

## CONTENTS

Fund Information.....	02
Directors' Report for Meezan Tahaffuz Pension Fund .....	03
Auditors' Report to the Participants on Review of Condensed Interim Financial Information .....	06
Condensed Interim Statement of Assets and Liabilities .....	07
Condensed Interim Income Statement .....	08
Condensed Interim Cash Flow Statement.....	10
Condensed Interim Statement of Movement in Participant's Sub Funds .....	12
Notes to the Condensed Interim Financial Statements .....	13

## 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. Najmul Hassan	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Muhammad Adrees	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 & Company  
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

### **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

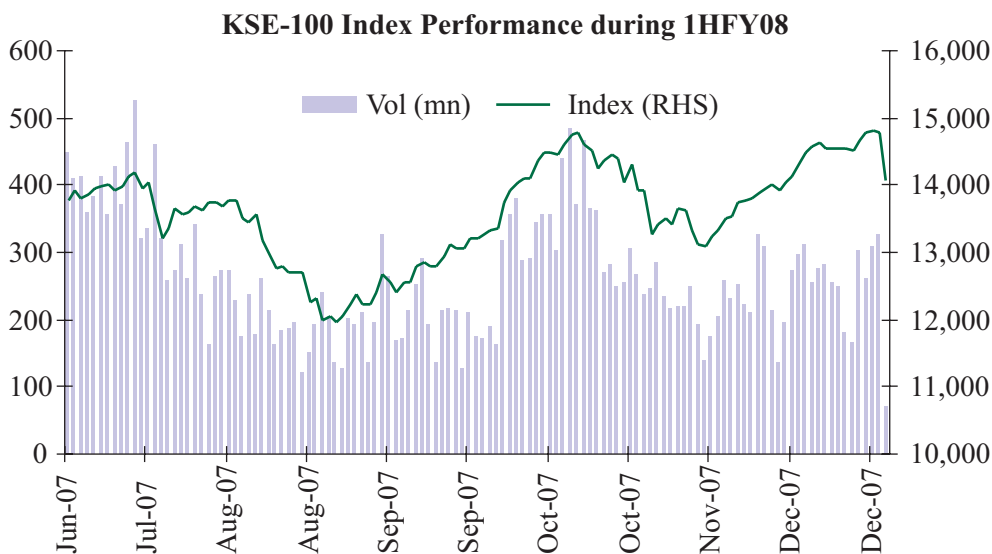
## DIRECTORS' REPORT

### 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, is pleased to present the unaudited accounts of Meezan Tahaffuz Pension Fund (MTPF) for the period ended December 31, 2007. This was the first completed half for MTPF which was launched on June 27, 2007.

#### Market Review

Stock Market's performance during first half of the financial year was marked by volatility both in price trend and turnover. KSE 100 index started the half year at 13,772 and ended higher at 14,077, showing an appreciation of 305 points or 2.2%. Issues related to political instability in the backdrop of reinstatement of Supreme Court Chief Justice, presidential election and imposition of emergency mainly explained market's volatility during 1HFY08. Moreover, sub prime mortgage crisis in the US led to persistent sell off in global equity markets which further contributed to weak market sentiment and volatility domestically.



The Money market at large was guided by concerns about inflation which continued to be the dominant pressurizing force on the economy. With oil on the boil and surging staple prices, inflation remained on a constant rise. Developing countries like Pakistan are facing a dilemma to control inflation without curtailing economic growth. With burgeoning fiscal deficit and inflation, SBP was under a lot of pressure to tighten the money supply which is exactly what it did. Discount rate saw a hike of 50 basis points in July and there was no sign of easing the monetary policy. The SBP, in addition to increasing the rate, also abolished CRR rates on long term deposits over 12 months to encourage savings growth, however the impact on the KIBOR was only trivial. The change in discount rate did cause an increase of 25-30 bps in the KIBOR, but this movement only lasted for a couple of weeks after which the KIBOR went back to its previous level. 6 months KIBOR finished 1HFY08 at 10%. However, the discount rate hike pushed up the treasury yields which were further supported by high government borrowing.

## **Operational Review**

Meezan Tahaffuz Pension Fund (MTPF) comprises of three sub funds namely Equity sub fund, Debt sub fund and Money Market sub fund. Operational review for each sub fund is given as under:

### **Equity Sub Fund**

Equity sub fund's performance during the period was very encouraging as it gained 8.24% during the period. For the period ended December 31, 2007, the Sub Fund earned gross income of Rs. 5.52 million, main contributors of which were net realized gain on sale of equity securities of Rs. 2.42 million and dividend income of Rs. 1.18 million. After accounting for expenses of Rs. 0.83 million, the Sub Fund recorded a net profit of Rs. 4.69 million. The net assets of Equity sub fund increased from Rs. 50 million at the beginning of the period to Rs. 61.69 million by the end of it.

