	570,373

5.2 For the purpose of capital protection, the Fund has allocated 76% of the initial fund size in murabaha with MBL (an associated undertaking) such that it fulfills the requirement of capital protection as outlined in the trust deed and the offering document.

5.3 The duration of capital protection segment is 3 years and 6 weeks from first day of initial offering period with profit receivable at the rate of 11.75% on maturity.

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

6.1 Shares in listed companies

Name of the investee company	As at July 1, 2010	Purchases during the period	Bonus / rights issue	Sales during the period	As at March 31, 2011	Carrying value as at March 31, 2011	Market value as at March 31, 2011	Unrealised gain / (loss) as at March 31, 2011	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 6.3 below)	Paid-up capital of investee company (with face value of investment)	Total market value of investments
					Number of shares			Rupees in '000			
Bank											
Meezan Bank Limited (an associate of Fund)	151,600	-	-	-	151,600	2,206	2,963	757	0.42	0.02	8.05
Construction and Materials											
Lucky Cement Limited	67,500	33,000	-	40,000	60,500	4,041	4,083	42	0.58	0.02	11.09
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited 'A'	150,000	50,000	-	75,000	125,000	2,304	2,125	(179)	0.30	-	5.77
General Industrials											
Tri Pack Films Limited	80,000	-	-	54,494	25,506	2,488	3,877	1,389	0.55	0.09	10.53
Oil and Gas											
Pakistan Petroleum Limited	36,792	-	-	21,500	15,292	2,346	3,233	887	0.46	-	8.78
Pakistan State Oil Company Limited	77,085	18,875	-	80,500	15,460	4,115	4,290	175	0.61	0.01	11.65
Pak Oil Fields Limited	40,700	-	-	40,000	700	151	228	77	-	-	0.62
									1.07	0.01	21.05
Chemicals											
Fauji Fertilizer Bin Qasim Company Limited	204,340	-	-	204,340	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	121,775	-	10,568	86,500	45,843	3,780	6,321	2,541	0.89	-	17.16
Lotte Pakistan PTA	-	225,000	-	225,000	-	-	-	-	-	-	-
ICI Pakistan Limited	33,677	8,000	-	-	41,677	5,006	6,884	1,878	0.97	0.03	18.69
									1.86	0.03	35.85
Electricity											
The Hub Power Co. Ltd.	-	75,000	-	-	75,000	2,727	2,823	96	0.40	0.01	7.67
Total					556,578	29,164	36,827	7,663			
Total cost of investments						32,092					

- 6.2 All shares have a nominal value of Rs 10 each.
- 6.3 Net assets are as defined in regulation 66 of NBFC Regulations, 2008.

7. CONTINGENCIES

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. No such notice was received by the Fund.

On December 14, 2010, the Ministry has filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

However, the Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. Accordingly, the management has reversed the liability recognised as at June 30, 2010 amounting to Rs 1.660 million, during the current period. The aggregate unrecognised amount of WWF as at March 31, 2011 amounted to Rs 3.124 million.

8. TRANSACTIONS WITH CONNECTED PERSONS

The connected persons include Al Meezan being the Management Company, CDC being the trustee, MBL being the Shariah Adviser of the Fund and holding company of the Management Company, Al Meezan Mutual Fund Limited, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Balanced Fund, Meezan Cash Fund and Meezan Islamic Income Fund being the funds under the common management of the Management Company and Pakistan Kuwait Investment Company (Private) Limited.



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

Remuneration payable to the management company and the trustee is determined in accordance with the provision of NBFC Rules and Regulations and the trust deed respectively.

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

	March 31, 2011	June 30, 2011
	(Rupees in '000)	
Al Meezan - management company of the Fund		
Remuneration payable	<u>17,797</u>	<u>15,823</u>
Preliminary expenses and floatation cost	<u>229</u>	<u>2,921</u>
Investment of 283,882 Units (June 30, 2010: 253,666 Units)	<u>16,090</u>	<u>14,418</u>
MBL		
Balances with bank	<u>553</u>	<u>351</u>
Profit receivable	<u>10</u>	<u>2</u>
Investment - Loans and receivables	<u>620,038</u>	<u>570,373</u>
Investment in 151,600 shares (June 30, 2010: 151,600 units)	<u>2,963</u>	<u>2,206</u>
Investment in 5,035,120 units (June 30, 2010: 5,000,000)	<u>285,376</u>	<u>286,190</u>
CDC - trustee of the Fund		
Trustee fee payable	<u>78</u>	<u>63</u>
Deposit with CDC	<u>100</u>	<u>100</u>
Directors of the management company		
Investment of 10,942 units (June 30, 2010: 9,777 units)	<u>620</u>	<u>556</u>

	Nine months ended March 31,	
	2011	2010
	(Rupees in '000)	
Al Meezan - management company of the Fund		
Remuneration for the period	<u>6,459</u>	<u>7,656</u>
Bonus unit issued:30,216 units (March 31, 2010:1,272 units)	<u>1,713</u>	<u>63</u>
MBL		
Profit on deposit account with bank	<u>22</u>	<u>5</u>
Profit on murabaha	<u>49,665</u>	<u>44,437</u>
Bonus units issued: 599,773 units (March 31,2010: 35,119 units)	<u>33,993</u>	<u>1,750</u>
CDC - trustee of the Fund		
Trustee fee	<u>661</u>	<u>598</u>
CDS charges	<u>7</u>	<u>7</u>
Director of the management company		
Bonus units issued:1,165 units (March 31,2010:68 units)	<u>66</u>	<u>3</u>

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 21, 2011 by the Board of Directors of the management company.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director





Pure. Profit.

Registered Office

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