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Our Vision

"To set standards of best practices and performance for the industry through efficient selection of securities on a SHARIAH COMPLIANT basis."

Our Mission

" To be the leading mutual fund in the industry, providing unitholders, with a truly SHARIAH COMPLIANT stable and low risk Halal income stream."

FUND INFORMATION

MANAGEMENT COMPANY

Al Meezan Investment Management Limited
Ground Floor, Block "B", Finance & Trade Centre,
Shahrah-e-Faisal, Karachi 74400, Pakistan.
Phone: (9221) 3563 0722-6, 111-MEEZAN
Fax: (9221) 3567 6143, 3563 0808
Web site: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

TRUSTEE

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi-74400

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Askari Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
Habib Bank Limited - Islamic Banking
MCB Bank Limited - Islamic Banking
Meezan Bank Limited
Royal Bank of Scotland Limited - Islamic Banking
Soneri Bank Limited - Islamic Banking
Standard Chartered Bank (Pakistan) Limited - Islamic Banking
UBL Ameen - Islamic Banking

LEGAL ADVISER

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

TRANSFER AGENT

Meezan Bank Limited
SITE Branch
Plot # B/9-C, Estate Avenue, SITE, Karachi.
Phone: 3206 2891, Fax: 3255 2771
Web site: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Cash Fund (MCF) is pleased to present the un-audited financial statements of the fund for the half year ended December 31, 2010.

Brief Overview

During the first half of fiscal year 2011, Meezan Cash Fund (MCF) provided an annualized return of 10.43% to its investors as compared to benchmark return of 8.15%.

Economic Review

The Fiscal year beginning 1st July 2010 was pinned with hopes of further economic recovery with the GDP target of 4.5%. However, the whole situation changed with the devastating floods in the first quarter of 2011 with about one-fifth of the country being flooded and 10% of the population being directly affected. As a result all the macroeconomic targets are expected to be missed. The GDP growth target has already been revised down by 1-2% mainly because of sharply lower agricultural output growth which accounts for 21% of GDP and 45% of employment.

Floods caused a sharp increase in food inflation which led CPI to touch a 16-month high of 15.7% in September, 2010. To counter spiraling inflationary expectations, SBP proactively raised discount rate by a cumulative 150bps in 1HFY11 from 12.5% to 14.0%. Floods and delay in structural reforms are likely to have an adverse impact on fiscal deficit which is now expected to cross 6.0% of GDP for fiscal year 2011 against IMF target of 4.7% of GDP. To finance increasing fiscal deficit, government borrowing from SBP has increased to approximately Rs. 272 billion while borrowing from commercial banks has increased to Rs. 178 billion during the period under review. However, tax revenue collection during 1FY11 (provisional) stood at Rs. 642 billion, up 10% year on year, short of target by about Rs. 11 billion.

While inflation and fiscal position have worsened, Pakistan's external position remained comfortable with balance of payment posting a surplus of US\$105 million in Jul-Nov10. Likewise, current account deficit also narrowed to US\$504 million in Jul-Nov10 by posting a surplus for the third consecutive month in November, on the back of upbeat remittances (up 16% YoY) and textile exports (up 23% YoY). Resultantly, this also supported dollar rupee exchange rate which moved in a narrow band of Rs. 85.2 to Rs. 86.3 vis-à-vis dollar.

During the entire period, government faced major resistance while addressing key structural issues in economy such as low tax to GDP ratio, higher subsidies, and excessive borrowings from central bank and implementation of Reformed GST. As a result, IMF delayed dates for fifth and sixth reviews to August 2011. With upward rally in crude price putting pressure on forex reserves and weak fiscal position, IMF's timely release of final payments would play a key role in fiscal stability of the economy.