### **Debt Sub Fund**

The net asset value per unit of Debt sub fund appreciated by 4.28% during the period. During the period ended December 31, 2007 the Sub Fund earned gross income of Rs. 2.92 million, main contributor of which was profit on bank deposits of Rs. 2.01 million. After accounting for expenses of Rs. 0.69 million, the Sub Fund recorded a net profit of Rs. 2.23 million. The net assets of debt sub fund increased from Rs. 50 million at the beginning of the period to Rs. 54.42 million by the end of it.

### **Money Market Sub Fund**

The net asset value per unit of Money market sub fund appreciated by 4.10% to end the period at Rs. 104.10. Profit on bank placements of Rs. 2.16 million contributed mainly to the Sub Fund's gross income of Rs. 2.72 million. The Sub Fund recorded net profit of Rs. 2.06 million, after accounting for expenses of Rs. 0.66 million. Total net assets of the Sub Fund increased by Rs. 2.21 million to end the period at Rs. 52.21 million.

### **Investment Objective & 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.

The Fund comprises of three Sub Funds namely, Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund. Equity Sub Fund invests in Shariah complaint equity securities with a view of long term capital appreciation and regular income stream through dividends. The Debt Sub Fund invests in Shariah compliant debt structures like Sukuks, placement with Islamic banks etc. The duration of Debt Sub Fund's portfolio may be up to 10 years, allowing it to invest in longer term assets. The Money Market Sub Fund invests in Shariah compliant debt structures similar to the ones invested in by the Debt Sub Fund. However, restriction of maximum duration of 1 year for the Money Market Sub Fund portfolio means that it has higher allocation to short term placements and thus lower risk.

### **Future Outlook**

We remain hopeful of the future prospects of the stock and money markets in general and of Meezan Tahaffuz Pension Fund in particular. We expect the market to be volatile at the beginning of 2008 due to uncertainty relating to outcome of February 18 elections. However, once a new government is formed, political stability should lead to improved investor confidence and foreign inflows in the market. We continue to see value in Pakistani equities and remain positive on the basis of relative attractive valuations and continuing double-digit earnings growth of listed companies.

In light of the persistent inflationary pressures on the economy SBP has further tightened its monetary stance with 50 bps increase in discount rate coupled with 100 bps increase in CRR for longer term deposits. These measures are likely to keep money market rates high in the coming months.

### **Acknowledgement**

We take this opportunity to thank our valuable 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**  
**February 15, 2008**

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

## **AUDITORS' REPORT TO THE PARTICIPANTS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed statement of assets and liabilities of Meezan Tahaffuz Pension Fund as at December 31, 2007 and the related condensed income statement, condensed statement of movement in participants' sub funds and condensed cash flow statement together with the notes forming part thereof for the period June 16, 2007 to December 31, 2007 (here-in-after referred to as the 'condensed interim financial information'). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information for the period June 16, 2007 to December 31, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

**A.F. Ferguson & Co.**  
Chartered Accountants  
Karachi

Dated: February 22, 2008

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2007 (UNAUDITED - NOTE 2)

		December 31, 2007				
Note	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	
----- (Rupees in '000) -----						
<b>Assets</b>						
	5	7,081	16,617	22,578	14	46,290
		-	12,500	16,250		28,750
		-	9,662	4,982	-	14,644
	6	54,336	14,182	7,156	-	75,674
		208	86	36	-	330
		189	1,213	1,133	-	2,535
	7	-	260	212	-	472
		205	205	205	-	615
		100	100	100	-	300
		62,119	54,825	52,652	14	169,610
<b>Total Assets</b>						
<b>Liabilities</b>						
		-	-	37	-	37
		332	319	316	-	967
		10	8	8	-	26
		62	62	62	-	186
		10	10	9	-	29
	8	11	9	9	14	43
		425	408	441	14	1,288
<b>Total liabilities</b>						
<b>Net assets</b>		61,694	54,417	52,211	-	168,322
<b>Participants' sub-funds (as per statement attached)</b>		61,694	54,417	52,211	-	168,322
<b>Number of units in issue</b>	10	569,990	521,847	501,528		
<b>Net assets value per unit (Rupees)</b>		108.24	104.28	104.10		

The annexed notes 1 to 14 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**  
**FOR THE PERIOD JUNE 16, 2007 TO DECEMBER 31, 2007**  
**AND QUARTER ENDED DECEMBER 31, 2007 (UN AUDITED - NOTE 2)**

