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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) 5630722-6, 111-MEEZAN  
Fax: (9221) 5676143, 5630808  
Web site: www.almeezangroup.com  
E-mail: info@almeezangroup.com

## BOARD OF DIRECTORS OF THE PENSION FUND MANAGER

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive
Mr. Tasnimul Haq Farooqui	Director
Mr. Aliuddin Ansari	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Syed Owais Wasti	Director

## CFO & COMPANY SECRETARY OF THE PENSION FUND MANAGER

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member

## TRUSTEE

Central Depository Company of Pakistan Limited  
Suite # M 13-16, Meezzanine Floor, Progressive Plaza,  
Beaumont Road, 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.

## 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  
Emirates Global - 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) 565 7658-59  
Fax: (9221) 565 7673  
E-mail: bawaney@cyber.net.pk

## TRANSFER AGENT

Meezan Bank Limited  
3<sup>rd</sup> Floor P.N.S.C. Building  
M.T. Khan Road  
Phone: (9221) 561 0582, 561 0417  
Fax: (9221) 561 1427  
Web site: www.meezanbank.com

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

## **DIRECTORS' REPORT**

### **AL MEEZAN INVESTMENT MANAGEMENT LIMITED**

### **PENSION FUND MANAGER - MEEZAN TAHAFFUZ PENSION FUND**

The Board of Directors of Al Meezan Investment Management Limited, the Pension Fund Manager of Meezan Tahaffuz Pension Fund (MTPF), is pleased to present the un-audited financial statements of the fund for the quarter ended September 30, 2008.

#### **Market Review**

Amid increased economic challenges and political uncertainty during the first quarter of FY09, KSE 100 index maintained a relatively bearish trend. Overall, the KSE-100 index during this quarter plunged by 3,110 points or 25.3% to end the quarter at 9,179 points on an average daily turnover of 66.28 million shares.

#### **Economic Review**

The macroeconomic outlook remained bearish during the quarter as inflationary pressures mounted and current account deficit continued to widen unabated. The main reason for widening of the deficit was worsening of trade balance. Due to the extraordinary increase in international crude prices, which peaked at US\$ 147 per barrel in mid July, and hike in food prices, Pakistan's trade deficit for the first quarter FY09 reached US\$ 5.55 billion, an increase of 53% over the corresponding period. As a result, foreign exchange reserves declined from US\$ 11.1 billion in June 2008 to US\$ 8.1 billion at the end of the quarter. This created pressure on rupee against US dollar, which depreciated by 12% to close the quarter at Rs. 78.25.

The economy was further hurt by the uncertain political situation as foreign investors remained cautious during the quarter, resulting in a decline in foreign exchange reserves and foreign portfolio investment. However, the remittance inflows remained strong, with the first quarter FY09 figure totaling US \$ 1.88 billion, and provided some support to the balance of payment situation. On domestic front, Government of Pakistan remained ahead of its tax collection target in three months and collected Rs. 253 billion which also helped in providing some relief to the burgeoning government borrowing.

