



Quarterly Report **September 30, 2011**

**Al Meezan Investment Management Limited**  
A subsidiary of Meezan Bank

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## FUND INFORMATION

### PENSION FUND MANAGER

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 PENSION FUND MANAGER

Mr. Ariful Islam	Chairman
Mr. Rana Ahmed Humayun	Director
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

### CFO & COMPANY SECRETARY OF THE PENSION FUND MANAGER

Syed Owais Wasti

### AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	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

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accounts  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530, Pakistan

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

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

### LEGAL ADVISER

Bawaney & Partners  
404, 4<sup>th</sup> Floor, Beaumont Plaza, 6-CL-10  
Beaumont Road, Civil Lines  
Karachi - 75530  
Phone: (9221) 3565 7658-59  
Fax: (9221) 3565 7673  
E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

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 PENSION FUND MANAGER

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Tahaffuz Pension Fund (MTPF) is pleased to present the un-audited financial statements of the Fund for the three months ended September 30, 2011.

### Economic Review

Since the start of fiscal year, the macroeconomic scenario of Pakistan has witnessed mixed trends. On one hand, the torrential rains and floods in Sindh along with withered Pakistan-US ties created an element of uncertainty that gripped the economy during the first quarter. While, on the other hand, the seemingly positive inflation figures and restricted government borrowing from central bank had supported the start of monetary easing cycle, where State Bank reduced the policy rate by 50bps, effective 1st August 2011. The devastating rains which hit the province of Sindh in the early months of 1QFY12 have caused damage to 1.5mn homes rendering 8.9 mn people shelter less with losses of Rs 270bn. This has raised concerns about achieving the estimated FY12 GDP target of 4.2%. The average inflation figure for Jul-Sept 2011 was recorded on a lower side, at 11.47%, primarily on account of the change in CPI methodology. This can, however, pave way for further ease in monetary policy by State Bank.

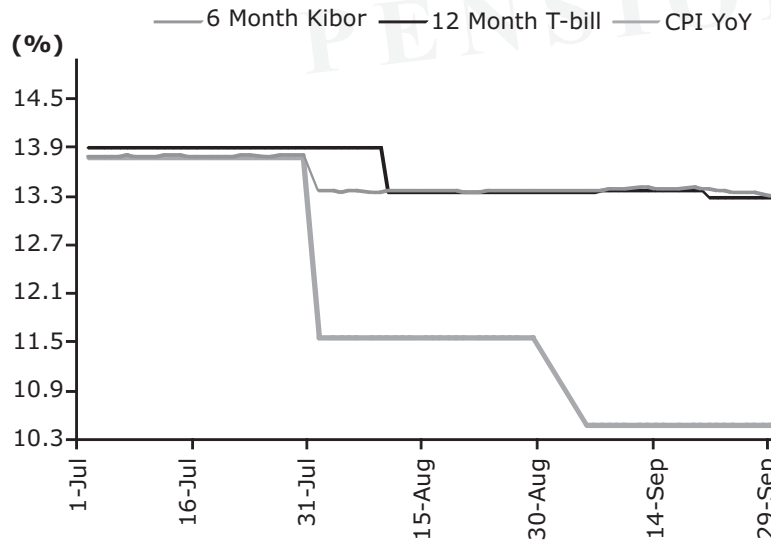
On the external front, despite the widened trade deficit, current account in 2MFY12 remained resilient recording a deficit of USD189mn vs. USD1,016mn deficit in the same period last year. One contributing factor remained the healthy inflow of remittances in the first three months which amounted to USD 3.4bn. However the impact of deferred import payments coupled with faltering relations with US and end of IMF program became visible in the form of sharp currency move as rupee lost 1.7% during 1QFY12 to Rs 87.45 per USD, touching an all time low level of Rs 87.60. On the domestic front, tax collection during the quarter stood at Rs 374bn, higher than the initial target, but that too could not give respite to the fiscal slippages resulting in excessive government borrowing from commercial banks cumulating to Rs 247bn during the quarter.

The IMF Standby Arrangement program expired on September 30, 2011 where the government decided not to seek an extension or a new loan due to comfortable balance of payments position. The economic managers of the country also had discussions with the IMF delegation where they assured that the country will continue to follow the path of economic reforms.

### Money Market Review

In the first quarter of fiscal year 2011, money market remained highly volatile and to normalize the liquidity situation, State Bank of Pakistan (SBP) regularly conducted open market operations. However, a potentially achievable FY12 inflation target of 12% and restricted government borrowing from central bank have supported the start of monetary easing cycle, where central bank reduced the policy rate by 50bps, effective 1st August 2011, after a gap of eight months.

