

Half Yearly Report December 31, 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

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 half year ended December 31, 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 first half of FY13 saw a mixed bag on Pakistan's macroeconomic landscape with reforms agenda generally remaining on the backburner in the run up to the elections. However favorable global economic conditions kept oil prices stable, improved geopolitical relations with US saw inflows worth US\$1.1 billion under Coalition Support Fund (CSF) and US\$248 million under Kerry Lugar Bill in beginning of FY13, followed by another CSF tranche (US\$688 million) received in the last week of December 2012. Moreover, remittances continued to grow and for the period of July - December 2012 clocked in at US\$7.1 billion, registering an increase of 13% YoY. This is expected to keep the current account outlook manageable, with US\$250 million surplus recorded in 1HFY13 vs. US\$2.4 billion deficit reported in the same period last year.

On the external front, despite growth in remittances, pressure came from financial account which posted a deficit of US\$439 million as against a surplus of US\$243 million last year. This was mainly due to higher debt repayments to IMF which amounted to US\$1.15 billion. Resultantly, Pakistan's forex reserves, which stood at US\$15.2 billion on June 30, 2012, came down to US\$13.8 billion as on December 31, 2012. These payments also exerted pressure on the currency as Pak Rupee depreciated by 2.7% in the first half of fiscal year. The total stock of local borrowings for budgetary support has crossed the level of Rs 4.4 trillion at the end of December 2012 compared to Rs 3.8 trillion as on June 30, 2012, showing an increase of Rs 0.60 trillion during the period. The federal and provincial governments' borrowing from SBP has registered a massive decline, while an increase has been witnessed in the borrowing from the scheduled banks. Overall, the total debt to GDP ratio as on December 31, 2012 stood at 62%.

On a positive note, CPI receded to a 5-year low to 6.93% in the month of November that was driven by a combination of various factors: (1) softer food inflation (2) sharp cut in gas tariff in July and CNG prices in October and (3) relatively sticky house rent index due to revised calculation under new base year. As a result, inflation averaged at 8.33% for the first half FY13 against 10.89% in the same period last year. Following improvement in external account and inflation receding to single-digits, the State Bank of Pakistan slashed the discount rate by a cumulative 250 bps in three consecutive Monetary Policy Statements of August, October and December 2012 by 150, 50 and 50 bps respectively, bringing it down to a single digit at 9.5%.



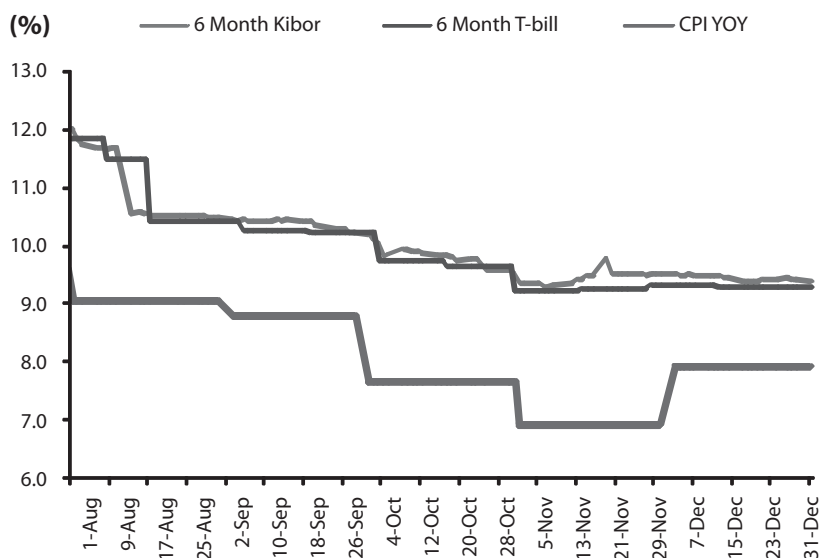
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Money Market

The first half of fiscal year 2013 turned out to be quite eventful on money market front. The money market remained quite illiquid, to ease out which SBP conducted thirty two OMOs amounting to Rs. 11.7 trillion in the first six months of fiscal year 2013. During the period, twelve T-bill auctions, six PIB auctions and one Ijarah auction were also held. Cumulatively, the government accepted Rs. 3.2 trillion against a participation of Rs. 4.9 trillion in T-bills, Rs. 169 billion against a participation of Rs. 380 billion in PIBs and Rs. 60.9 billion were accepted against a participation of Rs. 127.8 billion in the latest Ijarah auction.

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 250 bps. As a result, the cutoff rates of six month T-Bill and ten year PIBs declined by 264-bps and 196bps respectively to close at 9.30% and 11.42% in the first half FY13. Alongside, the six months KIBOR also declined by 268bps to close at 9.38%

A graphical representation of the falling inflation numbers and the resultant monetary softening on other important interest rates is as follows:



Equity Review

The Karachi Stock Exchange responded positively to the improvements in corporate profitability as the KSE 100 index rose by 22.5% during first half of fiscal year 2013 to close at the level of 16,905. 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 in at US\$153 million for the half year. During the period, despite increased noise on the political façade owing to elections, improved fiscal management following coalition support fund, declining interest rate and falling inflation to single digit were the key factors which led the KSE 100 index to reach 17,000 psychological resistance levels. However towards the end of half year, the market reverted back slightly and closed at 16,905 points level.

In addition to the overall improvement in macros, the market responded positively to the corporate results specially Oil & Gas and cement sectors. In terms of sector performance, the Index was propelled by strong gains across Telecom, Cements, Textiles, Food Producers and heavyweight Oil and Gas companies. Stable cotton prices, increased yarn demand from China and lower interest rates were the key positives also going in the favor of market. Among the laggards, Chemical sector severely underperformed the market mainly due to issues faced by the fertilizer sector. For banking sector as well, first half was a dismal period as the sector was overwhelmed by significant policy rate easing which resulted in a decline on asset returns, while the decision of SBP to maintain the minimum deposit rate added fuel to the fire,

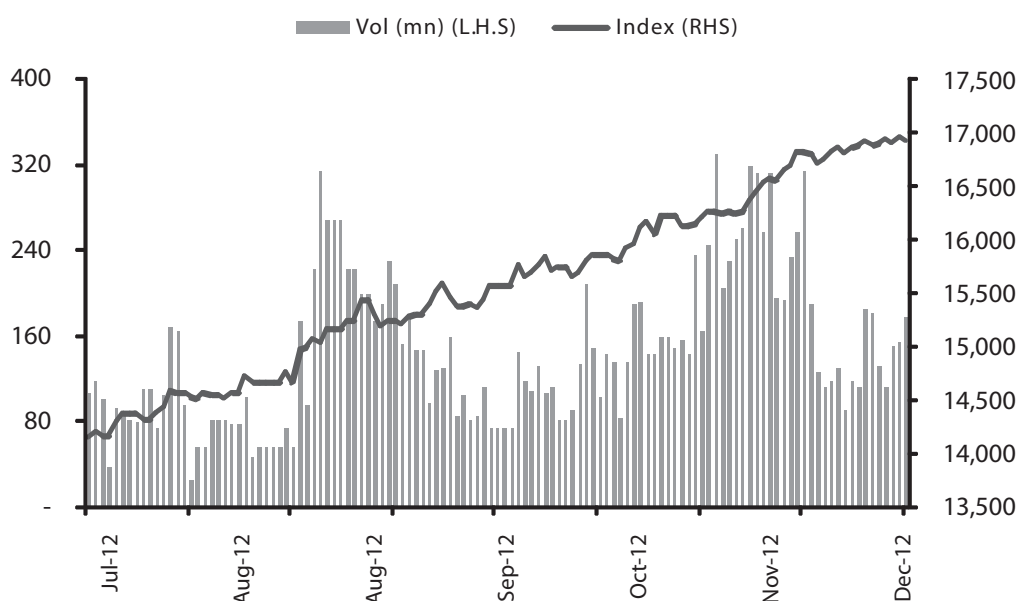
resulting in the compression of net interest margins. While high yielding and leveraged stocks performed well in response to the 250bps cut in discount rate to 9.5%, other policy matters that played a role in driving the market were 1) international Clearing House (ICH) formation and revocation (higher termination rates for long distance international (LDI) operators); 2) gas supply to fertilizer sector and fertilizer import policy; 3) Oil & Gas sector policy finalization, though the impact of the same would be seen with a lag; 4) auto sector (used car imports) and 5) active foreign participation which lifted the investor sentiment and boosted the market.

On the domestic political front despite the heightened volatility amid increased noise on the political facade owing to elections, the news flow remained mixed. The matters appeared to be cooling off towards the end of the half year as the government and the courts agreed on a framework and the same helped address market jitters related to the situation.

Volumes, Liquidity and Foreign activity

The volumes at KSE also remained better, taking average daily shares volume to 173mn shares in first half of FY13, up 119.2% as compared to corresponding period last year.

The impressive performance resulted in a revival of foreign interest where the KSE saw net inflows of US\$153 million in 1HFY13 vs a US\$32 million outflow in the preceding six months. In this half, banks were net buyers to the tune of US\$38 million, while companies, mutual funds, and individuals remained net sellers of US\$ 66 million, US\$ 46 million and US\$ 26 million respectively.



Mutual Fund Industry Review

During the first half of fiscal year 2013, Assets under Management (AUM) of the mutual fund industry witnessed a decline of 12.3% to Rs. 335 billion. Islamic funds on the other hand grew by 13.2% during the period under review to Rs 59 billion, thus bringing the contribution of Islamic funds to 17.7% in the total mutual fund industry.



In terms of net assets, open end sovereign, money market and income funds collectively showed a decline of 18.6% during the first half of FY13, reaching Rs 230 billion at period end. Islamic funds in the above mentioned categories increased by 10.0% during the period under review. Open end Equity funds depicted a mixed picture where the equity based funds (including capital protected, index tracker, and asset allocation) increased by 5.3% to reach Rs 74 billion as on December 31, 2012 compared to Rs 70 billion as at June 30, 2012. Islamic equity based funds, on the other hand, showed a significant growth of 26.45% in the period under review and stood at Rs. 13.6 billion. Similarly, the size of Pension funds also reached Rs 3.4 billion as at December end, up 25.2% from June 2012. Islamic Pension Funds also witnessed a growth of 29.3% in the period under review to clock in at Rs 2.1 billion as on December 31, 2012.

The decline in the mutual fund industry in general, and in 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 a steep 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. Al Meezan itself is looking forward to cater to the diversified investment requirements of investors through its upcoming product, Meezan Financial Planning Fund of Funds. This fund is designed with three allocation plans to allow all investors whether they prefer an aggressive, moderate, or conservative approach to invest through the fund.

Performance Review

Name of Fund	Type	Net Assets as on Dec 31, 2012 (Rs. millions)	Growth in Net Assets for 1HFY13	Return for 1HFY13
Meezan Islamic Fund (MIF)	Open-End Equity	7,253	35.7%	20.0%
Al Meezan Mutual Fund (AMMF)	Open-End Equity	1,804	7.3%	20.0%
KSE Meezan Index Fund (KMIF)	Open-End Index Tracker	300	3.7%	21.3%
Meezan Islamic Income Fund (MIIF)	Open-End Income	1,549	28.1%	17.5%
Meezan Sovereign Fund (MSF)	Open-End Income	20,082	1.9%	10.2%
Meezan Cash Fund (MCF)	Open-End Money Market	6,902	-7.0%	9.7%
Meezan Capital Protected Fund - II (MCPF-II)	Open-End Capital Protected	475	7.2%	7.6%
Meezan Balanced Fund (MBF)	Closed-End Balanced	1,508	-1.8%*	13.8%
Meezan Tahaffuz Pension Fund (MTPF)	Voluntary Pension Scheme			
- Equity sub fund		432	33.0%	21.5%
- Debt sub fund		450	35.5%	4.6%
- Money market sub fund		255	21.1%	4.3%
Total		41,010		

*MBF paid cash dividend of 19% during the period

Meezan Islamic Fund

During the first six months of FY13, Meezan Islamic Fund provided a return of 19.8% while the benchmark index KMI-30 appreciated by 22.5%. During the period under review, net assets of the fund increased by 35.7% to stand at Rs 7.3 billion. As of period end, the fund was 93% invested in equities with major exposure in oil & gas, construction and material and chemical sectors.

AI Meezan Mutual Fund

During the first six months of FY13, the fund provided a return of 19.7% while the benchmark index KMI-30 appreciated by 22.5%. During the period under review, net assets of the fund increased by 7.4% to reach Rs 1.8 billion on December 31, 2012. As of period end, the fund was 94% invested in equities with major exposure in oil & gas, construction and material and chemical sectors.

Meezan Islamic Income Fund

During the first six months of FY13, Meezan Islamic Income Fund provided an annualized return of 17.5% as compared to benchmark return of 6.3%. The return was higher because Maple Leaf company started to repay some portion of principal as well as coupon of its Sukuk. The net assets of the fund increased by 28.2% in the first half of FY13 to stand at Rs 1.5 billion. As of period end, the fund was invested 28% in Islamic Corporate Sukuk, 25% in GoP Ijarah Sukuks, 13% in Islamic commercial papers and 34% in Islamic banks.

Meezan Sovereign Fund

During the first six months of FY13, Meezan Sovereign Fund provided an annualized return of 10.2% as compared to benchmark return of 7.4%. During the period under review, net assets of the fund increased by 1.9% to stand at Rs 20.1 billion. As of the period end, the fund was invested 68% in Ijarah Sukuk and 31% in AA and above rated banks.

Meezan Cash Fund

During the first six months of FY13, Meezan Cash Fund provided an annualized return of 9.7% as compared to benchmark return of 8.0%. During the period under review, net assets of the fund decreased by 7.1% to stand at Rs 6.9 billion on December 31, 2012. As of the period end, the fund was invested 28% in Islamic TDR, 8% in Islamic commercial paper and 63% in AA and above rated banks.

KSE Meezan Index Fund

The fund was launched on May 23, 2012. During the first six months of FY13, KSE Meezan Index Fund provided a return of 21.3% while the benchmark index KMI-30 appreciated by 22.5%. During the period under review, net assets of the fund increased by 3.7% to stand at Rs 300 million.

Meezan Tahaffuz Pension Fund

During the first six months of FY 13, Meezan Tahaffuz Pension Fund (MTPF) became the first voluntary pension fund to cross the Rs. 1 billion milestone. The fund 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 269 million (increase of 31%) and stand at Rs 1,137 million as on December 31, 2012. It is the largest voluntary pension fund in Pakistan with a market share of 32.7% as of December 31, 2012. Performance review of each sub fund for the six months ended December 31, 2012 is given here under:

Equity Sub Fund

During the first six months of FY13, Equity Sub Fund provided a return of 21.5%. The net assets of the sub fund increased by 33.4% to stand at Rs 432 million on December 31, 2012. As of period end, the fund was 98% invested in equities with major exposure in oil & gas, construction and material and chemical sectors.



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Debt Sub Fund

During the first six months of FY13, Debt Sub Fund provided an annualized return of 9.4%. During the period under review, net assets of the sub fund increased by 35.5% to stand at Rs 450 million. As of period end, the fund was 74.3% invested in GoP Ijarah Sukuks, 0.3% in corporate sukuks and 25.4% in cash and cash equivalents.

Money Market Sub Fund

During the first six months of FY13, Money Market Sub Fund provided an annualized return of 8.8%. During the period under review, net assets of the sub fund increased by 21.2% to stand at Rs 255 million. As of period end, the fund was 38% invested in GoP Ijarah Sukuks, 0.24% in corporate sukuks and 62% in cash and cash equivalents.

Meezan Balanced Fund

Meezan Balanced Fund (MBF) is a closed end 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 six months of FY13, Meezan Balanced Fund provided a cumulative return of 13.8% against the benchmark return of 12.8%.

During the period under review, net assets of the fund decreased by 1.76% to stand at Rs 1.5 billion on December 31, 2012. As of period end, the fund was 57% invested in equities, 22% in Government Ijarah Sukuks, 18% in corporate sukuks and 3% in cash. The fund has announced 19% cash dividend for the year ended June 30, 2012.

In accordance with Regulation 65 of the Non Banking Finance Companies & Notified Entities Regulations, 2008 as amended vide SECP's SRO 1492(1)/2012 dated December 26, 2012, the Board of Directors have resolved to hold the meeting of the Certificate Holders on January 31, 2013. The meeting is being held to seek approval of the Certificate holders to either convert the Closed End Scheme into an open End Scheme or revoke it, by a resolution to be passed by the Certificate Holders by a simple majority (more than fifty percent in value).

Further, the Board subject to the approval of the Securities and Exchange Commission of Pakistan has also decided to apply Back End Load subsequent to the conversion of the Fund from a closed end scheme to an open end scheme on units issued in lieu of existing certificate of MBF. The Back End Load will be 10% of the net asset value of the units for the first six months after conversion and 5% after six months but within one year of conversion which will become part of the Deposited Property. There will be no load after one year of the conversion of the Fund. The back end load has been proposed to avoid abrupt redemption of units as such redemption after conversion would be detrimental to the interest of the remaining unit holders.

Meezan Capital Protected Fund- II

Meezan Capital Protected Fund -II is a listed open end fund, investing primarily in GoP Ijarah Sukuks, to ensure capital protection and Shariah compliant listed equities to attain capital growth. The fund was launched on July 5, 2011. During the first six months of FY13, the fund provided a return of 7.6%.

During the period under review, net assets of the fund increased by 7% to stand at Rs 475 million on December 31, 2012. As of period end, the fund was 22% invested in equities, 70% in GoP Ijarah Sukuks and 6% in cash and cash equivalents.

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 as well in its post-program meetings with the government authorities, shall continue to pose a challenge to the overall macroeconomic environment.



Going forward, we believe that free and fair elections will bring fresh hopes for a positive change in the country. We believe that the new government will focus more on infusing economic growth, improving transparency and administrative efficiencies. Resultantly the stock market is also expected to rise on the back of positive economic outlook, stable government focusing on good governance and attractive valuations of fundamentally strong scrips.

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: January 21, 2013
Karachi.**

**Mohammad Shoaib, CFA
Chief Executive**



Half Yearly Report December 31, 2012



FUND INFORMATION

MANAGEMENT COMPANY

Al Meezan Investment Management Limited
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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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
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Fax: (92-21) 34326020 - 23
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Email: info@cdcpak.com



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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ISLAMIC FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2012 in accordance with the provisions of the following:

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


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

Karachi, February 11, 2013



CENTRAL
DEPOSITORY
COMPANY



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

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Report on review of Condensed Interim Financial Information to the Unitholders'

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Islamic Fund** ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes there to for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to note 6 to the accompanying condensed interim financial information which refers to an uncertainty relating to the future outcome of the litigation regarding contribution to the Workers' Welfare Fund which is currently pending adjudication at the Honorable High Court of Sindh.

Our conclusion is not modified in respect of the aforementioned matter.

Other Matters

The figures for the quarter ended 31 December 2011 and 31 December 2012 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

The condensed interim financial information of the Fund for the six months ended 31 December 2011 and financial statements for the year ended 30 June 2012 were reviewed and audited by another firm of Chartered Accountants whose reports dated 24 February 2012 and 19 October 2012 expressed an unmodified conclusion and opinion thereon respectively.

Date: 21 January 2013

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Najmul Hussain

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2012 (Unaudited)

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
(Rupees in '000)			
Assets			
Balances with banks		520,979	185,660
Investments	5	6,742,841	5,163,955
Receivable against sale of investments		6,658	2,307
Dividend receivable		7,104	10,212
Deposits, prepayments and other receivables		14,217	12,646
Total assets		7,291,799	5,374,780
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company of the Fund		18,211	15,155
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		673	612
Payable to Meezan Bank Limited (MBL)		-	67
Payable to Securities and Exchange Commission of Pakistan (SECP)		2,946	4,599
Payable on redemption of units		6,060	2,128
Accrued expenses and other liabilities		10,721	9,060
Total liabilities		38,611	31,621
Net assets		7,253,188	5,343,159
Contingency	6		
Unitholders' funds (as per statement attached)		7,253,188	5,343,159
Number of units			
Number of units in issue		146,224,058	107,597,536
Rupees			
Net assets value per unit (Rupees)		49.60	49.66

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



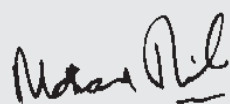
Mazhar Sharif
Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
----- (Rupees in '000) -----				
Income				
Net realised gain on sale of investments	171,149	23,644	141,900	15,627
Dividend income - Net of charity	242,123	168,571	109,970	78,663
Profit on savings accounts with banks	10,709	22,363	5,411	8,348
Other income	3,816	1,548	2,746	917
	<u>427,797</u>	<u>216,126</u>	<u>260,027</u>	<u>103,555</u>
Unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss' (net)	747,529	(54,384)	260,755	(55,528)
Impairment loss on 'available for sale' investments	(29,825)	(87,089)	(29,825)	(87,089)
Total income	<u>1,145,501</u>	<u>74,653</u>	<u>490,957</u>	<u>(39,062)</u>
Expenses				
Remuneration to Al Meezan - Management Company of the Fund	62,015	45,861	32,763	23,199
Sindh Sales Tax on management fee	9,922	7,338	5,242	3,712
Remuneration to CDC - trustee of the Fund	3,605	2,797	1,890	1,412
Annual fee to SECP	2,946	2,178	1,557	1,102
Auditors' remuneration	374	393	210	172
Fees and subscription	20	20	10	10
Legal and professional charges	93	93	46	49
Brokerage	3,199	557	2,080	273
Bank and settlement charges	901	298	722	182
Printing charges	353	359	177	174
Total expenses	<u>83,428</u>	<u>59,894</u>	<u>44,697</u>	<u>30,285</u>
Net income / (loss) from operating activities	<u>1,062,073</u>	<u>14,759</u>	<u>446,260</u>	<u>(69,347)</u>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	112,694	821	99,882	1,874
Net income / (loss) for the period	<u>1,174,767</u>	<u>15,580</u>	<u>546,142</u>	<u>(67,473)</u>
Other comprehensive income for the period				
Unrealised gain / (loss) on available for sale investments (net of impairment)	19,099	(201,343)	(25,723)	(224,996)
Element of income and capital gains included in prices of units sold less those in units redeemed pertaining to available for sale' investment (net)	4,319	3,308	2,939	1,673
Total comprehensive income / (loss) for the period	<u>1,198,185</u>	<u>(182,455)</u>	<u>523,358</u>	<u>(290,796)</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)




Mazhar Sharif
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)


	Six Months period ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
Accumulated income / (loss) brought forward	49,468	(95,409)	(208,207)	(882,789)
Less : Final distribution in the form of bonus units @ 16.5% for the year ended June 30, 2012 (June 30, 2011 @ 20%)	(886,753)	(871,260)	-	-
Less : Final distribution in the form of cash dividend @16.5% for the year ended June 30, 2012 (June 30, 2011 @ 20%)	(927)	(808)	-	-
Net income / (loss) for the period	1,174,767	15,580	546,142	(67,473)
Element of income and capital gains included in prices of units sold less those in units redeemed pertaining to 'available for sale' investment	4,319	3,308	2,939	1,673
Undistributed income / (loss) carried forward	<u>340,874</u>	<u>(948,589)</u>	<u>340,874</u>	<u>(948,589)</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)




Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
----- (Rupees in '000) -----				
Net assets at the beginning of the period	5,343,159	4,497,085	6,158,751	4,565,394
Issue of 31,445,677 units (2011: 9,407,978 units) and 22,078,416 units (2011: 5,003,365 units) for six months and quarter respectively	1,492,612	394,719	1,071,323	211,113
Redemption of 14,233,131 (2011: 8,626,140 units) and 8,287,599 units (2011: 3,277,965 units) for six months and quarter respectively	(662,828)	(358,088)	(397,423)	(135,840)
	829,784	36,631	673,900	75,273
Element of income and capital gains included in prices of units issued less those in units redeemed (net):				
- transferred to income statement	(112,694)	(821)	(99,882)	(1,874)
- transferred to other comprehensive income	(4,319)	(3,308)	(2,939)	(1,673)
	(117,013)	(4,129)	(102,821)	(3,547)
Total comprehensive income / (loss) for the period	1,198,185	(1,054,523)	523,358	(290,796)
Cash distribution during the period	(927)	-	-	-
Issue of bonus units during the period	(886,753)	-	-	-
Total comprehensive income / (loss) for the period less distribution	310,505	(1,054,523)	523,358	(290,796)
Issue of 21,413,976 bonus units for the year ended June 30, 2012 (2011: 20,958,864 bonus units)	886,753	871,260	-	-
Net assets at the end of the period	<u>7,253,188</u>	<u>4,346,324</u>	<u>7,253,188</u>	<u>4,346,324</u>
Net asset value per unit at the beginning of the period - Rupees	<u>49.66</u>	51.57	<u>46.50</u>	42.58
Net asset value per unit at the end of the period - Rupees	<u>49.60</u>	39.89	<u>49.60</u>	39.89

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For AI Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	1,174,767	15,580	546,142	(67,473)
Adjustments for:				
Dividend income	(246,649)	(171,057)	(111,622)	(80,398)
Charity Expense	4,526	2,486	1,652	1,735
Profit on savings accounts with banks	(10,709)	(22,363)	(5,411)	(8,348)
Unrealised (gain) / loss on re-measurement of 'investments at fair value through profit or loss' (net)	(747,529)	54,384	(260,755)	55,528
Element of income and capital gains included in prices of units issued less those in units redeemed	(112,694)	(821)	(99,882)	(1,874)
Impairment loss on 'available for sale' investments	29,825	87,089	29,825	87,089
	<u>91,537</u>	<u>(34,702)</u>	<u>99,949</u>	<u>(13,741)</u>
Increase in assets				
Investments at 'fair value through profit or loss'	(842,083)	(551,957)	(684,111)	(482,655)
Receivable against sale of investments	(4,351)	-	(6,658)	20,075
Deposits, prepayments and other receivables	(29,858)	(110)	10	(31,817)
	<u>(876,292)</u>	<u>(552,067)</u>	<u>(690,759)</u>	<u>(494,397)</u>
Increase / (decrease) in liabilities				
Payable to Al Meezan - management company of the Fund	3,056	1,342	(1,861)	199
Payable to CDC - trustee of the Fund	61	10	75	12
Payable to MBL	(67)	(352)	(121)	(352)
Payable to SECP	(1,653)	(1,885)	1,557	1,102
Payable on redemption of units	3,932	-	4,429	-
Payable against purchase of investments	-	(50,595)	(2,129)	3,941
Accrued expenses and other liabilities	4,761	2,787	(495)	1,838
	<u>10,090</u>	<u>(48,693)</u>	<u>1,455</u>	<u>6,740</u>
Dividend received	245,231	186,942	194,036	116,254
Charity Paid	(3,100)	(4,340)	-	(4,340)
Profit received on savings accounts with banks	38,996	42,181	1,975	35,691
Net cash outflow from operating activities	<u>(493,538)</u>	<u>(410,679)</u>	<u>(393,344)</u>	<u>(353,793)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issuance of units	1,492,612	394,718	1,071,323	211,112
Dividend paid	(927)	(808)	-	-
Payments against redemption of units	(662,828)	(362,803)	(397,423)	(142,842)
Net cash inflow from financing activities	<u>828,857</u>	<u>31,107</u>	<u>673,900</u>	<u>68,270</u>
Net cash inflow / (outflow) during the period	<u>335,319</u>	<u>(379,572)</u>	<u>280,556</u>	<u>(285,523)</u>
Cash and cash equivalents at the beginning of the period	<u>185,660</u>	<u>589,166</u>	<u>240,423</u>	<u>495,117</u>
Cash and cash equivalents at the end of the period	<u><u>520,979</u></u>	<u><u>209,594</u></u>	<u><u>520,979</u></u>	<u><u>209,594</u></u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2012 (Unaudited)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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), and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008). The registered office of the management company of the Fund, is situated in Finance & Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2 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 Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 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.
- 1.4 The management company of the Fund has been given quality rating of AM2 by JCR-VIS Credit Rating Company Limited. The Fund is ranked at 'MFR 3-Star' performance ranking 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 Advisor 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

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012.