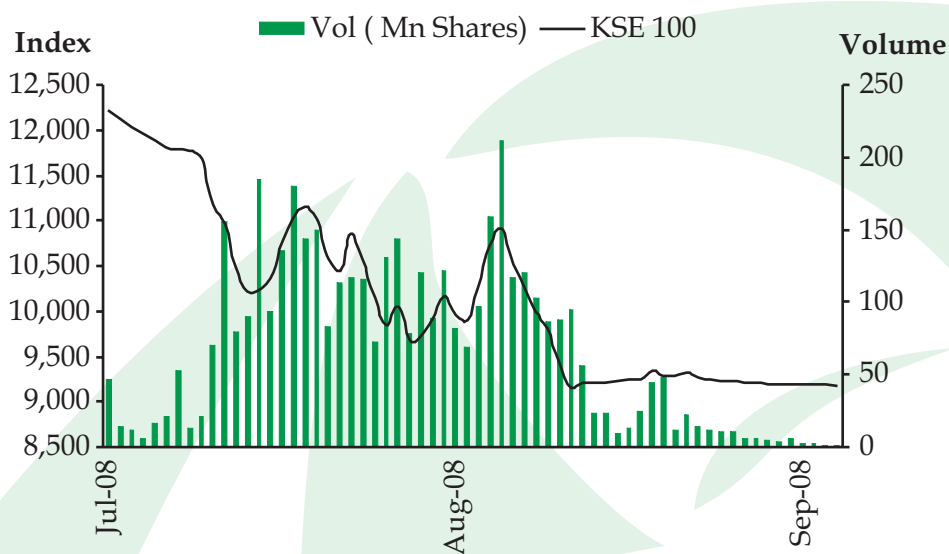
#### **Equity Market Review**

The downward trend at KSE that began in the final quarter of last year continued into the 1st quarter of FY09. In order to arrest the sharp decline, Securities and Exchange Commission of Pakistan (SECP) had changed the circuit breakers to a floor of 1% and a cap of 10% on June 24, 2008. This measure, however, did not improve the situation and created a problem for margin traders who wanted an exit. Due to drying up of volumes after the introduction of these circuit breakers, the SECP decided to revert them back to the original 5% level on July 11, 2008.

In order to restore investor confidence, SECP and KSE took some market stabilization measures which provided some support to the market. However, the unabated economic pressures along with Moody's warning to downgrade the country's rating resulted in a market meltdown.

To stem further downside in the market, the KSE Board of Directors on August 27, 2008 decided to place a floor on the index at a level of 9,144 based on the closing prices of securities that day. Since there is no price discovery since then, investors have stayed away from the market during the month of September and volumes are down to less than a million shares a day.

The US sub prime mortgages crisis resulting in the collapse of Lehman Brothers, the institution which represented more than a 100 year old legacy of the US financial markets, started the meltdown of the global equities. Even after their governments' continuous liquidity injections, the bearish trend continued so much so that IMF termed this crisis as the worst after Great Depression. In line with increasing outflows from emerging markets, foreigners remained net seller at KSE, with a total net outflow of US\$ 142 million in the first quarter of FY09.



### Money Market Review - Monetary Tightening

In order to curb inflation which hovered at around 25% for the quarter against 7% in the same period last year, State bank (SBP) continued its monetary tightening and increased the discount rate by 100 bps rate to 13% in the monetary policy announcement at the end of July. The tight monetary stance resulted in six month T-bill rates to increase from 11.47% in June 30, 2008 to 12.68% by end of September 30, 2008, whereas 6 month KIBOR during the same period increased by 33 basis points closing at a record high of 14.52%. The high interest rate environment at the end of the quarter kept the money market gasping for breath, with overnight rates making new highs of over 40% as market participants felt the pinch of the liquidity crisis.

Despite continued assurance from the government to reduce its fiscal deficit, government borrowing from the State Bank continued. In order to promote Islamic Banking industry and to tap other avenues to meet government expenditure, the central bank also sold Rs. 6.5 billion worth of Ijara Sukuk with a pre-auction target of Rs. 10 billion. The coupon rate for the first six months was set at 13.13% (six month T-bill plus 45 bps). The following graph shows the trend in interest rate during the period:



## **Investment Policy**

The objective of Meezan Tahaffuz Pension Fund is to provide participants with a Shariah-compliant saving mechanism whereby they can save from their current income in order to gain benefits after retirement or disability or when the other income avenues are exhausted. MTPF aims to provide participants a regular Halal income stream after retirement/disability when they can no longer earn regular income to support their living.

## **Future Outlook**

Despite a challenging economic outlook, we are optimistic about the long term growth trend of the country and remain confident about the future prospects of the stock market in general and of Meezan Tahaffuz Pension Fund in particular. Going forward, it is expected that price floor mechanism would be removed along with the establishment of a stabilization fund, which will help to improve investor confidence. We anticipate growing interest from foreign and local investors in the equity market as it is currently trading at a PE multiple discount of 25% as compared to the regional markets.

On the money market front, the central bank is expected to relax its tight stance on the monetary policy. Increasing liquidity shortages in the banking sector and pressure in the foreign exchange market may lead to a cut in the CRR and SLR requirements for conventional and Islamic banks. We envisage six month KIBOR to remain above 14% for the upcoming months. In view of the current monetary tightening we have experienced so far, the re-setting of coupons linked to KIBOR will help in optimization of yield on Meezan Tahaffuz Pension Fund.