		For the period June 16, 2007 to December 31, 2007				
Note	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	
<b>Income</b>						
(Rupees in '000)						
Profit on sukuk certificates	-	313	85	-	398	
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	947	(248)	(162)	-	537	
Unrealised gain on re-measurement of financial instruments sold on deferred settlement basis	-	260	212	-	472	
Net realised gain on sale of investments	2,418	238	219	-	2,875	
Dividend income	1,175	326	201	-	1,702	
Profit on deposit accounts with banks	877	2,012	2,162	-	5,051	
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	106	17	2	-	125	
<b>Total income</b>	<b>5,523</b>	<b>2,918</b>	<b>2,719</b>	<b>-</b>	<b>11,160</b>	
<b>Expenses</b>						
Remuneration of Al Meezan Investment Management Limited - pension fund manager	482	432	418	-	1,332	
Remuneration of Central Depository Company of Pakistan Limited - trustee of the fund	59	53	51	-	163	
Annual fee of Securities and Exchange Commission of Pakistan	10	10	9	-	29	
Auditors' remuneration	67	67	67	-	201	
Amortisation of formation cost	45	45	45	-	135	
Securities' transaction cost	159	74	67	-	300	
Custody and settlement charges	5	4	3	-	12	
Bank charges	1	1	1	-	3	
<b>Total expenses</b>	<b>828</b>	<b>686</b>	<b>661</b>	<b>-</b>	<b>2,175</b>	
<b>Net income</b>	<b>4,695</b>	<b>2,232</b>	<b>2,058</b>	<b>-</b>	<b>8,985</b>	
<b>Earnings per unit (Rupees)</b>	<b>8.24</b>	<b>4.28</b>	<b>4.10</b>			

The annexed notes 1 to 14 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**  
**FOR THE PERIOD JUNE 16, 2007 TO DECEMBER 31, 2007**  
**AND QUARTER ENDED DECEMBER 31, 2007 (UN AUDITED - NOTE 2)**

	For the quarter ended December 31, 2007				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
<b>Income</b>	(Rupees in '000)				
Profit on sukuk certificates	-	280	76	-	356
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	(1,179)	(264)	(179)	-	(1,622)
Unrealised gain / (loss) on re-measurement of financial instruments sold on deferred settlement basis	-	243	189	-	432
Net realised gain on sale of investments	2,371	63	(49)	-	2,385
Dividend income	856	153	201	-	1,210
Profit on deposit accounts with banks	176	857	1,005	-	2,038
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	95	11	2	-	108
<b>Total income</b>	<u>2,319</u>	<u>1,343</u>	<u>1,245</u>	<u>-</u>	<u>4,907</u>
<b>Expenses</b>					
Remuneration of Al Meezan Investment Mangement Limited - pension fund manager	240	203	195	-	638
Remuneration of Central Depository Company of Pakistan Limited - trustee of the fund	28	24	23	-	75
Annual fee of Securities and Exchange Commission of Pakistan	5	4	4	-	13
Auditors' remuneration	17	17	17	-	51
Amortisation of formation cost	21	21	21	-	63
Securities' transaction cost	51	22	20	-	93
Custody and settlement charges	2	2	2	-	6
Bank charges	1	-	-	-	1
<b>Total expenses</b>	<u>365</u>	<u>293</u>	<u>282</u>	<u>-</u>	<u>940</u>
<b>Net income</b>	<u><u>1,954</u></u>	<u><u>1,050</u></u>	<u><u>963</u></u>	<u><u>-</u></u>	<u><u>3,967</u></u>
<b>Earnings per unit (Rupees)</b>	<u><u>3.43</u></u>	<u><u>2.01</u></u>	<u><u>1.92</u></u>		

The annexed notes 1 to 14 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

### FOR THE PERIOD JUNE 16, 2007 TO DECEMBER 31, 2007 AND QUARTER ENDED DECEMBER 31, 2007 (UN AUDITED - NOTE 2)

	For the period June 16, 2007 to December 31, 2007				
Note	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Rupees in '000)					
Net income	4,695	2,232	2,058	-	8,985
<b>Adjustments for :</b>					
Dividend income	(1,175)	(326)	(201)	-	(1,702)
Profit on sukuk certificates	-	(313)	(85)	-	(398)
Profit on deposit accounts with banks	(877)	(2,012)	(2,162)	-	(5,051)
Unrealised loss / (gain) on :					
- re-measurement of investments at fair value through profit or loss	(947)	248	162	-	(537)
- re-measurement of financial instruments sold on deferred settlement basis	-	(260)	(212)	-	(472)
Amortisation of formation cost	45	45	45	-	135
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(106)	(17)	(2)	-	(125)
	1,635	(403)	(397)	-	835
<b>Increase in assets</b>					
Placements with banks	-	(12,500)	(16,250)	-	(28,750)
Receivable against sale of investments	-	(9,662)	(4,982)	-	(14,644)
Investments at fair value through profit or loss	(53,389)	(14,430)	(7,318)	-	(75,137)
Formation cost	(250)	(250)	(250)	-	(750)
Deposit with Central Depository Company	(100)	(100)	(100)	-	(300)
	(53,739)	(36,942)	(28,900)	-	(119,581)
<b>Increase in liabilities</b>					
Payable against purchase of investments	-	-	37	-	37
Payable to the Al-Meezan Investment Management Limited					
- pension fund manager	332	319	316	-	967
Payable to Central Depository Company of Pakistan Limited - trustee of the fund	10	8	8	-	26
Payable to Securities and Exchange Commission of Pakistan	10	10	9	-	29
Payable to auditors	62	62	62	-	186
Accrued expenses and other liabilities	11	9	9	14	43
	425	408	441	14	1,288
Dividend received	967	240	165	-	1,372
Profit received on deposit accounts with banks	688	1,112	1,114	-	2,914
<b>Net cash (outflow) / inflow from operating activities</b>	(50,024)	(35,585)	(27,577)	14	(113,172)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts of contribution	57,110	52,205	50,156	-	159,471
Payments against withdrawal	(5)	(3)	(1)	-	(9)
<b>Net cash inflow from financing activities</b>	57,105	52,202	50,155	-	159,462
Net cash inflow during the period	7,081	16,617	22,578	14	46,290
Cash and cash equivalents at the beginning of the period -	-	-	-	-	-
Cash and cash equivalents at the end of the period	7,081	16,617	22,578	14	46,290