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information and the significant judgments 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.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2012.

	Note	(Unaudited) December 31, 2012 (Rupees in '000)	(Audited) June 30, 2012
5. INVESTMENTS			
Investments at 'fair value through profit and loss'	5.1	6,173,234	4,302,165
Investments- 'available for sale'	5.2.1	569,607	861,790
		<u>6,742,841</u>	<u>5,163,955</u>
5.1 Investments at 'fair value through profit or loss'			
- Held for trading	5.1.1	5,963,576	3,992,711
- Investments at 'fair value through profit or loss' upon initial recognition'	5.1.5	209,658	309,454
		<u>6,173,234</u>	<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 December 31, 2012	Carrying value	Market value	Unrealised gain / (loss)	Percentage in relation to		
									Net assets of the Fund on the basis of market value (note 5.1.4)	Total market value of investments	Paid-up capital of investee company (with face value of investment)
-----Number of shares-----						----Rupees in '000----					
Automobile and Parts											
Agriauto Industries Limited (note 5.1.2)	609,200	20,000	-	20,000	609,200	49,566	48,827	(739)	0.67	0.72	2.12
Indus Motor Company Limited	405,944	-	-	-	405,944	99,489	109,605	10,116	1.51	1.63	0.52
Pak Suzuki Motor Company Limited	71,822	-	-	30,000	41,822	4,004	3,665	(339)	0.05	0.05	0.05
Chemicals											
Fauji Fertilizer Bin Qasim Limited	2,900,000	2,263,000	-	1,564,000	3,599,000	142,225	138,885	(3,340)	1.91	2.06	0.39
Fauji Fertilizer Company Limited	4,620,000	1,735,100	-	766,900	5,588,200	627,229	654,602	27,373	9.03	9.71	0.44
ICI Pakistan Limited	-	38,000	-	25,000	13,000	2,158	2,261	103	0.03	0.03	0.01
Construction and Materials											
Attock Cement Pakistan Limited	594	-	89	-	683	48	68	20	-	-	-
DG Khan Cement Company Limited	4,415,634	4,035,000	-	434,412	8,016,222	358,590	437,525	78,935	6.03	6.49	1.83
Lucky Cement Limited	2,533,841	605,000	-	63,300	3,075,541	363,758	466,067	102,309	6.43	6.91	0.95
General Industries											
Packages Limited	1,400,000	369,500	-	75,000	1,694,500	184,291	256,141	71,850	3.53	3.80	2.01
Thal Limited (note 5.1.2)	343,352	-	28,761	199,738	172,375	14,574	18,422	3,848	0.25	0.27	0.21
Tri-pack Films Limited	729,300	-	-	350,000	379,300	79,649	72,826	(6,823)	1.00	1.08	1.26
Pharma & Bio Tech											
Glaxo Smithkline Pakistan Limited	-	48,500	-	48,500	-	-	-	-	-	-	-
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited "A"	9,850,000	6,100,000	-	2,867,963	13,082,037	212,913	226,973	14,060	3.13	3.37	0.35
Engineering											
Millat Tractors Limited	-	79,600	-	-	79,600	44,292	44,939	647	0.62	0.67	-
Oil and gas											
Attock Refinery Limited	-	413,500	-	215,000	198,500	32,459	33,265	806	0.46	0.49	0.08
Pakistan Oilfields Limited	1,305,859	402,500	-	36,000	1,672,359	637,824	731,724	93,900	10.09	10.85	0.71
Pakistan Petroleum Limited	2,472,000	621,400	722,700	680,625	3,135,475	484,777	554,321	69,544	7.64	8.22	0.19
Pakistan State Oil Company Limited	684,295	178,900	130,119	42,500	950,814	191,302	220,789	29,487	3.04	3.27	0.46
National Refinery Limited	55,305	-	-	53,800	1,505	348	319	(29)	-	-	-
Oil and Gas Development Company Limited (note 5.1.3)	3,430,000	852,200	-	75,000	4,207,200	697,630	810,349	112,719	11.17	12.02	0.10
Electricity											
The Hub Power Company Limited	13,010,000	3,450,000	-	-	16,460,000	701,155	744,648	43,493	10.27	11.04	1.42
Food Producers											
Engro Foods limited	2,049,784	1,866,000	-	669,263	3,246,521	229,526	318,614	89,088	4.39	4.73	0.43
Uni Lever Pakistan limited (note 5.1.2)	994	6,252	-	440	6,806	66,141	68,741	2,600	0.95	1.02	0.05
Total						5,223,948	5,963,576	739,628			
Total cost of investments							5,162,395				

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 Uni Lever 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 84.652 million as at December 31, 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 Net assets are as defined in regulation 66 of NBFC Regulations, 2008.

5.1.5 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 December 31, 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----					
Banks											
Meezan Bank Limited (an associate of the Fund)	6,975,079	-	-	-	6,975,079	201,720	209,601	7,881	2.89	3.11	0.77
Equity Investment Instruments											
Al Meezan Mutual Fund (an associate of the Fund)	8,480,190	-	1,586,565	10,066,755	-	-	-	-	-	-	-
General Industrials											
Packages Limited	374	-	-	-	374	37	57	20	-	-	-
Grand Total						201,757	209,658	7,901			
Total cost of investments							78,527				

5.2 Investments categorised as 'available for sale'

5.2.1 Shares of listed companies and banks

Name of the investee company	As at July 01, 2012	Purchases during the period	Bonus / rights issue	Sales during the period	As at December 31, 2012	Carrying value (before impairment)	Impairment for the period	Carrying value	Market value	Unrealised gain / (loss)	Percentage in relation to			
											Number of shares	Net assets of the Fund on the basis of market value (note 5.1.4)	Total market value of investments	Paid-up capital of investee company (with face value of investment)
						Rupees in '000								
Automobile and Parts														
Indus Motor Company Limited	153,068	-	-	50,000	103,068	23,627	-	23,627	27,828	4,201	0.38	0.41	0.13	
Pak Suzuki Motor Company Limited	57,105	-	-	25,000	32,105	2,343	-	2,343	2,814	471	0.04	0.04	0.04	
Banks														
Meezan Bank Limited (an associate of the Fund)	5,383,690	-	-	2,925,119	2,458,571	33,924	-	33,924	73,884	39,960	1.02	1.10	0.27	
BankIslami Pakistan Limited	500	-	-	-	500	2	-	2	5	3	-	-	-	
Chemicals														
Fauji Fertilizer Bin Qasim Limited	186,249	-	-	186,000	249	11	-	11	10	(1)	-	-	-	
Fauji Fertilizer Company Limited	70,659	-	-	-	70,659	7,250	-	7,250	8,277	1,027	0.11	0.12	0.01	
ICI Pakistan Limited	1,364,509	-	-	1,301,534	62,975	8,185	-	8,185	10,951	2,766	0.15	0.16	0.07	
Construction and Materials														
Attock Cement Pakistan Limited	234,131	-	35,119	30,000	239,250	13,543	-	13,543	23,880	10,337	0.33	0.35	0.24	
Akzo Nobel Pakistan Limited	686,150	-	-	-	686,150	89,184	29,825	59,359	59,359	-	0.82	0.88	1.48	
DG Khan Cement Company Limited	15,588	-	-	15,588	-	-	-	-	-	-	-	-	-	
Lucky Cement Limited	36,938	-	-	-	36,938	2,524	-	2,524	5,598	3,074	0.08	0.08	0.01	
Electricity														
The Hub Power Company Limited	124,716	-	-	-	124,716	4,622	-	4,622	5,638	1,016	0.08	0.08	0.01	
Fixed Line Telecommunication														
Pakistan Telecommunication Company Limited "A"	19,537	-	-	19,537	-	-	-	-	-	-	-	-	-	
General Industries														
Packages Limited	32,779	-	-	-	32,779	2,711	-	2,711	4,955	2,244	0.07	0.07	0.04	
Thal Limited (note 5.1.2)	28	-	2	-	30	2	-	2	3	1	-	-	-	
Tri-Pack Films Limited	10	-	-	-	10	1	-	1	2	1	-	-	-	
Engineering														
Millat Tractors Limited	25,985	-	-	-	25,985	11,244	-	11,244	14,670	3,426	0.20	0.22	0.07	
Oil and gas														
Attock Petroleum Limited	69,366	-	-	-	69,366	26,944	-	26,944	35,515	8,571	0.49	0.53	0.10	
National Refinery Limited	135,751	-	-	134,500	1,251	305	-	305	265	(40)	-	-	-	
Oil and Gas Development Company Limited	27,194	-	-	25,000	2,194	311	-	311	423	112	0.01	0.01	-	
Pakistan Oilfields Limited	44,188	-	-	-	44,188	12,512	-	12,512	19,334	6,822	0.27	0.29	0.02	
Pakistan Petroleum Limited	79,500	-	19,875	99,375	-	-	-	-	-	-	-	-	-	
Pakistan State Oil Company Limited	991,185	-	198,237	-	1,189,422	255,383	-	255,383	276,196	20,813	3.81	4.10	0.58	
Grand Total						494,628	29,825	464,803	569,607	104,804				
Total cost of Investments								464,803						

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 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 Honourable High Court of Sindh (SHC), challenging the applicability of WWF to 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. This clarification was forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its collectorates for necessary action. Based on this clarification, FBR also withdrew notice of demand which it had earlier issued to one of the funds managed by Al Meezan for collection of WWF.

During the year 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of LHC will lend further support to the Constitutional Petition which is pending in 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 December 31, 2012 amounting to Rs 89.304 million which includes Rs 23.619 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 0.61 (1.23%).

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 December 31, 2012 are as follows:

	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
Al Meezan - Management Company of the Fund		
Remuneration payable	<u>11,440</u>	<u>8,727</u>
Sindh Sales Tax payable on management fee	<u>1,831</u>	<u>1,396</u>
Sales load payable	<u>3,467</u>	<u>4,905</u>
Sindh Sales Tax on sales load payable	<u>1,468</u>	<u>122</u>
Certificate charges payable	<u>5</u>	<u>5</u>
Al Meezan Mutual Fund		
Investment in nil units (June 30, 2012: 8,480,190 units)	<u>-</u>	<u>107,698</u>
Meezan Bank Limited		
Bank balance	<u>18,863</u>	<u>21,176</u>
Sales load payable	<u>-</u>	<u>67</u>
Investment in 9,433,769 shares (June 30, 2012: 12,358,769 shares)	<u>283,485</u>	<u>357,415</u>
Investment of 13,383,465 units (June 30, 2012: 11,160,074 units)	<u>664,489</u>	<u>554,209</u>
CDC - Trustee of the Fund		
Trustee fee payable	<u>657</u>	<u>519</u>
Deposits with CDC	<u>100</u>	<u>100</u>
Charges payable	<u>16</u>	<u>93</u>
Directors and Executives of the Management Company		
Investment of 2,808,834 units (June 30, 2012: 3,224,438 units)	<u>139,318</u>	<u>160,126</u>



**Six Months period
ended December 31,
2012 2011
(Rupees in '000)**

Al Meezan - Management Company of the Fund

Remuneration for the period	<u>62,015</u>	<u>45,861</u>
Bonus Units Issued : nil units (2011: 272,484 units)	<u>-</u>	<u>11,327</u>
Redemptions : nil units (2011: 1,136,077 units)	<u>-</u>	<u>45,000</u>
Sindh Sales Tax on management fee	<u>9,922</u>	<u>-</u>

Al Meezan Mutual Fund

Dividend Income	<u>-</u>	<u>14,840</u>
Bonus units: 1,586,565 units (2011: nil units)	<u>-</u>	<u>-</u>
Redemptions: 10,066,755 units (2011: nil units)	<u>113,855</u>	<u>-</u>

Meezan Bank Limited

Bank Charges	<u>5</u>	<u>13</u>
Dividend Income	<u>18,538</u>	<u>10,988</u>
Bonus units issued: 2,223,391 (2011: 2,164,063 units)	<u>92,070</u>	<u>89,960</u>
Shares Purchased: nil (2011: 750,000 shares)	<u>-</u>	<u>14,625</u>

CDC - Trustee of the Fund

Trustee fee	<u>3,605</u>	<u>1,385</u>
CDS charges	<u>33</u>	<u>16</u>

Directors and Executives

Bonus units issued: 652,974 units (2011: 526,864 units)	<u>27,040</u>	<u>21,902</u>
Units issued: 67,065 units (2011: 631,289 units)	<u>3,125</u>	<u>27,814</u>
Redemptions: 1,188,737 units (2011: 64,872 units)	<u>54,828</u>	<u>2,740</u>

8. INCOME TAX

The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2013 as reduced by capital gains (whether realised or unrealised) to its unit holders.

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on January 21, 2013 by the board of directors of the management company.



Mohammad Shoaib, CFA
Chief Executive

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



Mazhar Sharif
Director



Half Yearly Report December 31, 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
UBL Ameen	

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



ISO 27001 Certified

TRUSTEE REPORT TO THE UNIT HOLDERS

AL MEEZAN MUTUAL FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Al Meezan Mutual Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2012 in accordance with the provisions of the following:

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


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

Karachi, February 11, 2013





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

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Report on review of Condensed Interim Financial Information to the Unitholders'

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Al Meezan Mutual Fund** ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes there to for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to note 6 to the accompanying condensed interim financial information which refers to an uncertainty relating to the future outcome of the litigation regarding contribution to the Workers Welfare Fund which is currently pending adjudication at the Honorable High Court of Sindh.

Our conclusion is not modified in respect of the aforementioned matter.


Other Matters

The figures for the quarter ended 31 December 2011 and 31 December 2012 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

The condensed interim financial information of the Fund for the period ended 31 December 2011 and financial statements for the period ended 30 June 2012 were reviewed and audited by another firm of Chartered Accountants whose reports dated 28 February 2012 and 19 October 2012 expressed an unmodified conclusion and opinion thereon respectively.

Date: 21 January 2013

Karachi

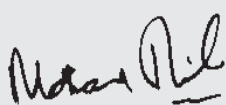

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Najmul Hussain

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2012 (Unaudited)

	(Unaudited) December 31, 2012 (Rupees in '000)	(Audited) June 30, 2012
Assets		
Balances with banks	107,672	163,281
Investments	5 1,698,302	1,510,974
Receivable against sale of investments	3,550	10,448
Dividend receivable	4,693	3,069
Advances, deposits, prepayments and other receivables	6,601	7,464
Total assets	1,820,818	1,695,236
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company of the Fund	3,796	3,485
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee of the Fund	227	220
Payable to Meezan Bank Limited (MBL)	12	12
Payable to Securities and Exchange Commission of Pakistan (SECP)	800	1,493
Payable against redemption of units	4,622	100
Payable against purchase of investments	-	643
Unclaimed dividend	4,785	4,798
Accrued expenses and other liabilities	2,548	3,780
Total liabilities	16,790	14,531
Net assets	1,804,028	1,680,705
Contingency	6	
Unit holders' funds (as per statement attached)	1,804,028	1,680,705
Number of units in issue	141,042,370	132,486,008
Net assets value per unit (Rupees)	12.79	12.69

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


Mohammad Shoab, CFA
 Chief Executive

For Al Meezan Investment Management Limited
 (Management Company)


Mazhar Sharif
 Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six months period ended December 31, 2012	Period from August 5 to December 31, 2011	Quarter ended December 31, 2012	Quarter ended December 31, 2011
	----- (Rupees in '000) -----			
Income				
Net realised gain on sale of investments	62,332	23,700	43,405	16,568
Dividend income - net of charity	67,396	48,384	32,570	26,586
Profit on savings accounts with banks	3,663	7,791	969	3,064
Back end load	39	8,979	-	1,611
Other income	638	257	426	129
	<u>134,068</u>	<u>89,111</u>	<u>77,370</u>	<u>47,958</u>
Unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss' (net)	101,307	(9,251)	52,912	(10,476)
Impairment loss on 'available for sale' investments	(8,084)	(28,822)	(8,084)	(28,822)
Total income	<u>227,291</u>	<u>51,038</u>	<u>122,198</u>	<u>8,660</u>
Expenses				
Remuneration to Al Meezan - Management Company of the Fund	16,833	11,931	8,232	7,524
Sindh Sales Tax on management fee	2,693	1,909	1,317	1,204
Remuneration to CDC - trustee of the Fund	1,346	1,008	664	629
Annual fee to SECP	800	567	391	358
Auditors' remuneration	354	401	178	151
Fees and subscription	62	38	32	27
Brokerage	1,128	239	628	111
Bank and settlement charges	128	142	60	90
Printing expense	177	163	88	108
Total expenses	<u>23,521</u>	<u>16,398</u>	<u>11,590</u>	<u>10,202</u>
Net income / (loss) from operating activities	<u>203,770</u>	<u>34,640</u>	<u>110,608</u>	<u>(1,542)</u>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	4,250	967	11,891	781
Net income / (loss) for the period	<u>208,020</u>	<u>35,607</u>	<u>122,499</u>	<u>(761)</u>
Other comprehensive income for the period				
Unrealised gain / (loss) on 'available for sale investments' - net of impairment	94,593	(81,496)	(14,529)	(83,616)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments - net	(5,791)	838	4,423	1,584
Total comprehensive income / (loss) for the period	<u>296,822</u>	<u>(45,051)</u>	<u>112,393</u>	<u>(82,793)</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



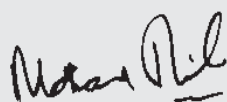
Mazhar Sharif
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six months period ended December 31, 2012	Period from August 5 to December 31, 2011	Quarter ended December 31,	
			2012	2011
	----- (Rupees in '000) -----			
Accumulated income / (loss) brought forward	252,823	-	63,159	(24,488)
Loss transferred from Al Meezan Mutual Fund Limited	-	(60,110)	-	-
Net income / (loss) for the period	208,020	35,607	122,499	(761)
Less: Final distribution for the period ended June 30, 2012 - bonus units @ 20%	(264,971)	-	-	-
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments - net	(5,791)	838	4,423	1,584
Accumulated income / (loss) carried forward	<u>190,081</u>	<u>(23,665)</u>	<u>190,081</u>	<u>(23,665)</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)




Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six months period ended December 31, 2012	Period from August 5 to December 31, 2011	Quarter ended December 31, 2012	2011
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	1,680,705	-	1,618,769	1,466,616
Issue of 137,539,986 units against cancellation of 137,539,986 shares of Al Meezan Mutual Fund Limited upon conversion of Al Meezan Mutual Fund Limited into Al Meezan Mutual Fund (open end fund) as per scheme of arrangement	-	1,450,997	-	-
Issue of 20,872,583 units (2011: 8,953,255 units) and 13,409,676 units (2011: 3,921,652) for the six months and quarter respectively	255,640	94,711	170,287	43,765
Redemption of 37,103,126 units (2011: 8,595,936 units) and 6,593,930 units (2011: 1,467,339) for the six months and quarter respectively	(430,680)	(89,136)	(81,107)	(15,507)
	(175,040)	1,456,572	89,180	28,258
Element of (gain) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)				
- transferred to income statement	(4,250)	(967)	(11,891)	(781)
- transferred to other comprehensive income	5,791	(838)	(4,423)	(1,584)
	1,541	(1,805)	(16,314)	(2,365)
Issue of 24,786,905 bonus units for the period ended June 30, 2012	264,971	-	-	-
Total comprehensive income for the period less distribution	31,851	(45,051)	112,393	(82,793)
Net assets at the end of the period	<u>1,804,028</u>	<u>1,409,716</u>	<u>1,804,028</u>	<u>1,409,716</u>
Net asset value per unit as at the beginning of the period	Rupees <u>12.69</u>	-	<u>12.06</u>	10.83
Net asset value per unit as at the end of the period	Rupees <u>12.79</u>	10.22	<u>12.79</u>	10.22

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six months period ended December 31, 2012	Period from August 5 to December 31, 2011	Quarter ended December 31, 2012	2011
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	208,020	35,607	122,499	(761)
Adjustments for:				
Dividend income	(68,574)	(49,292)	(33,315)	(27,256)
Charity	1,178	908	745	670
Profit on savings accounts with banks	(3,663)	(7,791)	(969)	(3,064)
Unrealised (gain) / loss on re-measurement of investments 'at fair value through profit or loss' (net)	(101,307)	9,251	(52,912)	10,476
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(4,250)	(967)	(11,891)	(781)
	31,404	(12,284)	24,157	(20,716)
Decrease / (increase) in assets				
Investments	8,572	(82,769)	(94,989)	(150,024)
Receivable against sale of investments	6,898	-	(2,398)	11,096
Advances, deposits, prepayments and other receivables	(40)	20	(41)	230
	15,430	(82,749)	(97,428)	(138,698)
Decrease / (increase) in liabilities				
Payable to Al Meezan - Management Company of the Fund	311	(460)	9	660
Payable to CDC - trustee of the Fund	7	140	5	8
Payable to SECP	(693)	(952)	391	358
Conversion cost payable	-	(5,423)	-	(2,675)
Accrued expenses and other liabilities	(1,232)	89	(1,679)	(290)
Payable against purchase of investments	(643)	1,927	-	1,927
Cash utilised in operations	(2,250)	(4,679)	(1,274)	(12)
Dividend received	65,772	46,945	52,873	47,182
Profit received on savings accounts with banks	4,566	1,743	111	1,375
Net cash inflow / (outflow) from operating activities	114,922	(51,024)	(21,561)	(110,869)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from sale of units	255,640	94,711	170,287	43,765
Payments against redemption of units	(426,158)	(89,136)	(82,423)	(17,526)
Dividend paid	(13)	(239,600)	(13)	(3,575)
Net cash (outflow) / inflow from financing activities	(170,531)	(234,025)	87,851	22,664
Net cash (outflow) / inflow during the period	(55,609)	(285,049)	66,290	(88,205)
Cash and cash equivalents at the beginning of the period	163,281	351,279	41,382	154,435
Cash and cash equivalents at the end of the period	107,672	66,230	107,672	66,230

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2012 (Unaudited)

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 Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan (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 (NBFC Regulations).
- 1.2 The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (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 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. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.4 The Fund is an open-end equity fund listed on 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.
- 1.5 The Management Company of the Fund has been given quality rating of AM2 by JCR-VIS Credit Rating Company Limited.
- 1.6 Title of the assets of the Fund is held in the name of CDC as a trustee of the Fund.

2. BASIS OF MEASUREMENT

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor 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

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the period ended June 30, 2012.

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information 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 period ended June 30, 2012.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the period ended June 30, 2012.