## **Acknowledgement**

We take this opportunity to thank our valued investors for reposing faith in Al Meezan Investments and making it the largest Shariah compliant asset management firm in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan and MTPF's trustee, Central Depository Company of Pakistan, for all their support and guidance. Last but not the least; we would like to place on record our gratitude for Justice (Retd.) Muhammad Taqi Usmani, in special and other members of the Shariah Board of Meezan Bank in general, for their continued guidance on Shariah aspects of fund management.

**Karachi.**  
**October 22, 2008**

For and on behalf of the Board  
**Mohammad Shoaib, CFA**  
Chief Executive

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2008 (UNAUDITED)

Note	September 30, 2008				June 30, 2008		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Total	
----- (Rupees in '000) -----							
<b>Assets</b>							
Balances with banks	5	1,999	25,490	14,382	264	42,135	58,985
Placements	6	-	5,750	20,500	-	26,250	26,250
Receivable against sale of investments		-	-	-	-	-	751
Investments at fair value through profit or loss	7	47,126	29,556	20,010	-	96,692	93,903
Financial instruments sold on deferred settlement basis		-	-	-	-	-	251
Dividend receivable		503	-	-	-	503	480
Profit receivable	8	48	1,894	1,848	-	3,790	3,110
Formation costs		142	142	142	-	426	489
Deposit with Central Depository Company of Pakistan Limited (CDC)		100	100	100	-	300	300
Other receivables	9	19	13	3	-	35	1,612
<b>Total Assets</b>		<u>49,937</u>	<u>62,945</u>	<u>56,985</u>	<u>264</u>	<u>170,131</u>	<u>186,131</u>
<b>Liabilities</b>							
Payable against purchase of investments		-	-	-	-	-	2,631
Payable to Al-Meezan Investment Management Limited - pension fund manager	10	140	157	150	201	648	599
Payable to Central Depository Company of Pakistan Limited - trustee of the fund		7	9	8	-	24	25
Payable to auditors		78	78	78	-	234	180
Payable to Securities and Exchange Commission of Pakistan		5	5	4	-	14	59
Accrued expenses and other liabilities	11	67	5	5	63	140	1,679
<b>Total liabilities</b>		<u>297</u>	<u>254</u>	<u>245</u>	<u>264</u>	<u>1,060</u>	<u>5,173</u>
<b>Net assets</b>		<u>49,640</u>	<u>62,691</u>	<u>56,740</u>	<u>-</u>	<u>169,071</u>	<u>180,958</u>
<b>Participants' sub-funds (as per statement attached)</b>		<u>49,640</u>	<u>62,691</u>	<u>56,740</u>	<u>-</u>	<u>169,071</u>	<u>180,958</u>
<b>Number of units in issue (As per statement attached)</b>		<u>652,992</u>	<u>564,745</u>	<u>514,766</u>			
<b>Net assets value per unit (Rupees)</b>		<u>76.02</u>	<u>111.01</u>	<u>110.23</u>			

The annexed notes 1 to 15 form an integral part of these financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UNAUDITED)