The annexed notes 1 to 14 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

FOR THE PERIOD JUNE 16, 2007 TO DECEMBER 31, 2007  
AND QUARTER ENDED DECEMBER 31, 2007 (UN AUDITED - NOTE 2)

For the quarter ended December 31, 2007					
Note	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Rupees in '000)					
Net income	1,954	1,050	963	-	3,967
<b>Adjustments for :</b>					
Dividend income	(856)	(153)	(201)	-	(1,210)
Profit on sukuk certificates	-	(280)	(76)	-	(356)
Profit on deposit accounts with banks	(176)	(857)	(1,005)	-	(2,038)
Unrealised loss / (gain) on :					
- re-measurement of investments at fair value through profit or loss	1,179	264	179	-	1,622
- re-measurement of financial instruments sold on deferred settlement basis	-	(243)	(189)	-	(432)
Amortisation of formation cost	21	21	21	-	63
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(95)	(11)	(2)	-	(108)
	2,027	(209)	(310)	-	1,508
<b>(Increase) / decrease in assets</b>					
Placements with banks	-	-	(3,750)	-	(3,750)
Receivable against sale of investments	-	(2,341)	(4,738)	-	(7,079)
Investments at fair value through profit or loss	(2,350)	826	2,020	-	496
Formation cost	-	-	-	-	-
Deposit with Central Depository Company of Pakistan Limited	-	-	-	-	-
	(2,350)	(1,515)	(6,468)	-	(10,333)
<b>Increase / (decrease) in liabilities</b>					
Payable against purchase of investments	-	-	37	-	37
Payable to the Al-Meezan Investment Management Limited - pension fund manager	13	3	3	-	19
Payable to Central Depository Company of Pakistan Limited - trustee of the fund	1	(1)	-	-	-
Payable to Securities and Exchange Commission of Pakistan	5	5	4	-	14
Payable to auditors	17	17	17	-	51
Accrued expenses and other liabilities	1	(1)	-	14	14
	37	23	61	14	135
Dividend received	955	240	165	-	1,360
Profit received on deposit accounts with banks	486	815	803	-	2,104
<b>Net cash (outflow) / inflow from operating activities</b>	1,155	(646)	(5,749)	14	(5,226)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts of contribution	875	400	66	-	1,341
Payments against withdrawal	(5)	(3)	(1)	-	(9)
<b>Net cash inflow from financing activities</b>	870	397	65	-	1,332
Net cash (outflow) / inflow during the period	2,025	(249)	(5,684)	14	(3,894)
Cash and cash equivalents at the beginning of the period	5,056	16,866	28,262	-	50,184
Cash and cash equivalents at the end of the period	7,081	16,617	22,578	14	46,290

The annexed notes 1 to 14 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**  
**FOR THE PERIOD JUNE 16, 2007 TO DECEMBER 31, 2007**  
**AND QUARTER ENDED DECEMBER 31, 2007 (UN AUDITED - NOTE 2)**

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
----- <b>(Rupees in '000)</b> -----					
Amount received on issue of units (Equity sub fund: 570,026 units; Debt sub fund: 521,892 units; Money market sub fund: 501,537 units)	57,110	52,205	50,156	-	159,471
Amount paid on redemption of units (Equity sub fund: 36 units; Debt sub fund: 45 units; Money market sub fund: 9 units)	(5)	(3)	(1)	-	(9)
	57,105	52,202	50,155	-	159,462
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(106)	(17)	(2)	-	(125)
Net income for the period	4,695	2,232	2,058	-	8,985
Net assets at the end of the period	<u>61,694</u>	<u>54,417</u>	<u>52,211</u>	<u>-</u>	<u>168,322</u>

**FOR THE QUARTER ENDED DECEMBER 31, 2007**

	Equity Sub Fund	Debt Sub Fund	Money Market SubFund	Others	Total
----- <b>(Rupees in '000)</b> -----					
Net assets at the beginning of the quarter	58,965	52,981	51,185	-	163,131
Amount received on issue of units (Equity sub fund: 7,787 units; Debt sub fund: 3,899 units; Money market sub fund: 643 units)	875	400	66	-	1,341
Amount paid on redemption of units (Equity sub fund: 36 units; Debt sub fund: 45 units; Money market sub fund: 9 units)	(5)	(3)	(1)	-	(9)
	870	397	65	-	1,332
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(95)	(11)	(2)	-	(108)
Net income for the quarter	1,954	1,050	963	-	3,967
Net assets at the end of the quarter	<u>61,694</u>	<u>54,417</u>	<u>52,211</u>	<u>-</u>	<u>168,322</u>