As a result, KIBOR rates also decreased, with six month rate decreasing by 53 bps to close at 13.25%. During the quarter, SBP conducted six T-Bill auctions mopping up Rs 852bn against a target of Rs 750bn with a maturity of Rs 595bn. The cut off rate of six month T-Bill decreased by 53 bps to close at 13.23%. Private sector credit growth remains muted, with banking ADR under 65%. The following graph shows the trend of interest rates and inflation during the quarter under review:



Subsequently, in the latest monetary policy announced by the State Bank on October 8, 2011, the discount rate was cut by 150 bps to 12%. Accordingly, the six month KIBOR and six month T-Bill yield were adjusted by 87 and 72 basis points respectively.

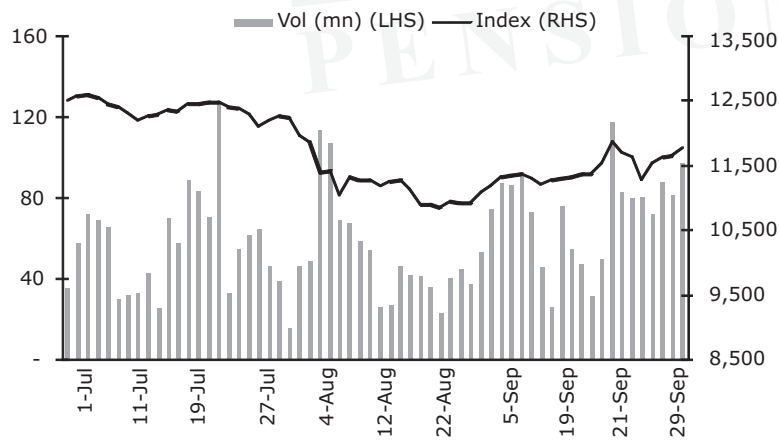
### Equity Market Review

KSE -100 index posted a negative return of 5.9% during 1QFY12 and closed at a level of 11,762, marking the highest quarterly decline since December 2008. The index followed a range bound trajectory moving within a band of 12,576 and 10,842. However, during the same period, the bench mark index, Karachi Meezan Index (KMI-30) increased by 1.8% to close at the level of 21,313.

With the start of fiscal year, uncertainty regarding US economic slowdown and debt situation of some Euro zone countries resulted in massive selling in global equity markets, and had it repercussions in the local market as well. This coupled with the strained US-Pak relations and deteriorating political scenario in Karachi dampened the investors' sentiments. To improve the situation, the government launched a targeted operation in troubled areas of the city which helped in restoring the law and order situation.

Foreigners who own more than one-third of market free float remained net sellers of USD46mn worth of shares during 1QFY12. This proved to be the highest quarterly selling by foreigners in last nine quarters. Volumes also declined 30% QoQ as average daily volumes were recorded at 59 million shares during 1QFY12 as compared to 74 million shares in 4QFY11.

In addition to currency volatility, the news on the macro front also remained mixed during the quarter. The gradual build up in expectations of monetary easing towards the end of the quarter and improved FY 11 financial results, however, helped in countering the market pressures of international and domestic politics and index closed at the level of 11,762, up 920 points from the lowest level 10,842, it touched in August, 2011.



### Performance Review

Meezan Tahaffuz Pension fund (MTPF) comprises of three sub funds namely Equity sub fund, Debt sub fund and Money Market sub fund. During the first three months of fiscal year 2012, Meezan Tahaffuz Pension Fund (MTPF) equity sub fund provided a return of 1.1% to its participants. The debt sub fund provided annualized return of 9.67% while the money market sub fund provided its participants with annualized return of 11.42%.

Performance review for each sub fund for the 1st quarter ended September 30, 2011:

#### Equity Sub Fund

The equity sub fund earned a total income of Rs.3 million. This mainly comprised of dividend income and unrealised gain on investments amounting to Rs. 2.4 million and Rs. 0.7 million respectively.

After accounting for expenses of Rs.1 million, equity sub fund recorded a net profit of Rs. 2 million. The net assets of the fund were Rs.189 million as at September 30, 2011. The net asset value (NAV) of the Fund as at the period end was Rs. 138.88.

#### Debt Sub Fund

The debt sub fund earned total income of Rs.4 million. This mainly comprised of Rs. 3 million of profit on sukuks and Rs. 0.8 million of profit earned on deposits with Islamic banks. After accounting for expenses of Rs.0.8 million, the debt sub fund recorded a net income of around Rs.3.5 million. The net assets of the Fund as at the period end were Rs.152 million. The net asset value (NAV) of the Fund at the period end was Rs. 147.33.