Note	For the quarter ended September 30, 2008					September 30, 2007
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Total
----- (Rupees in '000) -----						
<b>Income</b>						
Profit on sukuk certificates	-	506	108	-	614	43
Profit on savings accounts with banks	54	906	651	-	1,611	3,012
Profit on placements	-	160	519	-	679	-
Unrealised loss on re-measurement of investments at fair value through profit or loss	(18,086)	(43)	(143)	-	(18,272)	2,182
Gain on re-measurement of financial instruments sold on deferred settlement basis	-	-	-	-	-	39
Net realised gain on sale of investments	(47)	174	331	-	458	467
Dividend income	700	-	-	-	700	492
Element of income and capital gains included in prices of units issued less those in units redeemed	(122)	99	51	-	28	17
<b>Total income</b>	<b>(17,501)</b>	<b>1,802</b>	<b>1,517</b>	<b>-</b>	<b>(14,182)</b>	<b>6,252</b>
<b>Expenses</b>						
Remuneration of Al Meezan Investment Management Limited - pension fund manager 10.1	207	234	212	-	653	694
Remuneration of Central Depository Company of Pakistan Limited - trustee of the fund	24	27	24	-	75	88
Annual fee of Securities and Exchange Commission of Pakistan	5	5	5	-	15	15
Auditors' remuneration	18	18	18	-	54	150
Amortisation of formation cost	21	21	21	-	63	72
Securities' transaction cost	8	8	2	-	18	206
Custody and settlement charges	2	2	2	-	6	6
Legal Advisory Fee	7	7	7	-	-	-
Bank charges	-	-	-	-	-	3
<b>Total expenses</b>	<b>292</b>	<b>322</b>	<b>291</b>	<b>-</b>	<b>905</b>	<b>1,234</b>
<b>Net income / (loss)</b>	<b>(17,793)</b>	<b>1,480</b>	<b>1,226</b>	<b>-</b>	<b>(15,087)</b>	<b>5,018</b>
<b>Earning / (loss) per unit outstanding - basic (Rupees)</b>	<b>(27.25)</b>	<b>2.62</b>	<b>2.38</b>			

The annexed notes 1 to 15 form an integral part of these financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UNAUDITED)

Note	For the quarter ended September 30, 2008					September 30, 2007
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Total
----- (Rupees in '000) -----						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income / (loss)	(17,793)	1,480	1,226	-	(15,087)	5,018
<b>Adjustments for :</b>						
Dividend income	(700)	-	-	-	(700)	(492)
Profit on sukuk certificates	-	(506)	(108)	-	(614)	(43)
Profit on savings accounts with banks	(54)	(906)	(651)	-	(1,611)	(3,012)
Profit on placements	-	(160)	(519)	-	(679)	-
Unrealised loss on re-measurement of investments at fair value through profit or loss	18,086	43	143	-	18,272	(2,182)
Gain on re-measurement of financial instruments sold on deferred settlement basis	-	-	-	-	-	(39)
Amortisation of formation cost	21	21	21	-	63	72
Element of income and capital gains included in prices of units issued less those in units redeemed	122	(99)	(51)	-	(28)	(17)
	(318)	(127)	61	-	(384)	(695)
<b>(Increase) / Decrease in assets</b>						
Placements with banks	-	-	-	-	-	(25,000)
Receivable against sale of investments	-	751	-	-	751	(7,566)
Investments at fair value through profit or loss	(2,473)	(7,940)	(10,648)	-	(21,061)	(75,610)
Financial instruments sold on deferred settlement basis	-	85	166	-	251	(750)
Other receivables	483	658	436	-	1,577	(300)
	(1,990)	(6,446)	(10,046)	-	(18,482)	(109,226)
<b>Increase / (Decrease) in liabilities</b>						
Payable against purchase of investments	(2,631)	-	-	-	(2,631)	-
Payable to Al-Meezan Investment Management Limited - pension fund manager	(21)	5	4	61	49	948
Payable to Central Depository Company of Pakistan Limited - trustee of the fund	(2)	1	-	-	(1)	26
Payable to Securities and Exchange Commission of Pakistan	(17)	(14)	(14)	-	(45)	15
Payable to auditors	18	18	18	-	54	135
Accrued expenses and other liabilities	(825)	-	-	(714)	(1,539)	29
	(3,478)	10	8	(653)	(4,113)	1,153
Dividend received	677	-	-	-	677	12
Profit received on savings accounts with banks	95	346	537	-	978	810
Profit received on sukuk certificates	-	776	155	-	931	-
Profit received on placements with banks	-	(4)	319	-	315	-
<b>Net cash (outflow) / inflow from operating activities</b>	(5,014)	(5,445)	(8,966)	(653)	(20,078)	(107,946)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Receipts of contribution	1,822	1,402	704	-	3,928	158,130
Payment against withdrawal	(494)	(187)	(19)	-	(700)	-
<b>Net cash inflow from financing activities</b>	1,328	1,215	685	-	3,228	158,130
Net cash inflow during the period	(3,686)	(4,230)	(8,281)	(653)	(16,850)	50,184
Cash and cash equivalents at the beginning of the period	5,685	29,720	22,663	917	58,985	-
Cash and cash equivalents at the end of the period 5	1,999	25,490	14,382	264	42,135	50,184