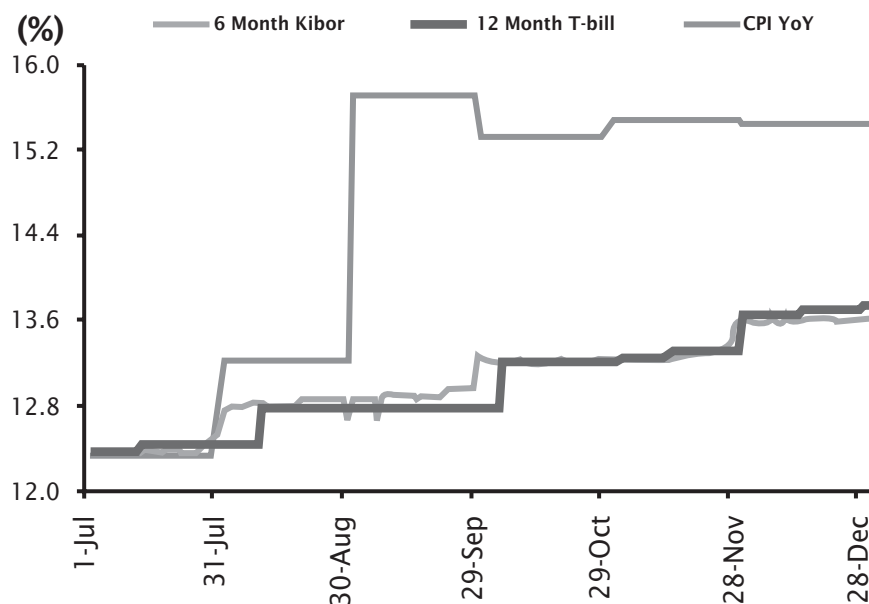
Money Market Review

During the first half 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. With the resurgence of inflation, SBP changed its monetary policy stance after 20 months and increased the policy rate by 50 bps to 13% in its bimonthly monetary policy statement at the end of July 2010.

Further hike in inflation occurred as the country was hit by one of the worst floods in its history. Thus to curb the inflationary pressures, SBP went for further monetary tightening increasing the policy rate to 14%, with consecutive 50 bps hikes in September and November. As a result, KIBOR rates also increased, with six month rate increasing by 125 bps to close the half year at 13.62%. During the half year, SBP conducted 13 T-Bill auctions mopping up Rs. 1,268 billion against a target of Rs. 1,220 billion with a maturity of Rs. 1,120 billion. The cut off rate of six month T-Bill increased by 114 bps to close the half year at 13.40%.

A part from borrowing from SBP, government also tapped other avenues to meet government expenditure. During the period, SBP conducted two auctions of Ijarah Sukuks worth Rs. 89 billion at coupon rate of six month T-Bill. .

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



Performance Review

Meezan Cash Fund (MCF) earned a total income of Rs.349.60 million in the period under review as compared to Rs.94.97 million in the corresponding period last year. Profits from savings accounts at banks contributed Rs.255.08 million. Further a sum of Rs. 94.52 million was earned from income on bank placements. After accounting for expenses of Rs. 37.94 million, the Fund recorded a net income of Rs.300.93 million as compared to Rs 154.63 million in the corresponding period last year.

The net assets of the Fund as at the period end were showed an increase of 20.67% from a figure of Rs.5.22 billion on June 30, 2010 to a gigantic figure of Rs.6.30 billion. The net asset value (NAV) of the Fund at the period end was Rs.50.06 per unit.

Outlook

Going forward, the key challenge for the government under the current political environment would be to introduce the reforms demanded by IMF. It is expected that inflation will remain on the higher side because of supply side shortage and hence State Bank may likely go for further monetary tightening in this fiscal year which will positively impact the return on portfolio of MCF.

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

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 and management of Islamabad Stock Exchange for their support. We would also like to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued assistance and support on Shariah aspects of fund management.

For and on behalf of the Board

**Date: January 24, 2011
Karachi.**

**Mohammad Shoaib, CFA
Chief Executive**

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN CASH FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

Meezan Cash Fund (the Fund), an open-end scheme was established under a trust deed dated May 14, 2009, executed between Al Meezan Investment Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from July 01, 2010 to December 31, 2010 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.



Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 07, 2011



A.F. FERGUSON & CO.