#### Money Market Sub Fund

The money market sub fund earned a total income of Rs.3.1 million for the three months ended September 30, 2011. The main contribution was from profit on bank deposits and profit on investments in sukuk certificates amounting to Rs. 1.5 million each. After accounting for expenses of Rs.0.5 million, the Fund earned a net income of Rs. 2.6 million. The net assets of the fund as at the period end were Rs. 98 million representing the net asset value (NAV) of Rs. 146.91 per unit.

## Outlook

Going forward, the key challenge for the government under the current political environment would be to implement the reforms and fiscal discipline. 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 that this decline in inflation will ease the pressure on interest rates and improve liquidity position. Hence, we expect the interest rates to ease off further in future.

Despite the implementation of capital gain tax which has negatively impacted the volumes, we believe the recent corporate results have shown decent growth, which will act as a trigger for investors to further increase their participation in stock market. On the basis of earnings multiples and dividend yields, Pakistan remains one of the cheapest markets, trading at a P/E multiple of 6.5x, which is almost at a 38% discount to regional markets. This makes KSE an attractive option for both the domestic and international investors.

## Acknowledgement

We take this opportunity to thank our valued investors for reposing faith in Al Meezan Investments making it the largest asset management company in the private sector in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan, Trustee, Central Depository Company of Pakistan 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: October 24, 2011  
Karachi.

**Mohammad Shoaib, CFA**  
Chief Executive

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2011

	Note	(Unaudited)				(Audited)
		September 30, 2011				June 30, 2011
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
(Rupees in '000)						
<b>Assets</b>						
Balances with banks	5	19,509	30,522	66,939	116,970	81,964
Investments at fair value through profit or loss	6	168,088	117,269	28,828	314,185	327,300
Dividend receivable		1,939	-	-	1,939	759
Profit receivable		392	5,034	2,188	7,614	7,704
Deposit with Central Depository Company (CDC) of Pakistan Limited		100	100	100	300	300
<b>Total assets</b>		<u>190,028</u>	<u>152,925</u>	<u>98,055</u>	<u>441,008</u>	<u>418,027</u>
<b>Liabilities</b>						
Payable to Al Meezan Investment Management Limited (Al Meezan) - pension fund manager	7	336	291	214	841	1,034
Payable to CDC - trustee of the Fund		23	19	11	53	47
Payable to auditors		116	116	116	348	235
Payable to Securities and Exchange Commission of Pakistan (SECP)		15	12	8	35	108
Accrued expenses and other liabilities	8	285	3	3	291	260
<b>Total liabilities</b>		<u>775</u>	<u>441</u>	<u>352</u>	<u>1,568</u>	<u>1,684</u>
<b>Contingencies</b>	9					
<b>Net assets</b>		<u>189,253</u>	<u>152,484</u>	<u>97,703</u>	<u>439,440</u>	<u>416,343</u>
<b>Participants' sub-funds (as per statement attached)</b>		<u>189,253</u>	<u>152,484</u>	<u>97,703</u>	<u>439,440</u>	<u>416,343</u>
<b>Number of units in issue</b>		<u>1,362,730</u>	<u>1,034,986</u>	<u>665,071</u>		
<b>Net assets value per unit (Rupees)</b>		<u>138.88</u>	<u>147.33</u>	<u>146.91</u>		

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**For Al Meezan Investment Management Limited  
(Pension Fund Manager)**

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30, 2011				September 30, 2010
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
<i>Note</i> -----(Rupees in '000)-----					
<b>Income</b>					
Profit on sukuk certificates	-	3,326	1,521	4,847	2,071
Profit on savings accounts with banks	346	789	1,511	2,646	3,124
Profit on placements	-	-	-	-	124
Unrealised gain on re-measurement of investments at fair value through profit or loss	(380)	(7)	3	(384)	2,502
Net realised gain on sale of investments	687	48	35	770	128
Dividend income	2,441	-	-	2,441	1,646
Element of (loss)/income and capital (losses)/gains included in prices of units issued less those in units redeemed	(97)	68	25	(4)	1,262
<b>Total income</b>	<u>2,997</u>	<u>4,224</u>	<u>3,095</u>	<u>10,316</u>	<u>10,857</u>
<b>Expenses</b>					
Remuneration of Al Meezan - pension fund manager	685	560	361	1,606	1,084
Remuneration of CDC - trustee of the Fund	70	58	36	164	107
Annual fee of SECP	15	13	8	36	24
Auditors' remuneration	37	37	37	111	107
Sales tax on management fee	103	85	53	241	-
Securities' transaction cost	34	-	-	34	29
Custody and settlement charges	2	2	2	6	3
Bank charges	-	2	-	2	2
<b>Total expenses</b>	<u>946</u>	<u>757</u>	<u>497</u>	<u>2,200</u>	<u>1,356</u>
<b>Net income</b>	<u>2,051</u>	<u>3,467</u>	<u>2,598</u>	<u>8,116</u>	<u>9,501</u>
<b>Earnings per unit outstanding</b>					
-basic (Rupees)	10	<u>1.51</u>	<u>3.35</u>	<u>3.91</u>	