The annexed notes 1 to 15 form an integral part of these financial statements.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN  
PARTICIPANTS' SUB-FUNDS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UNAUDITED)**

Note	For the quarter ended September 30, 2008				September 30, 2007	
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Total
	----- (Rupees in '000) -----					
Net Assets at the beginning of the period	65,983	60,095	54,880		180,958	-
Amount received on issue of units	1,822	1,402	704	-	3,928	158,130
Amount Paid on redemption of units	(494)	(187)	(19)	-	(700)	-
	1,328	1,215	685	-	3,228	158,130
Element of income and capital gains included in prices of units issued less those in units redeemed	122	(99)	(51)	-	(28)	(17)
Net income for the period	(17,793)	1,480	1,226	-	(15,087)	5,018
Net assets at the end of the period	49,640	62,691	56,740	-	169,071	163,131

The annexed notes 1 to 15 form an integral part of these financial statements.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM CONTRIBUTION TABLE  
FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UNAUDITED)**

Contributions net of front end fee received during the period	For the quarter ended September 30, 2008						September 30, 2007	
	Equity sub fund		Debt sub fund		Money Market Sub Fund		Total (Rupees in '000)	Total (Rupees in '000)
	Units	Rs in '000	Units	Rs in '000	Units	Rs in '000		
	------(Rupees in '000)-----							
Opening Balance	638,489	64,738	553,580	55,597	508,430	50,894	171,229	-
Individuals - issue of units	19,439	1,822	12,875	1,402	6,514	704	3,928	8,130
- reallocation of units	-	-	-	-	-	-	-	-
	657,928	66,560	566,455	56,999	514,944	51,598	175,157	8,130
Issue of units to Pension Fund Manager	-	-	-	-	-	-	-	150,000
<b>Total</b>	<u>657,928</u>	<u>66,560</u>	<u>566,455</u>	<u>56,999</u>	<u>514,944</u>	<u>51,598</u>	<u>175,157</u>	<u>158,130</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

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

**Chief Executive**

**Director**

**NUMBER OF UNITS IN ISSUE**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UNAUDITED)**

**For the quarter ended September 30, 2008**

	Equity sub fund	Debt sub fund	Money market sub fund
	-----Number of units-----		
Total units outstanding at the beginning of the period	638,489	553,580	508,430
Add: Units issued during the period	19,439	12,875	6,514
Less: Units redeemed during the period	(4,936)	(1,710)	(178)
Total units in issue at the end of the period	<u>652,992</u>	<u>564,745</u>	<u>514,766</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UNAUDITED)

### 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 Investment Management Limited (AMIML) as pension fund manager and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed and approved by the Securities and Exchange Commission of Pakistan (SECP) on May 30, 2007 under the Voluntary Pension System Rules, 2005. The registered office of the pension fund manager of the Fund, is situated in Finance and Trade Centre Shariah-e-Faisal, Karachi, Pakistan.
- 1.2 Meezan Tahaffuz Pension Fund (MTPF) 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 adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The pension fund manager of the Fund is registered with SECP as a Non-Banking Finance Company under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.4 The Fund is an open-ended un listed fund. 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 These condensed interim financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan, the Companies Ordinance, 1984, the Voluntary Pension System Rules, 2005 (VPS Rules), the Trust Deed and the directives issued by the SECP. Approved accounting standards comprise of such International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, the VPS Rules and the said directives differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, the VPS Rules and the said directives take precedence.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2008.

#### 5. BALANCES WITH BANKS

	September 30, 2008				June 30, 2008	
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Total
----- (Rupees in '000) -----						
Current accounts	58	11	11	-	80	68
Savings accounts	1,941	25,479	14,371	264	42,055	58,917
	<u>1,999</u>	<u>25,490</u>	<u>14,382</u>	<u>264</u>	<u>42,135</u>	<u>58,985</u>

#### 6. PLACEMENTS

Placements carry expected profit at rates ranging from 9.90% to 14.00 % (2008: 9.85% per annum to 10.35 %) and are due to mature during the period from October 23, 2008 to March 15, 2009.