The annexed notes 1 to 14 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 FOR THE PERIOD JUNE 16, 2007 TO DECEMBER 31, 2007 AND QUARTER ENDED DECEMBER 31, 2007 (UN AUDITED - NOTE 2)**

### **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.
- 1.5 The SECP through its letter No.22(1)SEC/SCD/PW-AMIML/2007 dated July 6, 2007 relaxed the requirement of rule 7 (1) (e) of the VPS Rules in respect of annual audit and submission of audited financial statements for the year ended June 30, 2007. In lieu of this relaxation, these financial statements have been prepared for the period June 16, 2007 to December 31, 2007.

### **2. STATEMENT OF COMPLIANCE**

- 2.1 Meezan Tahaffuz Pension Fund has prepared its financial statements for the first time. Therefore, corresponding figures have not been included.
- 2.2 These condensed interim financial statements have been prepared in accordance with the requirements of the Voluntary Pension System Rules, 2005 (VPS Rules), the Trust Deed, the directives issued by the SECP and the International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by International Accounting Standards Committee (IASC) and interpretations issued by International Financial Reporting Interpretations Committee of the IASC (the interpretations), as adopted in Pakistan. However, the requirements of the Voluntary Pension System Rules, 2005, the Trust Deed and the directives of the SECP, general or specific, have been followed where their requirements are not consistent with the requirements of the IAS and the interpretations.

- 2.3 The condensed interim financial statements comprise of the condensed statement of assets and liabilities as at December 31, 2007 and the condensed income statement, condensed statement of movement in participants' sub-funds, condensed cash flow statement and notes thereto, for the period June 16, 2007 to December 31, 2007, which have been subject to a review but not audited.
- 2.4 New accounting standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are not yet effective:

The following standard and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2008 and are not relevant to the fund operations or are not expected to have significant impact on the Fund's financial statements other than certain increased disclosures in certain cases:

- i. IAS 23 - Borrowing Costs (effective from January 1, 2009)
- ii. IFRIC 12 - Service Concession Agreements (effective from January 1, 2008)
- iii. IFRIC 13 - Customer Loyalty Programmes (effective from July 1, 2008)
- iv. IFRIC 14 - IAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from January 1, 2008)

### **3. 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 earlier referred guidelines.

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **4.1 Accounting convention**

These condensed interim financial statements have been prepared under the historical cost convention except that certain investments are carried at fair value in accordance with the criteria laid down in the International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

#### **4.2 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires the use of critical accounting estimates. It also requires the pension fund manager to exercise its judgment in the process of applying its accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements is classification of investments in accordance with the pension fund manager's accounting are as follows:

- (a) Classification and valuation of financial investments (note 4.3)
- (b) Amortisation of preliminary expenses.

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

### 4.3 Financial instruments

#### 4.3.1 The Fund classifies its financial instruments in the following categories:

(a) Investments 'at fair value through profit or loss':

- Financial instruments 'held-for-trading'

These include financial instruments acquired principally for the purpose of generating profit from short-term fluctuations in prices or dealers' margins or are securities included in a portfolio in which a pattern of short-term profit taking exists.

- Financial instruments designated 'at fair value through profit or loss upon initial recognition'

These include investments that are designated as investments at fair value through 'profit or loss' upon initial recognition.

(b) Held to maturity

These are securities acquired by the Fund with the intention and ability to hold them upto maturity.

(c) Loans and receivables originated by the enterprise

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as fair value through profit or loss or available for sale.

(d) Available for sale

These financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

#### 4.3.2 Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a 'financial asset or financial liability at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on 'financial assets and financial liabilities at fair value through profit or loss' are expensed immediately.

Subsequent to initial recognition, instruments classified as 'financial assets at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the income statement. Changes in the fair value of instruments classified as 'available for sale' are recognised in equity until derecognised or impaired when the accumulated fair value adjustments recognised in equity are included in the income statement.

Financial assets classified as 'loans and receivables' and 'held to maturity' are carried at amortised cost using the effective yield method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

The Fund follows trade date accounting for purchase and sale of investments. Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

#### 4.3.3 Fair value measurement principles

The fair value of financial instruments sold on deferred settlement basis is based on their price quoted on the stock exchanges at the balance sheet date without any deduction for estimated future selling costs.

#### 4.3.4 Impairment

Impairment loss on investment other than 'available for sale' is recognised in the income statement whenever the carrying amount of investment exceeds its recoverable amount. If in a subsequent period, the amount of an impairment loss recognised decreases the impairment is reversed through the income statement.