(Unaudited) (Audited)
December 31, June 30,
Note 2012 2012
(Rupees in '000)

5. INVESTMENTS

Investment categorised as 'available for sale'	5.1	839,779	865,590
Investment at 'fair value through profit or loss'	5.2	858,523	645,384
		<u>1,698,302</u>	<u>1,510,974</u>

5.1 Investments categorised as 'available for sale'

Shares of listed companies and banks

Name of the investee company	As at July 01, 2012	Purchases during the period	Bonus shares	Sales during the period	As at December 31, 2012	Carrying value as at December 31, 2012 (Before Impairment)	Impairment during the period	Carrying value as at December 31, 2012 (After Impairment)	Market value as at December 31, 2012	Unrealised gain / (loss) as at December 31, 2012	Percentage in relation to		
											Net assets of the Fund on the basis of market value (note 5.5)	Market value of total investment	Paid-up capital of investee company (with face value of investment)
						Number of shares							
						Rupees in '000							
Sector / companies													
Banks													
Meezan Bank Limited (an associate of the Fund)	1,172,893	-	-	515,500	657,393	10,055	-	10,055	19,755	9,700	1.10	1.16	0.07
BankIslami Pakistan Limited	500	-	-	-	500	2	-	2	5	3	-	-	-
Construction and Materials													
AlkoNobel Pakistan Limited	181,768	-	-	10,500	171,268	21,556	6,740	14,816	14,816	-	0.82	0.87	0.37
Lucky Cement Company Limited	180,127	-	-	-	180,127	21,403	-	21,403	27,296	5,893	1.51	1.61	0.06
D.G. Khan Cement Company Limited	1,154,000	-	-	125,000	1,029,000	41,046	-	41,046	56,163	15,117	3.11	3.31	0.23
Electricity													
Hub Power Company Limited	3,702,500	-	-	-	3,702,500	137,156	-	137,156	167,501	30,345	9.28	9.86	0.32
Oil and Gas													
Pakistan State Oil Company Limited Oil & Gas Development Company Limited - note 5.4	429,543	-	85,908	-	515,451	111,582	-	111,582	119,693	8,111	6.63	7.05	0.25
Pakistan Oilfields Limited	755,663	-	-	50,000	705,663	100,986	-	100,986	135,918	34,932	7.53	8.00	0.02
Pakistan Petroleum Limited	285,340	-	-	-	285,340	73,230	-	73,230	124,848	51,618	6.92	7.35	0.12
National Refinery Limited	404,822	-	101,205	158,000	348,027	41,370	-	41,370	61,527	20,157	3.41	3.62	0.02
Attock Petroleum Limited	46,246	-	-	46,246	-	-	-	-	-	-	-	-	-
	23,500	-	-	-	23,500	9,748	-	9,748	12,032	2,284	0.67	0.71	0.03
Automobile and Parts													
Agriauto Industries Limited (note 5.3)	700,000	-	-	72,500	627,500	41,854	-	41,854	50,294	8,440	2.79	2.96	4.36
Indus Motor Company Limited	16,200	-	-	-	16,200	3,961	-	3,961	4,374	413	0.24	0.26	0.02
Fixed Line and Telecommunication													
Pakistan Telecommunication Company Limited "A"	1,334,920	-	-	350,000	984,920	13,171	-	13,171	17,088	3,917	0.95	1.01	0.90
Pharma and Bio Tech													
GlaxoSmithKline (Pakistan) Limited	20,046	-	-	20,046	-	-	-	-	-	-	-	-	-
Chemicals													
Fauji Fertilizer Company Limited	21,857	-	-	-	21,857	1,713	-	1,713	2,560	847	0.14	0.15	-
Fauji Fertilizer Bin Qasim Limited	210,500	-	-	100,000	110,500	5,609	1,344	4,265	4,265	-	0.24	0.25	0.01
ICI Pakistan Limited	361,472	-	-	348,615	12,857	1,618	-	1,618	2,236	618	0.12	0.13	0.01
Automobile Assembler													
Millat Tractors Limited	3,000	-	-	3,000	-	-	-	-	-	-	-	-	-
General Industrials													
Packages Limited	1,378	-	-	-	1,378	114	-	114	208	94	0.01	0.01	-
Tri-Pack Films Limited	100,000	-	-	-	100,000	9,710	-	9,710	19,200	9,490	1.06	1.13	0.33
Total						645,884	8,084	637,800	839,779	201,979			
Total cost of investments													639,386

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	As at July 1, 2012	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 2012 value	Unrealised gain / (loss) as at December 31, 2012	Percentage in relation to		
									Number of shares	Rupees in '000	Net assets of the Fund on the basis of market value (note 5.5)
Banks											
Meezan Bank Limited (an associate of the Fund)	1,245,655	-	-	531,500	714,155	20,653	21,460	807	1.19	1.26	0.08
Construction and Materials											
AkzoNobel Pakistan Limited	764	-	-	-	764	100	66	(34)	-	-	-
Attock Cement Pakistan Limited	70,305	-	10,170	67,500	12,975	919	1,295	376	0.07	0.08	0.01
DG Khan Cement Company Limited	437,305	679,000	-	116,000	1,000,305	47,152	54,597	7,445	3.03	3.21	0.23
Lucky Cement Company Limited	608,190	170,000	-	148,000	630,190	74,860	95,499	20,639	5.29	5.62	0.19
Oil & Gas											
Attock Refinery Limited	-	104,400	-	58,700	45,700	7,412	7,658	246	0.42	0.45	0.05
National Refinery Limited	20,000	10,000	-	30,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	30,000	21,000	6,000	33,400	23,600	5,383	5,480	97	0.30	0.32	0.01
Pakistan Oilfields Limited	125,951	75,200	-	55,200	145,951	57,889	63,860	5,971	3.54	3.76	0.06
Pakistan Petroleum Limited	382,947	65,000	95,736	56,600	487,083	74,989	86,112	11,123	4.77	5.07	0.03
Oil and Gas Development Company Limited - note 5.4	133,000	270,200	-	56,700	346,500	61,685	66,739	5,054	3.70	3.93	0.01
Automobile and Parts											
Indus Motor Company Limited	125,464	-	-	28,200	97,264	23,838	26,261	2,423	1.46	1.55	0.14
Pak Suzuki Motor Company Limited	56,389	-	-	56,000	389	37	34	(3)	-	-	-
Agriauto Industries Limited (note 5.3)	8,960	-	-	2,500	6,460	523	518	(5)	0.03	0.03	0.04
Fixed Line and Telecommunication											
Pakistan Telecommunication Company Limited "A"	1,238,750	1,750,000	-	1,296,000	1,692,750	31,909	29,369	(2,540)	1.63	1.73	0.04
Chemicals											
Fauji Fertilizer Bin Qasim Limited	794,685	501,000	-	492,500	803,185	31,744	30,995	(749)	1.72	1.83	0.09
Fauji Fertilizer Company Limited	1,299,500	347,200	-	306,500	1,340,200	150,145	156,991	6,846	8.70	9.24	0.11
ICI Pakistan Limited	1,521	-	-	-	1,521	199	265	66	0.01	0.02	-
General Industrials											
Packages Limited	490,000	63,500	-	52,500	501,000	53,396	75,731	22,335	4.20	4.46	0.59
Thal Limited (note 5.3)	316,701	-	14,783	245,871	85,613	7,238	9,149	1,911	0.51	0.54	0.12
Tri-Pack Films Limited	16,428	-	-	-	16,428	3,450	3,154	(296)	0.17	0.19	0.05
Food Producers											
Engro Foods Limited	505,000	493,000	-	242,000	756,000	54,889	74,194	19,305	4.11	4.37	0.10
Unilever Pakistan Limited (note 5.3)	-	1,630	-	-	1,630	16,300	16,463	163	0.91	0.97	-
Electricity											
Hub Power Company Limited	470,000	419,000	-	421,000	468,000	21,048	21,172	124	1.17	1.25	0.04
Automobile Assembler											
Millat Tractors Limited	-	20,300	-	-	20,300	11,458	11,461	3	0.64	0.67	0.06
Total						757,216	858,523	101,307			
Total cost of investments							742,889				

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 and Unilever which has a face value of Rs. 50 each.

5.4 190,000 shares of Oil and Gas Development Company Limited, having market value of Rs 36.59 million as at December 31, 2012, have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

5.5 Net assets are as defined in Regulation 66 of NBFC Regulations, 2008.

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 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 Honourable High Court of Sindh (SHC), challenging the applicability of WWF to CISs, which is pending adjudication.

During the year ended June 30, 2012, 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. This clarification was forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its collectorates for necessary action. Based on this clarification, FBR also withdrew notice of demand which it had earlier issued to one of the funds managed by Al Meezan for collection of WWF.

During the year 2012, the Honourable 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 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 recognized WWF charge upto December 31, 2012 amounting to Rs. 24.534 million which includes Rs. 4.079 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. 0.17 (1.33%).

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, Directors and key management personnel of the Management Company and 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.

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, 2008 and the trust deed respectively.

Details of transactions with connected person and balances with them for the period ended December 31, 2012 are as follows:



	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
Al Meezan - Management Company of the Fund		
Remuneration payable	<u>2,833</u>	<u>2,765</u>
Sales load payable	<u>443</u>	<u>270</u>
Sindh Sales Tax payable on management fee	<u>453</u>	<u>442</u>
Sindh Sales Tax payable on sales load	<u>67</u>	<u>8</u>
Investment of 40,391,485 units (June 30, 2012: 41,075,440 units)	<u>516,603</u>	<u>521,247</u>
Meezan Bank Limited - Shariah Advisor of the Fund		
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 1,371,548 shares (June 30, 2012: 2,418,548 shares)	<u>41,215</u>	<u>69,944</u>
Investment of 6,602,132 units (June 30, 2012: 5,561,607 units)	<u>84,441</u>	<u>70,577</u>
CDC - trustee of the Fund		
Remuneration payable	<u>227</u>	<u>220</u>
Deposits	<u>238</u>	<u>238</u>
Pakistan Kuwait Investment Company (Private Limited)		
Investment of 16,895,690 units (June 30, 2012: 16,895,690 units)	<u>216,096</u>	<u>214,406</u>
Directors and Executives of the Management Company		
Investment of 1,527,848 units (June 30, 2012: 1,272,219 units)	<u>19,541</u>	<u>16,144</u>

Six months period ended December 31, 2012	Period from August 5, to December 31, 2011
--	--

(Rupees in '000)

Al Meezan - Management Company of the Fund		
Remuneration for the period	<u>16,833</u>	<u>11,931</u>
Sindh Sales Tax for the period	<u>2,693</u>	<u>1,909</u>
Bonus Units issued: 7,684,835 Units (2011: 7,055,590)	<u>82,151</u>	<u>74,436</u>
Redemption of Units: 8,369,089 Units (2011: Nil)	<u>100,000</u>	<u>-</u>

Six months period ended December 31, 2012 Period from August 5, to December 31, 2011

(Rupees in '000)

Meezan Bank Limited - Shariah Advisor of the Fund

Profit on savings account	<u>83</u>	<u>44</u>
Dividend Income	<u>3,628</u>	<u>-</u>
Bonus Units issued: 1,040,525 Units	<u>11,123</u>	<u>-</u>

CDC - trustee of the Fund

Remuneration for the period	<u>1,346</u>	<u>1,008</u>
CDS charges for the period	<u>7</u>	<u>15</u>

Pakistan Kuwait Investment Company (Private) Limited

Bonus Units issued: 3,161,027 Units	<u>33,791</u>	<u>-</u>
-------------------------------------	---------------	----------

Directors and Executives of the Management Company

Units issued: 25,541 Units (2011: 969,480 Units)	<u>302</u>	<u>10,228</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. INCOME TAX

The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2013 as reduced by capital gains (whether realised or unrealised) to its unit holders.

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information have been authorised for issue on January 21, 2013 by the Board of Directors of the Management Company.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director



Half Yearly Report December 31, 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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



ISO 27001 Certified

TRUSTEE REPORT TO THE UNIT HOLDERS

KSE MEEZAN INDEX FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of KSE Meezan Index Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2012 in accordance with the provisions of the following:

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


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

Karachi, February 11, 2013





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

Telephone + 92 (21) 3568 5847
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Report on review of Condensed Interim Financial Information to the Unitholders'

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **KSE Meezan Index Fund** ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes there to for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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


Other Matters

The figures for the quarter ended 31 December 2012 in the condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

The financial statements for the period ended 30 June 2012 were audited by another firm of Chartered Accountants whose report dated 19 October 2012 expressed an unmodified opinion thereon respectively.

Date: 21 January 2013

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Najmul Hussain

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2012 (Unaudited)

	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
Assets		
Balances with banks	5,673	4,066
Investments	5 295,556	290,058
Dividend receivable	327	463
Receivable against sale of investments	490	-
Advances, deposits, prepayments and other receivables	2,908	2,657
Preliminary expenses and floatation costs	1,770	1,973
Total assets	306,724	299,217
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company of the Fund	3,122	6,044
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee of the Fund	59	58
Payable to Securities and Exchange Commission of Pakistan (SECP)	146	24
Payable on redemption of units	2,571	-
Payable against purchase of investments	-	3,170
Accrued expenses and other liabilities	758	437
Total liabilities	6,656	9,733
Net assets	300,068	289,484
Contingency	6	
Unitholders' funds (as per statement attached)	300,068	289,484
	(Number of units)	
Number of units in issue	5,065,373	5,928,882
	(Rupees)	
Net assets value per unit	59.24	48.83

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six months period ended December 31, 2012 (Rupees in '000)	Quarter ended December 31, 2012 (Rupees in '000)
Income		
Net realised gain on sale of investments	9,254	5,883
Dividend income - net of charity	13,235	6,616
Profit on savings accounts with banks	280	130
Other income	307	120
	<u>23,076</u>	<u>12,749</u>
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	37,387	5,598
Total income	60,463	18,347
Expenses		
Remuneration to Al Meezan - Management Company of the Fund	1,534	784
Sindh Sales Tax on management fee	245	125
Remuneration to CDC - trustee of the Fund	353	177
Annual fee to SECP	146	75
Auditors' remuneration	140	67
Fees and subscription	51	26
Brokerage	178	70
Bank and settlement charges	140	62
Amortisation of preliminary expenses and floatation costs	203	102
Total expenses	2,990	1,488
Net income from operating activities	57,473	16,859
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	(4,725)	(6,231)
Net income for the period	52,748	10,628
Other comprehensive income for the period	-	-
Total comprehensive income for the period	52,748	10,628

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six months period ended December 31, 2012 (Rupees in '000)	Quarter ended
Accumulated (loss) / income brought forward	(6,960)	35,160
Net income for the period	52,748	10,628
Undistributed income carried forward	<u>45,788</u>	<u>45,788</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



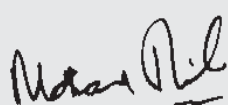
Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six months period ended	Quarter ended
	December 31, 2012 (Rupees in '000)	
Net assets at the beginning of the period	289,484	324,462
Issue of 2,195,727 units and 822,195 units for the six months and quarter respectively	122,300	47,126
Redemption of 3,059,236 units and 1,539,418 units for the six months and quarter respectively	(169,189)	(88,379)
	(46,889)	(41,253)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	4,725	6,231
Net income for the period	52,748	10,628
Net assets at the end of the period	300,068	300,068

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



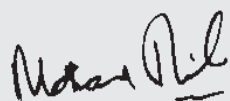
Mazhar Sharif
Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six months period ended December 31, 2012 (Rupees in '000)	Quarter ended
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	52,748	10,628
Adjustments for:		
Dividend income	(13,496)	(6,783)
Profit on savings accounts with banks	(280)	(130)
Amortisation of preliminary expenses and floatation costs	203	102
Charity expense	261	167
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	(37,387)	(5,598)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	4,725	6,231
	6,774	4,617
Decrease in assets		
Investments	31,889	31,381
Receivable against sale of investments	(490)	1,505
Advances, deposits, prepayments and other receivables	(153)	25
	31,246	32,911
Decrease in liabilities		
Payable to Al Meezan - Management Company of the Fund	(2,922)	(3,844)
Payable to CDC - trustee of the Fund	1	1
Payable to SECP	122	75
Payable against purchase of investments	(3,170)	-
Accrued expenses and other liabilities	321	105
	(5,648)	(3,663)
Cash generated from operations	32,372	33,865
Dividend received	13,371	11,470
Profit received on savings accounts with banks	182	18
Net cash inflow from operating activities	45,925	45,353
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from sale of units	122,300	47,126
Payments against redemption of units	(166,618)	(86,854)
Net cash outflow from financing activities	(44,318)	(39,728)
Net cash inflow during the period	1,607	5,625
Cash and cash equivalents at the beginning of the period	4,066	48
Cash and cash equivalents at the end of the period	5,673	5,673

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2012 (Unaudited)

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 Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan (CDC) as the trustee. The trust deed was executed on March 13, 2012 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 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 Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end fund listed on 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.
- 1.6 This is the first condensed interim financial information of the Fund, therefore, there are no corresponding figures in condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds and condensed interim cash flow statement.

2. BASIS OF MEASUREMENT

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor 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

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the period ended June 30, 2012.

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information and the significant judgments 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 period ended June 30, 2012.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the period ended June 30, 2012.

5. INVESTMENTS - AT FAIR VALUE THROUGH PROFIT AND LOSS

Held for trading - Shares of listed Companies and a bank

Name of the investee company	As at July 01, 2012	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 2012	Unrealised gain / (loss) as at December 31, 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----					
Automobile and Parts											
Indus Motor Company Limited	16,897	2,696	-	4,612	14,981	3,771	4,045	274	1.35	0.02	1.37
Pak Suzuki Motors Company Limited	-	15,000	-	-	15,000	1,300	1,315	15	0.44	0.02	0.44
Millat Tractors Limited	12,733	1,987	-	3,565	11,155	5,451	6,298	847	2.10	0.03	2.13
Banks											
Meezan Bank Limited (an associate of the Fund)	78,259	12,680	-	90,939	-	-	-	-	-	-	-
Chemicals											
Clariant Pakistan Limited	6,473	1,900	-	2,797	5,576	1,075	1,440	365	0.48	0.02	0.49
Fauji Fertilizer Bin Qasim Limited	284,682	42,285	-	78,447	248,520	10,062	9,590	(472)	3.20	0.03	3.24
Fauji Fertilizer Company Limited	276,985	42,483	-	76,867	242,601	27,067	28,418	1,351	9.47	0.02	9.62
ICI Pakistan Limited	16,682	3,774	-	4,808	15,648	2,156	2,721	565	0.91	0.02	0.92
Lotte Pakistan PTA Limited	327,391	51,174	-	90,732	287,833	2,032	2,116	84	0.71	0.02	0.72
Construction and Materials											
Akzo Nobel Pakistan Limited	8,389	-	-	8,389	-	-	-	-	-	-	-
Attock Cement Pakistan Limited	14,984	3,278	2,225	20,487	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	209,393	32,694	-	58,234	183,853	7,533	10,035	2,502	3.34	0.04	3.40
Lucky Cement Limited	112,541	17,151	-	31,202	98,490	11,621	14,925	3,304	4.97	0.03	5.05
Electricity											
Hub Power Company Limited	805,086	123,593	-	223,217	705,462	30,132	31,915	1,783	10.64	0.06	10.80
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited "A"	509,414	72,827	-	136,918	445,323	6,420	7,726	1,306	2.57	0.01	2.61
Food Products											
Habib Sugar Mills Limited	26,090	5,605	-	31,695	-	-	-	-	-	-	-
Engro Foods Limited	-	50,000	-	-	50,000	4,970	4,907	(63)	1.64	0.01	1.66
Unilever Pakistan Limited (note 5.1)	2,409	241	-	518	2,132	15,477	21,533	6,056	7.18	0.02	7.29
General Industrials											
Thal Limited (note 5.1)	18,877	5,808	1,804	26,489	-	-	-	-	-	-	-
Tri-Pack Films Limited	7,886	1,343	-	9,229	-	-	-	-	-	-	-
Industrial Transportation											
Pakistan International Container Terminal Limited	18,897	3,167	-	22,064	-	-	-	-	-	-	-
Oil and Gas											
Attock Petroleum Limited	11,877	2,032	-	3,412	10,497	5,013	5,374	361	1.79	0.02	1.82
Attock Refinery Limited	26,086	4,179	-	7,480	22,785	2,815	3,818	1,003	1.27	0.03	1.29
Mari Petroleum Company Limited (formerly Mari Gas Company Limited)	16,006	2,607	-	4,368	14,245	1,366	1,401	35	0.47	0.02	0.47
National Refinery Limited	22,037	3,276	-	5,962	19,351	4,485	4,097	(388)	1.37	0.02	1.39
Oil and Gas Development Company Limited (note 5.3)	206,219	30,576	-	56,101	180,694	29,408	34,803	5,395	11.60	-	11.78
Pakistan Oilfields Limited	93,954	14,587	-	26,267	82,274	30,864	35,998	5,134	12.00	0.03	12.18
Pakistan Petroleum Limited	189,161	30,137	46,007	58,215	207,090	32,034	36,611	4,577	12.20	0.01	12.39
Pakistan Refinery Limited	10,287	2,300	-	12,587	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	67,960	10,303	13,223	20,046	71,440	14,224	16,589	2,365	5.53	0.03	5.61
Shell Pakistan Limited	14,586	2,127	-	3,915	12,798	1,637	1,743	106	0.58	0.01	0.59
Oil and Gas Marketing											
Sui Northern Gas Pipeline Limited	125,503	18,925	-	34,398	110,030	1,907	2,558	651	0.85	0.02	0.87
Sui Southern Gas Company Limited	-	50,000	-	-	50,000	1,051	1,026	(25)	0.34	0.01	0.35
Pharma and Bio Tech											
Glaxo Smithkline Pakistan Limited	35,227	5,517	-	9,941	30,803	1,983	2,259	276	0.75	0.01	0.76
Abbott Laboratories (Pakistan) Limited	-	10,000	-	-	10,000	2,315	2,295	(20)	0.76	0.01	0.78
						258,169	295,556	37,387			
Total cost of investments - 'held for trading'										262,074	

5.1 All shares have a nominal value of Rs. 10 each except for the share of Thal Limited which has face value of Rs. 5 each and Unilever Pakistan Limited which has face value of Rs. 50 each.

5.2 Net assets are as defined in Regulation 66 of NBFC Regulations.

5.3 77,600 shares of OGDC, having market value of Rs. 14.95 million as at December 31, 2012 have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.



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 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 Honourable High Court of Sindh (SHC), challenging the applicability of WWF to 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. This clarification was forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its collectorates for necessary action. Based on this clarification, FBR also withdrew notice of demand which it had earlier issued to one of the funds management by the AI Meezan for collection of WWF.

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

The Management Company believes that the aforementioned constitutional petition pending in SHC has strong grounds for decision in favour of the mutual funds. Accordingly, the management has not recognised WWF charge upto December 31, 2012 amounting to Rs. 1.03 million. Had the same been made, the net asset value per unit of the Fund would have been lower by Rs. 0.20 (0.34%).

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 of the Management Company, Pakistan Kuwait Investment Company (Private) Limited as associate of the Management Company and AI 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 provisions of NBFC Rules, NBFC Regulations, 2008 and the trust deed respectively.

Details of transactions with connected persons and balances with them for the period ended December 31, 2012 are as follows:

(Unaudited) (Audited)
December June
31, 2012 30, 2012
(Rupees in '000)

Al Meezan - Management Company of the Fund

Remuneration payable	<u>258</u>	<u>216</u>
Sindh Sales Tax payable on management fee	<u>41</u>	<u>35</u>
Sales load payable	<u>688</u>	<u>1,139</u>
Sindh Sales Tax payable on sales load	<u>122</u>	<u>81</u>
Formation cost payable	<u>2,013</u>	<u>2,013</u>
Others payable	<u>-</u>	<u>2,560</u>
Investment of 1,346,242 units (June 30, 2012: 2,030,851 units)	<u>79,751</u>	<u>99,166</u>

Meezan Bank Limited - Shariah Advisor of the Fund

Bank balance	<u>1,588</u>	<u>2,493</u>
Investment in shares: Nil (June 30, 2012: 78,259 shares)	<u>-</u>	<u>2,263</u>
Profit receivable on savings account	<u>-</u>	<u>3</u>

CDC - trustee of the Fund

Trustee fee payable	<u>59</u>	<u>58</u>
Deposit with CDC	<u>103</u>	<u>-</u>

Directors and Executives of the Management Company

Investment of 20,020 units (June 30, 2012: 20,020 units)	<u>1,185</u>	<u>978</u>
--	--------------	------------

Six months
period ended
December 31, 2012
(Rupees in '000)

Al Meezan - Management Company of the Fund

Remuneration for the period	<u>1,534</u>
Sindh Sales Tax on management fee	<u>245</u>
Units issued: 126,785 units	<u>6,900</u>
Units redeemed: 811,394 units	<u>46,067</u>

Meezan Bank Limited - Shariah Advisor of the Fund

Profit on savings account	<u>25</u>
Dividend received during the period	<u>103</u>
12,680 shares purchased during the period	<u>356</u>
90,939 shares sold during the period	<u>2,702</u>



Six months
period ended
December 31, 2012
(Rupees in '000)

CDC - trustee of the Fund

Remuneration for the period

353

CDS charges for the period

6

8. INCOME TAX

The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2013 as reduced by capital gains (whether realised or unrealised) to its unit holders.

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on January 21, 2013 by the Board of Directors of the Management Company.

Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)

Mazhar Sharif
Director



Half Yearly Report December 31, 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	Faysal Bank Limited
Dubai Islamic Bank Pakistan Limited	Habib Metropolitan Bank Limited - Islamic Banking
HBL - Islamic Banking	Meezan Bank Limited
MCB Bank Limited - Islamic Banking	UBL Ameen Islamic Banking
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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



ISO 27001 Certified

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ISLAMIC INCOME FUND

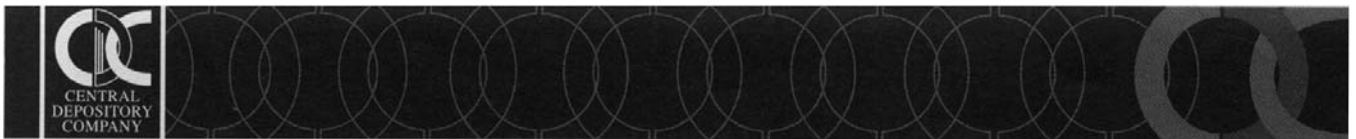
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Income Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2012 in accordance with the provisions of the following:

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


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

Karachi, February 21, 2013





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

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Report on review of Condensed Interim Financial Information to the Unitholders'

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Islamic Income Fund** ("the Fund") as at 31 December 2012, and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes there to for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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


Other Matters

The figures for the quarter ended 31 December 2011 and 31 December 2012 in the condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

The condensed interim financial information for the six months ended 31 December 2011 and financial statements for the year ended 30 June 2012 of the Fund were reviewed and audited by another firm of Chartered Accountants whose reports dated 24 February 2012 and 19 October 2012 expressed an unmodified conclusion and opinion thereon respectively.

Date: 21 January 2013

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Najmul Hussain

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2012 (Unaudited)

	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
Assets		
Balances with banks	528,285	314,009
Investments	5 1,021,901	904,288
Deposits, prepayments and other receivables	40,077	28,091
Total assets	1,590,263	1,246,388
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company of the Fund	2,546	1,921
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund	191	154
Payable to Securities and Exchange Commission of Pakistan (SECP)	518	1,438
Payable to Meezan Bank Limited (MBL)	-	96
Payable on redemption of units	125	9,100
Dividend payable	10,138	-
Accrued expenses and other liabilities	27,281	24,715
Total liabilities	40,799	37,424
Net assets	1,549,464	1,208,964
Contingency	6	
Unitholders' funds (as per statement attached)	1,549,464	1,208,964
	(Number of units)	
Number of units in issue	30,300,771	23,294,657
	(Rupees)	
Net asset value per unit	51.14	51.90

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)




Mazhar Sharif
Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Note	Six Months period ended December 31		Quarter ended December 31	
		2012	2011	2012	2011
----- (Rupees in '000) -----					
Income					
Profit on savings accounts with banks		25,229	43,360	13,384	22,367
Profit on sukuk certificates		84,422	124,922	46,063	103,805
Realised gain on sale of sukuk certificates		26,817	14,657	19,087	8,372
		<u>136,468</u>	<u>182,939</u>	<u>78,534</u>	<u>134,544</u>
Unrealised (loss) / gain on re-measurement of investments 'at fair value through profit or loss' (net)		(3,490)	4,712	3,350	1,938
Provision for accrued profit on an investment		-	(38,562)	-	(38,562)
Provision against sukuk certificates		-	(98,120)	-	(98,120)
		<u>(3,490)</u>	<u>(131,970)</u>	<u>3,350</u>	<u>(134,744)</u>
Total income / (loss)		132,978	50,969	81,884	(200)
Expenses					
Remuneration to Al Meezan - Management Company of the Fund		10,362	18,588	5,616	8,888
Sindh Sales Tax on management fee		1,658	2,974	899	1,422
Remuneration to CDC - trustee of the Fund		1,016	1,482	531	718
Annual fee to SECP		518	929	281	444
Auditors' remuneration		374	332	205	139
Fees and subscription		129	123	64	61
Legal and professional charges		-	15	-	1
Brokerage		20	43	-	28
Bank and settlement charges		42	38	34	19
Provision for Workers' Welfare Fund (WWF)	7	2,564	-	1,629	-
Printing expense		106	37	54	(111)
Total expenses		16,789	24,561	9,313	11,609
Net income / (loss) from operating activities		116,189	26,408	72,571	(11,809)
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net		12,008	(2,809)	8,886	(2,314)
Net income / (loss) for the period		128,197	23,599	81,457	(14,123)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income / (loss) for the period		128,197	23,599	81,457	(14,123)

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31		Quarter ended December 31	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
Undistributed income brought forward	45,820	54,307	46,669	42,245
Net income / (loss) for the period	128,197	23,599	81,457	(14,123)
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)	-	-
Less: Interim distribution for the period ended December 31, 2012				
- bonus units @ 6% (December 31, 2011: nil)	(81,483)	-	(81,483)	-
- cash dividend @ 6% (December 31, 2011: nil)	(10,138)	-	(10,138)	-
Undistributed income carried forward	<u>36,505</u>	<u>28,122</u>	<u>36,505</u>	<u>28,122</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31		Quarter ended December 31	
	2012	2011	2012	2011
----- (Rupees in '000) -----				
Net assets at the beginning of the period	1,208,964	2,541,935	1,410,950	2,506,347
Issue of 14,652,359 units (2011: 3,593,099 units) and 8,734,125 units (2011: 911,665 units) for the six months and quarter respectively	761,307	182,198	461,108	46,220
Redemption of 10,047,181 units (2011: 19,997,477 units) and 7,364,174 units (2011: 16,373,226 units) for the six months and quarter respectively	(520,570)	(1,006,210)	(385,027)	(822,539)
	240,737	(824,012)	76,081	(776,319)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed (net)	(12,008)	2,809	(8,886)	2,314
Total comprehensive income for the period less distribution	(9,315)	(26,185)	(10,164)	(14,123)
Issue of 793,166 bonus units for the year ended June 30, 2012 (June 30, 2011: 472,871 units)	39,603	23,672	-	-
Issue of 1,607,770 bonus units for the period ended December 31, 2012 (December 31, 2011: nil units)	81,483	-	81,483	-
Net assets at the end of the period	1,549,464	1,718,219	1,549,464	1,718,219
Net asset value per unit as at the beginning of the period	Rupees <u>51.90</u>	51.06	Rupees <u>51.64</u>	50.82
Net asset value per unit as at the end of the period	Rupees <u>51.14</u>	50.76	Rupees <u>51.14</u>	50.76

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31		Quarter ended December 31	
	2012	2011	2012	2011
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	128,197	23,599	81,457	(14,123)
Adjustments for:				
Profit on savings accounts with banks	(25,229)	(43,360)	(13,384)	(22,367)
Profit on sukuk certificates	(84,422)	(124,922)	(46,063)	(103,805)
Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss' (net)	3,490	(4,712)	(3,350)	(1,938)
Provision for accrued profit on an investment	-	38,562	-	38,562
Provision against sukuk certificates	-	98,120	-	98,120
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	(12,008)	2,809	(8,886)	2,314
	<u>10,028</u>	<u>(9,904)</u>	<u>9,774</u>	<u>(3,237)</u>
(Increase) / decrease in assets				
Investments	(121,103)	451,461	(61,702)	68,751
Deposits and other receivables	(15)	(15)	7	(15)
	<u>(121,118)</u>	<u>451,446</u>	<u>(61,695)</u>	<u>68,736</u>
Increase / (decrease) in liabilities				
Payable to Al Meezan - Management Company of the Fund	625	(202)	290	(1,012)
Payable to CDC - trustee of the Fund	37	(23)	25	(26)
Payable to SECP	(920)	(1,308)	281	444
Payable to MBL	(96)	(97)	-	-
Accrued expenses and other liabilities	2,566	(248)	1,571	(185)
	<u>2,212</u>	<u>(1,878)</u>	<u>2,167</u>	<u>(779)</u>
Profit received on savings accounts with banks	12,943	41,167	6,504	22,011
Profit received on sukuk certificates	84,737	137,871	41,631	55,868
Net cash (outflow) / inflow from operating activities	<u>(11,198)</u>	<u>618,702</u>	<u>(1,619)</u>	<u>142,599</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from sale of units	761,307	182,198	461,108	46,220
Payments against redemption of units	(529,545)	(995,426)	(386,283)	(810,010)
Dividend paid	(6,288)	(26,112)	-	-
Net cash inflow / (outflow) from financing activities	<u>225,474</u>	<u>(839,340)</u>	<u>74,825</u>	<u>(763,790)</u>
Net cash inflow / (outflow) during the period	<u>214,276</u>	<u>(220,638)</u>	<u>73,206</u>	<u>(621,191)</u>
Cash and cash equivalents at the beginning of the period	<u>314,009</u>	<u>426,592</u>	<u>455,079</u>	<u>827,145</u>
Cash and cash equivalents at the end of the period	<u>528,285</u>	<u>205,954</u>	<u>528,285</u>	<u>205,954</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2012 (Unaudited)

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 Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan (CDC) as the trustee. The trust deed was executed on September 13, 2006 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) 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. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end fund listed on 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.
- 1.4 The Fund has been given a stability rating of A-(f) by JCR - VIS Credit Rating Company Limited. 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 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 Advisor 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

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012.

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information and the significant judgments 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.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2012.

(Unaudited) (Audited)
December June
31, 2012 30, 2012

Note (Rupees in '000)

5. INVESTMENTS

Investments at 'fair value through profit or loss'	5.1	<u>1,021,901</u>	904,288
		<u>1,021,901</u>	<u>904,288</u>
5.1 Investments at 'fair value through profit or loss'			
- Held for trading	5.1.1	410,317	291,267
- Investments at 'fair value through profit or loss upon initial recognition'	5.1.2	<u>611,584</u>	613,021
		<u>1,021,901</u>	<u>904,288</u>

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 period	Sales / redemptions during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 2012 value	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 5.1.4) (A+, JCR-VIS, non-traded)	September 25, 2014	6 months Kibor plus base rate of 1.35%	4,275	-	855	3,420	17,013	16,788	(225)	1.08	2.42	1.64
GoP Ijarah Sukuk Certificates - IX (note 5.1.3)	December 26, 2014	Weighted average 6 months T-Bills	1,700	-	-	1,700	170,000	170,000	-	10.97	N/A	16.64
GoP Ijarah Sukuk Certificates - XII (note 5.1.3)	June 28, 2015	Weighted average 6 months T-Bills	1,000	-	-	1,000	100,000	100,000	-	6.45	N/A	9.79
GoP Ijarah Sukuk Certificates - XIII (note 5.1.3)	September 18, 2015	Weighted average 6 months T-Bills	-	1,235	-	1,235	123,529	123,529	-	7.97	N/A	12.09
Grand Total							<u>410,542</u>	<u>410,317</u>	<u>(225)</u>			
Total cost of investments								<u>409,659</u>				



5.1.2 Investment '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 period	Sales / redemptions during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 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 5.1.4 & 5.1.5)	April 15, 2014	6 months Kibor plus base rate of 2%	14,000	-	-	14,000	-	-	-	-	10.20	-
Century Paper & Board Mills Limited (note 5.1.4) (A+, JCR-VIS, non-traded)	September 25, 2014	6 months Kibor plus base rate of 1.35%	16,358	-	3,272	13,086	65,096	64,237	(859)	4.15	9.26	6.29
Eden Builders Limited (note 5.1.4) (DG3+, PACRA, non-traded)	March 8, 2014	3 months Kibor plus base rate of 2.3%	4,200	-	1,200	3,000	14,934	14,985	51	0.97	1.30	1.47
Eden Housing Limited (note 5.1.4 & 5.1.5)	September 29, 2014	6 months Kibor plus base rate of 2.5%	59,400	-	-	59,400	88,971	88,971	-	5.74	9.07	8.71
Engro Fertilizer Limited (note 5.1.4) (A, PACRA, non-traded)	September 1, 2015	6 months Kibor plus base rate of 1.5%	30,500	5,000	10,000	25,500	128,444	125,964	(2,480)	8.13	3.89	12.33
Hub Power Company Limited - CP Sukuk (note 5.1.4 & 5.1.4.1)	August 2, 2012	6 months Kibor plus base rate of 1.25%	20,000	-	20,000	-	-	-	-	-	-	-
Hub Power Company Limited - CP Sukuk (note 5.1.4 & 5.1.4.1)	February 16, 2013	6 months Kibor plus base rate of 1.25%	-	20,000	-	20,000	100,000	100,000	-	6.45	0.86	9.79
Kot Addu Power Company Limited - CP Sukuk (note 5.1.4 & 5.1.4.1)	July 11, 2013	6 months Kibor plus base rate of 1.1%	-	20,000	-	20,000	100,000	100,000	-	6.45	1.14	9.79
Maple Leaf Cement Factory Limited (note 5.1.4 & 5.1.5)	December 3, 2018	3 months Kibor plus base rate of 1%	63,864	-	3,200	60,664	97,062	97,062	-	6.26	5.75	9.50
Maple Leaf Cement Factory Limited (note 5.1.4 & 5.1.5)	March 31, 2013	3 months Kibor plus base rate of 1%	2,400	-	1,333	1,067	-	-	-	-	0.10	-
Security Leasing Corporation Limited II (note 5.1.4 & 5.1.5)	January 19, 2022	Nil	3,892	-	202	3,690	9,116	9,116	-	0.59	5.08	0.89
* Sitara Chemical Industries Limited III (note 5.1.4) (A+, JCR-VIS, non-traded)	December 31, 2012	3 months Kibor plus base rate of 1%	6,750	-	4,500	2,250	11,226	11,249	23	0.73	5.25	1.10
Grand Total							614,849	611,584	(3,265)			
Total cost of investments												904,359

* Encashed on 03 January 2012.

5.1.3 The nominal value of the GoP Ijarah sukuk certificates is Rs 100,000 each and they are stated at face value.

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

5.1.4.1 The securities are carried at face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

5.1.5 Following investments of the Fund are in the sukuk which are below 'investment grade' securities:

Name of the investee company	Type of investments	Value of investment after provision (Rupees in '000)	Percentage of net assets ----- % -----	Percentage of Total assets
Arzoo Textile Mills Limited	Non-traded sukuk	-	-	-
Eden Housing Limited	Non-traded sukuk	88,971	5.74	5.59
Maple Leaf Cement Factory Limited	Non-traded sukuk	97,062	6.26	6.10
Maple Leaf Cement Factory Limited II	Non-traded sukuk	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk	9,116	0.59	0.57
		195,149		

6. CONTINGENCY

There were no other contingencies and commitments outstanding other than those disclosed in the financial statements for the year ended June 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 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 Honourable High Court of Sindh (SHC), challenging the applicability of WWF to 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. This clarification was forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its collectorates for necessary action. Based on this clarification, FBR also withdrew notice of demand which it had earlier issued to one of the funds managed by Al Meezan for collection of WWF.

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

As at December 31, 2012, the Fund has recognised WWF amounting to Rs. 25.790 million which includes Rs. 2.564 million pertaining to the current year and Rs. 23.226 million pertaining to prior years. If the WWF have not been provided, the NAV per unit of the Fund would have been higher by Re. 0.85 (1.66%).

**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 of the Management 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:

	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- (Management Company of the Fund)		
Remuneration payable	<u>2,097</u>	<u>1,492</u>
Sales load payable	<u>101</u>	<u>183</u>
Certificate charges payable	<u>1</u>	<u>1</u>
Sindh Sales Tax on management fee	<u>336</u>	<u>239</u>
Sindh Sales Tax on sales load	<u>11</u>	<u>6</u>
Investments as at December 31, 2012: 4,153,064 units (June 30, 2012: 421,342 units)	<u>212,388</u>	<u>21,868</u>
MBL		
Sales load payable	<u>-</u>	<u>96</u>
Balances with bank	<u>1,145</u>	<u>6,150</u>
Profit receivable on savings account	<u>80</u>	<u>7</u>
CDC - trustee of the Fund		
Trustee fee payable	<u>191</u>	<u>154</u>
Deposits	<u>100</u>	<u>100</u>
Directors and Executives of the Management Company		
Investments as at December 31, 2012: 626,091 units (June 30, 2012: 39,518 units)	<u>32,018</u>	<u>2,051</u>

**Six months period ended
December 31,**
2012 2011
(Rupees in '000)

**Al Meezan Investment Management Limited
- (Management Company of the Fund)**

Remuneration for the period	<u>10,362</u>	<u>18,588</u>
Sindh Sales Tax on management fee for the period	<u>1,658</u>	<u>2,974</u>
Units issued: 3,482,997 units (December 31, 2011: nil units)	<u>179,000</u>	<u>-</u>
Bonus units issued: 248,725 units (December 31, 2011: nil units)	<u>12,593</u>	<u>-</u>

MBL

Profit on savings accounts	<u>139</u>	<u>140</u>
Redemption: nil units (December 31, 2011: 11,518,132 units)	<u>-</u>	<u>577,000</u>
Cash dividend paid	<u>-</u>	<u>17,642</u>

CDC - trustee of the Fund

Remuneration for the period	<u>1,016</u>	<u>1,482</u>
CDS Charges for the period	<u>3</u>	<u>3</u>

Directors and Executives of the Management Company

Units issued: 603,873 units (December 31, 2011: 40,126 units)	<u>31,261</u>	<u>2,031</u>
Redemptions: 54,284 units (December 31, 2011: 301,471 units)	<u>2,781</u>	<u>15,384</u>
Bonus units issued: 36,984 units (December 31, 2011: 657 units)	<u>1,874</u>	<u>2,865</u>

9. INCOME TAX

The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2013 as reduced by capital gains (whether realised or unrealised) to its unit holders.

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on January 21, 2013 by the Board of Directors of the Management Company.



**Mohammad Shoaib, CFA
Chief Executive**

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



**Mazhar Sharif
Director**



Half Yearly Report December 31, 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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



ISO 27001 Certified

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN SOVEREIGN FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Sovereign Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2012 in accordance with the provisions of the following:

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


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

Karachi, February 11, 2013





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

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Report on review of Condensed Interim Financial Information to the Unitholders'

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Sovereign Fund** ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes there to for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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


Other Matters

The figures for the quarter ended 31 December 2011 and 31 December 2012 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

The condensed interim financial information for the six months ended 31 December 2011 and financial statements for the year ended 30 June 2012 of the Fund were reviewed and audited by another firm of Chartered Accountants whose reports dated 24 February 2012 and 19 October 2012 expressed an unmodified conclusion and opinion thereon respectively.

Date: 21 January 2013

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Najmul Hussain

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2012 (Unaudited)

	(Unaudited) December 31, 2012 (Rupees in '000)	(Audited) June 30, 2012
Assets		
Balances with banks	6,198,120	5,233,984
Investments	5 13,720,522	14,360,803
Deposits, prepayments and other receivables	298,811	247,711
Preliminary expenses and floatation costs	1,077	1,335
Total assets	20,218,530	19,843,833
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company of the Fund	23,055	21,181
Payable to Central Depository Company of Pakistan (CDC) - Trustee of the Fund	1,335	1,275
Payable to Securities and Exchange Commission of Pakistan (SECP)	7,244	12,929
Payable to Meezan Bank Limited (MBL)	-	699
Payable on redemption of units	25,143	12,917
Dividend payable	36	28,858
Accrued expenses and other liabilities	79,429	56,465
Total liabilities	136,242	134,324
Net assets	20,082,288	19,709,509
Unitholders' funds (as per statement attached)	20,082,288	19,709,509
	(Number of units)	
Number of units in issue	400,610,675	393,965,527
	(Rupees)	
Net assets value per unit	50.13	50.03

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Note	Six Months period ended December 31		Quarter ended December 31	
		2012	2011	2012	2011
----- (Rupees in '000) -----					
Income					
Profit on savings accounts with banks		264,916	291,589	133,757	172,804
Profit on sukuk certificates		806,098	644,624	385,588	315,673
Net Realised gain on sale of sukuk certificates		14,430	25,311	7,402	20,850
		<u>1,085,444</u>	<u>961,524</u>	<u>526,747</u>	<u>509,327</u>
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' (net)		(1,915)	(1,086)	(1,915)	-
Total income		<u>1,083,529</u>	<u>960,438</u>	<u>524,832</u>	<u>509,327</u>
Expenses					
Remuneration to Al Meezan - Management Company of the Fund		96,590	74,860	49,242	40,122
Sindh Sales Tax on management fee		15,455	11,978	7,879	6,420
Remuneration to CDC - trustee of the Fund		7,622	5,993	3,882	3,199
Annual fee to SECP		7,244	5,615	3,693	3,010
Auditors' remuneration		276	232	150	120
Fees and subscription		149	100	92	50
Amortisation of premium on investments held as 'available for sale'		281	1,684	143	1,159
Amortisation of preliminary expenses and floatation costs		258	258	129	129
Brokerage		246	255	182	165
Bank and settlement charges		108	77	79	41
Provision for Workers' Welfare Fund (WWF)	6	18,815	-	9,205	-
Printing expense		131	141	65	83
Total expenses		<u>147,175</u>	<u>101,193</u>	<u>74,741</u>	<u>54,498</u>
Net income from operating activities		<u>936,354</u>	<u>859,245</u>	<u>450,091</u>	<u>454,829</u>
Element of income and capital gains included in prices of units sold less those in units redeemed (net)		4,422	50,254	10,170	33,099
Net income for the period		<u>940,776</u>	<u>909,499</u>	<u>460,261</u>	<u>487,928</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>940,776</u>	<u>909,499</u>	<u>460,261</u>	<u>487,928</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



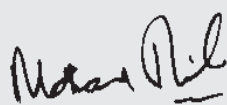
Mazhar Sharif
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31		Quarter ended December 31	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
Undistributed income brought forward	9,770	160,028	53,434	51,216
Net income for the period	940,776	909,499	460,261	487,928
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: 2.60%)	(436,841)	(185,368)	(20)	-
- Cash dividend @ 2.38 % (September 30, 2011: 2.60%)	(30)	(186,478)	-	-
Less: Interim distribution for the quarter ended December 31, 2012				
- Bonus units @ 2.36% (December 31, 2011: 2.6%)	(463,358)	(225,591)	(463,358)	(225,591)
- Cash dividend @ 2.36% (December 31, 2011: 2.6%)	(225)	(190,299)	(225)	(190,299)
Undistributed income carried forward	<u>50,092</u>	<u>123,254</u>	<u>50,092</u>	<u>123,254</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



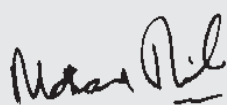
Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31		Quarter ended December 31	
	2012	2011	2012	2011
----- (Rupees in '000) -----				
Net assets at the beginning of the period	19,709,509	12,545,661	18,764,578	13,719,412
Issue of 157,077,378 units (2011: 206,928,822) and 76,378,082 units (2011: 140,709,852) for the six months and quarter respectively	7,939,756	10,450,460	3,856,784	7,114,657
Redemption of 168,432,612 units (2011: 90,728,890) and 59,238,590 units (2011: 45,093,421) for the six months and quarter respectively	(8,503,076)	(4,589,952)	(2,988,940)	(2,300,499)
	(563,320)	5,860,508	867,844	4,814,158
Element of income and capital gains included in prices of units sold less those in units redeemed (net)	(4,422)	(50,254)	(10,170)	(33,099)
Net income / (loss) for the period less distribution	40,322	(36,774)	(3,342)	72,038
Issue of 1,359,719 bonus units for the period ended June 30, 2011	-	68,000	-	-
Issue of 8,735,066 bonus units for the quarter ended September 30, 2012 (September 30, 2011 : 3,702,923 Units)	436,841	185,368	20	-
Issue of 9,265,316 bonus units for the quarter ended December 31, 2012 (December 31, 2011: 4,496,534)	463,358	225,591	463,358	225,591
Net assets at the end of the period	<u>20,082,288</u>	<u>18,798,100</u>	<u>20,082,288</u>	<u>18,798,100</u>
Net assets value per unit at the beginning of the period	Rupees <u>50.03</u>	50.65	Rupees <u>50.15</u>	50.19
Net assets value per unit at the end of the period	Rupees <u>50.13</u>	50.33	Rupees <u>50.13</u>	50.33

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31		Quarter ended December 31	
	2012	2011	2012	2011
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	940,776	909,499	460,261	487,928
Adjustments for :				
Profit on savings accounts with banks	(264,916)	(291,589)	(133,757)	(172,804)
Profit on sukuk certificates	(806,098)	(644,624)	(385,588)	(315,673)
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	1,915	1,086	1,915	-
Amortisation of preliminary expenses and floatation costs	258	258	128	129
Amortisation of premium on GoP Ijarah Sukuks	281	1,684	281	1,159
Element of income and capital gains included in prices of units sold less those in units redeemed (net)	(4,422)	(50,254)	(10,170)	(33,099)
	<u>(132,206)</u>	<u>(73,940)</u>	<u>(66,930)</u>	<u>(32,360)</u>
Decrease / (increase) in assets				
Investments	638,086	(5,838,836)	(2,053)	(5,637,225)
Deposits, prepayments and other receivables	(159)	(110)	(189)	2,077
	<u>637,927</u>	<u>(5,838,946)</u>	<u>(2,242)</u>	<u>(5,635,148)</u>
Increase / (decrease) in liabilities				
Payable to Al Meezan - Management Company of the Fund	1,874	7,546	(285)	2,652
Payable to CDC - trustee of the Fund	60	378	122	198
Payable to SECP	(5,685)	887	3,693	3,010
Payable to MBL	(699)	(133)	(438)	189
Payable on redemption of units	12,226	-	(2,677)	-
Accrued expenses and other liabilities	22,964	477	13,450	469
	<u>30,740</u>	<u>9,155</u>	<u>13,865</u>	<u>6,518</u>
Profit received on savings accounts with banks	210,893	243,402	58,100	88,451
Profit received on sukuk certificates	809,179	698,697	782,349	494,903
Net cash inflow / (outflow) from operating activities	<u>1,556,533</u>	<u>(4,961,632)</u>	<u>785,142</u>	<u>(5,077,636)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from sale of units	7,939,756	10,450,460	3,856,784	7,114,657
Payments against redemption of units	(8,503,076)	(4,621,238)	(2,988,940)	(2,286,840)
Dividend paid	(29,077)	(467,314)	(219)	(376,777)
Net cash inflow / (outflow) from financing activities	<u>(592,397)</u>	<u>5,361,908</u>	<u>867,625</u>	<u>4,451,040</u>
Net cash inflow / (outflow) during the period	<u>964,136</u>	<u>400,276</u>	<u>1,652,767</u>	<u>(626,596)</u>
Cash and cash equivalents at the beginning of the period	5,233,984	3,031,769	4,545,353	4,058,641
Cash and cash equivalents at the end of the period	<u>6,198,120</u>	<u>3,432,045</u>	<u>6,198,120</u>	<u>3,432,045</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2012 (Unaudited)

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. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end fund listed on 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 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 Advisor 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

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012.