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**For Al Meezan Investment Management Limited  
(Pension Fund Manager)**

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30, 2011				September 30, 2010
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
Note -----(Rupees in '000)-----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income	2,051	3,467	2,598	8,116	9,501
<b>Adjustments for :</b>					
Dividend income	(2,441)	-	-	(2,441)	(1,646)
Workers Welfare Fund	-	-	-	-	759
Profit on sukuk certificates	-	(3,326)	(1,521)	(4,847)	(2,071)
Profit on savings accounts with banks	(346)	(789)	(1,511)	(2,646)	(3,124)
Profit on placements	-	-	-	-	(124)
Unrealised (gain) on re-measurement of investments at fair value through profit or loss	380	7	(3)	384	(2,502)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	97	(68)	(25)	4	(1,262)
	(259)	(709)	(462)	(1,430)	(469)
<b>(Increase) / decrease in assets</b>					
Placements	-	-	-	-	20,000
Investments at fair value through profit or loss	(5,151)	299	17,583	12,731	(13,442)
	(5,151)	299	17,583	12,731	6,558
<b>(Decrease) / increase in liabilities</b>					
Payable against purchase of investments	-	-	-	-	(1,303)
Payable to Al Meezan - pension fund manager	(53)	(58)	(82)	(193)	182
Payable to CDC - trustee of the Fund	3	3	-	6	2
Payable to SECP	(29)	(25)	(19)	(73)	24
Payable to auditors	38	37	38	113	108
Accrued expenses and other liabilities	27	2	2	31	(727)
	(14)	(41)	(61)	(116)	(1,714)
Dividend received	1,261	-	-	1,261	744
Profit received on savings accounts with banks	208	307	1,753	2,268	1,490
Profit received on sukuk certificates	-	2,558	2,757	5,315	3,808
Profit received on placements	-	-	-	-	549
<b>Net cash outflow/inflow from operating activities</b>	<b>(3,955)</b>	<b>2,414</b>	<b>21,570</b>	<b>20,029</b>	<b>10,966</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts of contribution	9,598	5,754	1,950	17,302	8,475
Payment against withdrawal	(1,626)	(577)	(122)	(2,325)	(1,347)
Net cash inflow from financing activities	7,972	5,177	1,828	14,977	7,128
<b>Net cash inflow during the period</b>	<b>4,017</b>	<b>7,591</b>	<b>23,398</b>	<b>35,006</b>	<b>18,094</b>
Cash and cash equivalents at the beginning of the period	15,492	22,931	43,541	81,964	97,628
Cash and cash equivalents at the end of the period	5 19,509	30,522	66,939	116,970	115,721

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**For Al Meezan Investment Management Limited  
(Pension Fund Manager)**

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30, 2011				September 30, 2010
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
	------(Rupees in '000)-----				
Net assets at the beginning of the period	179,133	143,908	93,302	416,343	276,847
Amount received on issue of units (2011: Equity sub fund: 69,859 units; Debt sub fund: 39,266 units; Money market sub fund: 13,459 units) (2010: Equity sub fund: 30,354 units; Debt sub fund: 27,833 units; Money market sub fund: 12,007 units)	9,598	5,754	1,950	17,302	8,475
Amount paid on redemption of units (2011: Equity sub fund: 11,117 units; Debt sub fund: 3,786 units; Money market sub fund: 851 units) (2010: Equity sub fund: 6,633 units; Debt sub fund: 4,415 units; Money market sub fund: 501 units)	(1,626)	(577)	(122)	(2,325)	(1,347)
	7,972	5,177	1,828	14,977	7,128
Element of loss/(income) and capital losses/(gains) included in prices of units issued less those in units redeemed	97	(68)	(25)	4	(1,262)
Reversal of WWF	-	-	-	-	759
Net income for the period	2,051	3,467	2,598	8,116	9,501
	2,051	3,467	2,598	8,116	10,260
Net assets at the end of the period	189,253	152,484	97,703	439,440	292,972

