

# Quarterly Report September 30, 2012



Meezan Islamic  
Fund (MIF)

Al Meezan Mutual  
Fund (AMMF)

KSE-Meezan Index  
Fund (KMIF)

Meezan Islamic  
Income Fund (MIIF)

Meezan Sovereign  
Fund (MSF)

Meezan Cash  
Fund (MCF)

Meezan Capital Protected  
Fund (MCPF-II)

Meezan Balanced  
Fund (MBF)

Meezan Tahaffuz  
Pension Fund (MTPF)





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## VISION

"To promote professional fund management through development and implementation of Shariah compliant investment products, policies and practices designed to meet the investment objectives of the investors".

## MISSION

"To be the leading Shariah compliant asset management company providing quality service to institutional and individual investors utilizing modern techniques of portfolio management, proactive asset allocation and prudent security selection while maintaining high standards of ethical and professional conduct".

# REPORT OF THE DIRECTORS' OF THE MANAGEMENT COMPANY/ PENSION FUND MANAGER

The Board of Directors of Al Meezan Investment Management Limited, the management company and pension fund manager is pleased to present the unaudited financial statements of the following open end funds, a closed end fund and voluntary pension scheme for the quarter ended September 30, 2012.

## **Equity Funds**

- Meezan Islamic Fund
- Al Meezan Mutual Fund
- KSE Meezan Index Fund

## **Income Funds**

- Meezan Islamic Income Fund
- Meezan Sovereign Fund

## **Money Market Fund**

- Meezan Cash Fund

## **Capital Protected Fund**

- Meezan Capital Protected Fund- II

## **Closed End Balanced Fund**

- Meezan Balanced Fund

## **Voluntary Pension Scheme**

- Meezan Tahaffuz Pension Fund

## **Economic Review:**

The macroeconomic environment in the new fiscal year took a turn for the better on the international political front, as the patch-up of Pak-US relations resulted in the release of US\$1.12 billion under the coalition support funds and US\$280 million under the Kerry Lugar Bill by the US. This resulted in current account posting a surplus of US\$0.9 billion for 2MFY13 compared to a deficit of US\$0.26 billion in the same period last year.

On the external front, workers remittance grew by 9.2% year on year to US\$3.6 billion during first quarter FY13 compared to US\$3.3 billion in corresponding period last year. However, pressure to external account came from financial account which posted a deficit of US\$582 million as against a surplus of US\$356 million last year. This was mainly due to higher debt repayments and subdued investments as sporadic volatility was assigned to scheduled repayments to IMF under which US\$399 million was paid in August and US\$105 million on October 1, 2012. Resultantly, Pakistan's forex reserves, which stood at US\$15.2 billion at the start of the year have come down to US\$14.9 billion in this quarter, However, the exchange rate remained relatively stable as Pak rupee lost only 0.3% during the first quarter, closing at Rs. 94.81/USD, as opposed to 4.9% depreciation during the period January to June, 2012.

CPI dipped to single-digits in first quarter of FY13, averaging at 9.2%, attributed to lower gas prices and slowly receding food inflation. In addition, a high base comparison from last year is another major factor driving the decline in CPI inflation. Following improvement in external account and inflation receding to single-digit in July, the State Bank of Pakistan decided to cut discount rate by 150bps to 10.5% in the August 2012 bi-monthly monetary policy review, the first cut since October 2011. Subsequent to close of quarter, discount rate has been cut by another 50 basis points to 10.0%.

## **Money Market review:**

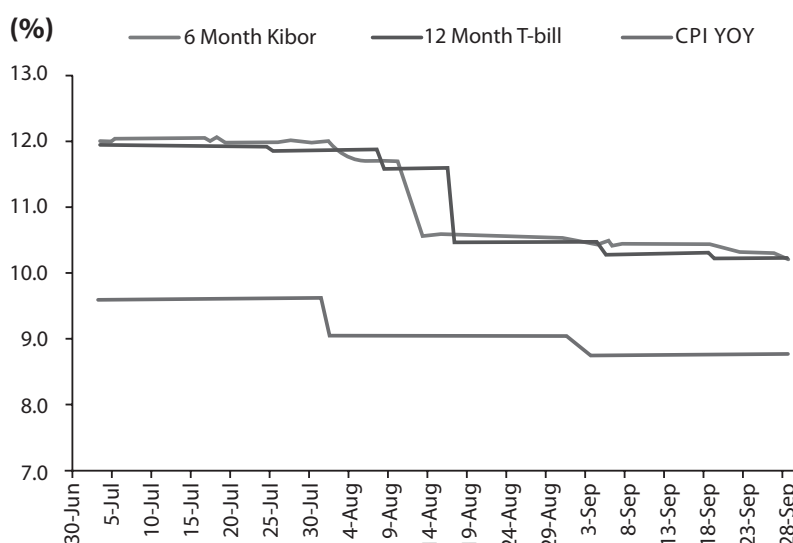
In the first quarter of FY13, the money market remained highly illiquid. To normalize the liquidity situation, State Bank of Pakistan regularly conducted open market operations (OMOs). During the period, SBP conducted seven T-Bill auctions and two PIB auctions. Cumulatively, SBP accepted Rs. 1,435 billion and Rs. 89 billion in T-bills and PIBs respectively.



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Moreover, lower inflation figures and limited government borrowing from the banking sources allowed the State Bank to adopt a soft monetary stance reducing the discount rate by a cumulative 150 bps. As a result, the cutoff rates of T-Bill and PIBs declined by 150bps and 141bps respectively to close at 10.43% and 11.27% in the first quarter FY13. In line with that, six months KIBOR also declined by 184bps to close at 10.22%

On the forex front, Pak rupee remained stable as it depreciated in the interbank by 0.3% and appreciated by Rs. 0.80 in the open market to close at 94.81 and 95.00 in interbank and open market respectively.



### Equity Review:

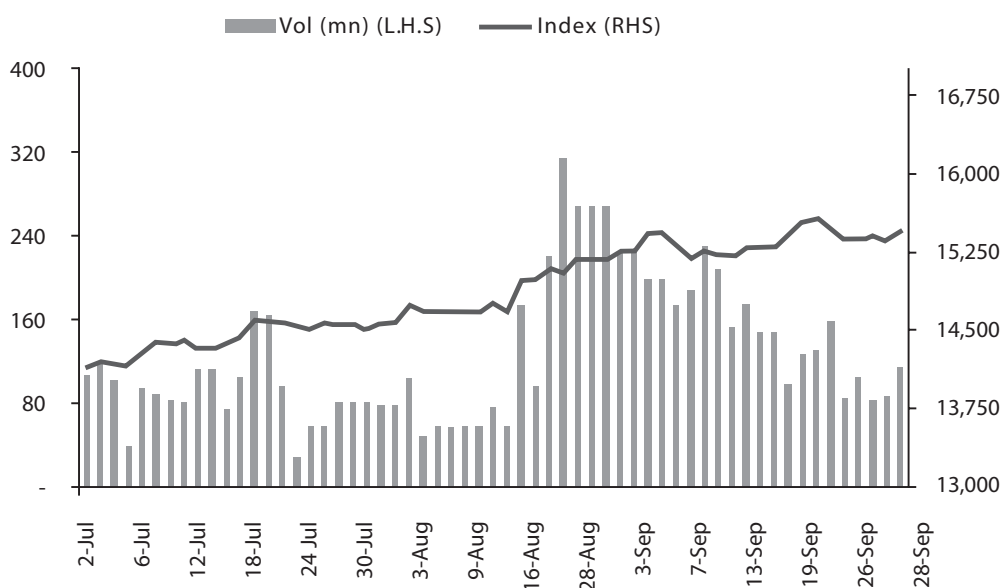
The Karachi Stock Exchange responded positively to the improvements on the economic front as the KSE 100 index rose by 11.9% during Jul-Sep 2012 to close at the level of 15,445. The improvement in macro outlook on the back of improving Pak-US relationship also reflected in improved foreign investor confidence as foreign portfolio investments clocked at US\$92 million for the quarter compared to an outflow of US\$48 million in the preceding three months. During the period, politics remained on the back seat, improved fiscal management following coalition support fund, declining interest rate and falling inflation to single digit remained the key factors which led the KSE 100 index to reach near its all time high level.

In addition to the overall improvement in macros, the market responded positively to the full year corporate results specially E&P and cement sectors. In terms of sector performance, the Index was propelled by strong gains across Telecoms on ICH implementation, Cements, Textiles, Food Producers and heavyweight E&P. However, commercial banks and chemical sectors underperformed broader market by 12% to 13%. While high yielding and leveraged stocks performed well in response to the 150bps cut in discount rate to 10.5%, other policy matters that played a role in driving the market were 1) international Clearing House (ICH) formation and higher termination rates for long distance international (LDI) operators; 2) government's urea import and pricing policy of imported urea; 3) E&P policy finalization, though the impact of the same would be seen with a lag and 4) news flow on auto import policy.

On the domestic political front, while the news flow remained mixed, things appeared to be cooling off towards the end of the quarter as the government and the courts agreed on a framework and the same helped address market jitters related to the situation.

### Volumes & Liquidity:

Average daily volumes in first quarter clocked in at 140 million shares, down 34%QoQ partly due to shorter working hours in Ramadan. Net FIPI for the quarter came in at US\$93 million, compared to an outflow of US\$48 million in the preceding three months. In this quarter, banks were net sellers to the tune of US\$35 million, likely opting for capital gains realization to counter tighter net interest margins (NIMs). Net selling by Individuals came in at US\$ 33 million.



### Mutual Fund Industry Review:

During the first three months of FY13, AUMs of the mutual fund industry witnessed a decline of 13.5% to Rs. 330 billion. Islamic funds on the other hand grew modestly by 2.6% during the period under review to Rs 53 billion. This brings contribution of Islamic funds at 16.3% in the total mutual fund industry.

In terms of net assets, open end sovereign, money market and income funds showed a steep decrease during the three months ending September 2012. The combined category showed a sharp decline of 18.8% to reach Rs 230 billion at period end. Islamic funds in the similar categories increased marginally by 0.95%. Open end Equity funds depicted a mixed picture where the cumulative equity based funds (including capital protected, index tracker, and asset allocation) remained flat at Rs. 71 billion in September 2012 compared to the Rs. 70 billion at June 30, 2011. Islamic equity based funds, on the other hands, showed a modest growth of 9.6% in the period under review and stood at Rs. 11.8 billion. However, in Pension Fund the size of funds reached Rs 3.1 billion as at September end, up 11.7% from June 2012. Islamic Pension Funds also witnessed decent growth of 13.2% in the period under review to clock in at Rs 1.9 billion as of September end.

The decline in the mutual fund industry in general and the sovereign and money market categories in particular is primarily due to a levy of tax at 25% for the tax year 2013 on any dividend received by banks from a money market or income fund. Moreover, the tax rate will rise to 35% for tax years 2014 and onwards. Further to this, the decline may also be attributable to profit realization by institutions and banks at quarter end, a relative rise in equity markets, as well as development of clarity with regard to key triggers in the local market, especially the issue of capital gain tax (CGT). The Mutual Fund industry is, therefore, in a consolidation stage, and is expected to stabilize with the launch of newer products catering to investors with diversified requirements. However, barring any negative developments in international markets and keeping in view of the investor's risk return profile; local equity funds continue to be the right option for the long term horizon.





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## **Performance Review:**

### ***Meezan Islamic Fund***

During the first three months of FY13, Meezan Islamic Fund provided a return of 12.3% while the benchmark index KMI-30 appreciated by 15.5%. During the period under review, net assets of the fund increased by 15.3% to stand at Rs 6.2 billion. As of period end, the fund was 95% invested in equities with major exposure in oil & gas, construction and material and chemical sectors.

### ***AI Meezan Mutual Fund***

During the first three months of FY13, the fund provided a return of 12.9% while the benchmark index KMI-30 appreciated by 15.5%. During the period under review, net assets of the fund decreased by 3.66% to stand at Rs 1.6 billion on September 30, 2012. As of period end, the fund was 97% invested in equities with major exposure in oil & gas, construction and material and chemical sectors. AI Meezan Mutual Fund was converted from a closed end fund to an open end fund, during the last fiscal year, effective August 5, 2011.

### ***KSE Meezan Index Fund***

During the first three months of FY13, KSE Meezan Index Fund provided a return of 14.9% while the benchmark index KMI-30 appreciated by 15.5%. During the period under review, net assets of the fund increased by 12.1% to stand at Rs 324 million.

### ***Meezan Islamic Income Fund***

During the first three months of FY13, Meezan Islamic Income Fund provided an annualized return of 14.3% as compared to benchmark return of 6.1%. The high return was mainly due to receipt of over dues from Maple Leaf Sukuk. Maple Leaf paid the first installment of principal and profit after restructuring. The net assets of the fund increased by 16.7% in the first three months of FY13 to stand at Rs 1.4 billion. As of period end, the fund was invested 33% in Islamic Corporate Sukuk, 28% in GoP Ijarah Sukuk, 7% in Islamic commercial paper and 29% in Islamic banks.

### ***Meezan Sovereign Fund***

During the first three months of FY13, Meezan Sovereign Fund provided an annualized return of 10.8% as compared to benchmark return of 8.0%. During the period under review, net assets of the fund decreased by 4.79% to stand at Rs 18.8 billion. As of the period end, the fund was invested 73% in Ijarah sukus and 24% in AA and above rated banks.

### ***Meezan Cash Fund***

During the first three months of FY13, Meezan Cash Fund provided an annualized return of 10.3% as compared to benchmark return of 8.0%. During the period under review, net assets of the fund decreased by 10.3% to stand at Rs 6.7 billion on September 30, 2012. As of the period end, the fund was invested 32% in Islamic TDR, 5% in Islamic commercial paper and 63% in AA and above rated banks.

### ***Meezan Capital Protected Fund- II***

Meezan Capital Protected Fund -II is a listed open end capital protected fund, investing primarily in GoP Ijarah Sukuk, to ensure capital protection and shariah compliant listed equities to attain capital growth. The fund was launched on July 5, 2011. During the first three months of FY13, the fund provided a return of 4.1%.

During the period under review, net assets of the fund increased by 4% to stand at Rs 461 million on September 30, 2012. As of period end, the fund was 21% invested in equities, 72% in GoP Ijarah Sukuks and 7% in cash and cash equivalents.

### **Meezan Balanced Fund**

Meezan Balanced Fund (MBF) is a closed end balanced fund that invests in Shariah compliant listed equity securities and listed or unlisted Islamic fixed income products. As per policy, the fund can invest up to 60% in listed equity securities. During the first three months of FY13, Meezan Balanced Fund provided a cumulative return of 8.4% against the benchmark return of 9%.

During the period under review, net assets of the fund increased by 8.36% to stand at Rs 1.7 billion on September 30, 2012. As of period end, the fund was 51% invested in equities, 26% in Government Ijarah Sukuks, 5% in corporate sukuks and 18% in cash. The fund has announced 19% cash dividend for the year ended June 30, 2012.

### **Meezan Tahaffuz Pension Fund**

Meezan Tahaffuz Pension Fund (MTPF) comprises of three sub funds namely Equity sub fund, Debt sub fund and Money market sub fund. Total net assets of MTPF increased by Rs 97.41 million (11.2%) and stand at Rs 965 million as on September 30, 2012. It is the largest voluntary pension fund in Pakistan with a market share of 31.5% as of September 30, 2012. Performance review of each sub fund for the three months ended September 30, 2012 is given as under:

#### *Equity Sub Fund*

During the first three months of FY13, Equity Sub Fund provided a return of 12.4%. The net assets of the sub fund increased by 21.3% to stand at Rs 393 million on September 30, 2012. As of period end, the fund was 81% invested in equities with major exposure in oil & gas, construction and material and chemical sectors.

#### *Debt Sub Fund*

During the first three months of FY13, Debt Sub Fund provided an annualized return of 9.9%. During the period under review, net assets of the sub fund increased by 9% to stand at Rs 363 million. As of period end, the fund was 92% invested in GoP Ijarah Sukuks, 0.4% in sukuks and 7.5% in cash and receivables.

#### *Money Market Sub Fund*

During the first three months of FY13, Money Market Sub Fund provided an annualized return of 9.5%. During the period under review, net assets of the sub fund decreased by 0.9% to stand at Rs 209 million. As of period end, the fund was 42% invested in GoP Ijarah Sukuks, 4% in corporate sukuks and 54% in cash and receivables.

### **Outlook**

The repayments due to IMF in the coming months continue to be a concern. Moreover, lack of reforms on the fiscal front in the run up to elections and a slow growth environment, flagged recently by the IMF in its post-program meetings with the government authorities, will continue to pose a challenge to the overall macroeconomic environment. On the political front, announcement of interim set up and election date will be a key trigger.

Keeping in view the strong earnings growth of the companies, we believe that our equity market is trading at a P/E of 6.8 and is offering considerable discount as compared to regional markets.

### **Acknowledgement**

We take this opportunity to thank our valued investors for reposing faith in Al Meezan Investments making it the largest Islamic asset management company in the private sector in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan, Trustee, Central Depository Company of Pakistan for their support. Furthermore, we would like to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued assistance and support on Shariah aspects of fund management.

For and on behalf of the Board

**Date: October 19, 2012  
Karachi.**

**Mohammad Shoaib, CFA  
Chief Executive**



## **Quarterly Report September 30, 2012**



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Mazhar Sharif	Director
Syed Amir Ali	Director
Syed Amir Ali Zaidi	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. P. Ahmed	Chairman
Mr. Mazhar Sharif	Member
Syed Amir Ali	Member

## HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Salman Sarwar Butt	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoaib, CFA	Member

## TRUSTEE

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

## AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi- 75530.

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Allied Bank Limited	Askari Bank Limited - Islamic Banking
Al Baraka Islamic Bank B.S.C (E.C)	Bank Alfalah Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking	Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking	Habib Bank Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking	MCB Bank Limited
Meezan Bank Limited	UBL Ameen
Standard Chartered Bank (Pakistan) Limited - Islamic Banking	

## LEGAL ADVISER

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

## TRANSFER AGENT

Meezan Bank Limited  
SITE Branch  
Plot # B/9-C, Estate Avenue, SITE, Karachi.  
Phone: 32062891 Fax: 32552771  
Web site: www.meezanbank.com

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2012 (UNAUDITED - NOTE 3)

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
(Rupees in '000)			
<b>Assets</b>			
Balances with banks		240,423	185,660
Investments	5	5,853,523	5,163,955
Receivable against sale of investments		-	2,307
Dividend receivable		91,170	10,212
Deposits, prepayments and other receivables		10,791	12,646
<b>Total assets</b>		<b>6,195,907</b>	<b>5,374,780</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund		20,072	15,155
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		598	612
Payable to Meezan Bank Limited (MBL)		121	67
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,389	4,599
Payable on redemption of units		1,631	2,128
Payable against purchase of investments		2,129	-
Accrued expenses and other liabilities		11,216	9,060
<b>Total liabilities</b>		<b>37,156</b>	<b>31,621</b>
<b>Net assets</b>		<b>6,158,751</b>	<b>5,343,159</b>
<b>Contingency</b>	6		
<b>Unitholders' fund (as per statement attached)</b>		<b>6,158,751</b>	<b>5,343,159</b>
		<b>Number of units</b>	
<b>Number of units in issue</b>		<b>132,433,241</b>	<b>107,597,536</b>
		<b>Rupees</b>	
<b>Net assets value per unit</b>		<b>46.50</b>	<b>49.66</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>September 30</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
<b>Income</b>		
Net realised gain on sale of investments	29,249	8,017
Dividend income	132,153	89,908
Profit on savings accounts with banks	5,298	14,015
Other income	1,070	631
	167,770	112,571
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	486,774	1,144
<b>Total income</b>	<b>654,544</b>	<b>113,715</b>
<b>Expenses</b>		
Remuneration to Al Meezan - management company of the Fund	29,252	22,662
Sindh sales tax on management fee	4,680	3,626
Remuneration to CDC - trustee of the Fund	1,715	1,385
Annual fee to SECP	1,389	1,076
Auditors' remuneration	164	221
Fees and subscription	10	10
Legal and professional charges	47	44
Brokerage	1,119	284
Bank and settlement charges	179	116
Printing charges	176	185
<b>Total expenses</b>	<b>38,731</b>	<b>29,609</b>
<b>Net income from operating activities</b>	<b>615,813</b>	<b>84,106</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	12,812	(1,053)
<b>Net income for the period</b>	<b>628,625</b>	<b>83,053</b>
<b>Other comprehensive income for the period</b>		
Unrealised gain on available for sale investments	44,822	23,653
Element of income and capital gains included in prices of units sold less those in units redeemed pertaining to available for sale' investment	1,380	1,635
<b>Total comprehensive income for the period</b>	<b>674,827</b>	<b>108,341</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>September 30</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
Accumulated income / (loss) brought forward	<b>49,468</b>	(95,409)
Less : Final distribution in the form of bonus units @ 16.5% for the year ended June 30, 2012 (June 30, 2011 @ 20%)	<b>(886,753)</b>	(871,260)
Less : Final distribution in the form of 16.5% cash dividend for the year ended June 30, 2012 (June 30, 2011 @ 20%)	<b>(927)</b>	(808)
Net income for the period	<b>628,625</b>	83,053
Element of income and capital gains included in prices of units sold less those in units redeemed pertaining to 'available for sale' investment	<b>1,380</b>	1,635
Undistributed Loss carried forward	<b><u>(208,207)</u></b>	<u>(882,789)</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>September 30</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
Net assets at the beginning of the period	<b>5,343,159</b>	4,497,085
Issue of 9,367,261 (September 30, 2011: 4,404,617) units	<b>421,289</b>	183,606
Redemption of 5,945,532 (September 30, 2011: 5,348,173) units	<b>(265,405)</b>	(222,248)
	<b>155,884</b>	(38,642)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net):		
- transferred to income statement	<b>(12,812)</b>	1,053
- transferred to other comprehensive income	<b>(1,380)</b>	(1,635)
	<b>(14,192)</b>	(582)
Total comprehensive income for the period	<b>674,827</b>	108,341
Cash distribution during the period	<b>(927)</b>	(808)
Issue of bonus units during the period	<b>(886,753)</b>	(871,260)
Total comprehensive loss for the period less distribution	<b>(212,853)</b>	(763,727)
Issue of 21,413,976 bonus units for the year ended June 30, 2012 (2011: 20,958,864 bonus units)	<b>886,753</b>	871,260
Net assets at the end of the period	<b>6,158,751</b>	4,565,394
Net asset value per unit at the beginning of the year - Rupees	<b>49.66</b>	51.57
Net asset value per unit at the end of the year - Rupees	<b>46.50</b>	42.58

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**



## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>September 30</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	<b>628,625</b>	83,053
<b>Adjustments for:</b>		
Dividend income	<b>(132,153)</b>	(89,908)
Profit on deposit accounts with banks	<b>(5,298)</b>	(14,015)
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	<b>(486,774)</b>	(1,144)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	<b>(12,812)</b>	1,053
	<b>(8,412)</b>	(20,961)
<b>(Increase) / decrease / in assets</b>		
Investments at fair value through profit or loss	<b>(157,972)</b>	(69,302)
Receivable against sale of investments	<b>2,307</b>	(20,075)
Deposits, prepayments and other receivables	<b>(29,868)</b>	31,707
	<b>(185,533)</b>	(57,670)
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan - management company of the Fund	<b>4,917</b>	1,143
Payable to CDC - trustee of the Fund	<b>(14)</b>	(2)
Payable to MBL	<b>54</b>	-
Payable to SECP	<b>(3,210)</b>	(2,987)
Payable on redemption of units	<b>(497)</b>	2,287
Payable against purchase of investments	<b>2,129</b>	(54,536)
Accrued expenses and other liabilities	<b>2,156</b>	949
	<b>5,535</b>	(53,146)
Dividend received	<b>51,195</b>	70,688
Profit received on deposit accounts with banks	<b>37,021</b>	6,490
Dividend paid	<b>(927)</b>	(808)
<b>Net cash outflow from operating activities</b>	<b>(101,121)</b>	(55,407)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from sale of units	<b>421,289</b>	183,606
Payments against redemption of units	<b>(265,405)</b>	(222,248)
Net cash inflow / (outflow) from financing activities	<b>155,884</b>	(38,642)
Net cash inflow / (outflow) during the period	<b>54,763</b>	(94,049)
Cash and cash equivalents at the beginning of the period	<b>185,660</b>	589,166
Cash and cash equivalents at the end of the period	<b>240,423</b>	495,117

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Meezan Islamic Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as management company and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed on June 16, 2003 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 4, 2003 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On November 21, 2007 Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations, 2007) were notified which are now superseded by the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008) issued through S.R.O.1203(I)/2008 on November 21, 2008. The registered office of the management company of the Fund, is situated in Finance & Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.