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information and the significant judgments 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.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2012.

(Unaudited) (Audited)
Note **December** June
31, 2012 30, 2012
(Rupees in '000)

5. INVESTMENTS

Investments at 'fair value through profit or loss'	5.1	13,445,000	14,085,000
Investments - 'available for sale'	5.2	275,522	275,803
		<u>13,720,522</u>	<u>14,360,803</u>

5.1 Held for trading

Name of the issuer	Maturity date	Profit rate	As at July 1, 2012	Purchases during the period	Sale / redemptions during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 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	-	5,000	44,560	4,456,000	4,456,000	-	22.19	32.48
GoP Ijarah Sukuk Certificates - VI (note 5.3.1)	December 20, 2013	Weighted average 6 months T-Bills	7,570	-	2,500	5,070	507,000	507,000	-	2.52	3.70
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	-	1.43	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	-	1.99	2.92
GoP Ijarah Sukuk Certificates - IX (note 5.3.1)	December 26, 2014	Weighted average 6 months T-Bills	69,600	-	1,650	67,950	6,795,000	6,795,000	-	33.84	49.52
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	-	0.42	0.62
GoP Ijarah Sukuk Certificates - XIII (note 5.3.1)	September 18, 2015	Weighted average 6 months T-Bills	-	9,150	-	9,150	916,915	915,000	(1,915)	4.56	6.67
							13,446,915	13,445,000	(1,915)		
Total cost of investments							<u>13,460,270</u>				

5.2 Investment - Available for sale

Name of the issuer	Maturity date	Profit rate	As at July 1, 2012	Purchases during the period	Sale / redemptions during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 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	275,522	275,522	-	1.37	2.01
							275,522	275,522	-		
Total cost of investments							<u>275,000</u>				

5.3 The offering document of the Fund requires that at least 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 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 Honourable High Court of Sindh (SHC), challenging the applicability of WWF to 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. 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 Honourable 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 2012, the Honourable 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 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 December 31, 2012 amounting to Rs. 74.019 million which includes Rs. 18.815 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. 0.18 (0.37%).

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 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:

	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
AI-Meezan - Management Company of the Fund		
Remuneration payable	<u>16,925</u>	<u>16,170</u>
Sindh Sales Tax	<u>2,708</u>	<u>2,587</u>
Sales load payable	<u>2,947</u>	<u>2,344</u>
Sindh Sales Tax on sales load	<u>475</u>	<u>80</u>
Investments as at December 31, 2012: 17,318,387 units (June 30, 2012: 14,134,002 Units)	<u>868,157</u>	<u>707,124</u>
Meezan Bank Limited - Shariah Advisor of the Fund		
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>852</u>	<u>460</u>
Investments as at December 31, 2012: 147,045,843 units (June 30, 2012: 142,803,099 Units)	<u>7,371,289</u>	<u>7,144,439</u>
CDC - trustee of the Fund		
Trustee fee payable	<u>1,335</u>	<u>1,275</u>
Deposits	<u>100</u>	<u>100</u>
Directors and Executives of the Management Company		
Investments as at December 31, 2012: 4,497,704 units (June 30, 2012: 3,975,979 Units)	<u>225,466</u>	<u>198,918</u>
	Six months period ended December 31, 2012 2011 (Rupees in '000)	
AI-Meezan - Management Company of the Fund		
Remuneration for the period	<u>96,590</u>	<u>74,860</u>
Preliminary expenses and floatation costs	<u>258</u>	<u>258</u>
Units issued 4,259,951 (December 31, 2011: 2,271,580 Units)	<u>214,787</u>	<u>116,000</u>
Units redeemed 1,793,001 units (December 31, 2011: 1,473,659 Units)	<u>91,032</u>	<u>75,000</u>
Bonus units issued 717,434 (December 31, 2011: 829,012 Units)	<u>35,879</u>	<u>41,530</u>



**Six months period
ended December 31,
2012 2011
(Rupees in '000)**

Meezan Bank Limited - Shariah Advisor of the Fund

Profit on savings accounts	<u>975</u>	<u>981</u>
Units issued 37,535,214 (December 31, 2011: 39,800,996 Units)	<u>1,911,020</u>	<u>2,000,000</u>
Units redeemed 40,010,260 units (December 31, 2011: NIL Units)	<u>948,585</u>	<u>-</u>
Bonus units issued 6,717,790 (December 30, 2011: NIL Units)	<u>335,957</u>	<u>-</u>
Cash dividend	<u>-</u>	<u>319,057</u>
Bank charges	<u>27</u>	<u>29</u>

CDC - trustee of the Fund

Remuneration for the period	<u>7,622</u>	<u>5,993</u>
-----------------------------	--------------	--------------

Directors and Executives of the Management Company

Units issued 967,451 (December 31, 2011: 920,023 Units)	<u>48,664</u>	<u>46,670</u>
Units redeemed 643,485 (December 31, 2011: 802,804 Units)	<u>32,571</u>	<u>40,455</u>
Bonus units issued 197,758 (December 31, 2011: 169,878 Units)	<u>9,890</u>	<u>8,510</u>

8. INCOME TAX

The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2013 as reduced by capital gains (whether realised or unrealised) to its unit holders.

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on January 21, 2013 by the Board of Directors of the Management Company.

Mohammad Shoaib, CFA
Chief Executive

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

Mazhar Sharif
Director



Half Yearly Report December 31, 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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



ISO 27001 Certified

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN CASH FUND

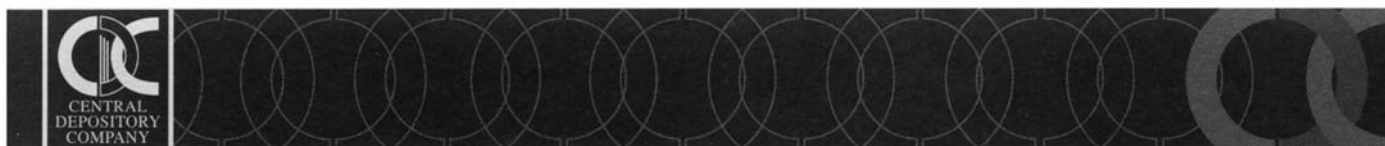
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Cash Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2012 in accordance with the provisions of the following:

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


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

Karachi, February 11, 2013





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

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Report on review of Condensed Interim Financial Information to the Unitholders'

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Cash Fund** ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes there to for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

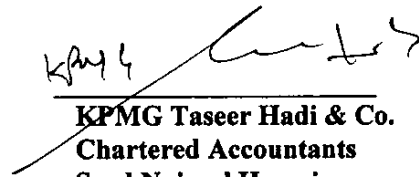
Other Matters

The figures for the quarter ended 31 December 2011 and 31 December 2012 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

The condensed interim financial information for the six months ended 31 December 2011 and financial statements for the year ended 30 June 2012 of the Fund were reviewed and audited by another firm of Chartered Accountants whose reports dated 24 February 2012 and 19 October 2012 expressed an unmodified conclusion and opinion thereon respectively.

Date: 21 January 2013

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Najmul Hussain

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2012 (Unaudited)

		(Unaudited) December 31, 2012	(Audited) June 30, 2012
	Note	(Rupees in '000)	
Assets			
Balances with banks	5	4,316,961	4,614,198
Investments	6	2,425,000	2,603,500
Profit receivable		230,122	257,153
Preliminary expenses and floatation costs		870	1,171
Deposits and prepayments		236	302
Total assets		6,973,189	7,476,324
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company of the Fund		6,611	7,767
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee of the Fund		535	600
Payable to Securities and Exchange Commission of Pakistan (SECP)		2,577	5,207
Payable on redemption of units		18,205	8,599
Accrued expenses and other liabilities		43,310	35,375
Dividend payable		80	5
Total liabilities		71,318	57,553
Net assets		6,901,871	7,418,771
Unitholders' funds (as per statement attached)		6,901,871	7,418,771
		(Number of units)	
Number of units in issue		137,665,696	148,152,204
		(Rupees)	
Net assets value per unit		50.14	50.08

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Note	Six Months period ended December 31,		Quarter ended December 31,	
		2012	2011	2012	2011
----- (Rupees in '000) -----					
Income					
Profit on savings accounts with banks		258,563	243,353	131,685	121,413
Profit on placements		77,779	109,570	29,714	52,719
Profit on sukuk certificates		35,841	34,555	10,253	19,332
Other income		10	45	-	-
Total income		372,193	387,523	171,652	193,464
Expenses					
Remuneration to Al Meezan - Management Company of the Fund		34,360	31,701	17,046	16,154
Sindh Sales Tax on management fee		5,497	5,072	2,727	2,585
Remuneration to CDC - trustee of the Fund		3,212	3,026	1,597	1,534
Annual fee to SECP		2,577	2,378	1,278	1,212
Auditors' remuneration		275	225	150	96
Fees and subscription		125	111	63	56
Amortisation of preliminary expenses and floatation costs		301	303	151	152
Bank and settlement charges		79	55	68	37
Printing expense		215	46	108	31
Provision for Workers' Welfare Fund (WWF)	7	6,326	-	2,909	-
Total expenses		52,967	42,917	26,097	21,857
Net income from operating activities		319,226	344,606	145,555	171,607
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed (net)		(2,903)	7,114	(106)	2,148
Net income for the period		316,323	351,720	145,449	173,755
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		316,323	351,720	145,449	173,755

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
----- (Rupees in '000) -----				
Undistributed income brought forward	10,288	3,711	21,402	16,447
Less : Interim Distribution on July 22, 2012				
- bonus units @ 0.60%	(41,008)	-	-	-
- cash dividend @ 0.60%	(39)	-	-	-
Less : Interim Distribution on August 22, 2012	(68,325)	-	-	-
- bonus units @ 1.00%	(66)	-	-	-
- cash dividend @ 1.00%				
Less: Interim distribution on August 23, 2011				
- bonus units @ 1.70%	-	(97,720)	-	-
- cash dividend @ 1.70%	-	(10,890)	-	-
Less : Interim Distribution on September 20, 2012	(50,316)	-	-	-
- bonus units @ 0.76%	(6)	-	-	-
- cash dividend @ 0.76%				
Less: Interim distribution on September 23, 2011				
- bonus units @ 0.90%	-	(46,330)	-	-
- cash dividend @ 0.90%	-	(10,289)	-	-
Less : Interim Distribution on October 22, 2012	(56,221)	-	(56,221)	-
- bonus units @ 0.84%	(6)	-	(6)	-
- cash dividend @ 0.84%				
Less: Interim distribution on October 20, 2011				
- bonus units @ 0.88%	-	(46,186)	-	(46,186)
- cash dividend @ 0.88%	-	(10,024)	-	(10,024)
Less : Interim Distribution on November 22, 2012	(49,177)	-	(49,177)	-
- bonus units @ 0.72%	(5)	-	(5)	-
- cash dividend @ 0.72%				
Less: Interim distribution on November 22, 2011				
- bonus units @ 0.98%	-	(50,785)	-	(50,785)
- cash dividend @ 0.98%	-	(11,163)	-	(11,163)
Less: Interim distribution on December 20, 2012	(42,885)	-	(42,885)	-
- bonus units @ 0.64%	(4)	-	(4)	-
- cash dividend @ 0.64%				
Less: Interim distribution on December 21, 2011				
- bonus units @ 0.80%	-	(42,980)	-	(42,980)
- cash dividend @ 0.80%	-	(9,110)	-	(9,110)
Net income for the period	316,323	351,720	145,449	173,755
Undistributed income carried forward	18,553	19,954	18,553	19,954

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)




Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
----- (Rupees in '000) -----				
Net assets at the beginning of the period	7,418,771	5,955,829	6,651,921	5,807,292
Issue of 67,269,996 units (2011: 82,888,602) and 39,995,698 units (2011: 44,312,131) for the six months and quarter respectively	3,377,342	4,170,039	2,007,560	2,223,449
Redemption of 83,910,583 units (2011: 75,995,280) and 37,911,773 units (2011: 31,315,044) for the six months and quarter respectively	(4,213,342) (836,000)	(3,817,929) 352,110	(1,903,150) 104,410	(1,570,982) 652,467
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	2,903	(7,114)	106	(2,148)
Net income / (loss) for the period less distribution	8,265	16,243	(2,849)	3,507
Issue of 818,800 bonus units against interim distribution on July 22, 2012	41,008	-	-	-
Issue of 1,364,407 bonus units against interim distribution on August 22, 2012	68,325	-	-	-
Issue of 1,954,007 bonus units against interim distribution on August 23, 2011	-	97,720	-	-
Issue of 1006,995 bonus units against interim distribution on September 20, 2012	50,316	-	-	-
Issue of 926,235 bonus units against interim distribution on September 23, 2011	-	46,330	-	-
Issue of 1,124,341 bonus units against interim distribution on October 22, 2012	56,221	-	56,221	-
Issue of 923,709 bonus units against interim distribution on October 20, 2011	-	46,186	-	46,186
Issue of 983,149 bonus units against interim distribution on November 22, 2012	49,177	-	49,177	-
Issue of 1,015,710 bonus units against interim distribution on November 22, 2011	-	50,785	-	50,785
Issue of 856,387 bonus units against interim distribution on December 20, 2012	42,885	-	42,885	-
Issue of 859,420 bonus units against interim distribution on December 21, 2011	-	42,980	-	42,980
	307,932	284,001	148,283	139,951
Net assets at the end of the period	6,901,871	6,601,069	6,901,871	6,601,069
Net asset value per unit at the beginning of the period	Rupees 50.08	50.03	Rupees 50.16	50.14
Net asset value per unit at the end of the period	Rupees 50.14	50.15	Rupees 50.14	50.15

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



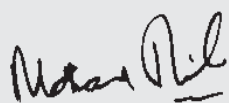
Mazhar Sharif
Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	316,323	351,720	145,449	173,755
Adjustments for non-cash items				
Profit on savings accounts with banks	(258,563)	(243,353)	(131,685)	(121,413)
Profit on placements	(77,779)	(109,570)	(29,714)	(52,719)
Profit on sukuk certificates	(35,841)	(34,555)	(10,253)	(19,332)
Amortisation of preliminary expenses and floatation costs	301	303	151	152
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	2,903	(7,114)	106	(2,148)
	(52,656)	(42,569)	(25,946)	(21,705)
Decrease in assets				
Investments	178,500	650,000	(25,000)	800,000
Deposits and prepayments	66	106	30	53
	178,566	650,106	(24,970)	800,053
Increase / (Decrease) in liabilities				
Payable to Al Meezan - management company of the Fund	(1,156)	1,791	221	331
Payable to CDC - trustee of the Fund	(65)	68	18	25
Payable to SECP	(2,630)	(2,242)	(3,929)	1,212
Brokerage payable	-	(45)	-	-
Accrued expenses and other liabilities	7,935	(53)	4,077	(92)
	4,084	(481)	387	1,476
Profit received on savings accounts with banks	248,147	234,782	97,577	94,200
Profit received on sukuk certificates	61,397	16,797	-	16,797
Profit received on placements	89,670	127,372	43,514	82,651
Net cash inflow from operating activities	529,208	986,007	90,562	973,472
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from sale of units	3,377,342	4,170,039	2,007,560	2,223,449
Dividend paid	(51)	(58,904)	(5)	(40,584)
Payment against redemption of units	(4,203,736)	(3,818,063)	(1,896,635)	(1,560,027)
Net cash (outflow) / inflow from financing activities	(826,445)	293,072	110,920	622,838
Net cash (outflow) / inflow during the period	(297,237)	1,279,079	201,482	1,596,310
Cash and cash equivalents at the beginning of the period	4,614,198	3,666,697	4,115,479	3,349,466
Cash and cash equivalents at the end of the period	4,316,961	4,945,776	4,316,961	4,945,776

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 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 Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan (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 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 in time. Under the trust deed all the conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end Shariah compliant (Islamic) Money Market Scheme listed on 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 Credit Rating Company Ltd.
- 1.5 Title to the assets of the Fund are held in the name of CDC as the trustee of the Fund.

2. BASIS OF MEASUREMENT

The transactions undertaken by the Fund in accordance with the process prescribed under the shariah guidelines issued by the Shariah Advisor 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

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012.

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information 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.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2012.

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
(Rupees in '000)			
5. BALANCES WITH BANKS			
On saving accounts	5.1	4,314,030	4,608,704
On current accounts		2,931	5,494
		4,316,961	4,614,198

5.1 The balances in savings accounts have an expected profit ranging from 5.04% to 12.90% (June 30, 2012: 5.19% to 12.10%) per annum.

6. INVESTMENTS

Investments - 'loans and receivables'			
- Placements	6.1	1,900,000	1,600,000
Investments - 'fair value through profit or loss'			
- Held for trading	6.2	-	625,000
- Fair value through profit or loss upon initial recognition	6.3	525,000	378,500
		525,000	1,003,500
		2,425,000	2,603,500

6.1. Placements

Name of the bank	Maturity	Profit range	As at July 01, 2012	Placements made during the period	Matured during the period	As at December 31, 2012	Percentage of total value of investments
		%	Rupees in '000			%	
Habib Bank Limited	March 27, 2013	9.5%	-	500,000	-	500,000	21
Bank Alfalah Limited	January 24 - January 28, 2013	9.40-10.05%	1,600,000	3,400,000	(3,600,000)	1,400,000	58
						<u>1,900,000</u>	

6.1.1 Placements carry expected profit rates ranging from 9.40% to 10.05% per annum (June 30, 2012: 11.80% to 13.02% per annum) and are due to mature from January 24 to March 27, 2013.

6.2 Held for trading

Name of the Issuer	Maturity	Profit rate	As at July 01, 2012	Purchases during the period	Sales / redemptions during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 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)	-	-	-	-	-
Total							-	-	-	-
Total cost of investment							-	-	-	-

6.3. Investments - 'fair value through profit or loss upon initial recognition'

Name of the Issuer	Maturity	Profit rate	As at July 01, 2012	Purchases during the period	Sales / redemptions during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 2012	Unrealised gain / (loss)	Percentage in relation to		
			----- (Number of certificates) -----			----- Rupees in '000 -----			Net assets of the Fund on the basis of market value (see note 6.3.2)	Paid up capital of investee company (with face value of investment)	Total market value of investments	
Engro Fertilizers Limited - CP Sukuk (note 6.3.1)	September 22, 2012	6 months KIBOR + 1.5%	15,700	-	15,700	-	-	-	-	-	-	-
HUB Power Company Limited - CP Sukuk (note 6.3.1)	February 15, 2013	6 months KIBOR + 1.1%	60,000	-	-	60,000	300,000	300,000	-	4.35	2.59	57.14
Kot Addu Power Company Limited - CP Sukuk (note 6.3.1)	June 12, 2013	6 months KIBOR + 1.1%	-	45,000	-	45,000	225,000	225,000	-	3.26	2.56	42.86
Total cost of investment							525,000	525,000	-			
							525,000					

6.3.1 The nominal value of these sukuk certificates is Rs 5,000 each. These securities are carried at face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturities of upto six months.

6.3.2 Net assets are as defined in Regulation 66 of NBFC Regulations, 2008.

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 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 Honourable High Court of Sindh (SHC), challenging the applicability of WWF to 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. This clarification was forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its collectorates for necessary action. Based on this clarification, FBR also withdrew notice of demand which it had earlier issued to one of the funds managed by Al Meezan for collection of WWF.

During the year 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act, 2006 and the Finance Act, 2008, 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 SHC.

During the year ended June 30, 2012, the Fund had 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 December 31, 2012 amounting to Rs. 40.959 million which includes Rs. 6.327 million pertaining to the current period 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 0.30 (0.59%).

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 of the Management Company, directors and officers of the Management 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, 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, NBFC Regulations and the trust deed respectively.

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



	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
AI Meezan - Management Company of the Fund		
Remuneration payable	<u>5,699</u>	<u>6,696</u>
Sindh Sales Tax payable on management fee	<u>912</u>	<u>1,071</u>
Meezan Bank Ltd. - Shariah Advisor of the Fund		
Balances with bank	<u>27,157</u>	<u>67,029</u>
Profit receivable on savings accounts	<u>696</u>	<u>466</u>
CDC - Trustee of the Fund		
Trustee fee payable	<u>535</u>	<u>600</u>
Deposits with CDC	<u>100</u>	<u>100</u>
Directors and Executives of the Management Company		
Investments as at December 31, 2012: 299,425 units (June 30, 2012: 479,694 units)	<u>15,013</u>	<u>24,023</u>
	Six months period ended December 31,	
	2012	2011
	(Rupees in '000)	
AI Meezan - Management Company of the Fund		
Remuneration for the period	<u>34,360</u>	<u>31,701</u>
Sindh Sales Tax on management fee	<u>5,497</u>	<u>5,072</u>
Meezan Bank Ltd. - Shariah Advisor of the Fund		
Profit on savings accounts	<u>672</u>	<u>486</u>
CDC - trustee of the Fund		
Trustee fee	<u>3,212</u>	<u>3,026</u>
Directors and Executives of the management company		
Units issued: 63,109 units (2011: 270,290)	<u>3,169</u>	<u>11,921</u>
Redemptions: 258,846 units (2011: 337,927)	<u>6,294</u>	<u>16,939</u>
Bonus units issued: 15,468 units (2011: 26,205)	<u>774</u>	<u>1,304</u>

9. INCOME TAX

The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2013 as reduced by capital gains (whether realised or unrealised) to its unit holders.

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on January 21, 2013 by the Board of Directors of the Management Company.

Handwritten signature of Mohammad Shoab in black ink.

Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)

Handwritten signature of Mazhar Sharif in black ink.

Mazhar Sharif
Director



Half Yearly Report December 31, 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

Bank Alfalah Limited - Islamic Banking
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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



ISO 27001 Certified

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN CAPITAL PROTECTED FUND-II

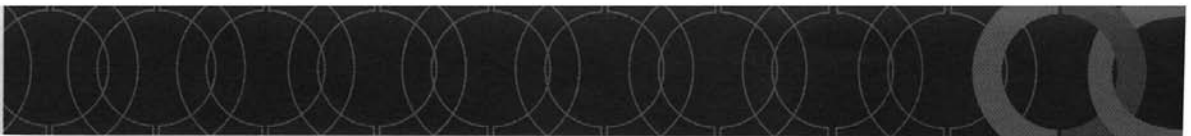
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Capital Protected Fund-II (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2012 in accordance with the provisions of the following:-

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

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

Karachi, February 11, 2013





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

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Report on review of Condensed Interim Financial Information to the Unitholders'

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Capital Protected Fund-II** ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes there to for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matters

The figures for the quarter ended 31 December 2011 and 31 December 2012 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

The condensed interim financial information of the Fund for the period ended 31 December 2011 and financial statements for the year ended 30 June 2012 were reviewed and audited by another firm of Chartered Accountants whose reports dated 24 February 2012 and 19 October 2012 expressed an unmodified conclusion and opinion thereon respectively.