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**For AI Meezan Investment Management Limited  
(Pension Fund Manager)**

**Chief Executive**

**Director**

## CONDENSED INTERIM CONTRIBUTION TABLE (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

Contributions net of front end fee received during the period	September 30, 2011						September 30, 2010	
	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund		Total (Rupees in '000)	
	Units	Rs in '000	Units	Rs in '000	Units	Rs in '000		
Individuals - issue of units	69,859	9,598	39,266	5,754	13,459	1,950	17,302	8,475
<b>Total</b>	<u>69,859</u>	<u>9,598</u>	<u>39,266</u>	<u>5,754</u>	<u>13,459</u>	<u>1,950</u>	<u>17,302</u>	<u>8,475</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**For Al Meezan Investment Management Limited  
(Pension Fund Manager)**

**Chief Executive**

**Director**

## CONDENSED INTERIM NUMBER OF UNITS IN ISSUE (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30, 2011		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	-----Number of units-----		
Total units outstanding at the beginning of the period	1,303,988	999,506	652,463
Add: Units issued during the period	69,859	39,266	13,459
Less: Units redeemed during the period	(11,117)	(3,786)	(851)
Total units in issue at the end of the period	<u>1,362,730</u>	<u>1,034,986</u>	<u>665,071</u>

	September 30, 2010		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	-----Number of units-----		
Total units outstanding at the beginning of the period	1,028,569	758,549	576,499
Add: Units issued during the period	30,354	27,833	12,007
Less: Units redeemed during the period	(6,633)	(4,415)	(501)
Total units in issue at the end of the period	<u>1,052,290</u>	<u>781,967</u>	<u>588,005</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**For Al Meezan Investment Management Limited  
(Pension Fund Manager)**

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Tahaffuz Pension Fund (the Fund) was established under a trust deed executed between Al Meezan as pension fund manager and CDC as trustee. The trust deed was executed and approved by the SECP on May 30, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The registered office of the pension fund manager of the Fund, is situated in Finance and Trade Centre Sharah-e-Faisal, Karachi, Pakistan.
- 1.2 The Fund offers a saving mechanism where an individual saves from his / her income during work life in order to retain financial security and comfort in terms of regular income stream after retirement. The Fund initially comprises of three sub funds namely equity sub-fund, debt sub-fund and money market sub-fund. Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and any unique circumstances. Allocation scheme can be selected initially at the time of opening of account and subsequently at anniversary of the account. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimisation through diversification.
- 1.3 The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on shariah. The pension fund manager has appointed Meezan Bank Limited (MBL) as its shariah advisor to ensure that the activities of the Fund are in compliance with the principles of shariah.
- 1.4 The Fund is an unlisted pension scheme. Units are offered for public subscription on a continuous basis. The units are non-transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

### 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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Trust Deed, the VPS Rules and the directives issued by the SECP.

Wherever the requirements of the trust deed, the VPS Rules or the said directives differ with the requirements of IFRSs, the requirements of the trust deed, the VPS Rules and the said directives take precedence.

- 3.2 These condensed interim financial statements comprise of the condensed interim Balance Sheet as at September 30, 2011 and the condensed interim income statement, condensed interim statement of movement in participants' sub funds, condensed interim cash flow statement, condensed interim contribution table, condensed interim number of units in issue and notes thereto for the quarter ended September 30, 2011.
- 3.3 The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited financial statements of the Fund for the year ended June 30, 2011 whereas the comparative condensed interim income statement, condensed interim statement of movement in participants' sub fund, condensed interim cashflow statement, condensed interim contribution table and condensed interim number of units in issue have been extracted from the financial statements for the quarter ended September 30, 2010.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2011 except as follows.

##### 4.1 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

During the year, the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in income statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the year on available for sale securities is included in distribution statement. Previously, the element was recognised based on cumulative values of undistributed income and unrealised gain / loss on available for sale securities present in the net asset value of units.