The Fund has been formed to enable the unit holders to participate 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 management company 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 management company of the Fund is registered with SECP as a Non-Banking Finance Company under NBFC Rules.

The Fund is an open-end fund listed on the Karachi 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.

The management company of the Fund has been given quality rating of AM2 by JCR-VIS. The Fund is ranked at 'MFR 3-Star' performance ranking by JCR-VIS Credit Rating Company Limited.

Title to the assets of the Fund are held in the name of CDC as a 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 september 30, 2012 and the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the quarter ended September 30, 2012 which are not subject to audit.
- 3.3 The comparative condensed interim statement of assets and liabilities presented in this condensed interim financial report as at June 30, 2012 has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2012 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 quarter ended September 30, 2011.
- 3.4 These condensed interim financial statements are unaudited.
- 3.5 Standards, amendments to published approved accounting standards and interpretations effective from July 1, 2012:

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, 2012 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.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements and the significant judgements made by management in applying those accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2012.

	Note	September 30, 2012 (Rupees in '000)	June 30, 2012
<b>5. INVESTMENTS</b>			
Investments at fair value through profit and loss	5.1	<b>5,014,058</b>	4,302,165
Investments- 'available for sale'	5.2	<b>839,465</b>	861,790
		<b><u>5,853,523</u></b>	<u>5,163,955</u>
5.1 Investments at 'fair value through profit or loss'			
- Held for trading	5.1.1	<b>4,822,200</b>	3,992,711
- Investments at 'fair value through profit or loss upon initial recognition'	5.1.4	<b>191,858</b>	309,454
		<b><u>5,014,058</u></b>	<u>4,302,165</u>

### 5.1.1 Held for Trading - Shares of listed companies

Name of the investee company	As at July 01, 2012	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2012	Carrying value	Market value	Unrealised gain / (loss)	Percentage in relation to		
									Net assets of the Fund on the basis of market value	Total market value of investments	Paid-up capital of investee company (with face value of investment)
-----Number of shares-----						----Rupees in '000----					
<b>Automobile and Parts</b>											
Agriauto Industries Limited (note 5.1.2)	609,200	20,000	-	20,000	609,200	49,566	60,950	11,384	0.99	1.04	2.12
Indus Motor Company Limited	405,944	-	-	-	405,944	99,489	103,516	4,027	1.68	1.77	0.52
Pak Suzuki Motor Company Limited	71,822	-	-	-	71,822	6,876	7,084	208	0.12	0.12	0.09
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	2,900,000	-	-	150,000	2,750,000	112,255	98,258	(13,997)	1.60	1.68	0.29
Fauji Fertilizer Company Limited	4,620,000	350,000	-	766,900	4,203,100	467,564	469,780	2,216	7.63	8.03	0.33
ICI Pakistan Limited	-	25,000	-	-	25,000	4,123	4,099	(24)	0.07	0.07	0.03
<b>Construction and Materials</b>											
Attock Cement Pakistan Limited	594	-	-	-	594	48	64	16	-	-	-
DG Khan Cement Company Limited	4,415,634	2,650,000	-	-	7,065,634	304,844	355,401	50,557	5.77	6.07	1.61
Lucky Cement Limited	2,533,841	430,000	-	63,300	2,900,541	338,766	386,178	47,412	6.27	6.60	0.90
<b>General Industries</b>											
Packages Limited	1,400,000	82,000	-	75,000	1,407,000	140,517	164,872	24,355	2.68	2.82	1.67
Thal Limited (note 5.1.2)	343,352	-	-	55,738	287,614	26,748	37,427	10,679	0.61	0.64	0.39
Tri-pack Films Limited	379,300	-	-	-	379,300	79,649	69,981	(9,668)	1.14	1.20	1.26
<b>Fixed Line Telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	9,850,000	5,400,000	-	1,847,500	13,402,500	217,508	259,874	42,366	4.22	4.44	0.36
<b>Oil and gas</b>											
Pakistan Oilfields Limited	1,305,859	80,200	-	36,000	1,350,059	499,550	585,062	85,512	9.50	10.00	0.57
Pakistan Petroleum Limited	2,472,000	418,800	722,700	-	3,613,500	553,617	635,723	82,106	10.32	10.86	0.22
Pakistan State Oil Company Limited	684,295	8,800	130,119	42,500	780,714	153,530	169,571	16,041	2.75	2.90	0.38
National Refinery Limited	55,305	-	-	43,800	11,505	2,662	2,706	44	0.04	0.05	0.01
Oil and Gas Development Company Limited (note 5.1.3)	3,430,000	160,000	-	-	3,590,000	578,093	643,974	65,881	10.46	11.00	0.08
<b>Electricity</b>											
The Hub Power Company Limited	13,010,000	-	-	-	13,010,000	544,989	609,910	64,921	9.90	10.42	1.12
<b>Food Producers</b>											
Engro Foods limited	2,049,784	400,000	-	354,263	2,095,521	136,816	146,770	9,954	2.38	2.51	0.28
Unilever Pakistan limited (note 5.1.2)	994	140	-	-	1,134	8,233	11,000	2,767	0.18	0.19	0.01
<b>Total</b>						<b>4,325,443</b>	<b>4,822,200</b>	<b>496,757</b>			
<b>Total cost of investments</b>							<b>4,257,579</b>				

5.1.2 All shares have a nominal value of Rs 10 each except for the shares of Agriauto Industries Limited and Thal Limited which have a face value of Rs 5 each and Unilever Pakistan Limited which have a face value of Rs 50 each.

5.1.3 439,500 shares of Oil and Gas Development Company Limited, having market value of Rs 78.837 million as at September 30, 2012, have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

### 5.1.4 Investments 'at fair value through profit or loss' upon initial recognition

Shares of listed companies and unit of open end fund

Name of the investee company	As at July 01, 2012	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2012	Carrying value	Market value	Unrealised gain / (loss)	Percentage in relation to		
									Net assets of the Fund on the basis of market value	Total market value of investments	Paid-up capital of investee company (with face value of investment)
-----Number of shares-----						----Rupees in '000----					
<b>Banks</b>											
Meezan Bank Limited (an associate of the Fund)	6,975,079	-	-	-	6,975,079	201,804	191,814	(9,990)	3.11	3.28	0.77
<b>Equity Investment Instruments</b>											
Al Meezan Mutual Fund (an associate of the Fund)	8,480,190	-	1,586,565	10,066,755	-	-	-	-	-	-	-
<b>General Industrials</b>											
Packages Limited	374	-	-	-	374	37	44	7	-	-	-
<b>Grand Total</b>						<b>201,841</b>	<b>191,858</b>	<b>(9,983)</b>			
<b>Total cost of Investments</b>							<b>78,527</b>				

## 5.2 Investments categorised as 'available for sale'

Name of the investee company	As at July 01, 2012	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2012	Carrying value	Market value	Unrealised gain / (loss)	Percentage in relation to		
									Net assets of the Fund on the basis of market value	Total market value of investments	Paid-up capital of investee company (with face value of investment)
-----Number of shares-----						----Rupees in '000----					
<b>Automobile and Parts</b>											
Indus Motor Company Limited	153,068	-	-	2,000	151,068	34,631	38,522	3,891	0.63	0.66	0.19
Pak Suzuki Motor Company Limited	57,105	-	-	-	57,105	4,167	5,632	1,465	0.09	0.10	0.07
<b>Banks</b>											
Meezan Bank Limited (an associate of the Fund)	5,383,690	-	-	-	5,383,690	74,283	148,051	73,768	2.40	2.53	0.60
BankIslami Pakistan Limited	500	-	-	-	500	2	5	3	-	-	-
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	186,249	-	-	-	186,249	7,903	6,655	(1,248)	0.11	0.11	0.02
Fauji Fertilizer Company Limited	70,659	-	-	-	70,659	7,250	7,898	648	0.13	0.13	0.01
ICI Pakistan Limited	1,364,509	-	-	260,452	1,104,057	143,503	180,999	37,496	2.94	3.09	1.20
<b>Construction and Materials</b>											
Attock Cement Pakistan Limited	234,131	-	-	-	234,131	15,241	25,340	10,099	0.41	0.43	0.27
Akzo Nobel Pakistan	686,150	-	-	-	686,150	89,184	61,561	(27,623)	1.00	1.05	1.48
DG Khan Cement Company Limited	15,588	-	-	-	15,588	364	784	420	0.01	0.01	-
Lucky Cement Limited	36,938	-	-	-	36,938	2,524	4,918	2,394	0.08	0.08	0.01
<b>Electricity</b>											
The Hub Power Company Limited	124,716	-	-	-	124,716	4,622	5,848	1,226	0.09	0.10	0.01
<b>Fixed Line Telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	19,537	-	-	-	19,537	203	379	176	0.01	0.01	-
<b>General Industries</b>											
Packages Limited	32,779	-	-	-	32,779	2,711	3,841	1,130	0.06	0.07	0.04
Thal Limited (note 5.1.2)	28	-	-	-	28	2	4	2	-	-	-
Tri-Pack Films Limited	10	-	-	-	10	1	2	1	-	-	-
<b>Engineering</b>											
Millat Tractors Co. Ltd	25,985	-	-	-	25,985	11,244	12,550	1,306	0.20	0.21	0.07
<b>Oil and gas</b>											
Attock Petroleum Limited	69,366	-	-	-	69,366	26,944	36,330	9,386	0.59	0.62	0.10
National Refinery Limited	135,751	-	-	134,500	1,251	305	294	(11)	-	0.01	-
Oil and Gas Development Company Limited (note 5.1.3)	27,194	-	-	-	27,194	3,854	4,878	1,024	0.08	0.08	-
Pakistan Oilfields Limited	44,188	-	-	-	44,188	12,512	19,149	6,637	0.31	0.33	0.02
Pakistan Petroleum Limited	79,500	-	19,875	-	99,375	12,104	17,483	5,379	0.28	0.30	0.01
Pakistan State Oil Company Limited	991,185	-	198,237	-	1,189,422	255,383	258,342	2,959	4.19	4.41	0.58
<b>Grand Total</b>						<b>708,937</b>	<b>839,465</b>	<b>130,528</b>			
<b>Total cost of Investments</b>							<b>708,937</b>				

## 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, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the management company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

During the year ended June 30, 2011, 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 mutual fund industry with the FBR for their withdrawal.



During the year ended June 30, 2011, the management company had reversed the liability as at June 30, 2010 amounting to Rs 24.242 million. The management company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. Accordingly, the management has not recognised WWF charge upto September 30, 2012 amounting to Rs 78.011 million which includes Rs 12.326 million pertaining to the current year. Had the same been made, the net asset value per unit of the Fund would have been lower by Rs 0.59 (1.27%).

There were no other contingencies and commitments outstanding as at September 30, 2012 and June 30, 2012.

## 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 and Pakistan Kuwait Investment Company (Private) Limited, Al Meezan Mutual Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - II, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Balanced Fund and KSE Meezan Index Fund being the Funds under the 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, 2007 and NBFC Regulations, 2008 and the Trust Deed respectively.

Details of transactions with connected persons and balances with them for the period ended September 30, 2012 are as follows:

	<b>September 30, 2012</b>	<b>June 30, 2012</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan - management company of the Fund</b>		
Remuneration payable	<u>9,996</u>	<u>8,727</u>
Sales tax payable on management fee	<u>1,600</u>	<u>1,396</u>
Sale load payable	<u>7,714</u>	<u>4,905</u>
Sindh sales tax on sales load payable	<u>757</u>	<u>122</u>
Certificate charges payable	<u>5</u>	<u>5</u>
<b>Al Meezan Mutual Fund</b>		
Investment in nil units (June 30, 2012: 8,480,190 units)	<u>-</u>	<u>107,698</u>

	<b>September 30, 2012</b>	<b>June 30, 2012</b>
	<b>(Rupees in '000)</b>	
<b>Meezan Bank Limited</b>		
Bank balance	<u>21,651</u>	<u>21,176</u>
Sales load payable	<u>121</u>	<u>67</u>
Investment in 12,358,769 shares (June 30, 2012: 12,358,769 shares)	<u>339,866</u>	<u>357,415</u>
Investment of 13,383,465 units (June 30, 2012: 11,160,074 units)	<u>622,331</u>	<u>554,209</u>
<b>Central Depository Company of Pakistan Limited</b>		
Trustee fee payable	<u>582</u>	<u>519</u>
Charges payable	<u>16</u>	<u>93</u>
<b>Directors and executives</b>		
Investment of 2,859,335 units (June 30, 2012: 3,224,438 units)	<u>132,959</u>	<u>160,126</u>
	<b>Quarter ended September 30</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan - management company of the Fund</b>		
Remuneration for the period	<u>29,252</u>	<u>22,662</u>
Sindh sales tax on management fee	<u>4,680</u>	<u>-</u>
<b>Al Meezan Mutual Fund</b>		
Bonus units: 1,586,565 units	<u>-</u>	<u>-</u>
Redemptions: 10,066,755 units	<u>113,855</u>	<u>-</u>
<b>Meezan Bank Limited</b>		
Bonus units issued: 2,223,391 units (2011: 2,164,063 units)	<u>92,071</u>	<u>89,960</u>
<b>Central Depository Company of Pakistan Limited</b>		
Trustee fee	<u>1,715</u>	<u>1,385</u>
CDS charges	<u>13</u>	<u>16</u>
<b>Directors and executives</b>		
Bonus units issued: 653,052 units (2011: 527,183 units)	<u>27,043</u>	<u>21,902</u>
Units issued: 22,520 units (2011: 37,758 units)	<u>1,000</u>	<u>1,584</u>
Redemptions: 1,094,164 units (2011: 66,014 units)	<u>50,344</u>	<u>2,789</u>

#### 8. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 19, 2012 by the board of directors of the management company.

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

**Chief Executive**

**Director**







## **Quarterly Report September 30, 2012**



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Mazhar Sharif	Director
Syed Amir Ali	Director
Syed Amir Ali Zaidi	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. P. Ahmed	Chairman
Mr. Mazhar Sharif	Member
Syed Amir Ali	Member

## HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Salman Sarwar Butt	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoaib, CFA	Member

## TRUSTEE

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

## AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi- 75530.

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

AlBaraka Islamic Bank	Bank Alfalah Limited
Habib Metropolitan Bank Limited	Meezan Bank Limited

## LEGAL ADVISER

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

## TRANSFER AGENT

Meezan Bank Limited  
SITE Branch  
Plot # B/9-C, Estate Avenue, SITE, Karachi.  
Phone: 32062891 Fax: 32552771  
Web site: www.meezanbank.com

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

## AS AT SEPTEMBER 30, 2012

	(Unaudited) September 30, 2012	(Audited) June 30, 2012
Note	(Rupees in '000)	
<b>Assets</b>		
Balances with banks	41,382	163,281
Investments	5 1,564,930	1,510,974
Receivable against sale of investments	1,152	10,448
Dividend receivable	24,997	3,069
Advances, deposits and other receivables	5,703	7,464
<b>Total assets</b>	<b>1,638,164</b>	<b>1,695,236</b>
<b>Liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund	3,787	3,485
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund	222	220
Payable to Meezan Bank Limited (MBL)	12	12
Payable to Securities and Exchange Commission of Pakistan (SECP)	409	1,493
Payable against redemption of units	5,940	100
Payable against purchase of investments	-	643
Unclaimed dividend	4,798	4,798
Accrued expenses and other liabilities	4,227	3,780
<b>Total liabilities</b>	<b>19,395</b>	<b>14,531</b>
<b>Net assets</b>	<b>1,618,769</b>	<b>1,680,705</b>
<b>Contingency</b>	6	
<b>Unit holders' fund (as per statement attached)</b>	<b>1,618,769</b>	<b>1,680,705</b>
<b>Number of units in issue</b>	<b>134,226,624</b>	<b>132,486,008</b>
<b>Net assets value per share (rupees)</b>	<b>12.06</b>	<b>12.69</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>For the quarter ended September 30, 2012</b>	<b>For the period from August 5, to September 30, 2011</b>
	<b>(Rupees in '000)</b>	
<b>Income</b>		
Net realised gain on sale of investments	18,927	7,132
Dividend income	34,827	21,798
Profit on savings accounts with banks	2,694	4,727
Back End Load	39	7,368
Other income	212	128
	56,699	41,153
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	48,395	1,225
<b>Total income</b>	<b>105,094</b>	<b>42,378</b>
<b>Expenses</b>		
Remuneration to Al Meezan - management company of the Fund	8,601	4,407
Sindh sales tax on management fee	1,376	705
Remuneration to CDC - trustee of the Fund	682	379
Annual fee to SECP	409	209
Auditors' remuneration	176	250
Fees and subscription	30	11
Brokerage	500	128
Bank and settlement charges	68	52
Printing expenses	89	55
<b>Total expenses</b>	<b>11,931</b>	<b>6,196</b>
<b>Net income from operating activities</b>	<b>93,163</b>	<b>36,182</b>
Element of (loss)/income and capital (losses)/gains included in prices of units issued less those in units redeemed	(7,641)	186
<b>Net Income for the quarter</b>	<b>85,522</b>	<b>36,368</b>
<b>Other comprehensive income for the quarter</b>		
Unrealised gain on available for sale investments (net)	109,122	2,120
Element of loss and capital losses included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments	(10,214)	(746)
<b>Total comprehensive income for the quarter</b>	<b>184,430</b>	<b>37,742</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>For the quarter ended September 30, 2012</b>	For the period from August 5, to September 30, 2011
	<b>(Rupees in '000)</b>	
Accumulated income/(loss) brought forward	<b>252,823</b>	(60,110)
Net income for the period	<b>85,522</b>	36,368
Less: Final distribution for the period ended June 30, 2012 - bonus units @ 20%	<b>(264,972)</b>	-
Element of loss and capital losses included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments	<b>(10,214)</b>	(746)
Accumulated income/(loss) carried forward	<b>63,159</b>	(24,488)

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>For the quarter ended September 30, 2012</b>	<b>For the period from August 5, to September 30, 2011</b>
	<b>(Rupees in '000)</b>	
Net assets at the beginning of the quarter	<b>1,680,705</b>	1,450,997
Issue of 7,462,907 units (2011: 5,031,603 units)	<b>85,353</b>	50,946
Redemption of 30,509,196 units (2011: 7,128,597 units)	<b>(349,574)</b>	(73,629)
	<b>(264,221)</b>	(22,683)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)		
- transferred to income statement	<b>7,641</b>	(186)
- transferred to other comprehensive income	<b>10,214</b>	746
	<b>17,855</b>	560
Issue of 24,786,905 bonus units for the year ended June 30, 2012	<b>264,972</b>	-
Total comprehensive income for the quarter less distribution	<b>(80,542)</b>	37,742
Net assets at the end of the quarter	<b>1,618,769</b>	1,466,616
Net asset value per unit as at the beginning of the quarter	<b>10.69</b>	10.55
Net asset value per unit as at the end of the quarter	<b>12.06</b>	10.83

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>For the quarter ended September 30, 2012</b>	<b>For the period from August 5, to September 30, 2011</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the quarter	<b>85,522</b>	36,368
<b>Adjustments for:</b>		
Dividend income	<b>(34,827)</b>	(21,798)
Profit on savings accounts with banks	<b>(2,694)</b>	(4,727)
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	<b>(48,395)</b>	(1,225)
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed	<b>7,641</b>	(186)
	<b>(78,275)</b>	(27,936)
<b>(Increase) / decrease in assets</b>		
Investments	<b>103,561</b>	67,255
Receivable against sale of investments	<b>9,296</b>	(11,096)
Deposits	<b>-</b>	(210)
	<b>112,857</b>	55,949
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan - management company of the Fund	<b>302</b>	(3,868)
Payable to CDC - trustee of the Fund	<b>2</b>	132
Payable to SECP	<b>(1,084)</b>	(1,310)
Accrued expenses and other liabilities	<b>447</b>	379
Payable against purchase of investments	<b>(643)</b>	-
<b>Cash utilised in operations</b>	<b>(976)</b>	(4,667)
Dividend received	<b>12,899</b>	(237)
Profit received on savings accounts with banks	<b>4,455</b>	368
Dividend paid	<b>-</b>	(236,025)
<b>Net cash inflow/(out flow) from operating activities</b>	<b>136,482</b>	(176,180)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from sale of units	<b>85,353</b>	50,946
Payments against redemption of units	<b>(343,734)</b>	(71,610)
<b>Net cash outflow from financing activities</b>	<b>(258,381)</b>	(20,664)
Net cash outflow during the quarter	<b>(121,899)</b>	(196,844)
Cash and cash equivalents at the beginning of the quarter	<b>163,281</b>	351,279
Cash and cash equivalents at the end of the quarter	<b>41,382</b>	154,435

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2012

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Al Meezan Mutual Fund (the Fund) was constituted by virtue of a scheme of arrangement for conversion of Al Meezan Mutual Fund Limited (AMMFL) into an Open End Scheme under a Trust Deed executed between Al Meezan, as management company and CDC as trustee. The Trust Deed was executed on June 17, 2011 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).
- 1.2 The Management Company has been licensed by the SECP to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the management company is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.3 Title of the assets of the Fund is held in the name of CDC as a trustee of the Fund. The Fund is an open-end fund listed on the Islamabad Stock Exchange. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The management company of the Fund has been given quality rating of AM2.
- 1.4 The Fund has been formed to provide the unit holders 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 of time. Under the trust deed all conducts and acts of the Fund are based on shariah. MBL acts as its shariah adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.