Date: 21 January 2013

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Najmul Hussain

KPMG Taseer Hadi & Co. a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2012 (Unaudited)

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
Assets (Rupees in '000)			
Balances with banks		30,321	21,328
Investments	5	439,348	418,473
Profit receivable		4,451	5,738
Dividend receivable		72	129
Receivable against sale of investments		1,329	-
Deposits, prepayments and other receivables		103	100
Preliminary expenses and floatation costs		1,172	1,536
Total assets		476,796	447,304
Liabilities			
Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company of the Fund		694	657
Payable to CDC - trustee of the Fund		59	58
Payable to Securities and Exchange Commission of Pakistan (SECP)		174	303
Payable against purchase of investments		-	1,930
Accrued expenses and other liabilities		570	1,111
Total liabilities		1,497	4,059
Net assets		475,299	443,245
Contingency	6		
Unitholders' funds (as per statement attached)		475,299	443,245
----- Number of units -----			
Number of units in issue		8,745,887	7,809,472
----- Rupees -----			
Net assets value per unit (Rupees)		54.35	56.76

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For AI Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six months period ended December 31, 2012	Period July 5, to December 31, 2011	Quarter ended December 31, 2012	Quarter ended December 31, 2011
	----- (Rupees in '000) -----			
Income				
Net realised gain on sale of investments	4,793	2,571	2,680	1,105
Dividend income - Net of charity	3,508	3,693	1,712	1,920
Profit on savings accounts with banks	1,097	5,254	607	1,090
Profit on Government of Pakistan (GoP) Ijarah Sukuk	19,007	14,653	9,017	8,950
Back end load	66	196	37	196
	<u>28,471</u>	<u>26,367</u>	<u>14,053</u>	<u>13,261</u>
Unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss' (net)	11,039	(8,902)	4,220	(9,961)
Total income	<u>39,510</u>	<u>17,465</u>	<u>18,273</u>	<u>3,300</u>
Expenses				
Remuneration to Al Meezan - Management Company of the Fund	3,461	2,810	1,758	1,542
Sindh Sales Tax on management fee	554	450	281	247
Remuneration to CDC - trustee of the Fund	353	345	177	176
Annual fee to SECP	174	141	88	77
Auditors' remuneration	213	181	119	107
Fees and subscription	14	30	4	15
Amortisation of preliminary expenses and floatation costs	364	356	182	182
Amortization of Premium - GoP Ijara Sukuks	428	478	217	308
Brokerage	127	377	50	141
Legal and professional charges	88	88	44	88
Bank and settlement charges	31	82	16	30
Printing charges	76	73	38	37
Total expenses	<u>5,883</u>	<u>5,411</u>	<u>2,974</u>	<u>2,950</u>
Net income from operating activities	<u>33,627</u>	<u>12,054</u>	<u>15,299</u>	<u>350</u>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed (net)	(64)	893	(57)	-
Net income for the period	<u>33,563</u>	<u>12,947</u>	<u>15,242</u>	<u>350</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>33,563</u>	<u>12,947</u>	<u>15,242</u>	<u>350</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six months period ended December 31, 2012	Period July 5, to December 31, 2011	Quarter ended December 31, 2012	Quarter ended December 31, 2011
	----- (Rupees in '000) -----			
Undistributed income at the beginning of the period	52,771	-	22,283	12,597
Final distribution in the form of bonus units @ 12.5% for the Period ended June 30, 2012.	(48,809)	-	-	-
Net income for the period	<u>33,563</u>	12,947	<u>15,242</u>	350
Undistributed income carried forward	<u>37,525</u>	<u>12,947</u>	<u>37,525</u>	<u>12,947</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



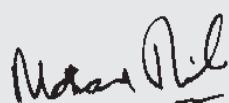
Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six months period ended December 31, 2012	For the period July 5, to December 31, 2011	Quarter ended December 31, 2012	Quarter ended December 31, 2011
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	443,245	-	460,973	407,607
Issue of nil units (2011 : 7,900,661 units) and nil units (2011 : 462 units) for six months and quarter respectively	-	395,926	-	23
Redemption of 29,912 units (2011 : 297 units) and 18,150 units (2011 : 297 units) for six months and quarter respectively	(1,573) (1,573)	(15) 395,911	(973) (973)	(15) 8
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	64	(893)	57	-
Net income for the period	33,563	12,947	15,242	350
Issue of bonus units during the period	(48,809) (15,246)	- 12,947	- 15,242	- 350
Issue of 966,327 bonus units for the year ended June 30, 2012	48,809	-	-	-
Net assets at the end of the period	475,299	407,965	475,299	407,965
Net asset value per unit at the beginning of the period - Rupees	56.76	-	52.60	51.59
Net asset value per unit at the end of the period - Rupees	54.35	51.64	54.35	51.64

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



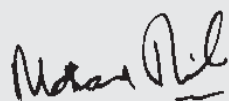
Mazhar Sharif
Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)


	Six months period ended December 31 2012	For the period July 5 to December 31, 2011	Quarter ended December 31 2012	Quarter ended December 31 2011
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	33,563	12,947	15,242	350
Adjustments for:				
Dividend income	(3,569)	(3,747)	(1,751)	(1,962)
Charity Expense	61	54	39	42
Profit on savings accounts with banks	(1,097)	(5,254)	(607)	(1,090)
Profit on GoP Ijara Sukuk	(19,007)	(14,653)	(9,017)	(8,950)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	(11,039)	8,902	(4,220)	9,961
Amortisation of preliminary expenses and floatation costs	364	356	182	182
Amortization of Premium -GoP Ijara Sukuks	428	478	217	308
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	64	(893)	57	-
	(232)	(1,810)	142	(1,159)
(Increase)/Decrease in assets				
Investments	(10,264)	(401,074)	(6,386)	(78,344)
Deposits, prepayments and other receivables	(3)	(217)	5	(72)
Receivable against sale of Investment	(1,329)	-	(1,329)	-
	(11,596)	(401,291)	(7,710)	(78,416)
Decrease / (increase) in liabilities				
Payable to Al Meezan - Management Company of the Fund	37	630	12	(6,197)
Payable to CDC- trustee of the Fund	1	59	1	1
Payable to SECP	(129)	141	88	77
Payable against redemption of units	-	-	(28)	-
Payable against purchase of investments	(1,930)	-	-	(21)
Accrued expenses and other liabilities	(541)	918	(674)	140
	(2,562)	1,748	(601)	(6,000)
Preliminary expenses and flotation costs paid	-	(2,252)	-	-
Profit received on savings accounts with banks	1,480	1,337	158	649
Profit received on purchase of GoP Ijara Sukuk	19,911	10,431	19,911	18,988
Dividend received	3,565	3,656	2,958	3,515
Net cash inflow / (outflow) from operating activities	10,566	(388,181)	14,858	(62,423)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issuance of units	-	395,926	-	23
Payments against redemption of units	(1,573)	(15)	(973)	(15)
Net cash inflow / (outflow) from financing activities	(1,573)	395,911	(973)	8
Net cash inflow / (outflow) during the period	8,993	7,730	13,885	(62,415)
Cash and cash equivalents at the beginning of the period	21,328	-	16,436	70,145
Cash and cash equivalents at the end of the period	30,321	7,730	30,321	7,730

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2012 (Unaudited)

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 Central Depository Company of Pakistan (CDC) as the trustee of the Fund. The trust deed was executed on May 12, 2011 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 is a capital protected fund with an objective to pay unit holders, with certain conditions, their principal investment at maturity and to provide them with high level of total return over the life of the Fund in a shariah compliant manner. Under the trust deed all the conducts and acts of the Fund are based on shariah. Meezan Bank Limited (MBL) acts as its shariah advisor to ensure that the activities of the Fund are in compliance with the principles of shariah.
- 1.3 The Fund is an open-end fund with maturity of three years and six weeks and is listed on Islamabad Stock Exchange. The issuance of units has been discontinued since August 15, 2011.
- 1.4 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.
- 1.5 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 advisor 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 information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

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.

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information and the significant judgments 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.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2012.

	Note	December 31, 2012	June 30, 2012
		(Rupees in '000)	
5 INVESTMENTS			
Investments - 'available for sale'	5.1	333,278	333,706
Investments 'at fair value through profit or loss'	5.2	106,070	84,767
		<u>439,348</u>	<u>418,473</u>

5.1 INVESTMENTS - 'AVAILABLE-FOR-SALE'

Name of the issuer	Maturity date	Profit rate	As at July 1, 2012	Purchases during the period	Sales during the period	Redemptions during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 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	281,278	281,278	-	64.00	59.00
GOP Ijara Sukuk Certificates - IX	December 26, 2014	Weighted average 6 months T-Bills	220	-	-	-	220	22,000	22,000	-	5.01	4.63
GoP Ijarah Sukuk Certificates - XII	June 28, 2015	Weighted average 6 months T-Bills	300	-	-	-	300	30,000	30,000	-	6.83	6.31
Total								<u>333,278</u>	<u>333,278</u>	-		
Total cost of investments									<u>333,278</u>			

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

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

5.2 Investments at 'fair value through profit or loss'

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 December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 2012 value	Unrealised gain / (loss) as at December 31, 2012	Percentage in relation to		
									Net assets of the Fund on basis of market value (note 5.2.2)	Paid-up capital of investee company (with face value of investment)	Total market value of investments
					-----Number of shares-----			-----Rupees in '000-----			
Construction and Materials											
DG Khan Cement Company Limited	113,401	165,000	-	190,000	88,401	3,964	4,825	861	1.02	0.02	1.10
Akzo Nobel Pakistan Limited	3,843	4,999	-	6,000	2,842	333	246	(87)	0.05	0.01	0.06
Lucky Cement Limited	61,548	7,500	-	15,000	54,048	6,291	8,190	1,899	1.72	0.02	1.86
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited "A"	494,190	225,000	-	460,000	259,190	4,539	4,497	(42)	0.95	0.01	1.02
Electricity											
The Hub Power Company Limited	242,870	32,000	-	-	274,870	11,592	12,435	843	2.62	0.02	2.83
Oil and Gas											
Attock Petroleum Limited	14,000	-	-	-	14,000	6,641	7,168	527	1.51	0.02	1.63
Attock Refinery Limited	-	8,000	-	1,000	7,000	1,173	1,173	-	0.25	0.01	0.27
National Refinery Limited.	991	-	-	-	991	229	210	(19)	0.04	0.00	0.05
Oil and Gas Development Company Limited	38,300	2,800	-	-	41,100	6,677	7,916	1,239	1.67	0.00	1.80
Pak Oilfields Limited	16,000	11,700	-	10,800	16,900	6,866	7,394	528	1.56	0.01	1.68
Pakistan Petroleum Limited	27,200	26,000	9,550	31,000	31,750	5,115	5,613	498	1.18	0.00	1.28
Pakistan State Oil Company Limited	23,707	25,000	4,741	-	53,448	10,991	12,411	1,420	2.61	0.03	2.82
Chemicals											
Fauji Fertilizer Bin Qasim Limited	189,480	7,000	-	93,500	102,980	4,179	3,974	(205)	0.84	0.01	0.90
Fauji Fertilizer Company Limited	120,000	-	-	70,400	49,600	5,508	5,810	302	1.22	0.00	1.32
ICI Pakistan Limited	7,641	-	-	5,000	2,641	346	459	113	0.10	0.00	0.10
Engineering											
Millat Tractors Limited	2,302	18,200	-	-	20,502	11,371	11,575	204	2.44	0.06	2.63
Food Producers											
Engro Foods Limited	30,000	153,000	-	68,737	114,263	8,166	11,214	3,048	2.36	0.02	2.55
General industrials											
Tri-Pack Films Limited	5,000	-	-	-	5,000	1,050	960	(90)	0.20	0.02	0.22
Total						95,031	106,070	11,039			
Total cost of investments							92,952				

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. 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 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 Honourable High Court of Sindh (SHC), challenging the applicability of WWF to CISs, which is pending adjudication.

During 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. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its collectorates for necessary action. Based on this clarification, FBR also withdrew notice of demand which it had earlier issued to one of the funds managed by Al Meezan for collection of WWF.

During the year 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 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 December 31, 2012 amounting to Rs 1.69 million which includes Rs 0.66 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 0.19 (0.36%).

7. OPERATING SEGMENTS

The investment committee of the management company makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the requirements of the trust deed and the reports reviewed by the investment committee for taking strategic decisions.

In accordance with the trust deed, the Fund consists of two segments, a capital protection segment and an investment segment. The capital protected segment includes that part of the fund which will be invested in such a way that it grows to the level of principal investment upon the level of maturity of the Fund whereas the investment segment includes that portion of the Fund property that will be invested in assets with minimum investment grade, wherever applicable, that have the potential to give a high return to investors.

The capital protection segment policy 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 AA- (Double A minus) at the time of placement as directed by the SECP. However, the investment segment policy aims at investing in asset classes as and when determined by the Management Company. The asset classes includes shares of shariah compliant securities, shariah compliant debt and money market securities / instruments including sukuks issued by Federal Government, bank deposits in Islamic banks.

The reportable operating segments derive their income by seeking investments to achieve targeted returns that consummate with an acceptable level of risk within each portfolio. These returns consist of profit on sukuk certificates and GoP Ijarah sukuks, dividends, gain on disposal of investments and unrealised gain on the appreciation in the value of the investments.

There were no changes in the reportable segments during the period.



The segment information provided to the investment committee and the Fund manager for the reportable segments is as follows:

	Six Months period ended Dec 31, 2012			Period July 5 to Dec 31, 2011		
	Investment Segment	Capital Protected Segment	Total	Investment Segment	Capital Protected Segment	Total
----- (Rupees in '000) -----						
Net realised gain on sale of investments	4,793	-	4,793	2,571	-	2,571
Dividend income (net of charity expense)	3,508	-	3,508	3,693	-	3,693
Profit on savings accounts with banks	1,097	-	1,097	5,254	-	5,254
Profit income on GoP Ijarah Sukuk	8,423	10,584	19,007	4,931	9,722	14,653
Unrealised gain / (loss) on re-measurement of investments - 'fair value through profit or loss'	11,039	-	11,039	(8,902)	-	(8,902)
Remuneration to Al Meezan - Management Company of the fund	(848)	(2,613)	(3,461)	(688)	(2,122)	(2,810)
Sindh sales tax on management fee	(136)	(418)	(554)	(110)	(340)	(450)
Amortisation of premium - GoP Ijarah Sukuk	(200)	(228)	(428)	(225)	(253)	(478)
Securities transaction cost	(147)	-	(147)	(340)	(37)	(377)
Settlement Charges	(10)	-	(10)	(10)	-	(10)
Total net segment income	27,519	7,325	34,844	6,174	6,970	13,144
Unallocated Expenses	-	-	1,281	-	-	197
Total income	27,519	7,325	33,563	6,174	6,970	12,947

	As at Dec 31, 2012			As at June 30, 2012		
	Investment Segment	Capital Protected Segment	Total	Investment Segment	Capital Protected Segment	Total
----- (Rupees in '000) -----						
Total segment assets include:						
Investments - 'fair value through profit or loss'	106,070	-	106,070	87,587	-	87,587
Investments - 'available for sale'	146,944	186,334	333,278	117,773	186,334	304,107
Receivable against sale of investment	1,329	-	1,329	-	-	-
Profit receivable on savings accounts	1,076	-	1,076	3,917	-	3,917
Profit receivable on sukuk certificates	1,172	2,203	3,375	1,441	2,781	4,222
Dividend receivable	72	-	72	37	-	37
Total segment assets	256,663	188,537	445,200	210,755	189,115	399,870
Unallocated Assets			31,596			9,843
Total Assets	256,663	188,537	476,796	210,755	189,115	409,713
Total segment liabilities include:						
Payable to Al Meezan - Management Company of the fund	170	524	694	154	476	630
Charity payable	166	-	166	54	-	54
Total segment liabilities	336	524	860	208	476	684
Unallocated Liabilities	-	-	637	-	-	1,064
Total Liabilities	336	524	1,497	208	476	1,748

There were no transactions between reportable segments.

8. 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 as associated company of the management company, Al Meezan Mutual Fund, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Sovereign 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:

	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
Al Meezan - Management Company of the Fund		
Remuneration payable	<u>598</u>	<u>541</u>
Sindh Sales Tax payable on management fee	<u>96</u>	<u>87</u>
Sales load payable	<u>-</u>	<u>29</u>
Investment of 2,247,476 units (June 30, 2012: 2,000,000 units)	<u>122,150</u>	<u>113,520</u>
Meezan Bank Limited - Shariah Advisor of the fund		
Balances with bank	<u>349</u>	<u>556</u>
Profit receivable	<u>33</u>	<u>22</u>
Investment of 2,247,476 units (June 30, 2012: 2,000,000 units)	<u>122,150</u>	<u>113,520</u>
CDC - trustee of the Fund		
Trustee fee payable	<u>59</u>	<u>58</u>
Deposit with CDC	<u>100</u>	<u>100</u>
Directors and Executives of the Management Company		
Investment of 1,124 units (June 30, 2012: 1,000 units)	<u>61</u>	<u>57</u>



Six months period ended December 31, 2012	Period July 5, to December 31, 2011
--	--

(Rupees in '000)

Al Meezan - Management Company of the Fund

Remuneration for the period	<u>3,461</u>	<u>2,810</u>
Sindh sales tax on management fee	<u>554</u>	<u>450</u>
Bonus units issued: 247,476 units (2011: nil units)	<u>12,500</u>	<u>-</u>
Purchase of nil units (2011: 2,000,000 units)	<u>-</u>	<u>100,000</u>

Meezan Bank Limited - Shariah Advisor of the fund

Bank Charges	<u>-</u>	<u>9</u>
Profit on savings accounts	<u>12</u>	<u>72</u>
Bonus units issued: 247,476 units (2011: nil units)	<u>12,500</u>	<u>-</u>
Purchase of nil units (2011: 2,000,000 units)	<u>-</u>	<u>100,000</u>

CDC - trustee of the Fund

Trustee fee	<u>353</u>	<u>345</u>
CDS charges	<u>5</u>	<u>10</u>

Directors and Executives of the Management Company

Purchase of nil units (2011: 1,000 units)	<u>-</u>	<u>50</u>
Bonus units issued: 124 units (2011: nil units)	<u>6</u>	<u>-</u>

9. Income Tax

The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2013 as reduced by capital gains (whether realised or unrealised) to its unitholders.

10. Date of Authorisation for issue

These financial statements were authorised for issue on January 21, 2013 by the Board of Directors of the management company.

Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)

Mazhar Sharif
Director



Half Yearly Report December 31, 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 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

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



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TRUSTEE REPORT TO THE CERTIFICATE HOLDERS

MEEZAN BALANCED FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Balanced Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2012 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


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

Karachi, February 11, 2013





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

Telephone + 92 (21) 3568 5847
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Internet www.kpmg.com.pk

Report on review of Condensed Interim Financial Information to the Certificate Holders'

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Balanced Fund** ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in equity and reserves per certificate, condensed interim cash flow statement and notes there to for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to the following:

- note 1.6 of the accompanying condensed interim financial information which interalia states that as per clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a closed-end fund, upon expiry of five years from 21 November 2007 or the date of launch of the fund whichever is later, convert into an open-end scheme or revoke the closed-end scheme. The Securities and Exchange Commission of Pakistan has further extended timeline to 31 January 2013; and
- note 6 to the accompanying condensed interim financial information which refers to an uncertainty relating to the future outcome of the litigation regarding contribution to the Workers' Welfare Fund which is currently pending adjudication at the Honorable High Court of Sindh.

Our conclusion is not modified in respect of the aforementioned matters.


Other Matters

The figures for the quarter ended 31 December 2011 and 31 December 2012 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

The condensed interim financial information of the Fund for the six months ended 31 December 2011 and financial statements for the year ended 30 June 2012 were reviewed and audited by another firm of Chartered Accountants whose reports dated 24 February 2012 and 12 October 2012 expressed an unmodified conclusion and opinion thereon respectively.

Date: 21 January 2013

Karachi

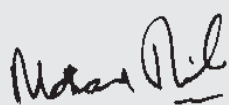

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Najmul Hussain

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2012 (Unaudited)

	(Unaudited) Note December 31, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
Assets		
Balances with banks	64,694	72,888
Investments	5 1,465,472	1,470,386
Dividend receivable	921	1,482
Advances, deposits, prepayments and other receivables	16,608	15,250
Total assets	1,547,695	1,560,006
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company of the Fund	2,942	2,920
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund	142	140
Payable to Securities and Exchange Commission of Pakistan (SECP)	671	1,237
Payable against purchase of investments	-	44
Brokerage Payable	124	213
Accrued expenses and other liabilities	4,132	4,002
Unclaimed dividend	31,845	16,407
Total liabilities	39,856	24,963
Net assets	1,507,839	1,535,043
Contingency	6	
Certificate holders' equity (as per statement attached)		
Issued, subscribed and paid-up capital		
120,000,000 ordinary certificates of Rs 10 each	1,200,000	1,200,000
Unappropriated income	193,582	279,992
Surplus on revaluation of available for sale investments	114,257	55,051
	1,507,839	1,535,043
Net assets value per certificate (Rupees)	12.57	12.79

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



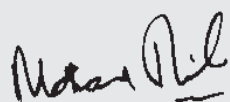
Mazhar Sharif
Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Note	Six Months period ended December 31,		Quarter ended December 31,	
		2012	2011	2012	2011
----- (Rupees in '000) -----					
Income					
Net realised gain on sale of investments		39,435	33,204	22,237	18,844
Dividend income - net of charity		38,120	26,480	15,850	13,244
Profit on savings accounts with banks		5,797	6,165	3,657	916
Profit on sukuk certificates		34,665	41,890	16,842	20,202
Other Income		-	52	-	52
		<u>118,017</u>	<u>107,791</u>	<u>58,586</u>	<u>53,258</u>
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss (net)	5	<u>48,793</u>	<u>(3,009)</u>	<u>24,425</u>	<u>(2,297)</u>
Total income		166,810	104,782	83,011	50,961
Expenses					
Remuneration to Al Meezan - Management Company of the Fund		15,782	14,398	7,643	6,868
Sindh Sales Tax on management fee		2,525	2,304	1,223	1,099
Remuneration to CDC - trustee of the Fund		871	815	425	394
Annual fee to SECP		671	612	325	292
Auditors' remuneration		305	301	169	129
Fees and subscription		199	176	99	118
Brokerage		528	202	273	122
Printing charges		151	152	75	76
Legal and professional charges		-	5	-	-
Bank and settlement charges		160	163	31	72
Impairment loss on 'available for sale investments'		4,028	12,942	4,028	12,942
Total expenses		25,220	32,070	14,291	22,112
Net income for the period		141,590	72,712	68,720	28,849
Other comprehensive income for the period					
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale' (net of impairment)		63,234	(59,045)	7,696	(55,527)
Total comprehensive income for the period		204,824	13,667	76,416	(26,678)
Earnings per certificate (Rupees)		1.18	0.61	0.57	0.24

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



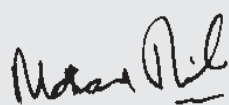
Mazhar Sharif
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
Unappropriated income brought forward	279,992	236,138	352,862	70,001
Final distribution in the form of cash dividend @ 19% for the year ended June 30, 2012 (June 30, 2011: 17.5%)	(228,000)	(210,000)	(228,000)	-
Net income for the period	141,590	72,712	68,720	28,849
Unappropriated income carried forward	<u>193,582</u>	<u>98,850</u>	<u>193,582</u>	<u>98,850</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



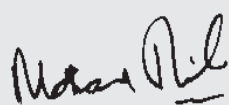
Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN EQUITY AND RESERVES PER CERTIFICATE

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
Net assets per certificate at the beginning of the period	12.79	12.70	13.86	11.28
Net realised gain on sale of investments	0.33	0.28	0.19	0.16
Dividend income	0.32	0.22	0.13	0.11
Profit on savings accounts with banks	0.05	0.05	0.03	0.01
Profit on sukuk certificates	0.29	0.35	0.14	0.17
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss (net)	0.41	(0.02)	0.21	(0.01)
Expenses	(0.21)	(0.27)	(0.12)	(0.19)
Net income for the period	1.19	0.61	0.58	0.25
Final distribution in the form of cash dividend @ 19% for the year ended June 30, 2012 (June 30, 2011: 17.5%)	(1.90)	(1.75)	(1.90)	-
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale' investments - net of impairment	0.49	(0.50)	0.03	(0.47)
Net assets per certificate at the end of the period	<u>12.57</u>	<u>11.06</u>	<u>12.57</u>	<u>11.06</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2012 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	141,590	72,712	68,720	28,849
Adjustments for:				
Dividend income	(38,120)	(26,480)	(15,850)	(13,244)
Profit on savings accounts with banks	(5,797)	(6,165)	(3,657)	(916)
Profit on sukuk certificates	(34,665)	(41,890)	(16,842)	(20,202)
Unrealised (gain) / loss on re-measurement of investments 'at fair value through profit or loss' (net)	(48,793)	3,009	(24,425)	2,297
Impairment loss on 'available for sale' investments	4,028	12,942	4,028	12,942
	<u>18,243</u>	<u>14,128</u>	<u>11,974</u>	<u>9,726</u>
(Increase) / Decrease in assets				
Investments	108,885	107,194	9,467	(85,586)
Receivable against sale of investments	-	-	7,148	6,446
Advances, deposits, prepayments and other receivables	(196)	(173)	111	(9,710)
	<u>108,689</u>	<u>107,021</u>	<u>16,726</u>	<u>(88,850)</u>
Increase / (Decrease) in liabilities				
Payable to Al Meezan - Management Company of the Fund	22	135	(214)	(78)
Payable to CDC - trustee of the Fund	2	(10)	(6)	(2)
Payable to SECP	(566)	(579)	325	292
Payable against purchase of investments	(44)	(41)	-	-
Brokerage payable	(89)	-	(89)	-
Accrued expenses and other liabilities	130	471	(273)	182
	<u>(545)</u>	<u>(24)</u>	<u>(257)</u>	<u>394</u>
Cash generated from / (utilised in) operations	<u>126,387</u>	<u>121,125</u>	<u>28,443</u>	<u>(78,730)</u>
Dividend income received	38,681	29,497	32,058	19,896
Profit received on savings accounts with banks	3,638	9,101	1,032	3,488
Profit received on sukuk certificates	35,662	46,532	24,734	23,461
Net cash inflow / (outflow) from operating activities	<u>204,368</u>	<u>206,255</u>	<u>86,267</u>	<u>(31,885)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(212,562)	(204,271)	(212,562)	(203,790)
Net cash outflow from financing activities	<u>(212,562)</u>	<u>(204,271)</u>	<u>(212,562)</u>	<u>(203,790)</u>
Net (decrease) / increase in cash and cash equivalents	(8,194)	1,984	(126,295)	(235,675)
Cash and cash equivalents at the beginning of the period	72,888	42,186	190,989	279,845
Cash and cash equivalents at the end of the period	<u>64,694</u>	<u>44,170</u>	<u>64,694</u>	<u>44,170</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2012 (Unaudited)

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 Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan (CDC) as the trustee. The trust deed was executed on June 15, 2004 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 8, 2004 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and 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.
- 1.3 The Fund is a closed-end scheme (mutual fund) and its certificates are listed on Karachi Stock Exchange. The Management Company of the Fund has been given a quality rating of AM2 by JCR - VIS Credit Rating Company Limited.
- 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 Regulation 65 of the NBFC Regulations, an asset Management Company managing a closed end fund on expiry of every five years from November 21, 2007 or the date of launch of the Fund whichever is later was supposed to hold within one month of end 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 NBFC Rules and NBFC Regulations. However, SECP vide SRO 1399 (I)/2012 dated November 28, 2012 extended timeline to hold such meeting till January 31, 2013. Moreover, SECP vide SRO 1492(1)/2012 dated December 26, 2012 has also made certain amendments in Regulation 65, whereby, the certificate holders will decide either to convert the closed-end scheme into an open-end scheme or revoke the closed-end scheme. The Management Company is confident that the Fund wouldn't be revoked as is the market trend; therefore the financial statements of the Fund have been prepared on a 'going concern' basis.