A member firm of

PRICEWATERHOUSECOOPERS 

A.F. Ferguson & Co
Chartered Accountants
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AUDITORS' REPORT TO THE UNITHOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction


We have reviewed the accompanying condensed interim statement of assets and liabilities of Meezan Cash Fund (the Fund) as at December 31, 2010 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds, condensed interim cash flow statement and the notes forming part thereof for the six month period then ended (here-in-after referred to as the 'condensed interim financial information'). The management company is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim financial information for the quarters ended December 31, 2010 and 2009 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2010.

Scope of review

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

Conclusion

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


Chartered Accountants
Karachi, February 10, 2011

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Kabul Office: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan. Tel: +93-779-315320, +93-799-315320

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2010 (UNAUDITED-NOTE 3)

	Note	December 31, 2010 (Rupees in '000)	June 30, 2010
Assets			
Balances with banks		2,956,153	2,942,794
Placements	5	3,150,000	2,150,000
Profit receivable		229,566	173,173
Preliminary expenses and floatation costs		2,072	2,377
Deposits and prepayments		176	272
Total assets		6,337,967	5,268,616
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund		8,592	7,542
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		644	536
Payable to Securities and Exchange Commission of Pakistan (SECP)		2,343	2,573
Payable on redemption of units		4,863	33,144
Brokerage payable		45	45
Accrued expenses and other liabilities		2,951	508
Dividend payable		14,527	-
Total liabilities		33,965	44,348
Net assets		6,304,002	5,224,268
Contingency	6		
Unitholders' fund (as per statement attached)		6,304,002	5,224,268
		Number of units	
Number of units in issue		125,935,775	101,068,945
		Rupees	
Net assets value per unit		50.06	51.69

The annexed notes 1 to 8 form an integral part of this condensed interim financial report.

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

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director

CONDENSED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2010 (UNAUDITED-NOTE 3)

	Six months period ended		Quarter ended	
	December 31, 2010	2009	December 31, 2010	2009
	----- (Rupees in '000) -----			
Income				
Profit on savings accounts with banks	255,076	77,408	129,484	53,280
Profit on placements	94,521	16,591	55,996	13,873
Profit on loans and receivables	-	949	-	949
Back end load	-	2	-	2
Other income	-	18	-	18
Total income	349,597	94,968	185,480	68,122
Expenses				
Remuneration to Al Meezan - management company of the Fund	31,240	8,745	16,275	6,307
Remuneration to CDC - trustee of the Fund	3,627	1,347	1,878	861
Annual fee to SECP	2,342	665	1,220	479
Auditors' remuneration	204	328	112	247
Fees and subscription	100	7	49	7
Amortisation of preliminary expenses and floatation costs	305	303	154	152
Bank and settlement charges	43	13	37	9
Brokerage	-	109	-	106
Printing expense	74	311	36	311
Total expenses	37,935	11,828	19,761	8,479
Net income from operating activities	311,662	83,140	165,719	59,643
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed (net)	(10,733)	71,486	(6,181)	60,862
Net income	300,929	154,626	159,538	120,505

The annexed notes 1 to 8 form an integral part of this condensed interim financial report.

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

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2010 (UNAUDITED-NOTE 3)

	Six months period ended		Quarter ended	
	December 31, 2010	2009	December 31, 2010	2009
	----- (Rupees in '000) -----			
Undistributed income brought forward	170,821	2,050	1,632	34,306
Less : Final distribution in the form of bonus units @ 3.38% for the year ended June 30, 2010 (June 30, 2009: 0.3%)	(170,806)	(1,865)	-	-
Less: Interim distribution in the form of bonus units @ 2.45% for the quarter ended September 30, 2010	(139,774)	-	-	-
Less: Interim distribution in the form of bonus units @ 2.5% for the quarter ended December 31, 2010	(139,430)	-	(139,430)	-
Less: Interim distribution in the form of cash dividend @ 2.5% for the quarter ended December 31, 2010	(14,527)	-	(14,527)	-
Net income for the period	300,929	154,626	159,538	120,505
Undistributed income carried forward	<u>7,213</u>	<u>154,811</u>	<u>7,213</u>	<u>154,811</u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial report.