In case of investment classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the income statement. However, the decrease in impairment loss on equity securities classified as 'available for sale' is recognised in equity.

#### 4.3.5 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flow from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### 4.4 Transactions involving outright purchase of security in the ready market and sale of that security on deferred settlement basis.

The Fund enters into certain transactions involving purchase of security in the ready market and sale of the same security on deferred settlement basis. Securities purchased by the company in the ready market are carried on the balance sheet, till eventual disposal, in accordance with the accounting policy specified in note 4.3 above, and sale of those securities in the futures market is accounted for separately as financial instruments sold on deferred settlement basis.

#### 4.5 Financial instruments sold on deferred settlement basis

Financial instruments sold on deferred settlement basis are initially recognised at fair value on the date on which a deferred sale contract is entered into and are subsequently remeasured at their fair value. All financial instruments sold on deferred settlement basis are carried as assets when fair value is positive and as liabilities when fair value is negative.

#### 4.6 Participants' fund

Participants' fund representing the units issued by the Fund, are carried at the net asset value representing the investors' right to a residual interest in the Fund's assets.

#### 4.7 Issue and redemption of units

Contribution received in the individual pension account after deduction of takaful premium, if any, followed by front end fee, is used to purchase the units of sub-funds of the pension fund according to the allocation scheme selected by the participant. The units are allotted at the net asset value notified by the pension fund manager at the close of that dealing day (forward pricing) for each sub-fund. The front end fee is payable to the distributors and the pension fund manager.

Withdrawals made are used to redeem units of the sub-funds of the pension fund, according to the allocation scheme of the participant, at the net asset value prevalent on the date on which the distributors receive redemption application during business hours on that date.

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

An equalisation account called 'element of income / (loss) and capital gains/(losses) included in prices of units sold less those in units redeemed' is set up in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

The net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period is taken to the income statement.

#### 4.9 Provisions

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

#### 4.10 Formation cost

Formation cost represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of three years commencing from June 16, 2007 in accordance with the requirement of the trust deed of the Fund.

#### 4.11 Net assets value per unit of each sub-fund

The net assets value (NAV) per unit is calculated by dividing the net assets of each sub-fund by the number of units in issue at period end.

#### 4.12 Taxation

##### Current

The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001.

#### Deferred

The Fund is exempt unconditionally so no tax liability and deferred tax has been recognised in these financial statements.

#### 4.13 Revenue recognition

(i) Gains / (losses) arising on disposal of investments are included in the income currently and are recognised on the date at when the transaction takes place.

(ii) Unrealised gains / (losses) arising on revaluation of securities classified as 'financial asset at fair value through profit or loss' are included in the income statement in the period in which they arise.

(iii) Gains / (losses) arising on the revaluation of the derivatives to the fair value are taken to the income statement.

(iv) Dividend income is recognised at the time of closure of shares transfer books of the investee company.

(v) Profit on deposit accounts with banks and investments in debt instruments are recorded on accrual basis.

#### 4.14 Expenses

All expenses, including management fee and custodian fee, are recognised in the income statement on an accrual basis.

#### 4.15 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 4.16 Zakat

Units held by resident Pakistani participants are subject to zakat at 2.5% of the face value or redemption value, whichever is lower, of units, under the Zakat and Ushr Ordinance, 1980 (XVII of 1980), except those exempted. Zakat is deducted at source from the redemption / withdrawal payment.

#### 4.17 Transactions with connected persons

Transactions between the Fund and its connected persons, as defined in VPS Rules, 2005 are carried out on an arm's length basis substantiated in a manner set out in note 12.

#### 4.18 Cash and cash equivalents

Cash comprises current and deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

#### 4.19 Dividend and bonus units

Distribution of dividend or/and bonus units is not allowed under the Rules.

## 5. BALANCES WITH BANKS

December 31, 2007

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
----- (Rupees in '000) -----					
Current accounts	12	11	12		35
Saving accounts	7,069	16,606	22,566	14	46,255
	<u>7,081</u>	<u>16,617</u>	<u>22,578</u>	<u>14</u>	<u>46,290</u>

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

Note

December 31, 2007

		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
----- (Rupees in '000) -----					
Held for trading	6.1	54,336	4,682	4,656	63,674
Investments at fair value through profit or loss upon initial recognition	6.2	-	9,500	2,500	12,000
		<u>54,336</u>	<u>14,182</u>	<u>7,156</u>	<u>75,674</u>

## Statement of Investment Portfolio

### 6.1 Statement of Movement in Investment Portfolio - As held for trading as at December 31, 2007

Name of the investee company	As at June 16, 2007	Purchases during the period	Cost of shares	Bonus / rights issue	Sales during the period	As at December 31, 2007	Carrying value as at December 31, 2007	Market value as at December 31, 2007	Percentage of net assets on the basis of market value (See note 6.1.2 below)	Percentage of paid up capital of investee company
	----- Number of shares -----		Rs in '000		-----Number of shares-----		-----Rupees in '000-----			