Prior to amendment in Regulation 65 and extension in the timeline to hold the meeting of the certificate holders, the Management Company of the Fund had tentatively decided to hold the meeting on December 13, 2012. Subsequent to extension, the Management Company has scheduled to hold such meeting on Thursday January 31, 2013.

2. BASIS OF MEASUREMENT

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor 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

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012.

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information 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.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2012.

	Note	(Unaudited) December 31, 2012	(Audited) June 30, 2012
(Rupees in '000)			
5. INVESTMENTS			
Investments 'fair value through profit or loss'	5.1	1,007,628	985,868
Investments - 'available for sale'	5.2	457,844	484,518
		1,465,472	1,470,386
5.1 Investments 'fair value through profit or loss'			
Held for trading	5.1.1	714,962	788,771
Investments at fair value through profit or loss - upon initial recognition	5.1.2	292,666	197,097
		1,007,628	985,868
5.1.1 Held for trading			
Shares of listed companies	5.1.1.1	382,962	353,771
Sukuk certificates	5.1.1.4	332,000	435,000
		714,962	788,771
5.1.2 Investments at fair value through profit or loss upon initial recognition			
Shares of listed companies	5.1.2.1	21,403	19,746
Sukuk Certificates	5.1.2.2	271,263	177,351
		292,666	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 December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 2012	Unrealised gain / (loss) as at December 31, 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	%				
Automobile and parts											
Pakistan Suzuki Motor Company Limited	26,800	-	-	19,000	7,800	747	684	(63)	0.05	0.00	0.05
Chemicals											
Fauji Fertilizer Bin Qasim Limited	685,000	100,000	-	435,000	350,000	13,936	13,507	(429)	0.90	0.00	0.92
Fauji Fertilizer Company Limited	870,000	25,000	-	296,500	598,500	66,513	70,108	3,595	4.65	0.01	4.78
ICI Pakistan Limited	2,195	-	-	-	2,195	288	382	94	0.03	0.00	0.03
									5.58	0.01	5.73
Construction and materials											
AkzoNobel Pakistan Limited	1,104	-	-	-	1,104	145	96	(49)	0.01	0.00	0.01
Attock Cement Pakistan Limited	125,000	-	16,350	61,000	80,350	5,690	8,020	2,330	0.53	0.01	0.55
Lucky Cement Limited	230,000	120,000	-	81,000	269,000	31,944	40,764	8,820	2.70	0.01	2.78
DG Khan Cement Company Limited	224,660	245,000	-	105,000	364,660	17,096	19,903	2,807	1.32	0.00	1.36
									4.56	0.02	4.70
Fixed line telecommunication											
Pakistan Telecommunication Company Limited "A"	1,758,365	750,000	-	725,000	1,783,365	28,260	30,941	2,681	2.05	0.00	2.11
General industrials											
Thal Limited (note 5.1.1.2)	171,522	-	12,363	122,885	61,000	5,157	6,519	1,362	0.43	0.01	0.44
Tri-Pack Films Limited	83,400	-	-	-	83,400	17,513	16,013	(1,500)	1.06	0.06	1.09
Packages Limited	220,000	-	-	42,000	178,000	17,747	26,906	9,159	1.78	0.02	1.84
									3.27	0.09	3.37
Oil and gas											
Pakistan Oilfields Limited	69,775	32,300	-	44,000	58,075	22,695	25,410	2,715	1.69	0.01	1.73
Attock Refinery Limited	-	54,000	-	34,200	19,800	3,332	3,318	(14)	0.22	0.00	0.23
Pakistan Petroleum Limited	106,784	17,000	30,946	52,000	102,730	15,674	18,161	2,487	1.20	0.00	1.24
National Refinery Limited	12,900	-	-	12,000	900	208	191	(17)	0.01	0.00	0.01
Pakistan State Oil Company Limited	30,000	-	6,000	-	36,000	7,075	8,360	1,285	0.55	0.00	0.57
Oil and Gas Development Company Limited	89,000	97,000	-	55,200	130,800	22,680	25,193	2,513	1.67	0.00	1.72
									5.34	0.01	5.50
Electricity											
Hub Power Company Limited	281,097	108,000	-	-	389,097	16,743	17,603	860	1.17	0.00	1.20
Food producers											
Engro Foods Limited	300,000	220,000	-	165,000	355,000	24,859	34,840	9,981	2.31	0.00	2.38
Unilever Pakistan Limited (note 5.1.1.2)	-	750	-	-	750	7,500	7,575	75	0.50	0.06	0.52
									2.81	0.06	2.90
Engineering											
Millat Tractors Limited	-	15,000	-	-	15,000	8,463	8,468	5	0.56	0.02	0.58
Total						334,265	382,962	48,697			
Total cost of investments							325,481				



5.1.1.2 All shares have a face value of Rs 10 each except for the shares of Thal Limited and Unilever which have a face value of Rs. 5 and Rs. 50 each respectively.

5.1.1.3 Net Assets are as 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 December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 2012	Unrealised gain / (loss) as at December 31, 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	
										----- % -----	
Secured											
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	-	0.13	0.14
GoP Ijarah Sukuk Certificates - IX (Note 5.1.1.5)	December 26, 2014	----do----	950	-	-	950	95,000	95,000	-	6.30	6.48
GoP Ijarah Sukuk Certificates - XI (Note 5.1.1.5)	April 30, 2015	----do----	600	-	-	600	60,000	60,000	-	3.98	4.09
GoP Ijarah Sukuk Certificates - XII (Note 5.1.1.5)	June 28, 2015	----do----	2,750	-	1,000	1,750	175,000	175,000	-	11.61	11.94
Total							332,000	332,000	-		
Total cost of investments							332,000				

5.1.1.5 The nominal value of the sukuk certificates of GoP Ijarah is Rs. 100,000 each and they are stated at face value.

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 December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 2012	Unrealised gain / (loss) as at December 31, 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	
									----- % -----		
Automobile and parts											
Indus Motor Company Limited	50,055	-	-	-	50,055	12,267	13,514	1,247	0.90	0.06	0.92
Banks											
Meezan Bank Limited (an associate company of the Fund)	250,084	-	-	-	250,084	7,232	7,515	283	0.50	0.03	0.51
General industrials											
Packages Limited	2,473	-	-	-	2,473	247	374	127	0.02	0.00	0.03
Total						19,746	21,403	1,657			
Total cost of investments							12,894				

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 December 31, 2012	Carrying value as at December 31, 2012	Provision as at December 31, 2012	Market value as at December 31, 2012	Unrealised loss as at December 31, 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 -----				----- % -----			
Secured													
Engro Fertilizer Pakistan Limited (note 5.1.2.3) (A, PACRA, non-traded)	September 1, 2015	6 months KIBOR plus base rate of 1.5%	10,000	-	-	10,000	50,827	-	49,398	(1,429)	3.28	1.53	3.37
Security Leasing Corporation Limited II (note 5.1.2.3 & 5.1.2.5)	January 19, 2022	Nil	1,946	-	101	1,845	4,558	-	4,558	-	0.30	2.54	0.31
Century Paper & Board Mills Limited (note 5.1.2.3) (A+, JCR-VIS, non-traded)	September 25, 2014	6 months KIBOR plus base rate of 1.35%	2,500	-	500	2,000	9,949	-	9,818	(131)	0.65	1.41	0.67
Eden Housing Limited (note 5.1.2.3 & 5.1.2.5)	September 29, 2014	6 months KIBOR plus base rate of 2.5%	5,000	-	-	5,000	7,489	-	7,489	-	0.50	0.76	0.51
Arzoo Textile Mills Limited (note 5.1.2.3 & 5.1.2.5)	April 15, 2014	6 months KIBOR plus base rate of 2%	5,000	-	-	5,000	-	-	-	-	-	-	-
Hub Power Company Limited - CP Sukuk (note 5.1.2.3 & 5.1.2.4)	August 2, 2012	6 months Kibor plus base rate of 1.25%	20,000	-	20,000	-	-	-	-	-	-	-	-
Hub Power Company Limited - CP Sukuk (note 5.1.2.3 & 5.1.2.4)	February 16, 2013	6 months Kibor plus base rate of 1.25%	-	20,000	-	20,000	100,000	-	100,000	-	6.63	0.86	6.82
Kot Addu Power Company - CP Sukuk (note 5.1.2.3 & 5.1.2.4)	June 10, 2013	6 months Kibor plus base rate of 1.1%	-	20,000	-	20,000	100,000	-	100,000	-	6.63	1.14	6.82
Total							272,823	-	271,263	(1,560)			
Total cost of investments									301,074				

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

5.1.2.4 The securities are carried at face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

5.1.2.5 Following investments of the Fund are in the sukuk certificates which are below 'investments grade' securities:

Name of the investee company	Type of investments	Value of investments after provision (Rupees)	Percentage of net assets (note 5.1.1.3)	Percentage of total assets
			-----%-----	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	7,489	0.50	0.48
Security Leasing Corporation Limited II	Non-traded sukuk certificates	4,558	0.30	0.29
		12047	0.80	0.78

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 December 31, 2012	Carrying value as at December 31, 2012 (before impairment)	Impairment during the period	Carrying value as at December 31, 2012 (after impairment)	Market value as at December 31, 2012	Unrealised gain / (loss) as at December 31, 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					%		
Automobile and parts													
Indus Motor Company Limited	62,375	-	-	46,300	16,075	3,514	-	3,514	4,340	826	0.29	0.02	0.30
Pakistan Suzuki Motor Company Limited	11,260	-	-	-	11,260	833	-	833	987	154	0.07	0.00	0.07
											0.36	0.02	0.37
Banks													
Meezan Bank Limited (an associate of the Fund)	351,178	-	-	260,000	91,178	1,415	-	1,415	2,740	1,325	0.18	0.01	0.19
Bank Islami Pakistan Limited	500	-	-	-	500	2	-	2	5	3	0.00	0.00	-
											0.18	0.01	0.19
Chemicals													
Fauji Fertilizer Bin Qasim Company Limited	3,377	-	-	-	3,377	120	-	120	130	10	0.01	0.00	-
Fauji Fertilizer Company Limited	76,599	-	-	-	76,599	6,170	-	6,170	8,973	2,803	0.60	0.01	0.61
ICI Pakistan Limited	226,236	-	-	218,315	7,921	999	-	999	1,377	378	0.09	0.01	0.09
											0.70	0.02	0.70
Construction and materials													
AkzoNobel Pakistan Limited	113,764	-	-	12,000	101,764	12,832	4,028	8,804	8,804	-	0.58	0.22	0.6
Attock Cement Pakistan Limited	35,000	-	5,250	-	40,250	1,785	-	1,785	4,017	2,232	0.27	0.04	0.27
Lucky Cement Limited	200,451	-	-	-	200,451	23,864	-	23,864	30,376	6,512	2.01	0.06	2.07
DG Khan Cement Company Limited	699,749	-	-	69,000	630,749	24,839	-	24,839	34,426	9,587	2.28	0.14	2.35
											5.14	0.46	5.29
Electricity													
Hub Power Company Limited	2,727,050	-	-	300,000	2,427,050	89,717	-	89,717	109,800	20,083	7.28	0.21	7.49
Fixed line telecommunication													
Pakistan Telecommunication Company Limited "A"	103,145	-	-	-	103,145	1,072	-	1,072	1,790	718	0.12	0.00	0.12
General industrials													
Tri-Pack Films Limited	10,000	-	-	-	10,000	1,132	-	1,132	1,920	788	0.13	0.03	0.13
Oil and gas													
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	76,209	22,139	5.05	0.01	5.20
Pakistan Oilfields Limited	162,250	-	-	-	162,250	40,414	-	40,414	70,991	30,577	4.71	0.07	4.84
Pakistan Petroleum Limited	284,632	-	71,158	90,000	265,790	39,159	-	39,159	46,989	7,830	3.12	0.02	3.21
Pakistan State Oil Company Limited	221,600	-	44,320	33,500	232,420	45,678	-	45,678	53,970	8,292	3.58	0.11	3.68
											16.46	0.21	16.93
Total						347,615	4,028	343,587	457,844	114,257			
Total cost of investments													343,588

5.2.2 100,000 shares of Oil and Gas Development Company Limited, having market value of Rs 19.261 million as at December 31, 2012 have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

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 Honourable High Court of Sindh (SHC), 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. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its collectorates for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the funds managed by AI Meezan for collection of WWF.

During the year 2012, the Honourable 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 declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of LHC will lend further support to the Constitutional Petition which is pending in 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 December 31, 2012 amounting to Rs. 17.055 million which includes Rs. 2.776 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. 0.14 (1.11%).

7. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

	Six Months period ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	----- (Rupees in '000) -----			
Net income for the period	<u>141,590</u>	<u>72,712</u>	<u>68,720</u>	<u>28,849</u>
	----- (Number of certificates) -----			
Weighted average number of ordinary certificates outstanding during the period	<u>120,000,000</u>	<u>120,000,000</u>	<u>120,000,000</u>	<u>120,000,000</u>
	----- (Rupees) -----			
Basic and diluted earning per certificate	<u>1.18</u>	<u>0.61</u>	<u>0.57</u>	<u>0.24</u>

8. SEGMENT REPORTING

The investment committee of the management company makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by that committee for taking strategic decisions.

The committee considers the investments as two sub-portfolios, which are managed by fund manager at the management company. These sub-portfolios consist of an equity portfolio, which focuses on equity securities and related derivatives; the second sub-portfolio consisting of debt instruments.

The reportable operating segments derive their income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within each portfolio. These returns consist of profit on sukuk certificates, dividends, gain on disposals of investments and unrealised gains on the appreciation in the value of investments.

The segment information provided to the investment committee and the fund manager for the reportable segments is as follows:

	For the six months period ended December 31, 2012			For the six months period ended December 31, 2011		
	Equity sub-portfolio	Debt sub-portfolio	Total	Equity sub-portfolio	Debt sub-portfolio	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Profit on sukuk certificates	-	34,665	34,665	-	41,890	41,890
Dividend income - net of charity	38,120	-	38,120	26,480	-	26,480
Capital gains	38,285	1,150	39,435	31,916	1,288	33,204
Unrealised gain / (loss) on re-measurement of investments - 'fair value through profit or loss' (net)	50,354	(1,560)	48,794	(4,182)	1,173	(3,009)
Brokerage	(528)	-	(528)	(197)	(5)	(202)
Total net segment income	126,231	34,255	160,486	54,017	44,346	98,363
Unallocated expenses	-	-	(18,896)	-	-	(25,651)
Total net income	126,231	34,255	141,590	54,017	44,346	72,712
	As at December 31, 2012			As at June 30, 2012		
	Equity sub-portfolio	Debt sub-portfolio	Total	Equity sub-portfolio	Debt sub-portfolio	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Financial assets - 'fair value through profit or loss'	404,365	603,263	1,007,628	373,517	612,351	985,868
Investments - 'available for sale'	457,844	-	457,844	484,518	-	484,518
Dividend receivable	921	-	921	1,482	-	1,482
Other	-	8,659	8,659	-	9,656	9,656
Total segment assets	863,130	611,922	1,475,052	859,517	622,007	1,481,524
Unallocated assets	-	-	72,643	-	-	78,482
Total assets	863,130	611,922	1,547,695	859,517	622,007	1,560,006
Total segment liabilities	3,560	-	3,560	3,597	-	3,597
Unallocated liabilities	-	-	36,296	-	-	21,366
Total liabilities	3,560	-	39,856	3,597	-	24,963

There were no transactions between reportable segments.

9. 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 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, Meezan Islamic Income 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, NBFC Regulations and the Trust Deed respectively.

Details of balances with connected persons and transactions with them for the period ended 31 December 2012 are as follows:

	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
Al Meezan - Management Company of the Fund		
Remuneration payable	<u>2,536</u>	<u>2,517</u>
Sindh Sales Tax payable on management fee	<u>406</u>	<u>403</u>
Investment of 4,596,824 certificates (June 30, 2012: 3,821,824)	<u>53,139</u>	<u>39,594</u>
CDC - trustee of the Fund		
Remuneration payable	<u>142</u>	<u>140</u>
CDS Charges payable	<u>2</u>	<u>8</u>
Meezan Bank Limited - Shariah Advisor of the Fund		
Bank balance	<u>13,329</u>	<u>10,311</u>
Investment in 341,262 shares (June 30, 2012: 601,262 shares)	<u>10,255</u>	<u>17,388</u>
Investment of 16,134,468 certificates (June 30, 2012: 16,134,468 certificates)	<u>186,514</u>	<u>167,153</u>
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 11,057,791 in certificates (June 30, 2012: 11,057,791 certificates)	<u>127,828</u>	<u>114,559</u>
Directors and Executives of the Management Company		
Investment of 25,475 certificates (June 30, 2012: 22,975 certificates)	<u>294</u>	<u>238</u>

**For the six months period
ended December 31****2012** **2011****(Rupees in '000)****Al Meezan - Management Company of the Fund**

Remuneration for the period	<u>15,782</u>	<u>14,398</u>
Sindh Sales Tax for the period	<u>2,525</u>	<u>2,304</u>
Dividend for the period	<u>8,734</u>	<u>6,688</u>

CDC - trustee of the Fund

Remuneration for the period	<u>871</u>	<u>815</u>
Charges for the period	<u>167</u>	<u>59</u>

Meezan Bank Limited - Shariah Advisor of the Fund

Profit on savings account	<u>9</u>	<u>21</u>
Dividend for the period	<u>30,655</u>	<u>28,235</u>

Pakistan Kuwait Investment Company (Private) Limited

Dividend for the period	<u>21,010</u>	<u>19,351</u>
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Directors and Executives of the Management Company

Dividend for the period	<u>48</u>	<u>58</u>
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10. INCOME TAX

The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2013 as reduced by capital gains (whether realised or unrealised) to its unit holders.

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised on January 21, 2013 by the Board of Directors of the Management Company of the Fund.

**Mohammad Shoaib, CFA
Chief Executive****For Al Meezan Investment Management Limited
(Management Company)****Mazhar Sharif
Director**

STATEMENT OF THE INCOME & EXPENDITURE OF THE INVESTMENT ADVISOR IN RELATION TO THE FUND

For the period ended December 31, 2012

	December 31,	
Note	2012	2011
	(Rupees in '000)	
INCOME		
Remuneration from Meezan Balanced Fund	15,782	14,398
Dividend income	8,734	6,688
	24,516	21,086
OPERATING EXPENSES		
Salaries and other benefits	3,867	2,330
Motor vehicle running expenses	93	85
Fees and subscription	85	87
Insurance expense	62	35
Printing and stationery	25	21
Communication	105	122
Depreciation	196	202
Travelling and conveyance	16	2
Entertainment	14	15
Legal and professional charges	19	47
Repair and maintenance	6	56
Office supplies	44	32
Training and development	34	5
Rent, rates and taxes	211	211
Utilities	56	38
Shariah advisory fee	69	60
Miscellaneous expenses	6	7
	4,909	3,354
OPERATING PROFIT	19,607	17,732

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.



Half Yearly Report December 31, 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,
SITE, Karachi.
Phone: 32062891
Fax: 32552771
Web site: www.meezanbank.com

Distributors

Al Meezan Investment Management Limited
Meezan Bank Limited



ERNST & YOUNG

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Chartered Accountants
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P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim Balance Sheet of **Meezan Tahaffuz Pension Fund** (the Fund) as at **31 December 2012**, and the related condensed interim Income Statement, condensed interim Statement of Cash Flows, condensed interim Statement of Movement in Participants' Sub-Funds, condensed interim Contribution Table and condensed interim Statement of Number of Units in Issue for the half-year then ended together with the notes forming part thereof (here-in-after referred to as the "interim financial information"). The Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Emphasis of matter

We draw attention to note 7 to the accompanying condensed interim financial information which explains the contingency with respect to the contribution for Workers' Welfare Fund amounting to Rs.6.317 million. In this regard, the Fund expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject will be decided favorably.

Our conclusion is not qualified in respect of the above matter.

Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: 21 January 2013

Karachi

CONDENSED INTERIM BALANCE SHEET

As at December 31, 2012 (Un-audited)

	Note	Unaudited				Audited
		December 31, 2012				June 30, 2012
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
----- (Rupees in '000) -----						
Assets						
Bank balances	5	10,520	107,199	150,642	268,361	118,341
Investments at fair value through profit or loss	6	420,939	336,023	97,951	854,913	745,347
Dividend receivable		388	-	-	388	495
Profit receivable		1,000	7,683	7,092	15,775	12,290
Deposit with Central Depository Company (CDC) of Pakistan Limited		100	100	100	300	300
Total assets		<u>432,947</u>	<u>451,005</u>	<u>255,785</u>	<u>1,139,737</u>	<u>876,773</u>
Liabilities						
Payable against purchase of investment		-	-	-	-	5,134
Payable to Al Meezan Investment Management Limited (Al Meezan) - Pension Fund Manager	9	647	654	376	1,677	1,425
Payable to CDC - trustee of the Fund		58	54	30	142	88
Payable to auditors		44	44	44	132	185
Payable to Securities and Exchange Commission of Pakistan (SECP)		65	63	38	166	175
Payable on redemption of units		-	-	-	-	1,972
Charity payable		528	-	-	528	244
Total liabilities		<u>1,342</u>	<u>815</u>	<u>488</u>	<u>2,645</u>	<u>9,223</u>
Net assets		<u>431,605</u>	<u>450,190</u>	<u>255,297</u>	<u>1,137,092</u>	<u>867,550</u>
Participants' Sub-Funds (as per statement attached)		<u>431,605</u>	<u>450,190</u>	<u>255,297</u>	<u>1,137,092</u>	<u>867,550</u>
Number of units in issue		<u>2,213,408</u>	<u>2,729,532</u>	<u>1,541,928</u>		
Net assets value per unit (Rupees)		<u>195.00</u>	<u>164.93</u>	<u>165.57</u>		
Contingencies	7					

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM INCOME STATEMENT

For the six months ended December 31, 2012 (Un-audited)

	For the six months ended December 31, 2012				For the six months ended December 31, 2011
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
Note	------(Rupees in '000)-----				
Income					
Profit on sukuk certificates	-	18,662	7,223	25,885	9,812
Profit on savings accounts with banks	889	1,753	4,708	7,350	6,296
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	52,192	(25)	(10)	52,157	(17,292)
Net gain on sale of investments	9,554	307	16	9,877	2,896
Dividend income - net of charity	14,663	-	-	14,663	5,420
Total income	<u>77,298</u>	<u>20,697</u>	<u>11,937</u>	<u>109,932</u>	<u>7,132</u>
Expenses					
Remuneration of Al Meezan - pension fund manager	2,929	2,840	1,707	7,476	3,312
Sales tax on management fee	470	454	273	1,197	530
Remuneration of CDC - trustee of the Fund	292	282	170	744	335
Annual fee of SECP	65	63	38	166	87
Auditors' remuneration	48	48	48	144	224
Securities' transaction cost	395	8	2	405	122
Custody and settlement charges	6	3	3	12	11
Bank charges	-	11	7	18	15
Total expenses	<u>4,205</u>	<u>3,709</u>	<u>2,248</u>	<u>10,162</u>	<u>4,636</u>
Net income / (loss) from operating activities	<u>73,093</u>	<u>16,988</u>	<u>9,689</u>	<u>99,770</u>	<u>2,496</u>
Element of income and capital gains included in prices of units issued less those in units redeemed	3,409	2,927	935	7,271	524
Net income	<u>76,502</u>	<u>19,915</u>	<u>10,624</u>	<u>107,041</u>	<u>3,020</u>
Earnings per unit - basic and diluted (Rupees)	9 <u>34.56</u>	<u>7.30</u>	<u>6.89</u>		

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended December 31, 2012 (Un-audited)

	For the quarter ended December 31, 2012				For the quarter ended December 31, 2011
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	Note -----(Rupees in '000)-----				
Income					
Profit on sukuk certificates	-	9,154	2,506	11,660	4,965
Profit on savings accounts with banks	548	1,493	3,527	5,568	3,650
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	18,932	(25)	(10)	18,897	(16,908)
Net gain on sale of investments	7,387	299	8	7,694	2,126
Dividend income - net of charity	7,983	-	-	7,983	2,979
Total income / (loss)	<u>34,850</u>	<u>10,921</u>	<u>6,031</u>	<u>51,802</u>	<u>(3,188)</u>
Expenses					
Remuneration of Al Meezan - pension fund manager	1,580	1,539	908	4,027	1,706
Sales tax on management fee	252	246	145	643	289
Remuneration of CDC - trustee of the Fund	155	151	89	395	171
Annual fee of SECP	35	34	20	89	51
Auditors' remuneration	24	24	24	72	113
Securities' transaction cost	198	6	1	205	88
Custody and settlement charges	3	1	2	6	5
Bank charges	-	11	7	18	13
Total expenses	<u>2,247</u>	<u>2,012</u>	<u>1,196</u>	<u>5,455</u>	<u>2,436</u>
	<u>32,603</u>	<u>8,909</u>	<u>4,835</u>	<u>46,347</u>	<u>(5,624)</u>
Element of income and capital gains included in prices of units issued less those in units redeemed	485	2,481	1,066	4,032	528
Net income / (loss)	<u>33,088</u>	<u>11,390</u>	<u>5,901</u>	<u>50,379</u>	<u>(5,096)</u>
Earnings per unit outstanding - basic (Rupees)	9 <u>14.95</u>	<u>4.17</u>	<u>3.83</u>		