The revised methodology, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its methodology, profit for the period would have been higher as follows:

- Equity sub fund	2.20 million
- Debt sub fund	1.56 million
- Money Market sub fund	0.54 million

#### 5. BALANCES WITH BANKS

	September 30, 2011				June 30, 2011
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
	(Rupees in '000)				
Current accounts	219	-	-	219	219
Savings accounts	19,290	30,522	66,939	116,751	81,745
	<u>19,509</u>	<u>30,522</u>	<u>66,939</u>	<u>116,970</u>	<u>81,964</u>

#### 6 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	September 30, 2011				June 30, 2011
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
		(Rupees in '000)				
Held for trading						
- shares of listed companies	6.1	168,088	-	-	168,088	163,317
- sukuk certificates	6.2	-	110,000	28,000	138,000	155,500
		<u>168,088</u>	<u>110,000</u>	<u>28,000</u>	<u>306,088</u>	<u>318,817</u>
Investments at 'fair value through profit or loss upon initial recognition'	6.3	-	7,269	828	8,097	8,483
		<u>168,088</u>	<u>117,269</u>	<u>28,828</u>	<u>314,185</u>	<u>327,300</u>

## 6.1 'Held for trading' - shares of listed companies

Name of the investee company	As at July 1, 2011	Purchases during the Quarter	Cost of purchase	Bonus / rights issue	Sales during the Quarter	As at September 30, 2011	Carrying value as at September 30, 2011	Market value as at September 30, 2011	Unrealised gain / (loss)	Percentage of net assets on the basis of market value	Percentage of paid up capital of investee company
	Number of shares		Rs in '000		Number of shares			Rupees in '000			
<b>EQUITY SUB FUND</b>											
<b>Automobile and parts</b>											
Indus Motor Company Limited	20,846	4,809	991	-	-	25,655	5,577	4,952	(625)	2.62	0.33
Pak Suzuki Motor Company Limited	49,733	-	-	-	-	49,733	3,111	3,409	298	1.80	0.60
Agriauto Industries Limited	25,000	-	-	-	-	25,000	1,737	1,631	(106)	0.86	0.87
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	33,669	54,000	2,495	-	86,000	1,669	74	98	24	0.05	0.00
Fauji Fertilizer Company Limited	111,458	-	-	-	-	111,458	16,758	18,045	1,287	9.53	0.13
ICI Pakistan Limited	92,101	-	-	-	3,200	88,901	13,500	12,910	(590)	6.82	0.64
<b>Construction and materials</b>											
Attock Cement Pakistan Limited	53,441	-	-	-	19,449	33,992	1,650	1,836	186	0.97	0.39
DG Khan Cement Company Limited	239,300	-	-	-	-	239,300	5,501	4,922	(579)	2.60	0.55
Lucky Cement Limited	149,700	-	-	-	-	149,700	10,605	11,306	701	5.97	0.46
<b>Electricity</b>											
The Hub Power Company Limited	411,075	52,000	1,986	-	-	463,075	17,401	19,218	1,817	10.15	0.40
<b>Fixed line telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	159,500	97,000	1,178	-	57,800	198,700	2,670	2,309	(361)	1.22	0.05
<b>Food producers</b>											
Unilever Pakistan Limited (note 6.1.1)	526	-	-	-	-	526	2,749	2,936	187	1.55	0.04
<b>General industries</b>											
Packages Limited	71,851	-	-	-	-	71,851	7,904	7,329	(575)	3.87	0.85
Thal Limited (note 6.1.1)	44,808	-	-	-	-	44,808	4,527	4,073	(454)	2.15	0.73
Tri-Pack Films Limited	50,687	500	90	-	-	51,187	8,770	9,239	469	4.88	1.71
<b>Oil and gas</b>											
Oil and Gas Development Company Limited	90,500	5,000	660	-	-	95,500	14,506	12,619	(1,887)	6.67	0.02
Pakistan Oilfields Limited	45,650	3,500	1,295	-	-	49,150	17,684	18,105	421	9.57	0.21
Pakistan Petroleum Limited	70,363	12,500	2,582	7,936	3,500	87,299	16,491	16,549	58	8.74	0.07
Pakistan State Oil Company Limited	50,800	5,400	1,316	-	2,800	53,400	14,021	13,594	(427)	7.18	0.31
Attock Petroleum	-	1,000	330	-	1,000	-	-	-	-	-	-
<b>Pharma and Bio Tech</b>											
Glaxo Smithkline Pakistan Limited	42,091	-	-	-	-	42,091	3,232	3,008	(224)	1.59	0.18
<b>Total</b>			<u>12,923</u>				<u>168,468</u>	<u>168,088</u>	<u>(380)</u>		

6.1.1 All shares have a nominal value of Rs 10 each except Thal Limited and Unilever Pakistan Limited having nominal value of Rs. 5 and Rs. 50 each.