#### EQUITY SUB FUND

##### Automobile assembler

Indus Motor Company Limited	-	4,100	1,333	-	-	4,100	1,333	1,309	2.12	0.01
Pak Suzuki Motor Company Limited	-	6,000	2,231	-	-	6,000	2,231	1,978	3.21	0.01

##### Paper and board

Packages Limited	-	31,000	10,018	-	14,000	17,000	5,736	6,184	10.02	0.00
------------------	---	--------	--------	---	--------	--------	-------	-------	-------	------

##### Power generation and distribution

Kot Addu Power Company Limited	-	119,000	5,744	-	119,000	-	-	-	0.00	0.00
Hub Power Company Limited	-	190,000	6,518	-	-	190,000	6,518	5,795	9.39	0.02

##### Oil and gas exploration companies

Pakistan Oilfields Limited	-	6,000	1,804	-	2,000	4,000	1,203	1,338	2.17	0.00
Oil and Gas Development Company Limited	-	47,000	5,643	-	-	47,000	5,643	5,614	9.10	0.00
Pakistan Petroleum Limited	-	19,800	4,773	-	-	19,800	4,773	4,852	7.86	0.00

##### Oil and gas marketing companies

Pakistan State Oil Company Limited	-	10,000	3,798	-	-	10,000	3,798	4,066	6.59	0.01
------------------------------------	---	--------	-------	---	---	--------	-------	-------	------	------

##### Chemicals

ICI Pakistan Limited	-	32,200	4,822	-	5,000	27,200	4,073	5,349	8.67	0.00
----------------------	---	--------	-------	---	-------	--------	-------	-------	------	------

##### Technology and communication

Pakistan Telecommunication Company Limited	-	90,000	4,599	-	-	90,000	4,599	3,784	6.13	0.00
--	---	--------	-------	---	---	--------	-------	-------	------	------

##### Fertilizer

Engro Chemical Pakistan Limited	-	17,000	4,036	-	-	17,000	4,036	4,518	7.32	0.01
Fauji Fertilizer Bin Qasim Limited	-	100,000	3,976	-	-	100,000	3,976	4,205	6.82	0.01
Fauji Fertilizer Company Limited	-	75,000	9,214	-	30,000	45,000	5,470	5,344	8.66	0.01

##### Cement

DG Khan Cement Company Limited	-	20,000	2,262	-	20,000	-	-	-	0.00	0.00
<b>Total</b>							<b>53,389</b>	<b>54,336</b>		

#### DEBT SUB FUND

##### Securities sold under deferred sale arrangements

##### Textile composite

Nishat Mills Limited	-	20,000	1,980	-	20,000	-	-	-	0.00	0.00
----------------------	---	--------	-------	---	--------	---	---	---	------	------

##### Oil and gas exploration companies

Oil and Gas Development Company Limited	-	60,500	6,824	-	60,500	-	-	-	0.00	0.00
Pakistan Oilfields Limited	-	59,500	19,461	-	45,500	14,000	4,930	4,682	8.60	0.01
Pakistan Petroleum Limited	-	47,500	11,847	-	47,500	-	-	-	0.00	0.00

##### Oil and Gas Marketing Companies

Sui Northern Gas Pipeline Limited	-	5,500	390	-	5,500	-	-	-	0.00	0.00
Sui Southern Gas Company Limited	-	213,000	5,897	-	213,000	-	-	-	0.00	0.00

##### Fertilizer

Fauji Fertilizer Bin Qasim Limited	-	9,000	359	-	9,000	-	-	-	0.00	0.00
Fauji Fertilizer Company Limited	-	60,000	7,220	-	60,000	-	-	-	0.00	0.00
Engro Chemical Pakistan Limited	-	18,000	4,972	-	18,000	-	-	-	0.00	0.00
<b>Total</b>							<b>4,930</b>	<b>4,682</b>		

#### MONEY MARKET SUB FUND

##### Securities sold under deferred sale arrangements

##### Oil and gas exploration companies

Oil and Gas Development Company Limited	-	30,000	3,585	-	30,000	-	-	-	0.00	0.00
Pakistan Oilfields Limited	-	45,500	14,022	-	45,500	-	-	-	0.00	0.00
Pakistan Petroleum Limited	-	67,000	16,835	-	48,000	19,000	4,818	4,656	8.92	0.00

##### Fertilizer

Fauji Fertilizer Company Limited	-	90,000	10,882	-	90,000	-	-	-	0.00	0.00
Engro Chemical Pakistan Limited	-	32,000	8,514	-	32,000	-	-	-	0.00	0.00
<b>Total</b>							<b>4,818</b>	<b>4,656</b>		

- 6.1.1 All shares have a nominal value of Rs 10 each.
- 6.1.2 Net assets are as defined in rule 2(1) (m) of Voluntary Pension System Rules, 2005.
- 6.1.3 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.
- 6.2 Investments at fair value through profit or loss upon initial recognition - sukuk certificates