## 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

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the NBFC Rules, NBFC Regulations and the directives issued by the SECP.

Wherever the requirements of the NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IFRSs, NBFC Rules, NBFC Regulations and the said directives take precedence.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2012.



	Note	September 30, 2012	June 30, 2012
(Rupees in '000)			
5. INVESTMENTS			
Investment categorised as 'available for sale'	5.1	947,577	865,590
Investment at 'fair value through profit or loss'	5.2	617,353	645,384
		<u>1,564,930</u>	<u>1,510,974</u>

### 5.1 Investments categorised as 'available for sale'

Shares of listed companies and a bank

Name of the investee company	Opening	Purchases during the quarter	Bonus shares	Sales during the quarter	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss) as at September 30, 2012	Net assets of the Fund on the basis of market value	Percentage of market value of total investment	Paid-up capital of investee company (with face value of investment)
	-----Number of shares-----				-----Rupees in '000-----			%			
<b>Sector / companies</b>											
<b>Banks</b>											
Meezan Bank Limited (an associate of the Fund)	1,172,893	-	-	-	1,172,893	17,939	32,255	14,316	1.99	2.06	0.13
BankIslami Pakistan Limited	500	-	-	-	500	2	5	3	-	-	-
<b>Construction and materials</b>											
Lucky Cement Company Limited	180,127	-	-	-	180,127	21,403	23,982	2,579	1.48	1.53	0.04
D.G. Khan Cement Company Limited	1,154,000	-	-	-	1,154,000	46,032	58,046	12,014	3.59	3.71	0.36
<b>Electricity</b>											
The Hub Power Company Limited	3,702,500	-	-	-	3,702,500	137,156	173,573	36,417	10.72	11.09	0.32
<b>Oil and gas</b>											
Pakistan State Oil Company Limited	429,543	85,908	-	-	515,451	112,749	111,956	(793)	6.92	7.15	0.25
Oil & Gas Development Company Limited	755,663	-	-	-	755,663	108,141	135,551	27,410	8.37	8.66	0.02
Pakistan Oilfields Limited	285,340	-	-	-	285,340	73,649	123,655	50,006	7.64	7.90	0.12
Pakistan Petroleum Limited	404,822	101,205	-	-	506,027	60,152	89,025	28,873	5.50	5.69	0.03
National Refinery Limited	46,246	-	-	46,246	-	-	-	-	-	-	-
Attock Petroleum	23,500	-	-	-	23,500	9,748	12,308	2,560	0.76	0.79	0.03
<b>Automobile and parts</b>											
Agriauto Industries Limited (note 5.3)	700,000	-	-	-	700,000	46,690	70,035	23,345	4.33	4.48	2.43
Indus motor company limited	16,200	-	-	-	16,200	3,961	4,131	170	0.26	0.26	0.02
<b>Fixed Line and telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	1,334,920	-	-	-	1,334,920	17,851	25,884	8,033	1.60	1.65	0.04
<b>Pharma and bio tech</b>											
GlaxoSmithKline (Pakistan) Limited	20,046	-	-	-	20,046	1,276	1,381	105	0.09	0.09	0.01
<b>Chemicals</b>											
Fauji Fertilizer Company Limited	21,857	-	-	-	21,857	1,713	2,443	730	0.15	0.16	-
Fauji Fertilizer Bin Qasim Limited	210,500	-	-	-	210,500	10,682	7,521	(3,161)	0.46	0.48	0.02
ICI Pakistan Limited	361,472	-	-	106,201	255,271	32,130	41,849	9,719	2.59	2.67	0.28
<b>Automobile assembler</b>											
Millat Tractors Company Limited	3,000	-	-	3,000	-	-	-	-	-	-	-
<b>General Industrials</b>											
Packages Limited	1,378	-	-	-	1,378	114	161	47	0.01	0.01	-
Tri-Pack Films Limited	100,000	-	-	-	100,000	9,710	18,450	8,740	1.14	1.18	0.33
<b>Unquoted company</b>											
AkzoNobel Pakistan Limited	181,768	-	-	10,500	171,268	21,557	15,366	(6,191)	0.95	0.98	0.37
<b>Total</b>						<u>732,655</u>	<u>947,577</u>	<u>214,922</u>			
<b>Total cost of investments - 'available for sale'</b>							<u>732,655</u>				

## 5.2 Investments at 'fair value through profit or loss'

### Shares of listed companies and a bank - held for trading

Name of the investee company	Opening	Purchases during the quarter	Bonus shares	Sales during the quarter	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss) as at September 30, 2012	Net assets of the Fund on the basis of market value	Percentage of market value of total investment	Paid-up capital of investee company (with face value of investment)
<b>Banks</b>											
Meezan Bank Limited (an associate of the Fund)	1,245,655	-	-	140,500	1,105,155	31,961	30,392	(1,569)	1.88	1.94	0.12
<b>Construction and Materials</b>											
Attock Cement Pakistan Limited	70,305	-	-	2,500	67,805	5,522	7,339	1,817	0.45	0.47	0.08
DG Khan Cement Company Limited	437,305	410,000	-	116,000	731,305	32,905	36,785	3,880	2.27	2.35	0.17
Lucky Cement Company Limited	608,190	140,000	-	148,000	600,190	70,361	79,909	9,548	4.94	5.11	0.19
<b>Oil &amp; gas</b>											
National Refinery Limited	20,000	10,000	-	30,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	30,000	-	6,000	33,400	2,600	511	565	54	0.03	0.04	-
Pakistan Oilfields Limited	125,951	13,400	-	55,200	84,151	31,395	36,468	5,073	2.25	2.33	0.04
Pakistan Petroleum Limited	382,947	-	95,736	56,600	422,083	63,579	74,257	10,678	4.59	4.75	0.03
Oil and Gas Development Company Limited	133,000	100,000	-	56,700	176,300	29,294	31,625	2,331	1.95	2.02	-
<b>Automobile and Parts</b>											
Indus Motor Company Limited	125,464	-	-	18,200	107,264	26,288	27,352	1,064	1.69	1.75	0.14
Pak Suzuki Motor Company Limited	56,389	-	-	56,000	389	37	38	1	-	-	-
Agriauto Industries Limited (note 5.3)	8,960	-	-	2,500	6,460	523	646	123	0.04	0.04	0.02
<b>Fixed Line and telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	1,238,750	1,500,000	-	1,246,000	1,492,750	28,545	28,944	399	1.79	1.85	0.04
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	794,685	100,000	-	292,500	602,185	24,486	21,516	(2,970)	1.33	1.37	0.06
Fauji Fertilizer Company Limited	1,299,500	100,000	-	306,500	1,093,000	121,603	122,165	562	7.55	7.81	0.09
ICI Pakistan Limited	1,521	-	-	-	1,521	199	250	51	0.02	0.02	-
<b>General Industrials</b>											
Packages Limited	490,000	-	-	52,500	437,500	43,619	51,265	7,646	3.17	3.28	0.52
Thal Limited (note 5.3)	316,701	-	-	118,371	198,330	18,445	25,809	7,364	1.59	1.65	0.27
Tri-Pack Films Limited	16,428	-	-	-	16,428	3,450	3,031	(419)	0.19	0.19	0.05
<b>Food producers</b>											
Engro Foods Limited	505,000	85,000	-	67,000	523,000	34,080	36,631	2,551	2.26	2.34	0.07
<b>Electricity</b>											
Hub Power Company Limited	470,000	-	-	421,000	49,000	2,053	2,297	244	0.14	0.15	-
<b>Unquoted company</b>											
AkzoNobel Pakistan Limited	764	-	-	-	764	102	69	(33)	-	-	-
<b>Total</b>						<b>568,958</b>	<b>617,353</b>	<b>48,395</b>			
<b>Total cost of investments - 'held for trading'</b>							<b>725,455</b>				

5.3 All shares have a nominal value of Rs 10 each except for the shares of Agriauto Industries Limited and Thal Limited which have a face value of Rs. 5 each.

## 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, during the year ended June 30, 2010, 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.

Prior to 2011, 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. In December 2010 the ministry filed its responses against the Constitutional Petition requesting the Court to dismiss the same, whereafter, show cause notices were issued by the Federal Board of Revenue (FBR) to several mutual funds for the collection of WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable Sindh High Court (SHC) on the basis of the pending constitutional petition as referred above. No such notice was received by the Fund.

During the year ended June 30, 2012, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 has declared the said amendments as unlawful and unconstitutional. The management company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC.

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. The aggregate unrecognised amount of WWF as at September 30, 2012 amounted to Rs 22.132 million which includes Rs 14.286 million, being a contingent liability on account of Al-Meezan, transferred to the Fund. Had the WWF been provided, the NAV per unit of the Fund would have been lower by Rs 0.16 (1.33%).

There were no other contingencies and commitments outstanding as at September 30, 2012.

## 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 as the associate company of the management company. Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Balanced Fund, Meezan Tahaffuz Pension Fund, Meezan Cash Fund, Meezan Sovereign Fund, KSE Meezan Index Fund and Meezan Capital Protected Fund - II being the funds under the common management of the management company, directors and officers 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 provisions of NBFC Rules and the NBFC Regulations.



	<b>September 30, 2012</b>	<b>June 30, 2012</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan - management company of the Fund</b>		
Remuneration payable	<u>2,803</u>	<u>2,765</u>
Sales load payable	<u>496</u>	<u>270</u>
Sindh sales tax on management fee payable	<u>436</u>	<u>442</u>
Sindh sales tax on sales load payable	<u>52</u>	<u>8</u>
Investment of 40,391,485 units (June 30, 2012: 41,075,440 units)	<u>487,118</u>	<u>521,247</u>
<b>Meezan Bank Limited - shariah advisor of the Fund</b>		
Balances with bank	<u>7,319</u>	<u>5,649</u>
Profit receivable on savings account	<u>69</u>	<u>23</u>
Sales load payable	<u>12</u>	<u>12</u>
Investment in 2,278,048 shares (June 30, 2012: 2,418,548 shares)	<u>62,647</u>	<u>69,944</u>
Investment of 6,602,132 units (June 30, 2012: 5,561,607 units)	<u>79,622</u>	<u>70,577</u>
<b>CDC - trustee of the Fund</b>		
Remuneration payable	<u>222</u>	<u>220</u>
Deposits	<u>238</u>	<u>238</u>
<b>Pakistan Kuwait Investment Company (Private Limited)</b>		
Investment of 16,895,690 units (June 30, 2012: 16,895,690 units)	<u>203,762</u>	<u>214,406</u>
<b>Directors and officers</b>		
Investment of 1,523,421 units (June 30, 2012: 1,272,219 units)	<u>18,372</u>	<u>16,144</u>
	<b>For the quarter ended September 30, 2012</b>	<b>For the period from August 5, to September 30, 2011</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan - management company of the Fund</b>		
Remuneration for the quarter	<u>8,601</u>	<u>3,702</u>
Sindh general sales tax for the quarter	<u>1,376</u>	<u>705</u>
Units issued: Nil Units (2011: 4,929,478 Units)	<u>-</u>	<u>50,000</u>
Bonus Units issued: 7,684,835 Units (2011: Nil)	<u>82,151</u>	<u>-</u>
Redemption of Units: 8,369,089 Units (2011: Nil)	<u>100,000</u>	<u>-</u>

For the quarter ended September 30, 2012	For the period from August 5, to September 30, 2011
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(Rupees in '000)

**Meezan Bank Limited - shariah advisor of the Fund**

Profit on savings account	<u>46</u>	<u>4</u>
Dividend Income	<u>3,628</u>	<u>2,100</u>
Bonus Units issued: 1,040,525 Units	<u>11,123</u>	<u>-</u>

**CDC - trustee of the Fund**

Remuneration for the quarter	<u>682</u>	<u>379</u>
CDS charges for the quarter	<u>7</u>	<u>5</u>

**Pakistan Kuwait Investment Company (Private) Limited**

Bonus/Encashment Units issued: 3,161,027 Units	<u>33,791</u>	<u>-</u>
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**Directors and officers**

Units issued: 21,114 Units (2011: 1,476 Units)	<u>247</u>	<u>15</u>
Bonus Units issued: 238,020 Units	<u>2,544</u>	<u>-</u>
Redemption of Units: 7,932 Units	<u>90</u>	<u>-</u>

**8. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

These condensed interim financial statements have been authorised for issue on October 19, 2012 by the Board of Directors of the company.

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

**Chief Executive**

**Director**





## **Quarterly Report September 30, 2012**



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Mazhar Sharif	Director
Syed Amir Ali	Director
Syed Amir Ali Zaidi	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. P. Ahmed	Chairman
Mr. Mazhar Sharif	Member
Syed Amir Ali	Member

## HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Salman Sarwar Butt	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoaib, CFA	Member

## TRUSTEE

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

## AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi- 75530.

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)  
Habib Metropolitan Bank Limited - Islamic Banking  
Meezan Bank Limited

## LEGAL ADVISER

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

## TRANSFER AGENT

Meezan Bank Limited  
SITE Branch  
Plot # B/9-C, Estate Avenue, SITE, Karachi.  
Phone: 32062891 Fax: 32552771  
Web site: www.meezanbank.com

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2012

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
<b>(Rupees in '000)</b>			
<b>Assets</b>			
Balances with banks		48	4,066
Investments	5	321,339	290,058
Dividend receivable		5,181	463
Receivable against sale of investments		1,995	-
Advances, deposits and other receivables		2,821	2,657
Preliminary expenses and floatation costs		1,872	1,973
<b>Total assets</b>		<b>333,256</b>	<b>299,217</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund		6,966	6,044
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		58	58
Payable to Securities and Exchange Commission of Pakistan (SECP)		71	24
Payable on redemption of units		1,046	-
Payable against purchase of investments		-	3,170
Accrued expenses and other liabilities		653	437
<b>Total liabilities</b>		<b>8,794</b>	<b>9,733</b>
<b>Net assets</b>		<b>324,462</b>	<b>289,484</b>
<b>Contingency</b>	6		
<b>Unit holders' fund (as per statement attached)</b>		<b>324,462</b>	<b>289,484</b>
<b>Number of units</b>			
<b>Number of units in issue</b>		<b>5,782,596</b>	<b>5,928,882</b>
<b>Rupees</b>			
<b>Net assets value per unit (rupees)</b>		<b>56.11</b>	<b>48.83</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2012

September  
30, 2012  
(Rupees in '000)

**Income**

Net realised gain on sale of investments	3,371
Dividend income	6,619
Profit on savings accounts with banks	150
Other income	187
	10,327
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	31,789
<b>Total income</b>	<b>42,116</b>

**Expenses**

Remuneration to Al Meezan - management company of the Fund	750
Sindh sales tax on management fee	120
Remuneration to CDC - trustee of the Fund	176
Annual fee to SECP	71
Auditors' remuneration	73
Fees and subscription	25
Brokerage	108
Bank and settlement charges	78
Amortisation of preliminary expenses and floatation costs	101
<b>Total expenses</b>	<b>1,502</b>
<b>Net income from operating activities</b>	<b>40,614</b>
Element of income and capital gains included in prices of units issued less those in units redeemed	1,506
<b>Net income for the quarter</b>	<b>42,120</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012 (Rupees in '000)	
Accumulated loss brought forward	(6,960)	
Net income for the quarter	42,120	
Undistributed income carried forward	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">35,160</td> </tr> </table>	35,160
35,160		

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012 (Rupees in '000)
Net assets at the beginning of the quarter	289,484
Issue of 1,373,532 units	75,174
Redemption of 1,519,818 units	(80,810) (5,636)
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(1,506)
Net income for the quarter	42,120
Net assets at the end of the quarter	324,462

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

## FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012 (Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income for the quarter	42,120
<b>Adjustments for:</b>	
Dividend income	(6,713)
Profit on savings accounts with banks	(150)
Amortisation of formation cost	101
Charity expense	94
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	(31,789)
Element of income and capital gains included in prices of units issued less those in units redeemed	(1,506)
	(39,963)
<b>(Increase) / decrease in assets</b>	
Investments	508
Receivable against sale of investments	(1,995)
Advances, deposits and other receivables	(178)
	(1,665)
<b>Increase / (decrease) in liabilities</b>	
Payable to AI Meezan - management company of the Fund	922
Payable to SECP	47
Payable against purchase of investments	(3,170)
Accrued expenses and other liabilities	216
	(1,985)
<b>Cash generated from operations</b>	(1,493)
Dividend received	1,901
Profit received on savings accounts with banks	164
<b>Net cash inflow from operating activities</b>	572
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Receipts from sale of units	75,174
Payments against redemption of units	(79,764)
<b>Net cash outflow from financing activities</b>	(4,590)
Net cash outflow during the quarter	(4,018)
Cash and cash equivalents at the beginning of the quarter	4,066
Cash and cash equivalents at the end of the quarter	48

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 KSE Meezan Index 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 March 13, 2012 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 is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages. Under the Trust Deed, all the conducts and acts of the Fund are based on shariah. The management company has appointed MBL as its shariah adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund and an application for listing of units of the Fund has been made to 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 by JCR-VIS Credit Rating Company Limited.
- 1.5 Title to the assets of the Fund are held in the name of CDC as a 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 These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, and the said directives take precedence.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2012.

## 5. INVESTMENTS

At fair value through profit and loss.

### 5.1 Held for trading

Name of the investee company	As at July 01, 2012	Purchases during the quarter	Bonus issue	Sales during the quarter	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss) as at September 30, 2012	Percentage in relation to		
									Net assets of the Fund on the basis of market value	Paid-up capital of investee company (with face value of investment)	Total market value of investment
-----Number of shares-----					----Rupees in '000----						
<b>Automobile and Parts</b>											
Indus Motor Company Limited	16,897	2,696	-	2,812	16,781	4,224	4,279	55	1.32	0.02	1.33
Millat Tractors Company Limited	12,733	1,987	-	2,165	12,555	6,135	6,064	(71)	1.87	0.03	1.89
<b>Banks</b>											
Meezan Bank Limited (an associate of the Fund)	78,259	12,680	-	13,802	77,137	2,220	2,121	(99)	0.65	0.01	0.66
<b>Chemicals</b>											
Clariant Pak	6,473	1,100	-	1,197	6,376	1,172	1,389	217	0.43	0.02	0.43
Fauji Fertilizer Bin Qasim Limited	284,682	42,285	-	47,647	279,320	11,308	9,980	(1,328)	3.08	0.03	3.11
Fauji Fertilizer Company Limited	276,985	42,483	-	47,117	272,351	30,387	30,441	54	9.38	0.02	9.47
ICI Pakistan Limited	25,071	3,774	-	11,097	17,748	2,445	2,910	465	0.90	0.02	0.91
Lotte Pakistan PTA	327,391	50,874	-	54,732	323,533	2,285	2,297	12	0.71	0.02	0.71
<b>Construction and Materials</b>											
Akzo Nobel Pakistan	-	8,388	-	8,388	-	-	-	-	-	-	-
Attock Cement Pakistan Limited	14,984	2,878	-	3,123	14,739	1,259	1,595	336	0.49	0.02	0.50
D.G. Khan Cement Company Limited	209,393	32,694	-	35,734	206,353	8,455	10,380	1,925	3.20	0.05	3.23
Lucky Cement Limited	112,541	17,151	-	19,102	110,590	13,049	14,724	1,675	4.54	0.03	4.58
<b>Electricity</b>											
Attock Refinery Limited	26,086	4,179	-	4,780	25,485	3,148	3,237	89	1.00	0.03	1.01
Hub Power Company Limited	805,086	123,593	-	137,017	791,662	33,814	37,113	3,299	11.44	0.07	11.55
Mari Gas Company Limited	16,006	2,607	-	2,693	15,920	1,527	1,552	25	0.48	0.02	0.48
<b>Fixed Line Telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	509,414	72,827	-	81,418	500,823	7,221	9,711	2,490	2.99	0.01	3.02
<b>Food products</b>											
Habib Sugar	26,090	4,105	-	4,486	25,709	580	704	124	0.22	0.03	0.22
Unilever Pakistan Limited	2,409	241	-	298	2,352	17,074	22,814	5,740	7.03	-	7.10
<b>General Industrials</b>											
Thal Limited (note 5.1.1)	18,877	3,908	-	3,944	18,841	1,878	2,452	574	0.76	0.03	0.76
Tri-Pack Films Limited	7,886	1,343	-	1,637	7,592	1,572	1,401	(171)	0.43	0.03	0.44
<b>Industrial transportation</b>											
Pakistan International Container	18,897	3,067	-	3,342	18,622	2,748	2,756	8	0.85	0.02	0.86
<b>Oil and gas</b>											
Attock Petroleum	11,877	2,032	-	2,112	11,797	5,634	6,179	545	1.90	0.02	1.92
National Refinery Limited	22,037	3,276	-	3,621	21,692	5,027	5,102	75	1.57	0.03	1.59
Oil and Gas Development Company Limited	206,219	30,576	-	33,901	202,894	33,021	36,395	3,374	11.22	-	11.33
Pakistan Oilfields Limited	93,954	14,587	-	16,167	92,374	34,652	40,031	5,379	12.34	0.04	12.46
Pakistan Petroleum Limited	189,161	30,137	46,007	32,870	232,435	35,955	40,892	4,937	12.60	0.01	12.73
Pakistan Refinery Limited	10,287	2,300	-	2,424	10,163	590	609	19	0.19	0.03	0.19
Pakistan State Oil Company Limited	67,960	10,303	13,223	11,246	80,240	15,977	17,428	1,451	5.37	0.04	5.42
Shell Pakistan Limited	14,586	2,127	-	2,400	14,313	1,831	1,854	23	0.57	0.02	0.58
<b>Oil and gas marketing</b>											
Sui Northern Gas Pipeline Limited	125,503	18,925	-	21,598	122,830	2,129	2,539	410	0.78	0.02	0.79
<b>Pharma and Bio Tech</b>											
Glaxo Smithkline Pakistan Limited	35,227	5,417	-	5,941	34,703	2,233	2,390	157	0.74	0.01	0.74
						<b>289,550</b>	<b>321,339</b>	<b>31,789</b>			
<b>Total cost of investments - 'held for trading'</b>						<b>295,298</b>					

5.1.1 All shares have a nominal value of Rs 10 each except for the share of Thal Limited which have a face value of Rs 5 each.