## 6.2 'Held for trading' - sukuk certificates

Name of the investee company	Maturity date	Profit rate per annum	As at July 1, 2011	Purchases during the period	Cost of purchase	Sales during the period	Redemptions /Mature during the period	As at September 30, 2011	Carrying value as at September 30, 2011	Market value as at September 30, 2011	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 6.1.2)
			Number of certificates	Rupees in '000	Number of certificates		Rupees in '000					
<b>Debt Sub Fund</b>												
GoP - Ijara sukuk (note 6.2.1)	September 17, 2012	13.21%	280	-	-	-	-	280	28,000	28,000	-	18.36
GoP - Ijara sukuk (note 6.2.1)	November 15, 2013	13.45%	580	-	-	-	-	580	58,000	58,000	-	38.04
GoP - Ijara sukuk (note 6.2.1)	December 20, 2013	13.71%	30	-	-	-	-	30	3,000	3,000	-	1.97
GoP - Ijara sukuk (note 6.2.1)	March 07, 2014	13.28%	80	-	-	-	-	80	8,000	8,000	-	5.25
GoP - Ijara sukuk (note 6.2.1)	May 16, 2014	13.45%	130	-	-	-	-	130	13,000	13,000	-	8.53
			860	-	-	-	-	1,100	110,000	110,000	-	
<b>Money Market Sub Fund</b>												
GoP - Ijara sukuk (note 6.2.1)	September 25, 2011	14.06%	175	-	-	-	175	-	-	-	-	-
GoP - Ijara sukuk (note 6.2.1)	November 15, 2013	13.45%	40	-	-	-	-	40	4,000	4,000	-	4.09
GoP - Ijara sukuk (note 6.2.1)	March 07, 2014	13.28%	220	-	-	-	-	220	22,000	22,000	-	22.52
GoP - Ijara sukuk (note 6.2.1)	May 16, 2014	13.45%	20	-	-	-	-	20	2,000	2,000	-	2.05
			455	-	-	-	-	280	28,000	28,000	-	

6.2.1 The nominal value of the sukuk certificates is Rs 100,000 each.

## 6.3 Investments at 'fair value through profit or loss upon initial recognition' - sukuk certificates

Name of the investee company	Maturity date	Profit rate per annum	As at July 1, 2011	Purchases during the period	Cost of purchase	Sales during the period	Redemptions /Mature during the period	As at September 30, 2011	Carrying value as at September 30, 2011	Market value as at September 30, 2011	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 6.1.2)
			Number of certificates	Rupees in '000	Number of certificates		Rupees in '000					
<b>Debt Sub Fund</b>												
Dawood Hercules Chemicals Limited (note 6.3.1)	September 18, 2012	6 months Kibor plus base rate of 1.2%	44	-	-	-	4	40	2,010	2,004	(6)	1.31
Eden Housing Limited (note 6.3.2)	April 02, 2013	6 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	1,172	1,172	-	0.77
Maple Leaf Cement Factory Limited (note 6.3.3)	December 03, 2018	3 months Kibor plus base rate of 1.0%	999	-	-	-	-	999	3,132	3,132	-	2.05
Maple Leaf Cement Factory Limited (note 6.3.3)	March 31, 2012	3 months Kibor plus base rate of 1.0%	38	-	-	-	-	38	137	133	(4)	0.09
Security Leasing Corporation Limited II (note 6.3.3)	March 19, 2014	3% on cash and 3% on actual basis	258	-	-	-	24	234	825	828	3	0.54
			1,839	-	-	-	28	1,811	7,276	7,269	(7)	
<b>Money Market Sub Fund</b>												
Security Leasing Corporation Limited II (note 6.3.3)	March 19, 2014	3% on cash and 3% on actual basis	258	-	-	-	24	234	825	828	3	0.85
			258	-	-	-	24	234	825	828	3	

6.3.1 The nominal value of the sukuk certificates is Rs.50,000 each.

6.3.2 The principal buy out reduces the face value per certificate instead of number of certificates. The face value of the sukuk certificates is Rs.3,375 each.

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

## 7 PAYABLE TO ALMEEZAN

This includes amount payable to AL Meezan amounting to Rs. 70,000 (Equity sub fund Rs. 30,000, Debt sub fund Rs. 25,000 and Money Market sub fund Rs. 15,000) against sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

## 8 ACCRUED EXPENSES AND OTHER LIABILITIES

	September 30, 2011			June 30, 2011
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	(Rupees in '000)			
Payable on redemption of units	-	3	3	6
Charity payable	285	-	-	285
	<u>285</u>	<u>3</u>	<u>3</u>	<u>291</u>
				<u>260</u>

## 9. 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 pension funds under Voluntary Pension system (VPS) Rules, 2005 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 VPS through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the VPS, 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.

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. The aggregate unrecognised amount of WWF as at September 30, 2011 amounted to Rs.2.492 million.