#### 7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	September 30, 2008			June 30, 2008	
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
----- (Rupees in '000) -----						
Held for trading - shares of listed companies	7.1	47,126	-	-	47,126	74,348
Held for trading - sukuk certificates	7.2	-	15,000	17,500	32,500	-
		47,126	15,000	17,500	79,626	74,348
Investments at fair value through profit or loss upon initial recognition	7.3	-	14,556	2,510	17,066	19,555
		<u>47,126</u>	<u>29,556</u>	<u>20,010</u>	<u>96,692</u>	<u>93,903</u>

## 7.1 Held for trading - shares of listed companies

Name of the investee company	Opening Balance as at July 01, 2008	Purchases during the period	Cost of purchase	Bonus / rights issue	Sales during the period	As at September 30, 2008	Carrying value as at September 30, 2008	Market value as at September 30, 2008	Percentage of net assets on the basis of market value (See note 7.1.2 below)	Percentage of paid up capital of investee company
			Rs in '000	Number of shares	Rupees in '000					
<b>EQUITY SUB FUND</b>										
<b>Automobile assembler</b>										
Indus Motor Company Limited	2,346	-	-	-	-	2,346	469	336	0.68	0.000
Pak Suzuki Motor Company Limited	6,000	-	-	-	-	6,000	719	503	1.01	0.001
<b>Paper and board</b>										
Packages Limited	11,500	-	-	-	-	11,500	2,897	1,630	3.28	0.002
<b>Power generation and distribution</b>										
Kot Addu Power Company Limited	-	-	-	-	-	-	-	-	-	-
The Hub Power Company Limited	190,000	-	-	-	-	190,000	5,434	4,077	8.21	0.000
<b>Oil and gas exploration companies</b>										
Pakistan Oilfields Limited	13,000	-	-	-	-	13,000	4,743	3,165	6.38	0.002
Oil and Gas Development Company Limited	51,000	-	-	-	-	51,000	6,342	4,816	9.70	0.000
Pakistan Petroleum Limited	19,800	-	-	1,980	-	21,780	4,871	4,218	8.50	0.001
<b>Oil and gas marketing companies</b>										
Pakistan State Oil Company Limited	13,000	-	-	-	-	13,000	5,424	3,640	7.33	0.002
Sui Northern Gas Pipeline Limited	47,600	-	-	-	-	47,600	2,074	1,495	3.01	0.000
<b>Chemicals</b>										
ICI Pakistan Limited	30,200	-	-	-	-	30,200	4,873	3,835	7.73	0.003
<b>Technology and communication</b>										
Pakistan Telecommunication Company Limited	135,500	34,000	1,173	-	10,000	159,500	6,031	5,024	10.12	0.000
<b>Fertilizer</b>										
Engro Chemical Pakistan Limited	18,700	3,000	670	-	-	21,700	5,915	3,916	7.89	0.002
Fauji Fertilizer Bin Qasim Limited	130,000	20,000	512	-	-	150,000	5,176	3,417	6.88	0.000
Fauji Fertilizer Company Limited	45,000	-	-	-	-	45,000	5,954	4,500	9.07	0.001
<b>Cement</b>										
DG Khan Cement Company Limited	12,000	8,500	514	-	-	20,500	1,320	805	1.62	0.000
Attock Cement	38,500	-	-	-	-	38,500	2,970	1,749	3.52	0.002
<b>Total</b>							<u>65,212</u>	<u>47,126</u>		
<b>DEBT SUB FUND</b>										
<b>Securities sold under deferred sale arrangements</b>										
<b>Oil and gas exploration companies</b>										
Pakistan Oilfields Limited	2,000	-	-	-	2,000	-	-	-	0.00	0.000
<b>Fertilizer</b>										
Engro Chemical Pakistan Limited	11,000	-	-	-	11,000	-	-	-	0.00	0.000
<b>Cement</b>										
DG Khan Cement Company Limited	11,500	-	-	-	11,500	-	-	-	0.00	0.000
<b>Total</b>							<u>-</u>	<u>-</u>		
<b>MONEY MARKET SUB FUND</b>										
<b>Securities sold under deferred sale arrangements</b>										
<b>Oil and gas exploration companies</b>										
Pakistan Oilfields Limited	10,000	-	-	-	10,000	-	-	-	0.00	0.000
<b>Fertilizer</b>										
Engro Chemical Pakistan Limited	12,000	-	-	-	12,000	-	-	-	0.00	0.000
<b>Total</b>							<u>-</u>	<u>-</u>		