5.1.2 Net assets are as defined in regulation 66 of NBFC regulations.



## 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.

During the year ended June 30, 2011, 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 mutual fund industry with the FBR for their withdrawal.

During the year ended June 30, 2012, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 has declared the said amendments as unlawful and unconstitutional. The management company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC.

The management company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. Accordingly, the management has not recognised WWF charge upto September 30, 2012 amounting to Rs. 0.83 million. Had the same been made, the net assets value per unit of the Fund would have been lower by Rs. 0.14 (0.25%).

## 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, Pakistan Kuwait Investment Company (Private) Limited as associate of the management company and Al Meezan Mutual Fund, Meezan Islamic Income Fund, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - II, Meezan Sovereign Fund, Meezan Cash 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, 2008 and the trust deed respectively.

Details of transactions with connected persons and balances with them for the quarter ended September 30, 2012 are as follows:



(Unaudited) (Audited)  
September June  
30, 2012 30, 2012  
(Rupees in '000)

**Al Meezan - management company of the Fund**

Remuneration payable	254	216
Sindh sales tax payable on management fee	41	35
Sales load payable	1,807	1,139
Sindh sales tax payable on sales load	188	81
Formation cost payable	2,013	2,013
Others payable	2,663	2,560
Investment of 1,942,066 units (June 30, 2012: 2,030,851 units)	108,969	99,166

**Meezan Bank Limited - shariah advisor of the Fund**

Bank balance	16	2,493
Investment in 77,137 shares (June 30, 2012: 78,259 shares)	2,121	2,263
Profit receivable on savings account	-	3

**CDC - trustee of the Fund**

Trustee fee payable	58	58
---------------------	----	----

**Directors and executives of the management company**

Investment of 20,020 units (June 30, 2012: 20,020 units)	1,123	978
--	-------	-----

Three months  
period ended  
September 30, 2012  
(Rupees in '000)

**Al Meezan - management company of the Fund**

Remuneration for the quarter	750
Sindh sales tax on management fee	120
Units issued: 126,785 units	6,900
Units redeemed: 215,570 units	11,827

**Meezan Bank Limited - shariah advisor of the Fund**

Profit on savings account	7
12,680 shares purchased during the quarter	356
13,802 shares sold during the quarter	399

**CDC - trustee of the Fund**

Remuneration for the quarter	176
CDS charges for the quarter	3

**8 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 19, 2012 by the board of directors of the management company.

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

**Chief Executive**

**Director**





## **Quarterly Report September 30, 2012**



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Mazhar Sharif	Director
Syed Amir Ali	Director
Syed Amir Ali Zaidi	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. P. Ahmed	Chairman
Mr. Mazhar Sharif	Member
Syed Amir Ali	Member

## HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Salman Sarwar Butt	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoaib, CFA	Member

## TRUSTEE

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

## AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi- 75530.

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)	Allied Bank Limited - Islamic Banking
Askari Bank Limited - Islamic Banking	Bank Alfalah Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking	Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited	Faysal Bank Limited
HLB - Islamic Banking	Habib Metropolitan Bank Limited - Islamic Banking
MCB Bank Limited - Islamic Banking	Meezan Bank Limited
National Bank of Pakistan - 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  
Phone: (9221) 3565 7658-59 Fax: (9221) 3565 7673  
E-mail: bawaney@cyber.net.pk

## TRANSFER AGENT

Meezan Bank Limited  
SITE Branch  
Plot # B/9-C, Estate Avenue, SITE, Karachi.  
Phone: 32062891 Fax: 32552771  
Web site: www.meezanbank.com

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2012

	(Unaudited) September 30, 2012	(Audited) June 30, 2012
Note	(Rupees in '000)	
<b>Assets</b>		
Balances with banks	455,079	314,009
Investments	5 956,849	904,288
Deposits, prepayments and other receivables	28,772	28,091
<b>Total assets</b>	<b>1,440,700</b>	<b>1,246,388</b>
<b>Liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund	2,256	1,921
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund	166	154
Payable to Securities and Exchange Commission of Pakistan (SECP)	237	1,438
Payable to Meezan Bank Limited (MBL)	-	96
Payable on redemption of units	1,381	9,100
Accrued expenses and other liabilities	25,710	24,715
<b>Total liabilities</b>	<b>29,750</b>	<b>37,424</b>
<b>Net assets</b>	<b>1,410,950</b>	<b>1,208,964</b>
<b>Contingencies</b>	6	
<b>Unitholders' funds (as per statement attached)</b>	<b>1,410,950</b>	<b>1,208,964</b>
<b>Number of units</b>		
<b>Number of units in issue</b>	<b>27,323,050</b>	<b>23,294,657</b>
<b>Rupees</b>		
<b>Net asset value per unit</b>	<b>51.64</b>	<b>51.90</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30,	
	2012	2011
	(Rupees in '000)	
<b>Income</b>		
Profit on savings accounts with banks	11,845	20,993
Profit on sukuk certificates	38,359	21,117
Realised gain on sale of sukuk certificates	7,730	6,285
	<u>57,934</u>	<u>48,395</u>
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss (net)	(6,840)	2,774
<b>Total income</b>	<u>51,094</u>	<u>51,169</u>
<b>Expenses</b>		
Remuneration to Al Meezan - management company of the Fund	4,746	9,700
Sindh sales tax on management fee	759	1,552
Remuneration to CDC - trustee of the Fund	485	764
Annual fee to SECP	237	485
Auditors' remuneration	169	193
Fees and subscription	65	62
Legal and professional charges	-	14
Brokerage	20	15
Bank and settlement charges	8	19
Provision for Workers' Welfare Fund	935	-
Printing expense	52	148
<b>Total expenses</b>	<u>7,476</u>	<u>12,952</u>
<b>Net income from operating activities</b>	<u>43,618</u>	<u>38,217</u>
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed	3,122	(495)
<b>Net income for the quarter</b>	<u>46,740</u>	<u>37,722</u>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30,	
	2012	2011
	(Rupees in '000)	
Undistributed income brought forward	45,820	54,307
Net income for the quarter	46,740	37,722
Less: Final distribution for the year ended June 30, 2012		
- bonus units @ 3.94% (June 30, 2011: 2%)	(39,603)	(23,672)
- cash dividend @ 3.94% (June 30, 2011: 2%)	(6,288)	(26,112)
Undistributed income carried forward	46,669	42,245

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
Net assets at the beginning of the quarter	<b>1,208,964</b>	2,541,935
Issue of 5,918,234 units (September 30, 2011: 2,681,434 units)	<b>300,199</b>	135,978
Redemption of 2,683,007 units (September 30, 2011: 3,624,251 units)	<b>(135,543)</b>	(183,671)
	<b>164,656</b>	(47,693)
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed (net)	<b>(3,122)</b>	495
Total income for the quarter less distribution	<b>849</b>	(12,062)
Issue of 793,166 bonus units for the year ended June 30, 2012 (June 30, 2011: 472,871 units)	<b>39,603</b>	23,672
Net assets at the end of the quarter	<b><u>1,410,950</u></b>	<u>2,506,347</u>
Net asset value per unit as at the beginning of the quarter	<b><u>51.90</u></b>	<u>51.06</u>
Net asset value per unit as at the end of the quarter	<b><u>51.64</u></b>	<u>50.82</u>

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

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

**Chief Executive**

**Director**



# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

## FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30,	
	2012	2011
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the quarter	46,740	37,722
<b>Adjustments for</b>		
Profit on savings accounts with banks	(11,845)	(20,993)
Profit on sukuk certificates	(38,359)	(21,117)
Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss (net)	6,840	(2,774)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed	(3,122)	495
	(46,486)	(44,389)
<b>Decrease / (increase) in assets</b>		
Investments	(59,401)	382,710
Deposits and other receivables	(22)	-
	(59,423)	382,710
<b>(Decrease) / increase in liabilities</b>		
Payable to Al Meezan - management company of the Fund	335	810
Payable to CDC - trustee of the Fund	12	3
Payable to SECP	(1,201)	(1,752)
Payable to MBL	(96)	(97)
Accrued expenses and other liabilities	995	(63)
	45	(1,099)
Profit received on savings accounts with banks	6,439	19,156
Profit received on sukuk certificates	43,106	82,003
<b>Net cash (outflow) / inflow from operating activities</b>	(9,579)	476,103
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from sale of units	300,199	135,978
Payments against redemption of units	(143,262)	(185,416)
Dividend paid	(6,288)	(26,112)
<b>Net cash inflow / (outflow) from financing activities</b>	150,649	(75,550)
Net cash inflow during the quarter	141,070	400,553
Cash and cash equivalents at the beginning of the quarter	314,009	426,592
Cash and cash equivalents at the end of the quarter	455,079	827,145

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

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

**Chief Executive**

**Director**



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Islamic Income 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 September 13, 2006 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) notified through S.R.O 1203(I) /2008 on November 21, 2008. 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 unit holders 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 of time. Under the trust deed all conducts and acts of the Fund are based on shariah. MBL acts as its shariah adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund listed on the Karachi 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. The Fund has been given a stability rating of A-(f) by JCR - VIS. The management company of the Fund has been given quality rating of AM2 by JCR - VIS.
- 1.4 Title to the assets of the Fund are in the name of CDC as a 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 aforementioned guidelines. This practice is being followed to comply with the requirements of the 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations and the directives issued by the SECP.
- 3.2 Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, and the said directives take precedence.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2012.

(Unaudited) (Audited)  
September June  
30, 2012 30, 2012

Note (Rupees in '000)

## 5. INVESTMENTS

Investments at 'fair value through profit or loss'	5.1	<b>956,849</b>	904,288
		<b>956,849</b>	904,288
5.1 Investments at 'fair value through profit or loss'			
- Held for trading	5.1.1	<b>410,350</b>	291,267
- Investments at 'fair value through profit or loss upon initial recognition'	5.1.2	<b>546,499</b>	613,021
		<b>956,849</b>	904,288

### 5.1.1 Held for trading - Sukuk certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2012	Purchases during the quarter	Sale / redemptions during the quarter	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised loss	Percentage in relation to		
										Net assets of the Fund on the basis of market value	Paid-up capital of investee company (with face value of investment)	Total market value of investment
			-----Number of certificates-----			-----Rupees in '000-----						
Century Paper & Board Mills Limited (note 5.1.3)	September 25, 2014	6 months Kibor plus base rate of 1.35%	4,275	-	855	3,420	17,013	16,821	(192)	1.19	2.42	1.76
GoP Ijarah Sukuk Certificates - IX (note 5.1.2)	March 11, 2012	Weighted average 6 months T-Bills	1,700	-	-	1,700	170,000	170,000	-	12.05	N/A	17.77
GoP Ijarah Sukuk Certificates - XII (note 5.1.2)	September 17, 2012	Weighted average 6 months T-Bills less 5 basis points	1,000	-	-	1,000	100,000	100,000	-	7.09	N/A	10.45
GoP Ijarah Sukuk Certificates - XIII (note 5.1.2)	November 15, 2013	Weighted average 6 months T-Bills	-	1,235	-	1,235	123,529	123,529	-	8.76	N/A	12.91
<b>Grand Total</b>							<b>410,542</b>	<b>410,350</b>	<b>(192)</b>			
<b>Total cost of investments</b>								<b>409,659</b>				

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

5.1.3 The nominal value of the sukuk certificates is Rs 5,000 each.

### 5.1.4 Investments at fair value through profit or loss upon initial recognition - Sukuk certificates



Name of the investee company	Maturity date	Profit rate	As at July 1, 2012	Purchases during the quarter	Sale / redemptions during the quarter	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss)	Percentage in relation to		
										Net assets of the Fund on the basis of market value	Paid-up capital of investee company (with face value of investment)	Total market value of investment
-----Number of certificates-----						-----Rupees in '000-----						
Arzoo Textile Mills Limited (note 5.1.3)	April 15, 2014	6 months Kibor plus base rate of 2%	14,000	-	-	14,000	-	-	-	-	10.20	-
Century Paper & Board Mills Limited (note 5.1.3)	September 25, 2014	6 months Kibor plus base rate of 1.35%	16,358	-	3,272	13,086	65,096	64,360	(736)	4.56	9.26	6.73
Eden Builders Limited (note 5.1.3)	March 8, 2014	3 months Kibor plus base rate of 2.3%	4,200	-	600	3,600	17,921	18,033	112	1.28	1.57	1.88
Eden Housing Limited (note 5.1.3)	September 29, 2014	6 months Kibor plus base rate of 2.5%	59,400	-	-	59,400	110,246	110,246	-	7.81	9.07	11.52
Engro Fertilizer Limited (note 5.1.3)	September 1, 2015	6 months Kibor plus base rate of 1.5%	30,500	5,000	10,000	25,500	128,444	122,400	(6,044)	8.68	3.89	12.79
Hub Power Company Limited (note 5.1.3)	August 4, 2012	6 months Kibor plus base rate of 1.1%	20,000	-	-	20,000	100,000	100,000	-	7.09	0.86	10.45
Maple Leaf Cement Factory Limited (note 5.1.3)	December 3, 2018	3 months Kibor plus base rate of 1%	63,864	-	1,600	62,264	99,622	99,622	-	7.06	5.90	10.41
Maple Leaf Cement Factory Limited (note 5.1.3)	March 31, 2013	3 months Kibor plus base rate of 1%	2,400	-	533	1,867	-	-	-	-	0.18	-
Security Leasing Corporation Limited II (note 5.1.3)	January 29, 2022	Nil	3,892	-	100	3,792	9,367	9,367	-	0.66	5.22	0.98
Sitara Chemical Industries Limited III (note 5.1.3)	December 31, 2012	3 months Kibor plus base rate of 1%	6,750	-	2,250	4,500	22,451	22,471	20	1.59	10.50	2.35
<b>Grand Total</b>							<b>553,147</b>	<b>546,499</b>	<b>(6,648)</b>			
<b>Total cost of investments</b>								<b>861,759</b>				

## 6. CONTINGENCIES

In April 2009 the Fund's management company (Al Meezan) and CDC had received notices from WAPDA that further transfer of the WAPDA First Sukuk Company Limited's (WFSC) sukuk being held by the Fund may be stopped until further instructions are given by WAPDA. The Fund, however, in its response stated that it is in the business of purchase and sale of securities and that the Fund is the bonafide holder of these sukuk, which were purchased after taking all necessary steps and measures to ascertain the genuineness of these sukuk including their verification from the issuer (i.e.WFSC) therefore, the Fund cannot comply with the instructions of WAPDA.

The Fund disposed off its investment in the aforementioned sukuk having a face value of Rs 180 million by June 30, 2009, i.e. before book closure for rentals due on October 22, 2009.

In September 2009 the Fund received a demand from WAPDA claiming return of Rs 13.6 million being rentals received by it (the Fund) in April 2009 on its holding of WFSCS sukuk, WAPDA contends that Fund is not a bonafide owner of those sukuk. The management company of the Fund has rejected WAPDA's claim and stated that the said sukuk were purchased after their existence had been duly verified from WAPDA at more than one stage and that these sukuk were transferred in its CDS account, hence, the Fund was the bonafide holder of these sukuk.

The defendants (i.e. WAPDA and WFSCS) have also filed an interpleader suit in December 2009 against Al Meezan, CDC in its capacity as the trustee of the Fund and some other parties in the senior civil court of Lahore (the Court) seeking a decision from the Court as to who is the lawful owner and to whom the profit payment due on October 22, 2009 and subsequently rentals should be made. The interpleader suit has been dismissed by the court on May 21, 2010 and the issuer has preferred regular first appeal which is pending for adjudication. Management company has submitted objections to the aforementioned review application on June 28, 2011.

Based on the aforementioned facts and the advise of its legal consultant, the management is confident that the Fund was a legitimate and bonafide owner of those sukuk from the date it acquired them till such time that those sukuk were sold in the normal course of business and accordingly it is not liable to return the aforementioned amount of rental (Rs 13.6 million) received by it.

There were no other contingencies and commitments outstanding as at September 30, 2012.

## **7. WORKERS' WELFARE FUND**

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

During the year ended June 30, 2011, 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 mutual fund industry with the FBR for their withdrawal.

During the year ended June 30, 2012, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 has declared the said amendments as unlawful and unconstitutional. The management company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC.

During the year ended June 30, 2011, the management company had reversed the liability as at June 30, 2010 amounting to Rs 15.649 million. In the year ended June 30, 2012, it has recognised WWF charge upto June 30, 2012 amounting to Rs 23.226 million which includes Rs 1.817 million pertaining to the corresponding year and Rs 21.409 million pertaining to prior years. The aggregate recognized amount of WWF as at September 30, 2012 amounted to Rs. 24.16 million. If the WWF would have not been provided, the NAV per unit of the Fund would have been higher by Re 0.88 (1.71%).

**8. 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 and Pakistan Kuwait Investment Company (Private) Limited as associate of the management company and Al Meezan Mutual Fund, Meezan Sovereign Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - II, Meezan Cash Fund, Meezan Islamic Fund, KSE Meezan Index 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, 2008 and the Trust Deed respectively.

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

	<b>(Unaudited) September 30, 2012</b>	(Audited) June 30, 2012
	<b>(Rupees in '000)</b>	
<b>Al-Meezan - management company of the Fund</b>		
Remuneration payable	<u>1,660</u>	<u>1,492</u>
Sales load payable	<u>312</u>	<u>183</u>
Certificate charges payable	<u>1</u>	<u>1</u>
Sindh sales tax on management fee	<u>266</u>	<u>239</u>
Sindh sales tax on sales load	<u>17</u>	<u>6</u>
Investments as at September 30, 2012: 2,973,993 units (June 30, 2012: 421,342 units)	<u>153,577</u>	<u>21,868</u>
<b>MBL</b>		
Sales load payable	<u>-</u>	<u>96</u>
Balances with bank	<u>2,013</u>	<u>6,150</u>
Profit receivable on savings account	<u>64</u>	<u>7</u>
<b>CDC - trustee of the Fund</b>		
Trustee fee payable	<u>166</u>	<u>154</u>
Deposits	<u>100</u>	<u>100</u>
<b>Directors and officers of the management company</b>		
Investments as at September 30, 2012: 523,240 units (June 30, 2012: 39,518 units)	<u>27,020</u>	<u>2,051</u>

**Three months period ended  
September 30,**

**2012                      2011**

**(Rupees in '000)**

**AI-Meezan - management company of the Fund**

Remuneration for the quarter	<b>4,746</b>	9,700
Sales tax on mangement fee for the quarter	<b>759</b>	1,552
Units issued: 2,536,027 units (September 30, 2011: nil units)	<b>129,000</b>	-
Bonus units issued: 16,624 units (September 30, 2011: nil units)	<b>830</b>	-

**MBL**

Profit on savings accounts	<b>56</b>	79
Cash dividend paid	-	17,642

**CDC - trustee of the Fund**

Remuneration for the quarter	<b>485</b>	764
CDS Charges for the quarter	<b>2</b>	2

**Directors and officers of the management company**

Units issued: 492,484 units (September 30, 2011: 40,126 units)	<b>25,376</b>	2,031
Redemptions: 9,903 units (September 30, 2011: 8,921 units)	<b>500</b>	458
Bonus units issued: 1,141 units (September 30, 2011: 657 units)	<b>57</b>	33

**9. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 19, 2012 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**







## **Quarterly Report September 30, 2012**



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Mazhar Sharif	Director
Syed Amir Ali	Director
Syed Amir Ali Zaidi	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. P. Ahmed	Chairman
Mr. Mazhar Sharif	Member
Syed Amir Ali	Member

## HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Salman Sarwar Butt	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoaib, CFA	Member

## TRUSTEE

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

## AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi- 75530.

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Askari Bank Limited - Islamic Banking	Habib Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking	Meezan Bank Limited
Bank Al Habib Limited - Islamic Banking	MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited - Islamic Banking	UBL Ameen
Habib Metropolitan Bank Limited - Islamic Banking	Faysal Bank Limited - Islamic Banking

## LEGAL ADVISER

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

## TRANSFER AGENT

Meezan Bank Limited  
SITE Branch  
Plot # B/9-C, Estate Avenue, SITE, Karachi.  
Phone: 32062891 Fax: 32552771  
Web site: www.meezanbank.com

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

## AS AT SEPTEMBER 30, 2012

	(Unaudited) September 30, 2012	(Audited) June 30, 2012
<i>Note</i>	(Rupees in '000)	
<b>Assets</b>		
Balances with banks	4,545,353	5,233,984
Investments	5 13,720,665	14,360,803
Deposits, prepayments and other receivables (net)	619,727	247,711
Preliminary expenses and floatation costs	1,205	1,335
<b>Total assets</b>	<b>18,886,950</b>	<b>19,843,833</b>
<b>Liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund	23,340	21,181
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund	1,214	1,275
Payable to Securities and Exchange Commission of Pakistan (SECP)	3,551	12,929
Payable to Meezan Bank Limited (MBL)	438	699
Payable on redemption of units	27,820	12,917
Dividend Payable	30	28,858
Accrued expenses and other liabilities	65,979	56,465
<b>Total liabilities</b>	<b>122,372</b>	<b>134,324</b>
<b>Net assets</b>	<b>18,764,578</b>	<b>19,709,509</b>
<b>Unitholders' funds (as per statement attached)</b>	<b>18,764,578</b>	<b>19,709,509</b>
	<b>Number of units</b>	
<b>Number of units in issue</b>	<b>374,205,477</b>	<b>393,965,527</b>
	<b>Rupees</b>	
<b>Net asset value per unit</b>	<b>50.15</b>	<b>50.03</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
<b>Income</b>		
Profit on savings accounts with banks	<b>131,159</b>	118,785
Profit on sukuk certificates	<b>420,510</b>	328,951
Realised gain sale of sukuk certificates	<b>7,028</b>	4,461
	<b>558,697</b>	452,197
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	-	(1,086)
<b>Total income</b>	<b>558,697</b>	451,111
<b>Expenses</b>		
Remuneration to Al Meezan - management company of the Fund	<b>47,348</b>	34,738
Sindh sales tax on management fee	<b>7,576</b>	5,558
Remuneration to CDC - trustee of the Fund	<b>3,740</b>	2,794
Annual fee to SECP	<b>3,551</b>	2,605
Auditors' remuneration	<b>126</b>	112
Fees and subscription	<b>57</b>	50
Amortisation of premium on investments held as 'available for sale'	<b>138</b>	525
Amortisation of preliminary expenses and floatation costs	<b>129</b>	129
Brokerage	<b>64</b>	90
Bank and settlement charges	<b>29</b>	36
Provision for Workers' Welfare Fund	<b>9,610</b>	-
Printing expense	<b>66</b>	59
<b>Total expenses</b>	<b>72,434</b>	46,696
<b>Net income from operating activities</b>	<b>486,263</b>	404,415
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed (net)	<b>(5,748)</b>	17,155
<b>Net income for the quarter</b>	<b>480,515</b>	421,570