For Al Meezan Investment Management Limited
(Management Company)

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2010 (UNAUDITED-NOTE 3)**

	Six months period ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	5,224,268	623,857	5,846,475	1,419,525
Issue of 94,212,223 units (2009: 87,748,561) units and 59,661,156 (2009: 61,747,688) units for the six months and quarter respectively	4,766,908	4,530,475	3,021,584	3,219,807
Redemption of 78,343,366 (2009: 37,788,902) units and 53,408,535 (2009: 27,018,961) units for the six months and quarter respectively	(3,984,309)	(1,961,006)	(2,715,249)	(1,422,509)
	782,599	2,569,469	306,335	1,797,298
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	10,733	(71,486)	6,181	(60,862)
Net (loss) / income for the period less distribution	(163,608)	152,761	5,581	120,505
Issue of 3,416,130 bonus units on July 7, 2010 for the period ended June 30, 2010 (June 30, 2009: 37,301 bonus units)	170,806	1,865	-	-
Issue of 2,795,532 bonus units on September 30, 2010 for the quarter ended September 30, 2010	139,774	-	-	-
Issue of 2,786,311 bonus units on December 31, 2010 for the quarter ended December 31, 2010	139,430	-	139,430	-
	450,010	1,865	139,430	-
Net assets at the end of the period	<u>6,304,002</u>	<u>3,276,466</u>	<u>6,304,002</u>	<u>3,276,466</u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial report.

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

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2010 (UNAUDITED-NOTE 3)

	Six months period ended December 31,		Quarter ended December 31,	
	2010	2009	2010	2009
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	300,929	154,626	159,538	120,505
Adjustments for non-cash items				
Profit on savings accounts with banks	(255,076)	(77,408)	(129,484)	(53,280)
Profit on placements	(94,521)	(16,591)	(55,996)	(13,873)
Profit on loans and receivables	-	(949)	-	(949)
Amortisation of preliminary expenses and floatation costs	305	303	154	152
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	10,733	(71,486)	6,181	(60,862)
	<u>(37,630)</u>	<u>(11,505)</u>	<u>(19,607)</u>	<u>(8,307)</u>
(Increase) / decrease in assets				
Loans and receivables	-	(300,000)	-	(300,000)
Deposits and prepayments	96	-	51	-
Placements	(1,000,000)	-	(1,950,000)	-
	<u>(999,904)</u>	<u>(300,000)</u>	<u>(1,949,949)</u>	<u>(300,000)</u>
Increase / (decrease) in liabilities				
Payable to Al Meezan - management company of the Fund	1,050	2,898	579	1,916
Payable to CDC - trustee of the Fund	108	342	61	178
Payable to SECP	(230)	647	1,221	460
Payable on redemption of units	(28,281)	56,003	1,502	52,713
Brokerage payable	-	85	-	85
Accrued expenses and other liabilities	2,443	(418)	(3,037)	347
	<u>(24,910)</u>	<u>59,557</u>	<u>326</u>	<u>55,699</u>
Profit received on savings accounts with banks	204,825	3,285	54,606	262
Profit received on placements	88,379	8,312	39,833	8,312
Net cash outflow from operating activities	<u>(769,240)</u>	<u>(240,351)</u>	<u>(1,874,791)</u>	<u>(244,034)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from sale of units	4,766,908	4,530,475	3,021,584	3,221,672
Payment against redemption of units	(3,984,309)	(1,961,006)	(2,715,249)	(1,422,509)
Net cash inflow from financing activities	<u>782,599</u>	<u>2,569,469</u>	<u>306,335</u>	<u>1,799,163</u>
Net cash inflow / (outflow) during the period	13,359	2,329,118	(1,568,456)	1,555,129
Cash and cash equivalents at the beginning of the period	2,942,794	622,016	4,524,609	1,396,005
Cash and cash equivalents at the end of the period	<u>2,956,153</u>	<u>2,951,134</u>	<u>2,956,153</u>	<u>2,951,134</u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial report.