7.1.1 All shares have a nominal value of Rs 10 each.

7.1.2 Net assets are as defined in rule 2(1) (m) of Voluntary Pension System Rules, 2005.

7.1.3 The SECP through its letter No. 24(3) SEC/SCD/PW-AMIML/2007 dated June 27, 2007 has relaxed the investment limits prescribed in Circular 8 of 2005 dated July 15, 2005.

## 7.2 Held for trading - sukuk certificates

Name of the investee company	Maturity date	Profit rate	Opening Balance as at July 01, 2008	Purchases during the period	Sales during the period	Redemptions during the period	As at September 30, 2008	Cost as at September 30, 2008	Market value as at September 30, 2008	Percentage of net assets on the basis of market value (see note 7.1.2 above)
<b>Debt Sub Fund</b> GOP - Ijara Sukuks (note 7.2.1)	September 25, 2011	bi-annually on the basis of rate announced by SBP	-	150,000	-	-	150,000	15,000	15,000	23.93
<b>Money Market Sub Fund</b> GOP - Ijara Sukuks (note 7.2.1)	September 25, 2011	bi-annually on the basis of rate announced by SBP	-	175,000	-	-	175,000	17,500	17,500	30.84

7.2.1 The nominal value of the sukuk certificates of GOP Ijara Sukuks is Rs. 100 each.

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

Name of the investee company	Maturity date	Profit rate	Opening Balance as at July 01, 2008	Purchases during the period	Sales during the period	Redemptions during the period	As at September 30, 2008	Cost as at September 30, 2008	Market value as at September 30, 2008	Percentage of net assets on the basis of market value (see note 7.1.2 above)
<b>Debt Sub Fund</b> Dawood Hercules Chemicals Limited (note 7.3.1)	September 18, 2012	6 months Kibor plus base rate of 1.2%	50	-	-	-	50	2,500	2,506	3.99
Eden Housing Limited (note 7.3.2)	April 2, 2013	6 months Kibor plus base rate of 2.5%	500	-	-	-	500	2,528	2,521	4.03
Engro Chemical Pakistan Limited (note 7.3.2)	September 1, 2015	6 months Kibor plus base rate of 1.5%	500	-	500	-	-	-	-	0.00
Maple Leaf Cement Factory Limited (note 7.3.2)	December 1, 2013	6 months Kibor plus base rate of 1.7%	1,000	-	-	-	1,000	5,029	5,021	8.01
Security Leasing Corporation Limited II (note 7.3.2)	September 19, 2012	6 months Kibor plus base rate of 1.95%	500	-	-	-	500	2,487	2,510	4.00
Shahmurad Sugar Mills Limited (note 7.3.3)	September 30, 2012	6 months Kibor plus base rate of 2.25%	2	-	-	-	2	1,998	1,998	3.19
			<u>2,552</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>2,052</u>	<u>14,542</u>	<u>14,556</u>	
<b>Money Market Sub Fund</b> Security Leasing Corporation Limited II (note 7.3.2)	September 1, 2012	6 months Kibor plus base rate of 1.95%	500	-	-	-	500	2,487	2,510	4.42
<b>Total</b>			<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>2,487</u>	<u>2,510</u>	

7.3.1 The nominal value of the sukuk certificates of Dawood Hercules Chemicals Limited is Rs. 50,000 each.

7.3.2 The nominal value of the sukuk certificates of Eden Housing Limited, Engro Chemical Pakistan Limited, Karachi Shipyard & Engineering Works, Maple Leaf Cement Factory Limited and Security Leasing Corporation Limited is Rs. 5,000 each.