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
Undistributed income brought forward	<b>9,770</b>	160,028
Less: Final distribution for the year ended June 30, 2012		
- bonus units @ NIL ( June 30,2011 : 1.28%)	-	(68,000)
- cash dividend @ NIL % ( June 30,2011: @ 1.28% )	-	(90,537)
Less: Interim distribution for the quarter ended September 30, 2012		
- bonus units @ 2.38% ( September 30, 2011 : 2.6%)	<b>(436,821)</b>	(185,367)
- cash dividend @ 2.38 % ( September 30, 2011 @ 2.6%)	<b>(30)</b>	(186,478)
Net income	<b>480,515</b>	421,570
Undistributed income carried forward	<b>53,434</b>	51,216

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
Net assets at the beginning of the quarter	<b>19,709,509</b>	12,545,661
Issue of 80,699,296 units ( 2011 : 66,218,970 Units)	<b>4,082,972</b>	3,335,804
Redemption of 109,194,021 units (2011 : 45,635,469 Units)	<b>(5,514,136)</b>	(2,289,453)
	<b>(1,431,164)</b>	1,046,351
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed	<b>5,748</b>	(17,155)
Net loss for the quarter less distribution	<b>43,664</b>	(108,812)
Issue of NIL bonus units for the period ended June 30, 2012 ( June 30, 2011 : 1,359,720 Units)	-	67,999
Issue of 8,734,675 bonus units for the quarter ended September 30, 2012 ( September 30, 2011 : 3,702,923 Units)	<b>436,821</b>	185,368
Net assets at the end of the quarter	<b><u>18,764,578</u></b>	<u>13,719,412</u>
Net assets value per unit at the beginning of the quarter - Rupees	<b><u>50.03</u></b>	<u>50.65</u>
Net assets value per unit at the end of the quarter - Rupees	<b><u>50.15</u></b>	<u>50.19</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

## FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30,	
	2012	2011
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the quarter	480,515	421,570
<b>Adjustments for :</b>		
Profit on savings accounts with banks	(131,159)	(118,785)
Profit on sukuk certificates	(420,510)	(328,951)
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	-	(1,086)
Amortisation of preliminary expenses and floatation costs	130	130
Element of loss and capital losses included in prices of units sold less those in units redeemed	5,748	(17,155)
	<b>(545,791)</b>	<b>(465,847)</b>
<b>Decrease / (Increase) in assets</b>		
Investments	640,139	(198,914)
Deposits, prepayments and other receivables	30	(2,187)
	<b>640,169</b>	<b>(201,101)</b>
<b>(Increase)/ decrease in liabilities</b>		
Payable to AI Meezan - management company of the Fund	2,159	4,894
Payable to CDC - trustee of the Fund	(62)	180
Payable to SECP	(9,378)	(2,123)
Payable to MBL	(261)	(322)
Payable on redemption of units	14,903	(44,945)
Accrued expenses and other liabilities	9,514	8
	<b>16,875</b>	<b>(42,308)</b>
Profit received on savings accounts with banks	152,793	154,951
Profit paid on purchase of sukuk certificates	26,830	203,794
<b>Net cash inflow from operating activities</b>	<b>771,391</b>	<b>71,059</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from sale of units	4,082,972	3,335,803
Payments against redemption of units	(5,514,136)	(2,289,453)
Dividend paid	(28,858)	(90,537)
<b>Net cash (outflow) / inflow from financing activities</b>	<b>(1,460,022)</b>	<b>955,813</b>
Net cash (outflow) / inflow during the quarter	<b>(688,631)</b>	<b>1,026,872</b>
Cash and cash equivalents at the beginning of the quarter	<b>5,233,984</b>	<b>3,031,769</b>
Cash and cash equivalents at the end of the quarter	<b>4,545,353</b>	<b>4,058,641</b>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2012

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Sovereign Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (Al Meezan) as the management company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The trust deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The registered office of the management company of the Fund, is situated at Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders maximum possible preservation of capital along with Halal and reasonable returns by investing primarily in a portfolio of shariah compliant government securities thus minimizing the credit risk of investments . The Fund shall also keep an exposure in short-term near cash instruments for the purpose of maintaining liquidity and to capitalize on exceptional returns if available at any given point of time. Under the trust deed all conducts and acts of the Fund are based on shariah. MBL acts as its shariah adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund 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 a 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 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations and the directives issued by the SECP.
- 3.2 Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, and the said directives take precedence.

## 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, 2012.



**(Unaudited)** (Audited)  
**Note** **September** June  
**30, 2012** 30, 2012  
**(Rupees in '000)**

## 5. INVESTMENTS

Investments at 'fair value through profit or loss'	5.1	<b>13,445,000</b>	14,085,000
Investments - 'available for sale'	5.2	<b>275,665</b>	275,803
		<b><u>13,720,665</u></b>	<b><u>14,360,803</u></b>

### 5.1 Held for trading

Name of the issuer	Maturity date	Profit rate	As at July 1, 2012	Purchases during the quarter	Sale / redemptions during the quarter	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss)	Percentage in relation to	
										Net assets of the fund on the basis of market value (see note 5.3.2 below)	Total market value of investments
			-----Number of certificates-----			-----Rupees in '000-----					
GoP Ijarah Sukuk Certificates - V (note 5.3.1)	November 15, 2013	Weighted average 6 months T-Bills	49,560	-	-	49,560	4,956,000	4,956,000	-	26.41	36.12
GoP Ijarah Sukuk Certificates - VI (note 5.3.1)	December 20, 2013	Weighted average 6 months T-Bills	7,570	-	-	7,570	757,000	757,000	-	4.03	5.52
GoP Ijarah Sukuk Certificates - VII (note 5.3.1)	March 7, 2014	Weighted average 6 months T-Bills	2,870	-	-	2,870	287,000	287,000	-	1.53	2.09
GoP Ijarah Sukuk Certificates - VIII (note 5.3.1)	May 16, 2014	Weighted average 6 months T-Bills	4,000	-	-	4,000	400,000	400,000	-	2.13	2.92
GoP Ijarah Sukuk Certificates - IX (note 5.3.1)	Decemehr 26, 2014	Weighted average 6 months T-Bills	69,600	-	-	69,600	6,960,000	6,960,000	-	37.09	50.73
GoP Ijarah Sukuk Certificates - XII (note 5.3.1)	June 28, 2015	Weighted average 6 months T-Bills	7,250	-	6,400	850	85,000	85,000	-	0.45	0.62
							<b>13,445,000</b>	<b>13,445,000</b>	-		
<b>Total cost of investments</b>							<b><u>13,458,355</u></b>				

### 5.2 Investment - Available fo sale

Name of the issuer	Maturity date	Profit rate	As at July 1, 2012	Purchases during the quarter	Sale / redemptions during the quarter	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss)	Percentage in relation to	
										Net assets of the fund on the basis of market value (see note 5.3.2 below)	Total market value of investments
			-----Number of certificates-----			-----Rupees in '000-----					
GoP Ijarah Sukuk Certificates - V (note 5.3.1)	November 15, 2013	Weighted average 6 months T-Bills	2,750	-	-	2,750	275,665	275,665	-	0.01	2.01
							<b>275,665</b>	<b>275,665</b>	-		
<b>Total cost of investments</b>							<b><u>275,000</u></b>				

5.3 The offering document of the Fund requires that atleast 70% of the fund's net assets should be invested in Government Securities.

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

5.3.2 Net assets are as defined in regulation 66 of NBFC Regulations, 2008.



## 6. WORKERS' WELFARE FUND

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, during the year ended June 30, 2010, 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.

During the year ended June 30, 2011, 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.

During the FY 2011-12 the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 has declared the said amendments as unlawful and unconstitutional. The management company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC.

The Fund has recognised WWF charge upto September 30, 2012 amounting to Rs 64.814 million which includes Rs 9.610 million pertaining to the current year and Rs 55.204 million pertaining to prior years. Had the Fund not provided for WWF the NAV per unit of the Fund would have been higher by Rs 0.17 (0.35%).

## 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 and Pakistan Kuwait Investment Company (Private) Limited as associate of the management company and Al Meezan Mutual Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - II, Meezan Cash Fund, Meezan Islamic Fund, KSE Meezan Index 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, 2008 and the Trust Deed respectively.

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

	<b>(Unaudited) September 30, 2012</b>	(Audited) June 30, 2012
	<b>(Rupees in '000)</b>	
<b>AI-Meezan - management company of the Fund</b>		
Remuneration payable	<u>15,346</u>	<u>16,170</u>
Sindh sales tax	<u>2,455</u>	<u>2,587</u>
Sales load payable	<u>5,539</u>	<u>2,344</u>
Sindh sales tax on sales load	<u>1</u>	<u>80</u>
Investments as at September 30, 2012: 14,600,316 units (June 30, 2012: 14,134,002 Units)	<u>732,206</u>	<u>707,124</u>
<b>MBL</b>		
Sales load payable	<u>438</u>	<u>699</u>
Balances with bank	<u>43</u>	<u>38,049</u>
Profit receivable on savings account	<u>930</u>	<u>460</u>
Investments as at September 30, 2012: 143,656,234 units (June 30, 2012: 142,803,099 Units)	<u>7,204,360</u>	<u>7,144,439</u>
<b>CDC - trustee of the Fund</b>		
Trustee fee payable	<u>1,214</u>	<u>1,275</u>
Deposits	<u>100</u>	<u>100</u>
<b>Directors and executives</b>		
Investments as at September 30, 2012: 4,558,514 units (June 30, 2012: 3,975,979 Units)	<u>228,857</u>	<u>198,918</u>
	<b>Three months period ended September 30</b>	
	<b>2012</b>	2011
	<b>(Rupees in '000)</b>	
<b>AI-Meezan - management company of the Fund</b>		
Remuneration for the quarter	<u>47,348</u>	<u>34,738</u>
Preliminary expenses and floatation costs	<u>129</u>	<u>129</u>
Units issued 1,940,174 (September 30, 2011: 1,688,602 Units)	<u>97,969</u>	<u>86,000</u>
Units redeemed 1,793,001 units (September 30, 2011: Nil Units)	<u>91,032</u>	<u>-</u>
Bonus units issued 319,141 (September 30, 2011: 495,900 Units)	<u>15,960</u>	<u>24,817</u>

**Three months period  
ended September 30****2012                      2011****(Rupees in '000)****MBL**

Profit on savings accounts	<u>470</u>	<u>317</u>
Units issued 37,535,214 (September 30, 2011: Nil Units)	<u>1,911,020</u>	<u>-</u>
Units redeemed 40,010,260 units ( September 30, 2011: Nil Units)	<u>948,585</u>	<u>-</u>
Bonus units issued 3,328,181 (September 30, 2011: Nil Units)	<u>166,442</u>	<u>-</u>
Cash dividend Nil (September 30, 2011 )	<u>-</u>	<u>191,040</u>

**CDC - trustee of the Fund**

Remuneration for the quarter	<u>3,740</u>	<u>2,794</u>
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**Directors and executives**

Units issued 622,301 (September 30, 2011: 138,123 Units)	<u>31,191</u>	<u>7,005</u>
Units redeemed 133,961 (September 30, 2011: 79,262 Units)	<u>6,806</u>	<u>4,022</u>
Bonus units issued 94,195 (September 30, 2011: 104,528 Units)	<u>4,711</u>	<u>5,231</u>

**8. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 19, 2012 by the board of directors of the management company.

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

**Chief Executive****Director**



## **Quarterly Report September 30, 2012**



# 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. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Mazhar Sharif	Director
Syed Amir Ali	Director
Syed Amir Ali Zaidi	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. P. Ahmed	Chairman
Mr. Mazhar Sharif	Member
Syed Amir Ali	Member

## HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Salman Sarwar Butt	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoaib, CFA	Member

## TRUSTEE

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

## AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi- 75530.

## SHARIAH ADVISOR

Meezan Bank Limited

## BANKERS TO THE FUND

Askari Bank Limited - Islamic Banking	Habib Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking	Meezan Bank Limited
Bank Al Habib Limited - Islamic Banking	MCB Bank Limited - Islamic Banking
Standard Chartered Bank (Pakistan) Limited - Islamic Banking	Faysal Bank Ltd.
Habib Metropolitan Bank Limited - Islamic Banking	UBL Ameen
Soneri Bank Limited - Islamic Banking	

## LEGAL ADVISER

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

## TRANSFER AGENT

Meezan Bank Limited  
SITE Branch  
Plot # B/9-C, Estate Avenue, SITE, Karachi. Phone: (9221) 3206 2891 Fax: (9221) 3255 2771  
Web site: www.meezanbank.com

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2012 (UNAUDITED)

		(Unaudited) September 30, 2012	(Audited) June 30, 2012
	Note	(Rupees in '000)	
<b>Assets</b>			
Balances with banks	5	4,115,479	4,614,198
Placements	6	2,100,000	1,600,000
Investments	7	300,000	1,003,500
Profit receivable		199,561	257,153
Preliminary expenses and floatation costs		1,021	1,171
Deposits and prepayments		266	302
<b>Total assets</b>		<b>6,716,327</b>	<b>7,476,324</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the fund	8	6,390	7,767
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the fund		517	600
Payable to Securities and Exchange Commission of Pakistan (SECP)		6,506	5,207
Payable on redemption of units		11,690	8,599
Brokerage Payable		-	-
Dividend Payable		70	5
Accrued expenses and other liabilities	9	39,233	35,375
<b>Total liabilities</b>		<b>64,406</b>	<b>57,553</b>
<b>Net assets</b>		<b>6,651,921</b>	<b>7,418,771</b>
 <b>Unitholders' funds (as per statement attached)</b>		<b>6,651,921</b>	<b>7,418,771</b>
		<b>Number of units</b>	
<b>Number of units in issue</b>		<b>132,617,893</b>	<b>148,152,204</b>
		<b>Rupees</b>	
<b>Net asset value per unit</b>		<b>50.16</b>	<b>50.08</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

	Note	September 30	
		2012	2011
(Rupees in '000)			
<b>Income</b>			
Profit on savings accounts with banks		126,878	121,940
Profit on placements with banks		48,065	56,851
Profit on sukuk certificates		25,588	15,223
Other income		10	45
<b>Total income</b>		<b>200,541</b>	<b>194,059</b>
<b>Expenses</b>			
Remuneration to Al Meezan - management company of the fund		17,314	15,547
Sales tax on management fee		2,770	2,487
Remuneration to CDC - trustee of the fund		1,615	1,492
Annual fee to SECP		1,299	1,166
Auditor's remuneration		125	129
Fees and subscription		62	55
Amortisation of preliminary expenses and floatation costs		150	151
Bank and settlement charges		11	18
Printing Charges		107	15
Provision for Workers' Welfare Fund (WWF)	10	3,417	-
<b>Total expenses</b>		<b>26,870</b>	<b>21,060</b>
<b>Net income from operating activities</b>		<b>173,671</b>	<b>172,999</b>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(2,797)	4,966
<b>Net income</b>		<b>170,874</b>	<b>177,965</b>

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

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

**Chief Executive**

**Director**



# DISTRIBUTION STATEMENT

## FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

	<b>September 30</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
Undistributed income for the period brought forward - realised	<b>10,288</b>	3,711
Net income for the period	<b>170,874</b>	177,965
Less : Interim Distribution @ 0.60% - July 22, 2012		
- bonus units	<b>(41,008)</b>	-
-cash dividend	<b>(39)</b>	-
Less : Interim Distribution @ 1.70% - August 23, 2011		
- bonus units	-	(97,720)
-cash dividend	-	(10,890)
Less : Interim Distribution @ 1.00% - August 22, 2012		
- bonus units	<b>(68,325)</b>	-
-cash dividend	<b>(66)</b>	-
Less : Interim Distribution @ 0.90% - September 23, 2011		
- bonus units	-	(46,330)
-cash dividend	-	(10,289)
Less : Interim Distribution @ 0.76% - September 20, 2012		
- bonus units	<b>(50,316)</b>	-
-cash dividend	<b>(6)</b>	-
Net profit for the period carried forward	<b><u>21,402</u></b>	<b><u>16,447</u></b>

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

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

**Chief Executive**

**Director**

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

	September 30	
	2012	2011
	(Rupees in '000)	
Net assets at the beginning of the period	7,418,771	5,955,829
Issue of 27,274,298 units ( 2011: 38,576,471 units)	1,369,782	1,946,590
Redemption of 45,998,811 units (2011: 44,680,236 units)	(2,310,192)	(2,246,947)
	(940,410)	(300,357)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	2,797	(4,966)
Net income for the period less distribution	11,114	12,736
Issue of 818,800 bonus units - July 22, 2012	41,008	-
Issue of 1,954,007 bonus units for the period ended August 23, 2011	-	97,720
Issue of 1,364,407 bonus units - August 22, 2012	68,325	-
Issue of 9,26,235 bonus units for the period ended September 23, 2011	-	46,330
Issue of 1,006,995 bonus units on September 20, 2012	50,316	-
	159,649	144,050
Net assets at the end of the period	6,651,921	5,807,293

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

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

**Chief Executive**

**Director**

# CASH FLOW STATEMENT

## FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

	Note	September 30 2012	2011 (Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit		170,874	177,965
<b>Adjustments for:</b>			
Profit on savings accounts with banks		(126,878)	(121,940)
Profit on placements		(48,065)	(56,851)
Profit on sukuk certificates		(25,588)	(15,223)
Amortisation of preliminary expenses and floatation costs		150	151
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		2,797	(4,966)
		<u>(26,710)</u>	<u>(20,864)</u>
<b>Decrease / (Increase) in assets</b>			
Deposits and prepayments		36	53
Placements		(500,000)	150,000
Investments		703,500	(300,000)
		<u>203,536</u>	<u>(149,947)</u>
<b>Increase / (Decrease) in liabilities</b>			
Payable to AI Meezan - management company of the fund		(1,377)	1,460
Payable to CDC - trustee of the fund		(83)	43
Payable to SECP		1,299	(3,454)
Payable on redemption of units		3,091	(11,089)
Brokerage payable		-	(45)
Accrued expenses and other liabilities		3,858	39
		<u>6,788</u>	<u>(13,046)</u>
Profit received on savings accounts with banks		150,570	140,582
Profit received on sukuk certificates		61,397	-
Profit received on placements		46,156	44,721
<b>Net cash inflow from operating activities</b>		<u>441,737</u>	<u>1,446</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts from sale of units		1,369,782	1,946,590
Dividend paid		(46)	(18,320)
Payment against redemption of units		(2,310,192)	(2,246,947)
<b>Net cash inflow from financing activities</b>		<u>(940,456)</u>	<u>(318,677)</u>
Net cash inflow during the period		(498,719)	(317,230)
Cash and cash equivalents at the beginning of the period		4,614,198	3,666,697
Cash and cash equivalents at the end of the period	5	<u>4,115,479</u>	<u>3,349,467</u>

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

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

**Chief Executive**

**Director**



## NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

### 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. 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. 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.
- 1.4 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 September 30, 2012 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 three months period ended September 30, 2012.

3.3 The comparative condensed interim statement of assets and liabilities presented in this condensed interim financial report as at June 30, 2012 has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2012 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 three months period ended September 30, 2011.

#### 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 June 30, 2012.

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
(Rupees in '000)			
<b>5. BALANCES WITH BANKS</b>			
On savings accounts	5.1	<b>4,109,478</b>	4,608,704
On current accounts		<b>6,000</b>	5,494
		<b>4,115,479</b>	4,614,198

5.1 The balances in savings accounts bear expected profit which ranges from 5.19% to 12.10% per annum.

#### 6. PLACEMENTS

Placements carry expected profit at rates ranging from 10.65 % per annum to 12% per annum and are due to mature from October 11, 2012 to October 24, 2012.

#### 7. INVESTMENTS

Name of the Issuer	Maturity	Profit rate	As at July 01, 2012	Purchases during the Quarter	Sales / redemptions during the Quarter	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss)	Percentage of total market value of investments
			Number of Certificates			Rupees in '000				----
GoP Ijarah Sukuk - IV	September 17, 2012	Weighted Average 6 months T-Bills less 5 basis points*	6,250	-	6,250	-	-	-	-	-
*Engro Fertilizers Limited - Sukuk	September 22, 2012	6 months KIBOR + 1.5%	15,700	-	15,700	-	-	-	-	-
*Hub Power Company Limited - Sukud	February 15, 2013	6 months KIBOR + 1.25%	60,000	-	-	60,000	300,000	300,000*	-	100%
			<u>75,700</u>	<u>-</u>	<u>15,700</u>	<u>60,000</u>	<u>300,000</u>	<u>300,000</u>		

\* These securities are carried at face value as per the requirement of Circular 1 of 2009 with respect to thinly and non traded debt securities with residual maturities of upto six months.

**8. PAYABLE TO AL MEEZAN - management company of the fund**

This includes an amount of Rs. 881 against sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

<b>(Unaudited)</b>	<b>(Audited)</b>
<b>September</b>	<b>June</b>
<b>30, 2012</b>	<b>30, 2012</b>
<b>(Rupees in '000)</b>	

**9. ACCRUED EXPENSES AND OTHER LIABILITIES**

Auditors' remuneration payable	<b>385</b>	300
Annual Listing fee payable	-	10
Withholding tax payable	<b>102</b>	68
Printing Charges	<b>349</b>	265
Zakat Payable	<b>347</b>	100
Provision for Workers' Welfare Fund (WWF)	<b>38,050</b>	34,632
	<b>39,233</b>	35,375

**10. WORKERS' WELFARE FUND**

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

During the year ended June 30, 2011, 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 mutual fund industry with the FBR for their withdrawal.

During the year ended June 30, 2012, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 has declared the said amendments as unlawful and unconstitutional. The management company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC.