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the six months ended December 31, 2012 (Un-audited)

	For the six months ended December 31, 2012				For the six months ended December 31, 2011
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	76,502	19,915	10,624	107,041	3,020
Adjustments for:					
Dividend income	(14,663)	-	-	(14,663)	(5,420)
Profit on sukuk certificates	-	(18,662)	(7,223)	(25,885)	(9,812)
Profit on savings accounts with banks	(889)	(1,753)	(4,708)	(7,350)	(6,296)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss	(52,192)	25	10	(52,157)	17,292
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(3,409)	(2,927)	(935)	(7,271)	(524)
	5,349	(3,402)	(2,232)	(285)	(1,740)
(Increase) / decrease in assets					
Investments at fair value through profit or loss	(94,150)	(34,459)	71,200	(57,409)	(132,379)
	(94,150)	(34,459)	71,200	(57,409)	(132,379)
(Decrease) / increase in liabilities					
Payable against purchase of investments	(5,128)	(6)	-	(5,134)	-
Payable to Al Meezan - Pension Fund Manager	10	142	100	252	(366)
Payable to CDC - trustee of the Fund	24	21	9	54	11
Payable to SECP	(10)	2	(1)	(9)	(35)
Payable to auditors	(18)	(18)	(17)	(53)	26
Other liabilities	(202)	(843)	(643)	(1,688)	332
	(5,324)	(702)	(552)	(6,578)	(32)
Dividend received	14,770	-	-	14,770	6,023
Profit received on savings accounts with banks	379	1,113	616	2,108	5,167
Profit received on sukuk certificates	-	17,621	10,021	27,642	8,926
Net cash (outflow) / inflow from operating activities	(78,976)	(19,829)	79,053	(19,752)	(114,035)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts of contribution	83,924	140,346	63,012	287,282	64,193
Payment against withdrawal	(49,855)	(39,411)	(28,244)	(117,510)	(7,519)
Net cash inflow from financing activities	34,069	100,935	34,768	169,772	56,674
Net cash (outflow) / inflow during the period	(44,907)	81,106	113,821	150,020	(57,361)
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	10,520	107,199	150,642	268,361	24,603

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the quarter ended December 31, 2012 (Un-audited)

	For the quarter ended December 31, 2012				For the quarter ended December 31, 2011
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	Note -----(Rupees in '000)-----				
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income / (loss)	33,088	11,390	5,901	50,379	(5,096)
Adjustments for:					
Dividend income	(7,983)	-	-	(7,983)	(2,979)
Profit on sukuk certificates	-	(9,154)	(2,506)	(11,660)	(4,965)
Profit on savings accounts with banks	(548)	(1,493)	(3,527)	(5,568)	(3,650)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss	(18,932)	25	10	(18,897)	16,908
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(485)	(2,481)	(1,066)	(4,032)	(528)
	5,140	(1,713)	(1,188)	2,239	(310)
(Increase) / decrease in assets					
Receivable against sale of investments	3,372	-	-	3,372	-
Investments at fair value through profit or loss	(23,928)	171	(9,993)	(33,750)	(145,110)
	(20,556)	171	(9,993)	(30,378)	(145,110)
(Decrease) / increase in liabilities					
Payable to Al Meezan - Pension Fund Manager	82	114	64	260	(173)
Payable to CDC - trustee of the Fund	11	10	4	25	5
Payable to SECP	35	34	20	89	38
Payable to auditors	(41)	(41)	(41)	(123)	(87)
Other liabilities	185	(24)	(23)	138	295
	272	93	24	389	78
Dividend received	10,734	-	-	10,734	4,762
Profit received on savings accounts with banks	181	1,114	616	1,911	2,905
Profit received on sukuk certificates	-	13,618	1,747	15,365	3,611
Net cash (outflow) / inflow from operating activities	(4,229)	13,283	(8,794)	260	(134,064)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts of contribution	53,926	116,171	51,952	222,049	46,891
Payment against withdrawal	(48,208)	(38,309)	(10,248)	(96,765)	(5,194)
Net cash inflow from financing activities	5,718	77,862	41,704	125,284	41,697
Net cash inflow / (outflow) during the period	1,489	91,145	32,910	125,544	(92,367)
Cash and cash equivalents at the beginning of the period	9,031	16,054	117,732	142,817	116,970
Cash and cash equivalents at the end of the period	5 10,520	107,199	150,642	268,361	24,603

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Mohammad Shoib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS

For the six months and quarter ended December 31, 2012 (Un-audited)

	For the six months ended December 31, 2012				For the six months ended December 31, 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: 425,245 units; Debt sub fund: 873,229 units; Money market sub fund: 388,884 units) (2011: Equity sub fund: 226,984 units; Debt sub fund: 160,779 units; Money market sub fund: 62,311 units)	83,924	140,346	63,012	287,282	64,193
Amount paid on redemption of units (2012: Equity sub fund: 234,116 units; Debt sub fund: 251,494 units; Money market sub fund: 175,662 units) (2011: Equity sub fund: 15,140 units; Debt sub fund: 25,857 units; Money market sub fund: 9,943 units)	(49,855)	(39,411)	(28,244)	(117,510)	(7,519)
	34,069	100,935	34,768	169,772	56,674
Element of income and capital gains included in prices of units issued less those in units redeemed	(3,409)	(2,927)	(935)	(7,271)	(524)
Net income for the period	76,502	19,915	10,624	107,041	3,020
Net assets at the end of the period	431,605	450,190	255,297	1,137,092	475,513

	For the quarter ended December 31, 2012				For the quarter ended December 31, 2011
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	------(Rupees in '000)-----				
Net assets at the beginning of the quarter	393,284	363,419	208,758	965,461	439,440
Amount received on issue of units (2012: Equity sub fund: 256,837 units; Debt sub fund: 722,776 units; Money market sub fund: 319,657 units) (2011: Equity sub fund: 157,125 units; Debt sub fund: 121,513 units; Money market sub fund: 48,852 units)	53,926	116,171	51,952	222,049	46,891
Amount paid on redemption of units (2012: Equity sub fund: 224,214; Debt sub fund: 244,588 units; Money market sub fund: 63,553 units) (2011: Equity sub fund: 4,022; Debt sub fund: 22,071 units; Money market sub fund: 9,092 units)	(48,208)	(38,309)	(10,248)	(96,765)	(5,194)
	5,718	77,862	41,704	125,284	41,697
Element of income and capital gains included in prices of units issued less those in units redeemed	(485)	(2,481)	(1,066)	(4,032)	(528)
Net income / (loss) for the quarter	33,088	11,390	5,901	50,379	(5,096)
Net assets at the end of the quarter	431,605	450,190	255,297	1,137,092	475,513

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Mohammad Shoab, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

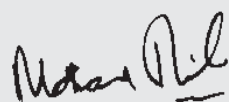
CONDENSED INTERIM CONTRIBUTION TABLE

For the six months and quarter ended December 31, 2012 (Un-audited)

Contributions net of front end fee received during the period	For the six months ended December 31, 2012							For the six months ended December 31, 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	425,245	83,924	873,229	140,346	388,884	63,012	287,282	64,193
Total	<u>425,245</u>	<u>83,924</u>	<u>873,229</u>	<u>140,346</u>	<u>388,884</u>	<u>63,012</u>	<u>287,282</u>	<u>64,193</u>

Contributions net of front end fee received during the quarter	For the quarter ended December 31, 2012							For the quarter ended December 31, 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	256,837	53,926	722,776	116,171	319,657	51,952	222,049	46,891
Total	<u>256,837</u>	<u>53,926</u>	<u>722,776</u>	<u>116,171</u>	<u>319,657</u>	<u>51,952</u>	<u>222,049</u>	<u>46,891</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

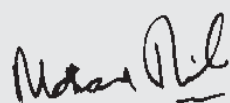
CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE

For the six months ended December 31, 2012 (Un-audited)

	For the six months ended December 31, 2012		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	-----Number of units-----		
Total units outstanding at the beginning	2,022,279	2,107,797	1,328,706
Add: Units issued	425,245	873,229	388,884
Less: Units redeemed	(234,116)	(251,494)	(175,662)
Total units in issue	2,213,408	2,729,532	1,541,928

	For the six months ended December 31, 2011		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	-----Number of units-----		
Total units outstanding at the beginning	1,303,988	999,506	652,463
Add: Units issued	226,984	160,779	62,311
Less: Units redeemed	(15,140)	(25,857)	(9,943)
Total units in issue	1,515,832	1,134,428	704,831

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

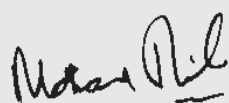
CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE

For the quarter ended December 31, 2012 (Un-audited)

	For the quarter ended December 31, 2012		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
-----Number of units-----			
Total units outstanding at the beginning	2,180,785	2,251,344	1,285,824
Add: Units issued	256,837	722,776	319,657
Less: Units redeemed	(224,214)	(244,588)	(63,553)
Total units in issue	<u>2,213,408</u>	<u>2,729,532</u>	<u>1,541,928</u>

	For the quarter ended December 31, 2011		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
-----Number of units-----			
Total units outstanding at the beginning	1,362,730	1,034,986	665,071
Add: Units issued	157,125	121,513	48,852
Less: Units redeemed	(4,023)	(22,071)	(9,092)
Total units in issue	<u>1,515,833</u>	<u>1,134,428</u>	<u>704,831</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)



Mazhar Sharif
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2012 (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Tahaffuz Pension Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited 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 at 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 comprises of three sub funds namely equity sub-fund, debt sub-fund and money market sub-fund. Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and any unique circumstances. Allocation scheme can be selected initially at the time of opening of account and subsequently at anniversary of the account. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimisation through diversification.
- 1.3 The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are shariah compliant. Under the trust deed, all the conducts and acts of the Fund are based on shariah. The pension fund manager has appointed Meezan Bank Limited (MBL) as its shariah adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The pension fund manager of the Fund is registered with SECP as a Non-Banking Finance Company under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.4 The Fund is an open-ended unlisted fund. Units are offered for public subscription on a continuous basis. The units are non-transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

- 3.1 These interim condensed financial statements of the Fund for the six months period ended December 31, 2012 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, the Trust Deed, the VPS Rules and the directives issued by the SECP.

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

- 3.2 These condensed interim financial statements comprise of the condensed interim balance sheet as at December 31, 2012 and the condensed interim income statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of cash flows, condensed interim contribution table, condensed interim number of units in issue and notes thereto for the six months and quarter ended December 31, 2012. They do not include all the disclosures required for annual financial statements, and should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2012.



3.3 The condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the half year ended December 31, 2012 except as follows:

New and amended standards and interpretations

During the period, following amendments, interpretations and improvements to the accounting standards became effective:

IAS 1 Presentation of Financial Statements – Presentation of items of comprehensive income

IAS 12 Income Taxes (Amendment) - Recovery of Underlying Assets

The adoption of the above standards, amendments / improvements and interpretations does not have any effect on the financial statements.

5. BANK BALANCES

	December 31, 2012				June 30, 2012
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	----- (Rupees in '000) -----				
Current accounts	350	-	-	350	35
Savings accounts (see note 5.1)	10,170	107,199	150,642	268,011	118,306
	<u>10,520</u>	<u>107,199</u>	<u>150,642</u>	<u>268,361</u>	<u>118,341</u>

5.1 The balances in savings accounts earn profit which ranges from 6% to 9.81% (June 30, 2012: 5.65% to 12.50%) per annum and include balance of Rs.0.363, Rs.0.469 and Rs.0.284 million (June 30, 2012: Rs.13.618, Rs.21.678 and Rs.10.584 million) in Equity sub fund, Debt sub fund and Money market sub fund respectively, held with Meezan Bank Limited (a related party).

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

		December 31, 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	420,939	-	-	420,939	274,597
- sukuk certificates	6.2	-	334,647	97,324	431,971	468,500
		420,939	334,647	97,324	852,910	743,097
Investments designated at fair value through profit or loss upon initial recognition	6.3	-	1,376	627	2,003	2,250
		<u>420,939</u>	<u>336,023</u>	<u>97,951</u>	<u>854,913</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 period	Cost of purchase	Bonus / rights issue	Sales during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 2012	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 6.1.2 below)	Percentage of paid-up capital of investee company
	Number of shares		Rs in '000		Number of shares		Rupees in '000				
Equity sub fund											
Automobile and parts											
Indus Motor Company Limited	25,655	-	-	-	5,000	20,655	5,062	5,577	515	1.29	0.03
Pak Suzuki Motor Company Limited	49,733	-	-	-	29,000	20,733	1,985	1,817	(168)	0.42	0.03
Agriauto Industries Limited (note 6.1.1)	25,000	20,000	1,848	-	10,000	35,000	3,012	2,805	(207)	0.65	0.12
Chemicals											
Fauji Fertilizer Bin Qasim Limited	349,000	142,451	5,670	-	153,000	338,451	13,646	13,061	(585)	3.03	0.04
Fauji Fertilizer Company Limited	243,187	141,511	16,256	-	75,000	309,698	34,859	36,278	1,419	8.41	0.02
ICI Pakistan Limited	67,805	12,000	1,980	-	77,835	1,970	272	343	71	0.08	-
Construction and materials											
AkzoNobel Pakistan Limited	34,096	-	-	-	16,900	17,196	2,254	1,488	(766)	0.34	0.04
Attock Cement Pakistan Limited	57,992	-	-	8,698	66,690	-	-	-	-	-	-
DG Khan Cement Company Limited	402,897	306,500	15,114	-	59,000	650,397	28,403	35,498	7,095	8.22	0.15
Lucky Cement Limited	131,995	92,011	12,046	-	-	224,006	27,277	33,946	6,669	7.87	0.07
Electricity											
The Hub Power Company Limited	617,575	293,170	12,968	-	-	910,745	38,838	41,202	2,364	9.55	0.08
Automobile assembler											
Millat Tractors Company Limited	6,000	36,800	20,426	-	2,000	40,800	22,326	23,034	708	5.34	0.11
Fixed line telecommunication											
Pakistan Telecommunication Company Limited "A"	399,700	539,000	10,394	-	223,000	715,700	12,199	12,417	218	2.88	0.02
Food producers											
Unilever Pakistan Limited (note 6.1.1)	526	-	-	-	-	526	3,723	5,312	1,589	1.23	-
Engro Foods Limited	82,000	250,300	17,944	-	42,000	290,300	20,302	28,490	8,188	6.60	0.19
General industrials											
Packages Limited	100,851	35,000	3,859	-	4,000	131,851	13,515	19,931	6,416	4.62	0.16
Thal Limited (note 6.1.1)	53,769	-	-	4,876	25,000	33,645	2,845	3,596	751	0.83	0.05
Tri-Pack Films Limited	51,187	-	-	-	-	51,187	10,749	9,828	(921)	2.28	0.17
Oil and gas											
Attock Refinery Limited	-	18,000	2,838	-	12,000	6,000	1,006	1,006	-	0.23	5.12
National Refinery Limited	9,655	-	-	-	9,655	-	-	-	-	-	-
Oil and Gas Development Company Limited	130,900	101,816	17,668	-	11,000	221,716	36,855	42,705	5,850	9.89	0.01
Pakistan Oilfields Limited	77,150	20,400	8,527	-	4,500	93,050	35,170	40,713	5,543	9.43	0.04
Pakistan Petroleum Limited	124,240	73,305	14,189	44,636	75,800	166,381	25,831	29,414	3,583	6.82	0.01
Pakistan State Oil Company Limited	64,300	29,928	7,059	16,245	12,500	97,973	19,605	22,750	3,145	5.27	0.05
Attock Petroleum Limited	19,000	-	-	-	-	19,000	9,013	9,728	715	2.25	0.03
Pharma and bio tech											
Glaxo Smithkline Pakistan Limited	46,300	-	-	-	46,300	-	-	-	-	-	-
Total			<u>168,786</u>				<u>368,747</u>	<u>420,939</u>	<u>52,192</u>		

6.1.1 All shares have a nominal value of Rs.10 each except Thal Limited and Agriauto Industries Limited of Rs.5 each and Unilever Pakistan Limited having nominal value of 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	Maturity during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 2012	Unrealised 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						
Debt Sub Fund												
GoP - Ijara sukuk (note 6.2.1)	September 17, 2012	11.82%	30	-	-	-	30	-	-	-	-	-
GoP - Ijara sukuk (note 6.2.1)	November 15, 2013	9.23%	580	-	-	-	-	580	58,000	58,000	-	12.88
GoP - Ijara sukuk (note 6.2.1)	December 20, 2013	9.28%	30	-	-	-	-	30	3,000	3,000	-	0.67
GoP - Ijara sukuk (note 6.2.1)	March 07, 2014	10.28%	50	-	-	-	-	50	5,000	5,000	-	1.11
GoP - Ijara sukuk (note 6.2.1)	May 16, 2014	9.26%	130	-	-	-	-	130	13,000	13,000	-	2.89
GoP - Ijara sukuk (note 6.2.1)	December 26, 2014	9.33%	540	-	-	250	-	290	29,000	29,000	-	6.44
GoP - Ijara sukuk (note 6.2.1)	March 02, 2015	10.43%	540	200	20,000	-	-	740	74,000	74,000	-	16.44
GoP - Ijara sukuk (note 6.2.1)	April 30, 2015	9.65%	600	-	-	-	-	600	60,000	60,000	-	13.33
GoP - Ijara sukuk (note 6.2.1)	June 28, 2015	9.33%	500	-	-	-	-	500	50,000	50,000	-	11.11
GoP - Ijara sukuk (note 6.2.1)	September 18, 2015	10.02%	-	426	42,672	-	-	426	42,672	42,647	(25)	9.47
			3,000	626	62,672	250	30	3,346	334,672	334,647	(25)	
Money Market Sub Fund												
GoP - Ijara sukuk (note 6.2.1)	November 15, 2013	11.79%	20	-	-	-	-	20	2,000	2,000	-	0.78
GoP - Ijara sukuk (note 6.2.1)	March 07, 2014	9.23%	300	-	-	-	-	300	30,000	30,000	-	11.75
GoP - Ijara sukuk (note 6.2.1)	May 16, 2014	9.26%	20	-	-	-	-	20	2,000	2,000	-	0.78
GoP - Ijara sukuk (note 6.2.1)	September 17, 2012	11.82%	950	-	-	-	950	-	-	-	-	-
GoP - Ijara sukuk (note 6.2.1)	March 02, 2015	10.43%	130	50	5,000	-	-	180	18,000	18,000	-	7.05
GoP - Ijara sukuk (note 6.2.1)	April 30, 2015	9.65%	120	-	-	-	-	120	12,000	12,000	-	4.70
GoP - Ijara sukuk (note 6.2.1)	June 28, 2015	9.33%	145	-	-	-	-	145	14,500	14,500	-	5.68
GoP - Ijara sukuk (note 6.2.1)	September 18, 2015	10.02%	-	188	18,834	-	-	188	18,834	18,824	(10)	7.37
			1,685	238	23,834	-	950	973	97,334	97,324	(10)	

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

6.3 Investments 'designated 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 period	Cost of purchase	Sales during the period	Redemptions during the period	As at December 31, 2012	Carrying value as at December 31, 2012	Market value as at December 31, 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						
Debt Sub Fund												
Eden Housing Limited (note 6.3.1)	September 29, 2014	6 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	749	749	-	0.17
Security Leasing Corporation Limited II (note 6.3.2)	January 19, 2022	-	195	-	-	-	10	185	627	627	-	0.14
			695	-	-	-	10	685	1,376	1,376	-	
Money Market Sub Fund												
Security Leasing Corporation Limited II (note 6.3.2)	January 19, 2022	-	195	-	-	-	10	185	627	627	-	0.25
			195	-	-	-	10	185	627	627	-	

6.3.1 The principal buy out reduces the face value per certificate instead of number of certificates. The face value of the sukuk certificates is Rs.2,156 each.

6.3.2 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 (SHC), challenging the applicability of WWF to the VPS, which is pending adjudication.

In August 2011, 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 December 31, 2012 amounted to Rs.6.317 million (June 30, 2012: Rs.4.218 million). Had the provision been made, the net asset value per unit of the sub-funds would have been lower by Rs.1.69 (0.87%) per unit, Rs.0.59 (0.36%) per unit and 0.63 (0.38%) per unit for Equity sub-fund, Debt sub-fund and Money market sub-fund respectively.

8. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED

	December 31, 2012				June 30, 2012
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	----- (Rupees in '000) -----				
Management fee payable	549	544	317	1,410	927
Front-end fee payable	10	23	8	41	351
Sales tax on management fee	88	87	51	226	147
	<u>647</u>	<u>654</u>	<u>376</u>	<u>1,677</u>	<u>1425</u>

- 8.1 Under the provision of the Trust Deed, the pension fund manager is entitled to an annual management fee not exceeding 1.5% of the net assets of each sub-fund.

9. EARNINGS PER UNIT - BASIC

	December 31, 2012			December 31, 2011		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	----- (Number of units) -----					
Units outstanding as at December 31, 2012	<u>2,213,408</u>	<u>2,729,532</u>	<u>1,541,928</u>	<u>1,515,832</u>	<u>1,134,428</u>	<u>704,831</u>
	----- (Rupees in '000) -----					
Net income / (loss) for the period	<u>76,502</u>	<u>19,915</u>	<u>10,624</u>	<u>(9,589)</u>	<u>6,882</u>	<u>5,727</u>
Net income / (loss) for the quarter ended	<u>33,088</u>	<u>11,390</u>	<u>5,901</u>	<u>(11,640)</u>	<u>3,415</u>	<u>3,129</u>
	----- (Rupees) -----					
Earnings / (loss) per unit for the six months ended	<u>34.56</u>	<u>7.30</u>	<u>6.89</u>	<u>(6.33)</u>	<u>6.07</u>	<u>8.13</u>
Earnings / (loss) per unit for the quarter ended	<u>14.95</u>	<u>4.17</u>	<u>3.83</u>	<u>(7.68)</u>	<u>3.01</u>	<u>4.44</u>



10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited 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 December 31, 2012 and for the year then ended are as follows:

	December 31, 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)	50,714	66,371	82,785	199,870	184,501
Directors and executives of the Pension Fund Manager					
As at December 31, 2012 (Equity sub fund: 393,128 units; debt sub fund: 195,080 units, money market sub fund: 34,772 units)					
(June 30, 2012: Equity sub fund: 328,631 units; Debt sub fund: 158,645 units Money market sub fund: 32,961 units)	14,548	3,737	100	18,385	82,961
Units issued during the period (Equity sub fund: 77,102 units; debt sub fund: 22,876 units, money market sub fund: 607 units)	76,658	32,175	5,757	114,591	77
Units reallocated during the period (Equity sub fund: 12,606 units; debt sub fund: 13,561 units, money market sub fund: 1,204 units)	(2,430)	2,231	199	-	-

December 31, 2012				December 31, 2011
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	

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

**Al Meezan Investment Management Limited -
Pension Fund Manager**

Remuneration

Remuneration payable at the beginning of the period	369	341	217	927	484
Front-end fee at the beginning of the period	211	116	24	351	313
Remuneration for the period	2,929	2,840	1,707	7,476	3,312
Front-end fee for the period	904	918	317	2,139	-
	<u>4,413</u>	<u>4,215</u>	<u>2,265</u>	<u>10,893</u>	<u>4,109</u>
Amount paid during the period	(3,854)	(3,648)	(1,940)	(9,442)	(3,533)
Remuneration payable at the end of the period	549	544	317	1,410	576
Front-end fee at the end of the period	10	23	8	41	-

Sales tax on management fee

Sales tax payable at the beginning of the period	57	55	35	147	-
Sales tax for the period	470	454	273	1,197	530
	<u>527</u>	<u>509</u>	<u>308</u>	<u>1,344</u>	<u>530</u>
Amount paid during the period	(439)	(422)	(257)	(1,118)	(438)
Balance at the end of the period	88	87	51	226	92
Total payable at the end of the period	<u>647</u>	<u>654</u>	<u>376</u>	<u>1,677</u>	<u>668</u>

Meezan Bank Limited

Bank balances	<u>363</u>	<u>469</u>	<u>284</u>	<u>1,116</u>	<u>5,720</u>
Profit on bank balances	<u>129</u>	<u>135</u>	<u>146</u>	<u>410</u>	<u>57</u>

**Central Depository Company Limited
- trustee of the Fund**

Balance at the beginning of the period	34	33	21	88	47
Remuneration for the period	292	282	170	744	335
CDS charges for the period	6	3	3	12	11
	<u>332</u>	<u>318</u>	<u>194</u>	<u>844</u>	<u>393</u>
Amount paid during the period	(274)	(264)	(164)	(702)	(335)
Balance at the end of the period	<u>58</u>	<u>54</u>	<u>30</u>	<u>142</u>	<u>58</u>

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values as these financial assets and liabilities are short term in nature.

The Fund classifies fair value measurements of its investments using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).



The Fund has equity securities under level 1, GOP sukuku under level 2 and other unlisted sukuku under level 3 of the fair value hierarchy mentioned above.

During the six-month period ended December 31, 2012, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on January 21, 2013 by the Board of Directors of the Pension Fund Manager.

13. GENERAL

13.1 Figures for the quarter ended December 31, 2012 and the corresponding figures for the quarter ended December 31, 2011 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

13.2 Figures have been rounded off to the nearest thousand rupees.

Mohammad Shoaib, CFA
Chief Executive

For Al Meezan Investment Management Limited
(Management Company)

Mazhar Sharif
Director



(AM2 rating by JCR-VIS)

Al Meezan Investment Management Ltd.

A subsidiary of Meezan Bank

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