Name of the investee company	As at June 16, 2007	Purchases during the period	Sales during the period	Redemptions during the period	As at December 31, 2007	Cost as at December 31, 2007	Market value as at December 31, 2007	Percentage of net assets on the basis of cost see note 6.1.2 above)
	-----Number of certificates-----				----Rupees in '000----			
<b>Debt Sub Fund</b>								
Security Leasing Corporation Limited (note 6.2.1)	-	500	-	-	500	2,500	2,500*	4.59
Engro Chemicals (Pakistan) Limited (note 6.2.1)	-	500	-	-	500	2,500	2,500*	4.59
Dawood Hercules Chemicals Limited (note 6.2.2)	-	50	-	-	50	2,500	2,500*	4.59
Shahmurad Sugar Mills Limited (note 6.2.3)	-	2	-	-	2	2,000	2,000*	3.68
	-	1,052	-	-	1,052	9,500	9,500*	
<b>Money Market Sub Fund</b>								
Security Leasing Corporation Limited (note 6.2.1)	-	500	-	-	500	2,500	2,500*	4.79
Total	-	500	-	-	500	2,500	2,500*	

\*This represent cost as their rates were not quoted as of December 31, 2007, however, according to the management's estimate their fair value would not be materially different from their cost.

- 6.2.1 The nominal value of the sukuk certificates of Engro Chemicals Pakistan Limited and Security Leasing Corporation Limited is Rs. 5,000 each.
- 6.2.2 The nominal value of the sukuk certificates of Dawood Hercules Chemicals Limited is Rs. 50,000 each.
- 6.2.3 The nominal value of the sukuk certificates of Shahmurad Sugar Mills Limited is Rs. 1,000,000 each.
- 6.2.4 These sukuk certificates carry a return at the rate from 11.21% to 12.23% receivable on semi annual basis.

## 7. FINANCIAL INSTRUMENTS SOLD ON DEFERRED SETTLEMENT BASIS

	December 31, 2007						
	Number of shares	Settlement	Underlying	Notional amount	Fair value		
					Assets	(Liabilities)	
-----Rupees in '000-----							
7.1 <b>Deferred sales</b>							
7.1.1 <b>Debt sub fund</b>							
- Pakistan Oilfields Limited	14,000	January 29, 2008	Equity indices	4,981	260	-	
7.1.2 <b>Money Market sub fund</b>							
- Pakistan Petroleum Limited	19,000	January 29, 2008	Equity indices	4,896	212	-	

**8. ACCRUED EXPENSES AND OTHER LIABILITIES**

December 31, 2007

	Equity sub fund	Debt sub fund	Money Market sub fund	Others	Total
-----Rupeesin '000-----					
Withholding tax	11	9	9	-	29
Front-end fee payable	-	-	-	14	14
	11	9	9	14	43

**9. CONTRIBUTION TABLE**

Contributions net of front end fee received during the period	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	70,026	7,110	21,892	2,205	1,537	156	9,471

**10. NUMBER OF UNITS IN ISSUE**

December 31, 2007

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
-----Number of units-----			
Units issued during the period	570,026	521,892	501,537
Less: units redeemed during the period	(36)	(45)	(9)
Total units in issue at the end of the period	569,990	521,847	501,528

**11. EARNINGS PER UNIT**

December 31, 2007

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
----- (Rupees in '000) -----			
Net income for the period	4,695	2,232	2,058
-----Number of units-----			
Units outstanding as at December 31, 2007	569,990	521,847	501,528
----- (Rupees) -----			
Earnings per unit	8.24	4.28	4.10

## 12. 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:

December 31, 2007				
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	
(Rupees in '000)				
<b>Units sold to:</b>				
AI Meezan Investment Management Limited (Equity sub fund: 500,000 units; Debt sub fund: 500,000 units; Money Market sub fund: 500,000 units)				
50,000	50,000	50,000	-	
Directors and executives of the pension fund manager (Equity sub fund: 14,988 units; Debt sub fund: 3,858 units)				
1,554	388	-	-	
<b>Transactions and balances with connected persons:</b>				
<b>AI Meezan Investment Management Limited - pension fund manager</b>				
Remuneration for the period	482	432	418	-
Formation cost payable	250	250	250	-
Front-end fee for the period	-	-	-	14
	732	682	668	14
Amount paid during the period	(400)	(363)	(352)	-
Balance at the end of the period	332	319	316	14
<b>Meezan Bank Limited</b>				
Bank balance	129	12,534	12,504	14
Profit on deposit accounts	10	451	442	-
<b>Central Depository Company - trustee of the fund</b>				
Remuneration for the period	59	53	51	-
CDS charges for the period	5	4	3	-
	64	57	54	-
Amount paid during the period	(54)	(49)	(46)	-
Balance at the end of the period	10	8	8	-

**13. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair values of all other financial assets and liabilities is considered not significantly different from book values as the items are short term in nature.

**14. DATE OF AUTHORISATION**

These financial statements were authorised on February 15, 2008 by the board of directors of the pension fund manager.

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

**Chief Executive**

**Director**