During the year ended June 30, 2012, the Fund has received a notice of demand under section 137 of the Income Tax Ordinance, for the payment of levy amount of Rs 0.041 million for the year ended June 30, 2009. The management company has filed an appeal against that notice with the Commissioner Inland Revenue (Appeals) which is pending adjudication.

The Fund has recognised WWF charge upto September 30, 2012 amounting to Rs 38.050 million which includes Rs 3.418 million pertaining to the current year and Rs 34.632 million pertaining to prior years. Had the Fund not provided for WWF the NAV per unit of the Fund would have been higher by Rs 0.29 (0.58%).

## 11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTY

The connected persons include Al Meezan being the management company, CDC being the trustee, Meezan Bank Ltd. (MBL) being the holding company of the management company, Pakistan Kuwait Investment Company (Private) Limited being the associate company and Al Meezan Mutual Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - II, Meezan Islamic Fund, Meezan Sovereign Fund and Meezan Balanced Fund and KSE Meezan Index 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 and NBFC Regulations and the trust deed respectively.

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

	September 30, 2012	June 30, 2012
	(Rupees in '000)	
<b>Al Meezan- management company of the Fund</b>		
Remuneration payable	<u>5,509</u>	<u>6,696</u>
Sales tax payable	<u>881</u>	<u>1,071</u>
<b>MBL</b>		
Balances with bank	<u>34,615</u>	<u>67,029</u>
Profit receivable	<u>869</u>	<u>466</u>
<b>CDC - trustee of the Fund</b>		
Trustee fee payable	<u>517</u>	<u>600</u>
Deposits	<u>100</u>	<u>100</u>
<b>Directors and executives</b>		
Investments of 341,502 units (June 30, 2012: 479,694 units)	<u>17,129</u>	<u>24,023</u>



	<b>For the quarter ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
<b>AI Meezan - management company of the Fund</b>		
Remuneration for the period	<u>17,314</u>	<u>15,547</u>
<b>MBL</b>		
Profit on savings accounts	<u>403</u>	<u>225</u>
<b>CDC - trustee of the Fund</b>		
Trustee fee	<u>1,615</u>	<u>1,492</u>
<b>Directors and executives</b>		
Units issued: 49,270 units (2011: 24,306 units)	<u>2,474</u>	<u>1,221</u>
Redemptions: 195,418 units (2011: 80,577 units)	<u>3,117</u>	<u>4,037</u>
Bonus units issued: 7,956 units (2011: 11,285 units)	<u>398</u>	<u>564</u>

**12. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial report was authorised for issue on October 19, 2012 by the Board of Directors of the management company.

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

**Chief Executive**

**Director**





## **Quarterly Report September 30, 2012**



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Mazhar Sharif	Director
Syed Amir Ali	Director
Syed Amir Ali Zaidi	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. P. Ahmed	Chairman
Mr. Mazhar Sharif	Member
Syed Amir Ali	Member

## HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Salman Sarwar Butt	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoaib, CFA	Member

## TRUSTEE

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

## AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi- 75530.

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Dubai Islamic Bank Pakistan Limited  
Habib Metropolitan Bank Limited - Islamic Banking  
Meezan Bank Limited

## LEGAL ADVISER

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

## TRANSFER AGENT

Meezan Bank Limited  
SITE Branch  
Plot # B/9-C, Estate Avenue, SITE, Karachi.  
Phone: 32062891 Fax: 32552771  
Web site: www.meezanbank.com

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

## AS AT SEPTEMBER 30, 2012 (UNAUDITED NOTE - 3)

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
<b>Assets</b>			
(Rupees in '000)			
Balances with banks		16,436	21,328
Investments	5	428,959	418,473
Profit receivable		14,896	5,738
Dividend receivable		1,318	129
Deposit with Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		100	100
Deposits, prepayments and other receivables		8	-
Preliminary expenses and floatation costs		1,354	1,536
<b>Total assets</b>		<b>463,071</b>	<b>447,304</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund		682	657
Payable CDC - trustee of the Fund		58	58
Payable to Securities and Exchange Commission of Pakistan (SECP)		86	303
Payable on redemption of units		28	-
Payable against purchase of investments		-	1,930
Accrued expenses and other liabilities		1,244	1,111
<b>Total liabilities</b>		<b>2,098</b>	<b>4,059</b>
<b>Net Assets</b>		<b>460,973</b>	<b>443,245</b>
<b>Contingency</b>	6	----- Number of units -----	
<b>Unitholders' funds (as per statement attached)</b>		<b>460,973</b>	<b>443,245</b>
<b>Number of units in issue</b>		<b>8,764,037</b>	<b>7,809,472</b>
		----- Rupees -----	
Net assets value per unit		<b>52.60</b>	56.76

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30	
	2012	2011
	(Rupees in '000)	
<b>Income</b>		
Net realised gain on sale of investments	2,113	1,466
Dividend income	1,796	1,773
Profit on savings accounts with banks	490	4,164
Profit on Government of Pakistan (GoP) Ijarah Sukuk	9,990	5,703
Back end load	29	-
	<b>14,418</b>	13,106
Unrealised gain on re-measurement of investments at fair value through profit or loss	6,819	1,059
<b>Total income</b>	<b>21,237</b>	14,165
<b>Expenses</b>		
Remuneration to Al Meezan - management company of the Fund	1,703	1,268
Sindh sales tax on management fee	273	203
Remuneration to CDC - trustee of the Fund	176	169
Annual fee to SECP	86	64
Auditors' remuneration	94	74
Fees and subscription	10	15
Amortisation of preliminary expenses and floatation costs	182	174
Amortization of Premium - GoP Ijara Sukuks	211	170
Brokerage	77	236
Legal and professional charges	44	-
Bank and settlement charges	15	52
Printing charges	38	36
<b>Total expenses</b>	<b>2,909</b>	2,461
<b>Net income from operating activities</b>	<b>18,328</b>	11,704
Element of (loss) / gain and capital (losses) / gains included in prices of units issued less those in units redeemed	(7)	893
<b>Net Income</b>	<b>18,321</b>	12,597

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30	
	2012	2011
	(Rupees in '000)	
Undistributed income at the beginning of the period	<b>52,771</b>	-
Final Distribution of Bonus Units	<b>(48,809)</b>	-
Net income for the period	<b>18,321</b>	12,597
Undistributed income carried forward	<b>22,283</b>	12,597

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30	
	2012	2011
	(Rupees in '000)	
Net assets at the beginning of the period	<b>443,245</b>	-
Issue of nil units (September 30, 2011 : 7,900,199 units)	-	395,903
Redemption of 11,762 units (September 30, 2011 : nil units)	<b>(600)</b>	-
	<b>(600)</b>	395,903
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	<b>7</b>	(893)
Net income for the period	<b>18,321</b>	12,597
Issue of bonus units during the period	<b>(48,809)</b>	-
	<b>(30,488)</b>	12,597
Issue of 966,327 bonus units	<b>48,809</b>	-
Net assets at the end of the period	<b>460,973</b>	407,607
Net asset value per unit at the beginning of the period - Rupees	<b>56.76</b>	-
Net asset value per unit at the end of the period - Rupees	<b>52.60</b>	51.59

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

## FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30 2012	2011
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income for the period	18,321	12,597
<b>Adjustments for:</b>		
Dividend income - Net of Charity	(1,796)	(1,773)
Profit on savings accounts with banks	(490)	(4,164)
Profit Income - GoP Ijara Sukuk	(9,990)	(5,703)
Unrealised gain on re-measurement of investments at fair value through profit or loss	(6,819)	(1,059)
Amortisation of preliminary expenses and floatation costs	182	174
Amortisation of GoP Ijarah sukuks Premium	211	170
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	7	(893)
	<u>(374)</u>	<u>(651)</u>
<b>(Increase)/Decrease in assets</b>		
Investments	(3,878)	(322,730)
Deposits with CDC	-	(145)
Deposits, prepayments and other receivables	(8)	(2,252)
	<u>(3,886)</u>	<u>(325,127)</u>
<b>Increase/(Decrease) in liabilities</b>		
Payable to AI Meezan- management company of the Fund	25	6,827
Payable to CDC- trustee of the Fund	-	58
Payable to SECP	(217)	64
Payable against redemption of units	28	-
Payable against purchase of investments	(1,930)	21
Accrued expenses and other liabilities	133	778
	<u>(1,961)</u>	<u>7,748</u>
Profit received on savings accounts with banks	1,322	688
Profit received on purchase of GoP Ijara Sukuk	-	(8,557)
Dividend received	607	141
<b>Net cash outflow from operating activities</b>	<u>(4,292)</u>	<u>(325,758)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from sale of units	-	395,903
Payments against redemption of units	(600)	-
Net cash (outflow) / inflow during the period	(4,892)	70,145
Cash and cash equivalents at the beginning of the period	21,328	-
Cash and cash equivalents at the end of the period	<u>16,436</u>	<u>70,145</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Capital Protected Fund-II (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (Al Meezan) as the management company and CDC as the trustee. The trust deed was executed on May 12, 2011 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 consists of two segments, a capital protection segment and an investment segment. The capital protection segment aims at protecting investors' capital by placing the assets of the segment in Shariah Compliant GoP Ijarah Sukuk. Alternatively, the assets of the Fund may be placed with a Scheduled Islamic Bank or Islamic windows having at least minimum rating A- (A minus) at the time of placement as directed by the SECP. The remaining assets of the Fund will be allocated to the Investment Segment and may be invested in assets with minimum investment grade wherever applicable that have the potential to give a high return to investors. Under the trust deed all the conducts and acts of the Fund are based on shariah. Meezan Bank Limited (MBL) acts as its shariah adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund with maturity of three years and six weeks and is listed on the Islamabad Stock Exchange. The issuance of units has been discontinued since August 15, 2011. The management company of the Fund has been given a quality rating of AM2 and the stability rating of the Fund is AA(cpf) given by JCR - VIS. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 Title to the assets of the Fund are held in the name of CDC as a 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 aforementioned guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

### 3. STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial report has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting' (IAS 34), the Trust Deed, NBFC Rules, NBFC Regulations and the directives issued by the 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 september 30, 2012 and the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the quarter ended September 30, 2012 which are not subject to audit.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements and the significant judgements made by management in applying those accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2012.

	Note	September 30, 2012	June 30, 2012
(Rupees in '000)			
<b>5. INVESTMENTS</b>			
Investments - 'available for sale'	5.1	<b>333,496</b>	333,706
Investments - 'fair value through profit and loss'	5.2	<b>95,463</b>	84,767
		<b>428,959</b>	<b>418,473</b>

#### 5.1 INVESTMENTS - 'AVAILABLE-FOR-SALE'

Name of the investee company	Maturity date	Profit rate	As at July 1, 2012	Purchases during the period	Sales during the period	Sale / redemptions during the period	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss)	Percentage in relation to total market value of investments	Percentage in relation to net assets of the fund
GoP Ijarah Sukuks Certificates - VIII	May 16, 2014	Weighted average 6 months T-Bills	2,800	-	-	-	2,800	281,496	281,496	-	66	61
GoP Ijarah Sukuk Certificates - IX	December 26, 2014	Weighted average 6 months T-Bills	220	-	-	-	220	22,000	22,000	-	5.13	4.77
GoP Ijarah Sukuk Certificates - XII	June 28, 2015	Weighted average 6 months T-Bills	300	-	-	-	300	30,000	30,000	-	6.99	6.51
Total								333,496	333,496	-		
Total cost of investments								333,496				

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

5.1.2 The above securities fulfills the capital protection requirements as outlined in the trust deed and offering document.



## 5.2 Investments 'HELD FOR TRADING'

(Shares of listed companies)

Name of the investee company	As at July 1, 2012	Purchases during the period	Bonus / rights issue	Sales during the period	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012 value	Unrealised gain / (loss) as at September 30, 2012	Percentage in relation to		
									Number of shares	Net assets of the Fund on basis of market value (see note 5.2 below)	Percentage in relation to total market value of investments
<b>Construction and Materials</b>											
DG Khan Cement Co. Limited	113,401	140,000	-	40,000	213,401	9,402	10,734	1,332	2.33	0.05	2.50
Akzo Nobel Pakistan	3,843	4,999	-	6,000	2,842	333	255	(78)	0.06	0.01	0.06
Lucky Cement Limited	61,548	7,500	-	15,000	54,048	6,291	7,196	905	1.56	0.02	1.68
<b>Fixed Line Telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	494,190	225,000	-	335,000	384,190	6,728	7,449	721	1.62	0.01	1.74
<b>Electricity</b>											
The Hub Power Company Limited	242,870	25,000	-	-	267,870	11,272	12,558	1,286	2.72	0.02	2.93
<b>Oil and Gas</b>											
Attock Petroleum Limited	14,000	-	-	-	14,000	6,641	7,332	691	1.59	0.02	1.71
National Refinery Limited.	991	-	-	-	991	229	233	4	0.05	0.00	0.05
Oil and Gas Development Co. Limited	38,300	-	-	-	38,300	6,145	6,870	725	1.49	0.00	1.60
Pak OilFields Limited	16,000	-	-	5,800	10,200	3,743	4,420	677	0.96	0.00	1.03
Pakistan Petroleum Limited	27,200	11,000	9,550	-	47,750	7,473	8,401	928	1.82	0.00	1.96
Pakistan State Oil Co. Limited	23,707	-	4,741	-	28,448	5,591	6,179	588	1.34	0.01	1.44
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	189,480	-	-	-	189,480	7,735	6,770	(965)	1.47	0.02	1.58
Fauji Fertilizer Company Limited	120,000	-	-	70,400	49,600	5,508	5,544	36	1.20	0.00	1.29
ICI Pakistan Limited	7,641	-	-	5,000	2,641	346	433	87	0.09	0.00	0.10
<b>Engineering</b>											
Millat Tractors Co. Limited	2,302	-	-	-	2,302	1,112	1,112	-	0.24	0.01	0.26
<b>Food Producers</b>											
Engro Foods Limited	30,000	143,000	-	43,737	129,263	9,045	9,054	9	1.96	0.02	2.11
<b>General industrials</b>											
Tri-Pack Films Limited	5,000	-	-	-	5,000	1,050	923	(127)	0.20	0.02	0.22
<b>Total</b>						<b>88,644</b>	<b>95,463</b>	<b>6,819</b>			
<b>Total cost of investments</b>							<b>86,184</b>				

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

5.2.2 Net assets are as defined in regulation 66 of NBFC Regulations, 2008.

## 6. CONTIGENCIES

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, during the year ended June 30, 2010, 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.

Prior to 2011, 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 mutual fund industry with the FBR for their withdrawal.

The management company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. Accordingly, the management has not recognised WWF charge upto September 30, 2012 amounting to Rs 1.39 million which includes Rs 0.36 million pertaining to the current year. Had the same been made, the net asset value per unit of the Fund would have been lower by Rs 0.16 ( 0.30%).

There were no other contingencies and commitments outstanding as at September 30, 2012 and June 30, 2012.

## 7. TRANSACTIONS WITH CONNECTED PERSONS

The connected persons include Al Meezan being the management company, CDC being the trustee, MBL being the holding company of the management company and Pakistan Kuwait Investment Company (Private) Limited, Al Meezan Mutual Fund, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Balanced Fund, Meezan Cash Fund, Meezan Islamic Income Fund and KSE Meezan Index 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 and Regulations and the trust deed respectively.

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

	<b>(Unaudited) September 30, 2012</b>	<b>(Audited) June 30, 2012</b>
<b>(Rupees in '000)</b>		
<b>Al Meezan - management company of the Fund</b>		
Remuneration payable	<u>563</u>	<u>541</u>
Sales tax payable on management fee	<u>90</u>	<u>87</u>
Sales load payable	<u>29</u>	<u>29</u>
Investment of 2,247,476 Units	<u>118,217</u>	<u>113,520</u>
<b>MBL</b>		
Balances with bank	<u>586</u>	<u>556</u>
Profit receivable	<u>30</u>	<u>22</u>
Investment of 2,247,476 Units	<u>118,217</u>	<u>113,520</u>
<b>CDC - trustee of the Fund</b>		
Trustee fee payable	<u>58</u>	<u>58</u>
Deposit with CDC	<u>100</u>	<u>100</u>
<b>Officer of the management company</b>		
Investment of 1,124 units	<u>59</u>	<u>57</u>



**September 30**  
**2012                      2011**  
**(Rupees in '000)**

**Al Meezan - management company of the Fund**

Remuneration for the period	<u>1,703</u>	<u>1,268</u>
Sindh sales tax on management fee	<u>273</u>	<u>203</u>
Bonus units issued: 247,476 units	<u>12,500</u>	<u>-</u>

**MBL**

Profit on savings accounts	<u>7</u>	<u>34</u>
Bonus units issued: 247,476 units	<u>12,500</u>	<u>-</u>

**CDC - trustee of the Fund**

Trustee fee	<u>176</u>	<u>169</u>
CDS charges	<u>3</u>	<u>7</u>

**Officer of the management company**

Bonus units issued: 124 units	<u>6</u>	<u>-</u>
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**8. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on October 19, 2012 by the Board of Directors of the management company.

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

**Chief Executive**

**Director**



## **Quarterly Report September 30, 2012**



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Mazhar Sharif	Director
Syed Amir Ali	Director
Syed Amir Ali Zaidi	Director
Mr. Mohammad Shoab, CFA	Chief Executive

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. P. Ahmed	Chairman
Mr. Mazhar Sharif	Member
Syed Amir Ali	Member

## HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Salman Sarwar Butt	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoab, CFA	Member

## TRUSTEE

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

## AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi- 75530.

## BANKERS TO THE FUND

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

## SHARIAH ADVISER

Meezan Bank Limited

## LEGAL ADVISER

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

## TRANSFER AGENT

THK Associates (Pvt.) Limited  
Ground Floor, State Life Building-3  
Dr. Ziauddin Ahmed Road, Karachi-75536  
Phone : (9221) 111-000-322  
Fax : (9221) 35655595  
P.O. Box No. 8533

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2012 (UNAUDITED-NOTE 3)

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
<b>(Rupees in '000)</b>			
<b>Assets</b>			
Balances with banks		190,989	72,888
Investments	5	1,450,874	1,470,386
Dividend receivable		17,129	1,482
Advances, deposits, prepayments and other receivables		21,967	15,250
Receivable against sale of investment		7,148	-
<b>Total assets</b>		<b>1,688,107</b>	<b>1,560,006</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan )- management company of the Fund		3,156	2,920
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		148	140
Payable to Securities and Exchange Commission of Pakistan (SECP)		346	1,237
Payable against purchase of investments		-	44
Brokerage Payable		195	213
Accrued expenses and other liabilities		4,405	4,002
Unclaimed dividend		16,407	16,407
<b>Total liabilities</b>		<b>24,656</b>	<b>24,963</b>
<b>Net assets</b>		<b>1,663,451</b>	<b>1,535,043</b>
<b>Contingency</b>	6		
<b>Certificate holders' equity (as per statement attached)</b>			
<b>Issued, subscribed and paid-up capital</b>			
120,000,000 ordinary certificates of Rs 10 each		1,200,000	1,200,000
Unappropriated income		352,862	279,992
Surplus on revaluation of available for sale investments		110,589	55,051
		<b>1,663,451</b>	<b>1,535,043</b>
<b>Net assets value per certificate (Rupees)</b>		<b>13.86</b>	<b>12.79</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2012

		September 30,	
	Note	2012	2011
		(Rupees in '000)	
<b>Income</b>			
Net realised gain on sale of investments		17,198	14,360
Dividend income		22,270	13,236
Profit on savings accounts with banks		2,139	5,249
Profit on sukuk certificates		17,823	21,688
		59,430	54,533
Unrealised gain/ (loss) on re-measurement of investments at fair value through profit or loss	5.1.1.1, 5.1.2.1 & 2.2	24,368	(712)
<b>Total income</b>		<b>83,798</b>	53,821
<b>Expenses</b>			
Remuneration to Al Meezan - management company of the Fund		8,139	7,530
Sindh sales tax on management fee		1,302	1,205
Remuneration to CDC - trustee of the Fund		446	421
Annual fee to SECP		346	320
Auditors' remuneration		136	172
Fees and subscription		100	58
Legal & Professional		-	5
Brokerage		255	80
Printing charges		76	76
Bank and settlement charges		130	91
<b>Total expenses</b>		<b>10,929</b>	9,958
<b>Net income for the quarter</b>		<b>72,870</b>	43,863
<b>Other comprehensive income for the quarter</b>			
Net unrealised appreciation/ (diminution) on re-measurement of investments classified as 'available for sale'		55,538	(3,518)
<b>Total comprehensive income for the quarter</b>		<b>128,408</b>	40,345
<b>Earnings per certificate (Rupees)</b>		<b>0.61</b>	0.37

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

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

**Chief Executive**

**Director**



## CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Note	September 30,	
		2012	2011
		(Rupees in '000)	
Unappropriated income brought forward		<b>279,992</b>	236,138
Less: Final distribution in the form of cash dividend @ 19% for the year ended June 30, 2012 (June 30, 2011: @ 17.5%)	8	-	(210,000)
Net income for the quarter		<b>72,870</b>	43,863
Unappropriated income carried forward		<u><b>352,862</b></u>	<u>70,000</u>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN EQUITY AND RESERVES PER CERTIFICATE (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Note	September 30,	
		2012	2011
		(Rupees in '000)	
Net assets per certificate at the beginning of the quarter		12.79	12.70
Net realised gain on sale of investments		0.14	0.12
Dividend income		0.19	0.11
Profit on savings accounts with banks		0.02	0.04
Profit on sukuk certificates		0.15	0.18
Unrealised gain/ (loss) on re-measurement of investments at at fair value through profit or loss		0.20	(0.01)
Expenses		(0.09)	(0.08)
Net income for the quarter		0.61	0.37
Less: Final distribution in the form of cash dividend @ 19% for the year ended June 30, 2012 (June 30, 2011: @ 17.5%)	8	-	(1.75)
Net unrealised appreciation/ (diminution) on re-measurement of investments		0.46	(0.03)
Net assets per certificate at the end of the quarter		<u>13.86</u>	<u>11.28</u>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Note	September 30, 2012 (Rupees in '000)	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income		72,870	43,863
<b>Adjustments for:</b>			
Dividend income		(22,270)	(13,236)
Profit on savings accounts with banks		(2,139)	(5,249)
Profit on sukuk certificates		(17,823)	(21,688)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss		(24,368)	712
		6,269	4,402
<b>(Increase) / decrease in assets</b>			
Investments - net		99,418	192,780
Receivable against sale of investments		(7,148)	(6,446)
Advances, deposits, prepayments and other receivables		(307)	9,537
		91,963	195,872
<b>Increase / (decrease) in liabilities</b>			
Payable to Al Meezan - management company of the Fund		236	213
Payable to CDC - trustee of the Fund		8	(8)
Payable to SECP		(891)	(871)
Payable against purchase of investments		(44)	(41)
Accrued expenses and other liabilities		403	289
		(288)	(417)
Cash generated from operations		97,944	199,856
Dividend income received		6,623	9,601
Profit received on savings accounts with banks		2,606	5,613
Profit received on sukuk certificates		10,928	23,071
<b>Net cash inflow from operating activities</b>		118,101	238,142
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid	8	-	(481)
		-	(481)
<b>Net cash outflow from financing activities</b>		-	(481)
Net increase in cash and cash equivalents		118,101	237,661
Cash and cash equivalents at the beginning of the quarter		72,888	42,186
Cash and cash equivalents at the end of the quarter		190,989	279,847

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

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

**Chief Executive**

**Director**



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Balanced Fund (the Fund) was established as a closed-end scheme under a trust deed executed between Al Meezan as the management company and CDC as the trustee. The trust deed was executed on June 15, 2004 and was approved by the SECP on September 8, 2004 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 in Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2 The investment objective of the Fund is to generate long-term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and islamic income instruments such as term finance certificates, certificates of islamic investment, musharaka certificates, islamic sukuk certificates and other shariah compliant instruments. Under the trust deed all the conducts and acts of the Fund are based on shariah. The management company has appointed Meezan Bank Limited (MBL) as shariah advisor to ensure that the activities of the Fund are in compliance with the principles of islamic shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under NBFC Rules.
- 1.3 The Fund is a closed end scheme (mutual fund) and its certificates are listed on the Karachi Stock Exchange. The management company of the Fund has been given a quality rating of AM2 by JCR - VIS.
- 1.4 The objective of the Fund is to carry on the business as a closed-end mutual fund and to invest its assets in securities, which are listed or proposed to be listed on the stock exchanges or Mutual Funds Association of Pakistan (MUFAP).
- 1.5 Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.
- 1.6 In accordance with clause 65 of the NBFC Regulations an asset management company managing a closed end fund shall, upon expiry of every five years from November 21, 2007 or the date of launch of the Fund whichever is later, hold within one month of such period a meeting of the certificate holders of a closed end scheme to seek their approval to convert the Fund into an open end scheme or revoke the closed end scheme, subject to applicable provisions of the NBFC Rules and the NBFC Regulations. Accordingly, the management company has to hold a meeting of the certificate holders of the Fund within one month of November 21, 2012 as aforesaid. However, the management company is confident that the Fund would not be revoked as is the market trend and, therefore, the financial statements have been prepared on a 'going concern' basis. Pursuant to the SECP directive no. NBFC/MUFAP/32/2012 dated January 25, 2012, the management company has tentatively decided to hold a meeting of certificate holders on December 13, 2012.