7.3.3 The nominal value of the sukuk certificates of Shahmurad Sugar Mills Limited is Rs. 1,000,000 each.

## 8. PROFIT RECEIVABLE

Note	September 30, 2008				June 30, 2008	
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Total
----- (Rupees in '000) -----						
Profit receivable on savings accounts with banks	48	985	645	-	1,678	1,045
Profit receivable on placements	-	425	1,162	-	1,587	1,223
Profit receivable on sukuk certificates	-	484	41	-	525	842
	<u>48</u>	<u>1,894</u>	<u>1,848</u>	<u>-</u>	<u>3,790</u>	<u>3,110</u>

## 9. OTHER RECEIVABLES

Receivable from Collection Account - others	19	13	3	-	35	777
Receivable from Equity Sub-fund	-	-	-	-	-	835
	<u>19</u>	<u>13</u>	<u>3</u>	<u>-</u>	<u>35</u>	<u>1,612</u>

## 10. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - PENSION FUND MANAGER

Management remuneration	10.1	61	78	71	-	210	222
Front-end fee payable		-	-	-	201	201	140
Formation cost payable		79	79	79	-	237	237
		<u>140</u>	<u>157</u>	<u>150</u>	<u>201</u>	<u>648</u>	<u>599</u>

10.1 Under the provisions of the Trust Deed, the pension fund manager is entitled to an annual management fee not exceeding 1.5% of the net assets of each sub-fund calculated during the year for determining the net asset value of the units of the sub-funds.

## 11. ACCRUED EXPENSES AND OTHER LIABILITIES

Withholding tax payable	5	5	5	28	43	16
Charity payable	62	-	-	-	62	51
Payable to Equity sub-fund	-	-	-	19	19	502
Payable to Debt sub-fund	-	-	-	13	13	671
Payable to Money Market sub-fund	-	-	-	3	3	439
	<u>67</u>	<u>5</u>	<u>5</u>	<u>63</u>	<u>140</u>	<u>1,679</u>

## 12. AUDITORS' REMUNERATION

Audit fee	18	18	18	-	54	100
Half yearly review	-	-	-	-	-	50
Other certifications and services	-	-	-	-	-	-
Out of pocket expenses	-	-	-	-	-	-
	<u>18</u>	<u>18</u>	<u>18</u>	<u>-</u>	<u>54</u>	<u>150</u>

## 13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include AMIML being the pension fund manager, CDC being the Trustee, MBL being the holding company of the pension fund manager, funds under management of the pension fund manager and directors 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 in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

	September 30, 2008				June 30, 2008	
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Total
----- (Rupees in '000) -----						
<b>Units sold to:</b>						
Al Meezan Investment Management Limited (Equity sub fund: 500,000 units; debt sub fund: 500,000 units; money market sub fund: 500,000 units)	38,010	55,505	55,115	-	148,630	159,920
Directors and executives of the pension fund manager (Equity sub fund: 28,065 units; debt sub fund: 9,342 units, money market sub fund: 2,319 units)	2,133	1,037	256	-	3,426	3,049
<b>Transactions and balances with connected persons:</b>						
<b>Al Meezan Investment Management Limited - pension fund manager</b>						
Balance at the beginning of the period	161	152	146	140	599	-
Remuneration for the period	207	234	212	-	653	2,666
Formation cost payable	79	79	79	-	237	237
Front-end fee for the period	-	-	-	201	201	140
	447	465	437	341	1,690	3,043
Amount paid during the period	(307)	(308)	(287)	(140)	(1,042)	(2,444)
Balance at the end of the period	140	157	150	201	648	599
<b>Meezan Bank Limited</b>						
Bank balance	653	10,191	783	264	11,891	12,974
<b>Central Depository Company - trustee of the fund</b>						
Balance at the beginning of the period	9	8	8	-	25	-
Remuneration for the period	24	27	24	-	75	313
CDS charges for the period	2	2	2	-	6	23
	26	29	26	-	81	336
Amount paid during the period	(19)	(20)	(18)	-	(57)	(311)
Balance at the end of the period	7	9	8	-	24	25
						September 30, 2007
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Total
----- (Rupees in '000) -----						
<b>Meezan Bank Limited</b>						
Profit on savings accounts and placements	10	416	69	-	495	13

#### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of financial assets and liabilities either equal or approximate their fair values.

#### 15. DATE OF AUTHORISATION

These financial statements were authorised on October 22, 2008 by the board of directors of the pension fund manager.

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

**Chief Executive**

**Director**