## 10. EARNINGS PER UNIT OUTSTANDING - BASIC

	September 30, 2011			September 30, 2010		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	(Rupees in '000)					
Net income for the quarter	2,051	3,467	2,598	3,932	3,409	2,160
	(Number of units)					
Units outstanding	1,362,730	1,034,986	665,071	1,052,290	781,967	588,005
	(Rupees)					
Earnings per unit	1.51	3.35	3.91	3.74	4.36	3.67

## 11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan being the pension fund manager, CDC being the trustee, MBL being the shariah advisor of the Fund and the holding company of the pension fund manager, directors and officers of the pension fund manager, Meezan Islamic Fund, Meezan Islamic Income Fund, Al Meezan Mutual Fund, Meezan Balanced Fund, Meezan Capital Protected Fund-II, Meezan Cash Fund and Meezan Sovereign Fund being the funds under the common management of the pension fund manager.

Remuneration payable to the pension fund manager and the trustee is determined in accordance with the provisions of VPS Rules and the trust deed respectively. Transactions with connected persons are carried out in the normal course of business at contracted rates.

Details of transactions with connected persons and balances with them as of September 30, 2011 and for the year then ended are as follows:

September 30, 2011				June 30, 2011
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total

(Rupees in '000)

### Investment by:

#### Al Meezan - pension fund manager

(Equity sub fund: 500,000 units; debt sub fund:

500,000 units; money market sub fund: 500,000 units)

69,439	73,665	73,453	216,557	212,175
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#### Directors and executives of the Pension Fund Manager

As at September 30, 2011

(Equity sub fund: 73,024 units; debt sub fund: 21,632 units, money market sub fund: 4,270 units)

(June 30, 2011: Equity sub fund: 67,357 units;

Debt sub fund: 20,325 units Money market sub fund: 4,270 units)

10,141	3,187	627	13,956	12,790
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Units issued during the period

(Equity sub fund: 5,667 units; debt sub fund: 1,307 units, money market sub fund: nil units)

760	190	-	950	2,216
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Units redeemed/reallocated during the period

(Equity sub fund: nil units; debt sub fund: nil units, money market sub fund: nil units)

-	-	-	-	(1)
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September 30, 2011				June 30, 2011
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total

(Rupees in '000)

**Al Meezan - pension fund manager**

**Remuneration**

Remuneration payable at the beginning of the period	389	349	296	1,034	1,330
Front-end fee at the beginning of the period	-	-	-	-	-
Remuneration for the period	685	560	361	1,606	1,084
Front-end fee for the period	-	-	-	-	915
	<u>1,074</u>	<u>909</u>	<u>657</u>	<u>2,640</u>	<u>3,329</u>
Amount paid during the period	(768)	(643)	(458)	(1,869)	(1,784)
Balance at the end of the period	<u>306</u>	<u>266</u>	<u>199</u>	<u>771</u>	<u>1,545</u>

**Sales Tax on management fee**

Sales tax payable at the beginning of the period	-	-	-	-	-
Sales tax for the period	103	85	53	241	-
	<u>103</u>	<u>85</u>	<u>53</u>	<u>241</u>	<u>-</u>
Amount paid during the period	(73)	(60)	(38)	(171)	-
Balance at the end of the period	<u>30</u>	<u>25</u>	<u>15</u>	<u>70</u>	<u>-</u>
Total payable at the end of the period	<u>336</u>	<u>291</u>	<u>214</u>	<u>841</u>	<u>1,545</u>

**MBL**

Bank balance	<u>389</u>	<u>52</u>	<u>180</u>	<u>621</u>	<u>2,022</u>
Profit on savings accounts	<u>12</u>	<u>1</u>	<u>3</u>	<u>16</u>	<u>9</u>

**CDC - trustee of the Fund**

Balance at the beginning of the period	20	16	11	47	32
Remuneration for the period	70	58	36	164	107
CDS charges for the period	2	2	2	6	3
	<u>92</u>	<u>76</u>	<u>49</u>	<u>217</u>	<u>142</u>
Amount paid during the period	(69)	(57)	(38)	(164)	(108)
Balance at the end of the period	<u>23</u>	<u>19</u>	<u>11</u>	<u>53</u>	<u>34</u>

**12 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised on October 24, 2011 by the board of directors of the Pension Fund Manager.

**For Al Meezan Investment Management Limited  
(Pension Fund Manager)**

**Chief Executive**

**Director**



**Pure. Profit.**

(AM2 rating by JCR-VIS)

**Al Meezan Investment Management Ltd.**  
A subsidiary of Meezan Bank

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