### 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 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations and the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations 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 and the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2012.

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
<b>(Rupees in '000)</b>			
<b>5. INVESTMENTS</b>			
Investments 'fair value through profit or loss'	5.1	<b>951,674</b>	985,868
Investments - 'available for sale'	5.2	<b>499,200</b>	484,518
		<b>1,450,874</b>	1,470,386
<b>5.1 Investments 'fair value through profit or loss'</b>			
Held for trading	5.1.1	<b>759,942</b>	788,771
Investments at fair value through profit or loss - upon initial recognition	5.1.2	<b>191,732</b>	197,097
		<b>951,674</b>	985,868
<b>5.1.1 Held for trading</b>			
Shares of listed companies	5.1.1.1	<b>327,942</b>	353,771
Sukuk certificates	5.1.1.4	<b>432,000</b>	435,000
		<b>759,942</b>	788,771
<b>5.1.2 Investments at fair value through profit or loss upon initial recognition</b>			
Shares of listed companies	5.1.2.1	<b>19,931</b>	19,746
Sukuk Certificates	5.1.2.2	<b>171,801</b>	177,351
		<b>191,732</b>	197,097

#### 5.1.1.1 Held for trading - shares of listed companies

Name of the investee company	As at July 1, 2012	Purchases during the period	Bonus issue	Sales during the period	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss) as at September 30, 2012	Percentage in relation to		
									Net Assets of the Fund on the basis of investments (note 5.1.1.3)	Paid-up Capital of the investee company (with face value of investments)	Total market value of investments
----- Number of shares -----						----- Rupees in '000 -----		----- % -----			
<b>Automobile and parts</b>											
Pakistan Suzuki Motor Company Limited	26,800	-	-	-	26,800	2,566	2,643	77	0.16	0.03	0.18
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	685,000	-	-	70,000	615,000	25,104	21,974	(3,130)	1.32	0.07	1.51
Fauji Fertilizer Company Limited	870,000	25,000	-	296,500	598,500	66,513	66,894	381	4.02	0.05	4.61
ICI Pakistan Limited	2,196	-	-	-	2,196	288	360	72	0.02	0.00	0.02
									<b>5.36</b>	<b>0.12</b>	<b>6.14</b>
<b>Construction and materials</b>											
Attock Cement Pakistan Limited	125,000	-	-	16,000	109,000	8,877	11,797	2,920	0.71	0.13	0.81
Lucky Cement Limited	230,000	120,000	-	81,000	269,000	31,944	35,815	3,871	2.15	0.08	2.47
DG Khan Cement Company Limited	224,660	100,000	-	105,000	219,660	9,513	11,049	1,536	0.66	0.05	0.76
									<b>3.52</b>	<b>0.26</b>	<b>4.04</b>
<b>Fixed line telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	1,758,365	650,000	-	625,000	1,783,365	28,153	34,579	6,426	2.08	0.05	2.38
<b>General industrials</b>											
Thal Limited (note 5.1.1.2)	171,522	-	-	47,885	123,637	11,498	16,089	4,591	0.97	0.17	1.11
Tri-Pack Films Limited	83,400	-	-	-	83,400	17,513	15,387	(2,126)	0.93	0.28	1.06
Packages Limited	220,000	-	-	42,000	178,000	17,747	20,858	3,111	1.25	0.21	1.44
									<b>3.15</b>	<b>0.66</b>	<b>3.61</b>
<b>Oil and gas</b>											
Pakistan Oilfields Limited	69,775	13,400	-	44,000	39,175	14,713	16,977	2,264	1.02	0.02	1.17
Pakistan Petroleum Limited	106,784	17,000	30,946	52,000	102,730	15,674	18,073	2,399	1.09	0.01	1.25
National Refinery Limited	12,900	-	-	12,000	900	208	212	4	0.01	0.00	0.01
Pakistan State Oil Company Limited	30,000	-	6,000	-	36,000	7,075	7,819	744	0.47	0.02	0.54
Oil and Gas Development Company Limited	89,000	55,000	-	55,200	88,800	14,702	15,929	1,227	0.96	0.00	1.1
									<b>3.55</b>	<b>0.04</b>	<b>4.07</b>
<b>Electricity</b>											
Hub Power Company Limited	281,097	-	-	-	281,097	11,775	13,178	1,403	0.79	0.02	0.91
<b>Food producers</b>											
Engro Foods Limited	300,000	25,000	-	65,000	260,000	16,812	18,210	1,398	1.09	0.03	1.26
<b>Unquoted company</b>											
AkzoNobel Pakistan Limited	1,104	-	-	-	1,104	145	99	(46)	0.01	0.00	0.01
<b>Total</b>						<b>300,820</b>	<b>327,942</b>	<b>27,122</b>			
<b>Total cost of investments</b>							<b>292,668</b>				

5.1.1.2 All shares have a face value of Rs 10 each except for the shares of Thal Limited which have a face value of Rs 5 each.

5.1.1.3 Net Assets are defined in Regulation 66 of NBFC Regulations.

**5.1.1.4 Held for trading - Sukuk certificates**

Name of the investee company	Maturity	Profit rate	As at July 01, 2012	Purchases during the period	Sales during the period	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss) as at September 30, 2012	Percentage in relation to	
			-----Number of certificates-----			----- (Rupees in '000) -----			Net Assets of the Fund on the basis of investments (note 5.1.1.3)	Total market value of investments	----- % -----
<b>Secured</b>											
GoP Ijarah Sukuk Certificates - IV (Note 5.1.1.5)	September 17, 2012	Weighted Average 6 months T-Bills less 5 basis points	30	-	30	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - V (Note 5.1.1.5)	November 15, 2013	Weighted Average 6 months T-Bills	20	-	-	20	2,000	2,000	-	0.12	-
GoP Ijarah Sukuk Certificates - IX (Note 5.1.1.5)	December 26, 2014	---do---	950	-	-	950	95,000	95,000	-	5.71	-
GoP Ijarah Sukuk Certificates - XI (Note 5.1.1.5)	April 30, 2015	---do---	600	-	-	600	60,000	60,000	-	3.61	4.14
GoP Ijarah Sukuk Certificates - XII (Note 5.1.1.5)	June 28, 2015	---do---	2,750	-	-	2,750	275,000	275,000	-	16.53	18.95
<b>Total</b>							<b>432,000</b>	<b>432,000</b>	<b>-</b>		
<b>Total cost of investments</b>							<b>432,000</b>				

5.1.1.5 The nominal value of the sukuk certificates of GoP Ijarah is Rs 100,000 each.

**5.1.2.1 Investments at fair value through profit or loss upon initial recognition - Shares of listed companies**

Name of the investee company	As at July 1, 2012	Purchases during the period	Bonus issue	Sales during the period	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss) as at September 30, 2012	Percentage in relation to		
	-----Number of shares-----				----- Rupees in '000 -----			Net Assets of the Fund on the basis of investments (note 5.1.1.3)	Paid-up Capital of the investee company (with face value of investments)	Total market value of investments	----- % -----
<b>Automobile and parts</b>											
Indus Motor Company Limited	50,055	-	-	-	50,055	12,267	12,764	497	0.77	0.06	0.88
<b>Banks</b>											
Meezan Bank Limited (an associate company of the Fund)	250,084	-	-	-	250,084	7,232	6,877	(355)	0.41	0.03	0.47
<b>General industrials</b>											
Packages Limited	2,473	-	-	-	2,473	247	290	43	0.02	0.00	0.02
<b>Total</b>						<b>19,746</b>	<b>19,931</b>	<b>185</b>			
<b>Total cost of investments</b>							<b>12,894</b>				

### 5.1.2.2 Sukuk certificates

Name of the investee company	Maturity	Profit rate	As at July 1, 2012	Purchases during the period	Sales / redemptions during the period	As at September 30, 2012	Carrying value as at September 30, 2012	Provision as at September 30, 2012	Market value as at September 30, 2012	Unrealised (loss) as at September 30, 2012	Percentage in relation to		
											Net Assets of the Fund on the basis of investments (note 5.1.1.3)	Paid-up Capital of the investee company (with face value of investments)	Total market value of investments
----- Number of certificates -----						----- Rupees in '000 -----				----- % -----			
<b>Secured</b>													
Engro Fertilizer Pakistan Limited (note 5.1.2.3)	September 1, 2015	6 months KIBOR plus base rate of 1.5%	10,000	-	-	10,000	50,826	-	48,000	(2,826)	2.89	1.53	3.31
Security Leasing Corporation Limited II (note 5.1.2.3)	January 19, 2022	Nil	1,946	-	50	1,896	4,684	-	4,684	-	0.28	2.61	0.32
Century Paper & Board Mills Limited (note 5.1.2.3)	September 25, 2014	6 months KIBOR plus base rate of 1.35%	2,500	-	500	2,000	9,949	-	9,837	(112)	0.59	1.41	0.68
Eden Housing Limited (note 5.1.2.3)	September 29, 2014	6 months KIBOR plus base rate of 2.5%	5,000	-	-	5,000	9,280	-	9,280	-	0.56	0.76	0.64
Arzoo Textile Mills Limited (note 5.1.2.3)	April 15, 2014	6 months KIBOR plus base rate of 2%	5,000	-	-	5,000	-	-	-	-	-	-	-
* Hub Power Company Limited - Sukuk (note 5.1.2.3)	August 4, 2012	6 months Kibor plus base rate of 1.25%	20,000	20,000	20,000	20,000	100,000	-	100,000	-	6.01	0.86	6.89
<b>Total</b>							<b>174,739</b>	<b>-</b>	<b>171,801</b>	<b>(2,938)</b>			
<b>Total cost of investments</b>													<b>203,094</b>

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

## 5.2 Investments - 'available for sale'

### 5.2.1 Shares of listed companies- 'available for sale'

Name of the investee company	As at July 1, 2012	Purchases during the period	Bonus issue	Sales during the period	As at September 30, 2012	Carrying value as at September 30, 2012 (before impairment)	Impairment during the period	Carrying value as at September 30, 2012 (after impairment)	Market value as at September 30, 2012	Unrealised gain / (loss) as at September 30, 2012	Percentage in relation to		
											Number of shares	Rupees in '000	%
<b>Automobile and parts</b>													
Indus Motor Company Limited	62,375	-	-	31,300	31,075	6,796		6,796	7,924	1,128	0.48	0.04	0.55
Pakistan Suzuki Motor Company Limited	11,260	-	-	-	11,260	833		833	1,111	278	0.07	0.01	0.08
											<b>0.55</b>	<b>0.05</b>	<b>0.63</b>
<b>Banks</b>													
Meezan Bank Limited (an associate company of the Fund)	351,178	-	-	60,000	291,178	4,518		4,518	8,007	3,489	0.48	0.03	0.55
Bank Islami Pakistan Limited	500	-	-	-	500	2		2	5	3	-	0.00	0
											<b>0.48</b>	<b>0.03</b>	<b>0.55</b>
<b>Chemicals</b>													
Fauji Fertilizer Bin Qasim Company Limited	3,377	-	-	-	3,377	120		120	121	1	0.01	0.00	0.01
Fauji Fertilizer Company Limited	76,599	-	-	-	76,599	6,170		6,170	8,561	2,391	0.51	0.01	0.59
ICI Pakistan Limited	226,236	-	-	63,500	162,736	20,521		20,521	26,679	6,158	1.60	0.18	1.84
											<b>2.12</b>	<b>0.18</b>	<b>2.44</b>
<b>Construction and materials</b>													
Attock Cement Pakistan Limited	35,000	-	-	-	35,000	1,785		1,785	3,788	2,003	0.23	0.04	0.26
Lucky Cement Limited	200,451	-	-	-	200,451	23,864		23,864	26,688	2,824	1.60	0.06	1.84
DG Khan Cement Company Limited	699,749	-	-	-	699,749	28,509	954	27,555	35,197	7,642	2.12	0.16	2.43
											<b>3.95</b>	<b>0.26</b>	<b>4.53</b>
<b>Electricity</b>													
Hub Power Company Limited	2,727,050	-	-	300,000	2,427,050	89,717		89,717	113,780	24,063	6.84	0.21	7.84
<b>Fixed line telecommunication</b>													
Pakistan Telecommunication Company Limited "A"	103,145	-	-	-	103,145	1,072		1,072	2,000	928	0.12	0.00	0.14
<b>General industrials</b>													
Tri-Pack Films Limited	10,000	-	-	-	10,000	1,132		1,132	1,845	713	0.11	0.03	0.13
<b>Oil and gas</b>													
National Refinery Limited	20,000	-	-	20,000	-	-		-	-	-	-	-	-
Oil and Gas Development Company Limited (note 5.2.2)	395,666	-	-	-	395,666	54,070		54,070	70,975	16,905	4.27	0.01	4.89
Pakistan Oilfields Limited	162,250	-	-	-	162,250	40,414		40,414	70,313	29,899	4.23	0.07	4.85
Pakistan Petroleum Limited	284,632	-	71,158	-	355,790	52,419		52,419	62,594	10,175	3.76	0.02	4.31
Pakistan State Oil Company Limited	221,600	-	44,320	33,500	232,420	51,832	7,041	44,791	50,482	5,691	3.03	0.11	3.48
											<b>15.29</b>	<b>0.21</b>	<b>17.53</b>
<b>Unquoted company</b>													
AkzoNobel Pakistan Limited	113,764	-	-	12,000	101,764	12,832		12,832	9,130	(3,702)	0.55	0.22	0.63
<b>Total</b>								<b>388,611</b>	<b>499,200</b>	<b>110,589</b>			
<b>Total cost of investments</b>								<b>388,611</b>					

5.2.2 100,000 shares of Oil and Gas Development Company Limited, having market value of Rs 17.938 million as at September 30, 2012 have been pledged as collateral in favour of National Clearing Company of Pakistan.



## 6. CONTINGENCIES

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

During the year ended June 30, 2011, 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 mutual fund industry with the FBR for their withdrawal.

During the FY 2011-12, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 has declared the said amendments as unlawful and unconstitutional. The management company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC.

During the year ended June 30, 2011, the management company had reversed the liability as at June 30, 2010 amounting to Rs 4.967 million. The management company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. Accordingly, the management has not recognised WWF charge upto September 30, 2012 amounting to Rs 15.707 million which includes Rs 1.428 million pertaining to the current year. Had the same been made, the net asset value per certificate of the Fund would have been lower by Rs 0.13 (0.99%).

There were no other contingencies and commitments outstanding as at September 30, 2012.

## 7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include AI Meezan being the management company, CDC being the trustee, MBL being the holding company and Pakistan Kuwait Investment Company (Private) Limited as associate of the management company and AI Meezan Mutual Fund, Meezan Sovereign Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - II, Meezan Cash Fund, Meezan Islamic Fund, KSE Meezan Index 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.

Details of balances with connected persons and transactions with them for the quarter are as follows:



	<b>(Unaudited) September 30, 2012</b>	(Audited) June 30, 2012
	(Rupees in '000)	
<b>AI Meezan - management company of the Fund</b>		
Remuneration payable	<u>2,721</u>	<u>2,517</u>
Sindh general sales tax payable	<u>435</u>	<u>403</u>
Investment of 3,821,824 certificates (June 30, 2012: 3,821,824)	<u>47,773</u>	<u>39,594</u>
<b>CDC - trustee of the Fund</b>		
Remuneration payable	<u>148</u>	<u>140</u>
CDS Charges payable	<u>3</u>	<u>8</u>
<b>MBL - shariah adviser of the Fund</b>		
Bank balance	<u>10,589</u>	<u>10,311</u>
Investment in 541,262 shares (June 30, 2012: 601,262 shares)	<u>14,884</u>	<u>17,388</u>
Investment of 16,134,468 certificates (June 30, 2012: 16,134,468 certificates)	<u>201,681</u>	<u>167,153</u>
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Investment of 11,057,791 certificates (June 30, 2012: 11,057,791 certificates)	<u>138,222</u>	<u>114,559</u>
<b>Directors and officers of the management company</b>		
Investment of 22,975 certificates (June 30, 2012: 22,975 certificates)	<u>287</u>	<u>238</u>
<b>For the Quarter ended September 30</b>		
	<u>2012</u>	<u>2011</u>
	(Rupees in '000)	
<b>AI Meezan - management company of the Fund</b>		
Remuneration for the quarter	<u>8,139</u>	<u>7,530</u>
Sindh general sales tax for the quarter	<u>1,302</u>	<u>1,205</u>
Dividend for the quarter	<u>-</u>	<u>6,688</u>
<b>CDC - trustee of the Fund</b>		
Remuneration for the quarter	<u>446</u>	<u>421</u>
Charges for the quarter	<u>26</u>	<u>27</u>
<b>MBL - shariah adviser of the Fund</b>		
Dividend for the quarter	<u>-</u>	<u>28,235</u>
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Dividend for the quarter	<u>-</u>	<u>19,351</u>
<b>Directors and officers</b>		
Dividend for the quarter	<u>-</u>	<u>58</u>

**8. NON ADJUSTING EVENT**

The Board of Directors in its meeting held on September 21, 2012 has announced a payout of 19% of par value (2011: 17.5%) amounting to Rs. 228 million (2011: Rs. 210 million). The financial statements for the quarter ended September 30, 2012 do not include the effect of this appropriation which will be accounted for in the financial statements for the half year ended December 31, 2012.

**9. DATE OF AUTHORISATION FOR ISSUE OF CONDENSED INTERIM INANCIAL STATEMENTS**

These condensed interim financial statements were authorised for issue on October 19, 2012 by the Board of Directors of the Management Company of the Fund.

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

**Chief Executive**

**Director**

## STATEMENT OF THE INCOME & EXPENDITURE OF THE MANAGEMENT COMPANY IN RELATION TO THE FUND. FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
<b>INCOME</b>		
Remuneration from Meezan Balanced Fund	<b>8,139</b>	7,530
Dividend income	-	6,688
	<b>8,139</b>	14,218
<b>OPERATING EXPENSES</b>		
Salaries and other benefits	<b>2,469</b>	1,087
Motor vehicle running expenses	<b>52</b>	47
Fees and subscription	<b>48</b>	55
Insurance expense	<b>39</b>	18
Printing and stationery	<b>12</b>	12
Communication	<b>51</b>	82
Depreciation	<b>127</b>	116
Travelling and conveyance	<b>8</b>	-
Entertainment	<b>7</b>	9
Legal and professional charges	<b>7</b>	18
Repair and maintenance	<b>4</b>	5
Office supplies	<b>17</b>	19
Training and development	<b>7</b>	3
Rent, rates and taxes	<b>124</b>	125
Utilities	<b>32</b>	21
Shariah advisory fee	<b>34</b>	35
Miscellaneous expenses	<b>6</b>	1
	<b>3,047</b>	1,653
<b>OPERATING PROFIT</b>	<b>5,092</b>	12,565

**Note:** The above expenses are allocated based on the average net assets of the respective funds managed by the Management Company. Other revenue and expense not relating to the fund have not been included in the above statement.