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

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director


MEEZAN
CASH FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2010 (UNAUDITED-NOTE 3)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Cash Fund (the Fund) was established under a trust deed executed between Al Meezan as the management company and CDC as the trustee. The trust deed was executed on May 14, 2009 and was approved by the SECP under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The registered office of the Management Company of the Fund, is situated at Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point in time. Under the trust deed all the conducts and acts of the Fund are based on shariah. Meezan Bank Limited (MBL) acts as its shariah advisor to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The management company of the fund has been given quality rating of AM2 and the stability rating of the Fund is AA(f) given by JCR - VIS.
- 1.5 Title to the assets of the Fund are held in the name of CDC as the trustee of the Fund.

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 earlier referred guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

3. STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial report has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting' (IAS 34), the Trust Deed, NBFC Rules, NBFC Regulations and the directives issued by SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IAS 34, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence.

- 3.2 This condensed interim financial report comprises of the condensed interim statement of assets and liabilities as at December 31, 2010 condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the six months period ended December 31, 2010, which have been subjected to a review but not audited. This condensed interim financial report also includes condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarter ended December 31, 2010 which is not subject to review.
- 3.3 The comparative condensed interim statement of assets and liabilities presented in this condensed interim financial report as at June 30, 2010 has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2010 whereas the comparative condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement have been extracted from the condensed interim financial report for the six months period ended December 31, 2009 which were subjected to a review but not audited. The comparative condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement for the quarter ended December 31, 2009 included in this condensed interim financial report were not subjected to a review.
- 3.4 Standards, amendments to published approved accounting standards and interpretations effective from July 1, 2010:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial report.

- 3.5 Standards, amendments to published approved accounting standards and interpretations as adopted in Pakistan, that are not yet effective:

The following amendment to an existing standard has been published and is mandatory for accounting periods beginning on or after July 1, 2011 or later periods:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on Fund's operations and are therefore not detailed in this condensed interim financial report.

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, 2010.

5. PLACEMENTS

Placements carry expected profit rates ranging from 11.5% to 13.5 % per annum (June 30, 2010: 11% to 11.35% per annum) and are due to mature from January 28 to May 15, 2011.

6. CONTINGENCY

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

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

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

However, the Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. The aggregate unrecognised amount of WWF as at December 31, 2010 amounted to Rs 14.389 million.

7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan being the management company, CDC being the trustee, MBL being the holding company of the management company, Pakistan Kuwait Investment Company (Private) Limited, directors and officers of the management company and Al Meezan Mutual Fund Limited, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - I, Meezan Islamic Fund, Meezan Sovereign Fund and Meezan Balanced Fund being the funds under the common management of the management company.

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

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

	December 31, 2010	June 30, 2010
	(Rupees in '000)	
Al Meezan- management company of the Fund		
Investments of 1,116,239 units (June 30, 2010: 2,661,126 units)	55,879	137,554
Remuneration payable	5,590	4,540
Preliminary expenses and floatation costs payable	3,002	3,002
MBL		
Balances with bank	47,094	71,410
Profit receivable on savings accounts	183	127
CDC - trustee of the Fund		
Trustee fee payable	644	536
Deposits	100	100
Directors and officers of the management company		
Investments as at December 31, 2010: 481,144 units (June 30, 2010: 1,043,205 units)	24,086	53,923

	Six months period ended December 31	
	2010	2009
	(Rupees in '000)	
Al Meezan - management company of the Fund		
Remuneration for the period	31,240	8,745
Units issued: 396,747 units (2009: 1,330,859)	20,000	69,000
Redemptions: 2,085,149 units (2009: 59)	105,812	3
Bonus units issued: 143,515 units (2009: 5,699)	7,177	285
MBL - shariah advisor of the Fund		
Profit on savings accounts	756	385
CDC - trustee of the Fund		
Trustee fee	3,627	1,347
Directors and officers of the management company		
Units issued: 227,079 units (2009: 709,803)	11,449	35,960
Redemptions: 866,914 units (2009: 115,027)	43,821	5,927
Bonus units issued: 77,774 units (2009: 304)	3,889	14

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on January 24, 2011 by the Board of Directors of the management company.

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

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director