## **Quarterly Report September 30, 2012**



# FUND INFORMATION

## Board of Directors of The Pension Fund Manager

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Mazhar Sharif	Director
Syed Amir Ali	Director
Syed Amir Ali Zaidi	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

## CFO & Company Secretary of The Pension Fund Manager

Syed Owais Wasti

## Audit Committee

Mr. P. Ahmed	Chairman
Mr. Mazhar Sharif	Member
Syed Amir Ali	Member

## Human Resources & Remuneration Committee

Mr. Salman Sarwar Butt	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoaib, CFA	Member

## Trustee

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

## Auditors

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

## Shariah Adviser

Meezan Bank Limited

## Bankers To The Fund

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

## Legal Adviser

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

## Transfer Agent

Meezan Bank Limited  
SITE Branch  
Plot # B/9-C, Estate Avenue,  
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## Distributors

Al Meezan Investment Management Limited  
Meezan Bank Limited

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2012 (UNAUDITED)

	Note	Unaudited September 30, 2012				Audited June 30, 2012
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
----- (Rupees in '000) -----						
<b>Assets</b>						
Balances with banks	5	9,031	16,054	117,732	142,817	118,341
Investments	6	378,079	336,219	87,968	802,266	745,347
Dividend receivable		3,139	-	-	3,139	495
Profit receivable		633	11,768	3,422	15,823	12,290
Deposit with Central Depository Company (CDC) of Pakistan Limited		100	100	100	300	300
Receivable against sales of Investment		3,372	-	-	3,372	-
<b>Total assets</b>		<b>394,354</b>	<b>364,141</b>	<b>209,222</b>	<b>967,717</b>	<b>876,773</b>
<b>Liabilities</b>						
Payable against purchase of investments		-	-	-	-	5,134
Payable to Al Meezan Investment Management Limited (Al Meezan)- Pension Fund Manager	8	565	540	312	1,417	1,425
Payable to CDC - trustee of the Fund		47	44	26	117	88
Payable to auditors		85	85	85	255	185
Payable to Securities and Exchange Commission of Pakistan (SECP)		30	29	18	77	175
Payable on redemption of units		-	24	23	47	1,972
Accrued expenses and other liabilities	9	343	-	-	343	244
<b>Total liabilities</b>		<b>1,070</b>	<b>722</b>	<b>464</b>	<b>2,256</b>	<b>9,223</b>
<b>Contingencies</b>	7					
<b>Net assets</b>		<b>393,284</b>	<b>363,419</b>	<b>208,758</b>	<b>965,461</b>	<b>867,550</b>
<b>Participants' sub-funds (as per statement attached)</b>		<b>393,284</b>	<b>363,419</b>	<b>208,758</b>	<b>965,461</b>	<b>867,550</b>
<b>Number of units in issue</b>		<b>2,180,785</b>	<b>2,251,344</b>	<b>1,285,824</b>		
<b>Net assets value per unit (Rupees)</b>		<b>180.34</b>	<b>161.42</b>	<b>162.35</b>		

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012				September 30, 2011
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
<i>Note</i> -----(Rupees in '000)-----					
<b>Income</b>					
Profit on sukuk certificates	-	9,508	4,717	14,225	4,847
Profit on savings accounts with banks	341	260	1,181	1,782	2,646
Unrealised gain/(loss) on re-measurement of investments at fair value through profit or loss	33,260	-	-	33,260	(384)
Net realised gain on sale of investments	2,167	8	8	2,183	770
Dividend income	6,680	-	-	6,680	2,441
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed	2,924	446	(131)	3,239	(4)
<b>Total income</b>	<u>45,372</u>	<u>10,222</u>	<u>5,775</u>	<u>61,369</u>	<u>10,316</u>
<b>Expenses</b>					
Remuneration of Al Meezan-pension fund manager	1,349	1,301	799	3,449	1,606
Sales tax on management fee	218	208	128	554	241
Remuneration of CDC- trustee of the Fund	137	131	81	349	164
Annual fee of SECP	30	29	18	77	36
Auditors' remuneration	24	24	24	72	111
Securities' transaction cost	197	2	1	200	34
Custody and settlement charges	3	2	1	6	6
Bank charges	-	-	-	-	2
<b>Total expenses</b>	<u>1,958</u>	<u>1,697</u>	<u>1,052</u>	<u>4,707</u>	<u>2,200</u>
<b>Net income</b>	<u>43,414</u>	<u>8,525</u>	<u>4,723</u>	<u>56,662</u>	<u>8,116</u>
<b>Earnings per unit outstanding -basic (Rupees)</b>	10 <u>19.91</u>	<u>3.79</u>	<u>3.67</u>		

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

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

**Chief Executive**

**Director**



# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

## FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012				September 30, 2011
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	Note -----(Rupees in '000)-----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income	43,414	8,525	4,723	56,662	8,116
<b>Adjustments for :</b>					
Dividend income	(6,680)	-	-	(6,680)	(2,441)
Profit on sukuk certificates	-	(9,508)	(4,717)	(14,225)	(4,847)
Profit on savings accounts with banks	(341)	(260)	(1,181)	(1,782)	(2,646)
Profit on placements	-	-	-	-	-
Unrealised (gain) on re-measurement of investments at fair value through profit or loss	(33,260)	-	-	(33,260)	384
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(2,924)	(446)	131	(3,239)	4
	209	(1,689)	(1,044)	(2,524)	(1,430)
<b>(Increase) / decrease in assets</b>					
Receivable against sale of investments	(3,372)	-	-	(3,372)	-
Investments at fair value through profit or loss	(70,222)	(34,630)	81,193	(23,659)	12,731
	(73,594)	(34,630)	81,193	(30,403)	12,731
<b>(Decrease) / increase in liabilities</b>					
Payable against purchase of investments	(5,128)	(6)	-	(5,134)	-
Payable to Al Meezan- Pension Fund Manager	(72)	28	36	(8)	(193)
Payable to CDC- trustee of the Fund	13	11	5	29	6
Payable to SECP	(45)	(32)	(21)	(98)	(73)
Payable to auditors	23	23	24	70	113
Payable on redemption on units	-	24	23	47	-
Accrued expenses and other liabilities	(387)	(843)	(643)	(1,873)	31
	(5,596)	(795)	(576)	(6,967)	(116)
Dividend received	4,036	-	-	4,036	1,261
Profit received on savings accounts with banks	198	(1)	-	197	2,268
Profit received on sukuk certificates	-	4,003	8,274	12,277	5,315
Profit received on placements	-	-	-	-	-
<b>Net cash outflow/inflow from operating activities</b>	(74,747)	(33,112)	87,847	(23,384)	20,029
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts of contribution	29,998	24,175	11,060	65,233	17,302
Payment against withdrawal	(1,647)	(1,102)	(17,996)	(20,745)	(2,325)
<b>Net cash inflow from financing activities</b>	28,351	23,073	(6,936)	44,488	14,977
Net cash inflow during the period	(46,396)	(10,039)	80,911	24,476	35,006
Cash and cash equivalents at the beginning of the period	55,427	26,093	36,821	118,341	81,964
Cash and cash equivalents at the end of the period	5	9,031	16,054	117,732	142,817
					116,970

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012				September 30, 2011
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	------(Rupees in '000)-----				
Net assets at the beginning of the period	324,443	332,267	210,840	867,550	416,343
Amount received on issue of units (2012: Equity sub fund: 168,408 units; Debt sub fund: 150,453 units; Money market sub fund: 69,227 units) (2011: Equity sub fund: 69,859 units; Debt sub fund: 39,266 units; Money market sub fund: 13,459 units)	29,998	24,175	11,060	65,233	17,302
Amount paid on redemption of units (2012: Equity sub fund: 9,902 units; Debt sub fund: 6,906 units; Money market sub fund: 112,109 units) (2011: Equity sub fund: 11,117 units; Debt sub fund: 3,786 units; Money market sub fund: 851 units)	(1,647) 28,351	(1,102) 23,073	(17,996) (6,936)	(20,745) 44,488	(2,325) 14,977
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(2,924)	(446)	131	(3,239)	4
Net income for the period	43,414	8,525	4,723	56,662	8,116
Net assets at the end of the period	<u>393,284</u>	<u>363,419</u>	<u>208,758</u>	<u>965,461</u>	<u>439,440</u>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CONTRIBUTION TABLE (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

Contributions net of front end fee received during the year	September 30, 2012							September 30, 2011
	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund		Total (Rupees in '000)	
	Units	Rs in '000	Units	Rs in '000	Units	Rs in '000		
Individuals - issue of units	168,408	29,998	150,453	24,175	69,227	11,060	65,233	17,302
Total	<u>168,408</u>	<u>29,998</u>	<u>150,453</u>	<u>24,175</u>	<u>69,227</u>	<u>11,060</u>	<u>65,233</u>	<u>17,302</u>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM NUMBER OF UNITS IN ISSUE (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	-----Number of units-----		
Total units outstanding at the beginning of the period	2,022,279	2,107,797	1,328,706
Add: Units issued during the period	168,408	150,453	69,227
Less: Units redeemed during the period	(9,902)	(6,906)	(112,109)
Total units in issue at the end of the period	<u>2,180,785</u>	<u>2,251,344</u>	<u>1,285,824</u>

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

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

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

### 2. BASIS OF MEASUREMENT

The transactions undertaken by the Fund in accordance with the process prescribed under the shariah guidelines issued by the shariah adviser are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

### 3. STATEMENT OF COMPLIANCE

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

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



3.2 These condensed interim financial statements comprise of the condensed interim Balance Sheet as at September 30, 2012 and the condensed interim income statement, condensed interim statement of movement in participants' sub funds, condensed interim cash flow statement, condensed interim contribution table, condensed interim number of units in issue and notes thereto for the quarter ended September 30, 2012.

3.3 The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited financial statements of the Fund for the year ended June 30, 2012 whereas the comparative condensed interim income statement, condensed interim statement of movement in participants' sub fund, condensed interim cashflow statement, condensed interim contribution table and condensed interim number of units in issue have been extracted from the financial statements for the quarter ended September 30, 2011.

#### 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, 2012.

#### 5. BALANCES WITH BANKS

	September 30, 2012				June 30, 2012
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	(Rupees in '000)				
Current accounts	35	-	-	35	35
Savings accounts	8,996	16,054	117,732	142,782	118,306
	<u>9,031</u>	<u>16,054</u>	<u>117,732</u>	<u>142,817</u>	<u>118,341</u>

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

		September 30, 2012				June 30, 2012
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
		(Rupees in '000)				
Held for trading						
- shares of listed companies	6.1	378,079	-	-	378,079	274,597
- sukuk certificates	6.2	-	334,647	87,324	421,971	468,500
		378,079	334,647	87,324	800,050	743,097
Investments at 'fair value through profit or loss upon initial recognition'	6.3	-	1,572	644	2,216	2,250
		<u>378,079</u>	<u>336,219</u>	<u>87,968</u>	<u>802,266</u>	<u>745,347</u>

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

Name of the investee company	As at July 1, 2012	Purchases during the Quarter	Cost of purchase	Bonus / rights issue	Sales during the Quarter	As at September 30, 2012	Carrying value as at September 30, 2012	Market value as at September 30, 2012	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 6.1.3 below)	Percentage of paid-up capital of investee company
	Number of shares		Rs in '000		Number of shares			Rupees in '000			
<b>EQUITY SUB FUND</b>											
<b>Automobile and parts</b>											
Indus Motor Company Limited	25,655	-	-	-	-	25,655	6,288	6,542	254	1.66	0.33
Pak Suzuki Motor Company Limited	49,733	-	-	-	-	49,733	4,761	4,905	144	1.25	0.60
Agriauto Industries Limited	25,000	20,000	1,848	-	10,000	35,000	3,012	3,501	489	0.89	1.22
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	349,000	79,451	3,314	-	-	428,451	17,560	15,309	(2,251)	3.89	0.46
Fauji Fertilizer Company Limited	243,187	87,711	10,103	-	75,000	255,898	28,706	28,602	(104)	7.27	0.30
ICI Pakistan Limited	67,805	-	-	-	20,100	47,705	6,253	7,821	1,568	1.99	0.34
<b>Construction and materials</b>											
Akzonobel Pakistan Limited	34,096	-	-	-	-	34,096	4,469	3,059	(1,410)	0.78	0.04
Attock Cement Pakistan Limited	57,992	-	-	-	-	57,992	4,723	6,277	1,554	1.60	0.67
DG Khan Cement Company Limited	402,897	159,000	-	-	-	561,897	23,268	28,263	4,995	7.19	1.28
Lucky Cement Limited	131,995	69,811	8,933	-	-	201,806	24,164	26,868	2,704	6.83	0.62
<b>Electricity</b>											
The Hub Power Company Limited	617,575	140,170	6,052	-	-	757,745	31,922	35,523	3,601	9.03	0.65
<b>Automobile Assembler</b>											
Millat Tractor Company Limited	6,000	3,600	1,919	-	-	9,600	4,816	4,637	(179)	1.18	0.26
<b>Fixed line telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	399,700	419,000	8,201	-	40,000	778,700	13,125	15,099	1,974	3.84	0.21
<b>Food producers</b>											
Unilever Pakistan Limited (note 6.1.1)	526	-	-	-	-	526	3,723	5,102	1,379	1.30	0.04
Engro Foods Limited	82,000	150,000	10,407	-	-	232,000	15,691	16,249	558	4.13	0.31
<b>General industries</b>											
Packages Limited	100,851	17,500	1,761	-	4,000	114,351	11,416	13,400	1,984	3.41	1.36
Thal Limited (note 6.1.1)	53,769	-	-	-	5,000	48,769	4,535	6,346	1,811	1.61	0.79
Tri-Pack Films Limited	51,187	-	-	-	-	51,187	10,749	9,444	(1,305)	2.40	1.71
<b>Oil and gas</b>											
National Refinery Limited	9,655	-	-	-	9,655	-	-	-	-	-	-
Oil and Gas Development Company Limited	130,900	90,316	15,483	-	11,000	210,216	34,671	37,710	3,039	9.59	0.05
Pakistan Oilfields Limited	77,150	5,200	2,187	-	4,500	77,850	28,830	33,737	4,907	8.58	0.33
Pakistan Petroleum Limited	124,240	54,305	10,893	44,636	11,000	212,181	32,596	37,329	4,733	9.49	0.16
Pakistan State Oil Company Limited	64,300	20,428	5,055	16,245	12,500	88,473	17,600	19,216	1,616	4.89	0.52
Attock Petroleum	19,000	-	-	-	-	19,000	9,013	9,951	938	2.53	0.27
<b>Pharma and Bio Tech</b>											
Glaxo Smithkline Pakistan Limited	46,300	-	-	-	-	46,300	2,928	3,189	261	0.81	0.19
<b>Total</b>			<u>86,156</u>				<u>344,819</u>	<u>378,079</u>	<u>33,260</u>		

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

6.1.2 Net assets are as defined in rule 2(1)(m) of VPS Rules.

## 6.2 'Held-for-trading' - Sukuk Certificates

Name of the investee company	Maturity date	Profit rate per annum	As at July 01, 2012	Purchases during the period	Cost of purchase	Sales during the period	Redemptions /Mature during the Quarter	As at September 30, 2012	Carrying value as at September 30, 2012	Provision	Market value as at September 30, 2012	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 6.1.3)
			Number of certificates	Rupees in '000	Number of certificates	Rupees in '000	Number of certificates	Rupees in '000					
<b>Debt Sub Fund</b>													
GoP - Ijara sukuk (note 6.2.1)	September 17, 2012	11.82%	30	-	-	-	30	-	-	-	-	-	-
GoP - Ijara sukuk (note 6.2.1)	November 15, 2013	11.94%	580	-	-	-	-	580	58,000	-	58,000	-	15.96
GoP - Ijara sukuk (note 6.2.1)	December 20, 2013	11.94%	30	-	-	-	-	30	3,000	-	3,000	-	0.83
GoP - Ijara sukuk (note 6.2.1)	March 07, 2014	11.81%	50	-	-	-	-	50	5,000	-	5,000	-	1.38
GoP - Ijara sukuk (note 6.2.1)	May 16, 2014	11.94%	130	-	-	-	-	130	13,000	-	13,000	-	3.58
GoP - Ijara sukuk (note 6.2.1)	December 26, 2014	11.94%	540	-	-	-	-	540	54,000	-	54,000	-	14.86
GoP - Ijara sukuk (note 6.2.1)	March 02, 2015	11.81%	540	200	20,000	-	-	740	74,000	-	74,000	-	20.36
GoP - Ijara sukuk (note 6.2.1)	April 30, 2015	11.94%	600	-	-	-	-	600	60,000	-	60,000	-	16.51
GoP - Ijara sukuk (note 6.2.1)	June 28, 2015	11.94%	500	-	-	-	-	500	50,000	-	50,000	-	13.76
GoP - Ijara sukuk (note 6.2.1)	September 18, 2015	11.94%	-	176	17,647	-	-	176	17,647	-	17,647	-	4.86
			3,000	376	37,647	-	30	3,346	334,647	-	334,647	-	
<b>Money Market Sub Fund</b>													
GoP - Ijara sukuk (note 6.2.1)	November 15, 2013	11.94%	20	-	-	-	-	20	2,000	-	2,000	-	0.96
GoP - Ijara sukuk	March 07, 2014	11.81%	300	-	-	-	-	300	30,000	-	30,000	-	14.37
GoP - Ijara sukuk (note 6.2.1)	May 16, 2014	11.94%	20	-	-	-	-	20	2,000	-	2,000	-	0.96
GoP - Ijara sukuk (note 6.2.1)	September 17, 2012	11.82%	950	-	-	950	-	-	-	-	-	-	-
GoP - Ijara sukuk (note 6.2.1)	March 02, 2015	11.81%	130	50	5,000	-	-	180	18,000	-	18,000	-	4.95
GoP - Ijara sukuk (note 6.2.1)	April 30, 2015	11.94%	120	-	-	-	-	120	12,000	-	12,000	-	3.30
GoP - Ijara sukuk (note 6.2.1)	June 28, 2015	11.94%	145	-	-	-	-	145	14,500	-	14,500	-	3.99
GoP - Ijara sukuk (note 6.2.1)	September 18, 2015	11.94%	-	88	8,824	-	-	88	8,824	-	8,824	-	2.43
			1,685	138	13,824	950	-	873	87,324	-	87,324	-	

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

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

Name of the investee company	Maturity date	Profit rate per annum	As at July 1, 2012	Purchases during the Quarter	Cost of purchase	Sales during the Quarter	Redemptions during the Quarter	As at September 30, 2012	Carrying value as at September 30, 2012	Provision	Market value as at September 30, 2012	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 6.1.2)
			Number of certificates	Rupees in '000	Number of certificates	Rupees in '000							
<b>Debt Sub Fund</b>													
Eden Housing Limited (note 6.3.2)	September 29, 2014	6 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	928	-	928	-	0.26
Security Leasing Corporation Limited II (note 6.3.3)	January 19, 2022	-	195	-	-	-	5	190	644	-	644	-	0.18
			695	-	-	-	5	690	1,572	-	1,572	-	
<b>Money Market Sub Fund</b>													
Security Leasing Corporation Limited II (note 6.3.3)	January 19, 2022	-	195	-	-	-	5	190	644	-	644	-	0.31
			195	-	-	-	5	190	644	-	644	-	

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

6.3.2 The principal buy out reduces the face value per certificate instead of number of certificates. The face value of the sukuk certificates is Rs. 2,438 each.

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



## 7. CONTINGENCIES

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all pension funds under Voluntary Pension system (VPS) Rules, 2005 whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain VPS through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the VPS, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

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. No such notice was received by the Fund. 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. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds.

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.

During the current year, the Honourable Lahore High Court (LHC) in a similar Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Pension Fund Manager is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Pension Fund Manager believes that the Fund is not liable to contribute to WWF. The aggregate unrecognised amount of WWF as at September 30, 2012 amounted to Rs.5.58 million (June 30, 2012: Rs.4.218 million).

## 8. PAYABLE TO ALMEEZAN

This includes amount payable to AL Meezan Amounting Rs. 187,000 (Equity sub fund Rs. 76,000 Debt sub fund Rs. 70,000 and Money Market sub fund Rs. 41,000) against sales tax on management fee levied through Sindh Sales Tax on Services Act 2011.

## 9. ACCRUED EXPENSES AND OTHER LIABILITIES

	September 30, 2012			June 30, 2012	
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund		Total
	------(Rupees in '000)-----				
Charity payable	343	-	-	343	244
	<u>343</u>	<u>-</u>	<u>-</u>	<u>343</u>	<u>244</u>

## 10. EARNINGS PER UNIT OUTSTANDING - BASIC

	September 30, 2012			September 30, 2011		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	----- (Rupees in '000) -----					
Net income for the period	43,414	8,525	4,723	2,051	3,467	2,598
	----- (Number of units) -----					
Units outstanding	2,180,785	2,251,344	1,285,824	1,362,730	1,034,986	665,071
	----- (Rupees) -----					
Earnings per unit outstanding - basic (Rupees)	19.91	3.79	3.67	1.51	3.35	3.91

## 11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

Details of transactions with connected persons and balances with them as of September 30, 2012 and for the quarter then ended are as follows:

	September 30, 2012				June 30, 2012
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	----- (Rupees in '000) -----				

### Investment by:

#### Al Meezan -pension fund manager

(Equity sub fund: 260,077 units; debt sub fund:

402,414 units; money market sub fund: 500,000 units)

46,902	64,959	81,177	193,038	184,501
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#### Directors and executives of the Pension Fund Manager

As at September 30, 2012

(Equity sub fund: 333,708 units;  
debt sub fund: 160,021 units,  
money market sub fund: 32,961 units)

(June 30, 2012: Equity sub fund: 328,631 units;

debt sub fund: 158,645 units Money  
market sub fund: 32,961 units)

60,181	25,831	5,351	91,364	82,961
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Units issued during the period

(Equity sub fund: 5,076 units;  
debt sub fund: 1,376 units,  
money market sub fund: nil units)

880	220	-	1,100	77
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September 30, 2012				September 30, 2011
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	

------(Rupees in '000)-----

**Al Meezan - pension fund manager**

**Remuneration**

Remuneration payable at the beginning of the period	580	457	241	1,278	1,034
Remuneration for the period	1,349	1,301	799	3,449	1,606
	1,929	1,758	1,040	4,727	2,640
Amount paid during the period	(1,440)	(1,288)	(769)	(3,497)	(1,869)
Balance at the end of the period	489	470	271	1,230	771

**Sales Tax on management fee**

Sales tax payable at the beginning of the period	57	55	35	147	-
Sales tax for the period	218	208	128	554	241
	275	263	163	701	241
Amount paid during the period	(142)	(138)	(87)	(367)	(171)
Balance at the end of the period	76	70	41	187	70
Total payable at the end of the period	565	540	312	1,417	841

**MBL**

Bank balance	146	4,727	3,647	8,520	621
Profit on savings accounts	3	3	5	11	16

**CDC - trustee of the Fund**

Balance at the beginning of the period	34	33	21	88	47
Remuneration for the period	137	131	81	349	164
CDS charges for the period	3	2	2	7	6
	174	166	104	444	217
Amount paid during the period	(127)	(122)	(78)	(327)	(164)
Balance at the end of the period	47	44	26	117	53

**12 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised on October 19, 2012 by the board of directors of the Pension Fund Manager.

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

**Chief Executive**

**Director**