



Pure. Profit.

Half Yearly Report December 31, 2013



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 - II (MCPF-II)

Meezan Financial Planning Fund of Funds (MFPF)

Meezan Balanced Fund

Meezan Tahaffuz Pension Fund



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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 un-audited financial statements of the following open end funds and a voluntary pension scheme for the half year ended December 31, 2013.

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

Balanced Fund

- Meezan Balanced Fund

Fund of Fund

- Meezan Financial Planning Fund of Funds

Capital Protected Fund

- Meezan Capital Protected Fund -II

Pension Fund

- Meezan Tahaffuz Pension Fund

Economic Review:

The fiscal year 2014 (FY'14) started with the government pinning hopes to a successful negotiation of a 3-year USD 6.6 billion IMF bailout package to help avert the looming balance of payment crisis. Subsequent approval and disbursements to the tune of USD 1 billion has paved way for re-engagement of World Bank, ADB and other partners. A series of structural adjustments enumerated under the IMF program as pre-conditions for release of the remaining tranches, although stringent, may put the economy back on its path to recovery. Improvement in macro indicators has already been set into motion with GDP registering a growth of 5% in the first quarter, as compared to 2.9% in the corresponding period; this escalation was primarily driven by a 5% growth in industrial sector. Other noteworthy developments on the macro front included i) a reversal in monetary easing cycle of the SBP with the re-emergence of inflationary pressure, ii) volatile movement of the rupee against the dollar, iii) roll-out of significant electricity tariff increases for domestic, industrial and commercial consumers and iv) grant of GSP+ status for the country's textile exports to the European Union (EU).

Initially low financial flows for funding the budget deficit led the government to rely on domestic borrowings to bridge the gap, which increased inflation. Resurgence of inflationary pressure, with the same averaging at 8.9% during the first half, led the Central Bank to raise its key policy rate cumulatively by 100 bps, reversing its monetary easing cycle. Citing upward adjustments in energy prices, rising food and non-food inflation, the Central Bank highlighted inflation to remain at an elevated level between 10-11% in FY'14. However with food prices receding recently, the fiscal year inflation number may remain in single digits.

The country faced a lot of challenges on the external front as the key risks stemmed from deterioration in the external accounts largely on account of weak financial inflows. During the first half, the current account recorded a deficit of USD 1.6 billion which is an increase of USD 1.5 billion over the last year; imports picking up at a relatively higher pace than exports largely explained this. Much to the respite the financial account deficit improved by USD 546 million YoY to USD 16 million. Despite that, substantial repayments to the IMF caused reserves held by SBP to sink to a record low of USD 2.9 billion. However receipts under the Coalition Support Fund (CSF) were able to slightly cushion the reserves.

Speculative sentiments on account of year end foreign reserves targets set by IMF resulted in exchange rate volatility. The rupee which depreciated by 12% at one point, has now started to recover losses it posted earlier to close at Rs. 105.35/USD, a depreciation of 6% since the start of the fiscal year; this improvement came in mainly due to disbursements from IMF and other multilateral agencies.

Implementation of the much needed fiscal consolidation reforms resulted in tax collection of Rs. 1.04 trillion translating into a 16% YoY increase. In order to bridge the gap between expenditures and revenue collection the government has slashed several funds including secret service expenditures, discretionary funds and current expenditure allocation of ministries. These steps along with issuance of tax notices and rationalization of concessionary SROs will not only help in restricting the fiscal deficit but shall also improve the low tax-to-GDP ratio.

The fundamentals of the economy appear stable going forward in the backdrop of recent policy and reform measures. Challenges for macroeconomic stability on the external front will be dealt with realization of multiple budgeted inflows including 3G auction, privatizations under the IMF program, and Eitsaat dues. Foreign exchange reserves will rise with the impending disbursements under the balance of payment facilities ranging from Eurobonds to commercial bank loans. Increased exports to the EU under the GSP+ status will help narrow the trade deficit. With inflation easing down in near future, we foresee limited upside in monetary tightening by the Central Bank.

Equity Review

KSE-100 Index continued on its positive momentum during first half of FY'14, yielding an impressive 20.3% return for the period as it closed at the level of 25,261. This follows the 52.2% return witnessed in FY'13 and 22.5% return in preceding half year. Smooth political transition and formation of simple majority, PML-N government triggered optimism which despite presence of macro-economic concerns helped the stock market rally during the review period. After general elections, smooth change of guards at major power centres including presidency, army and judiciary also helped strengthen foundations of democracy. Pakistan entered in the IMF program to avert the immediate balance of payment crisis. Activity saw a significant increase as the volume traded increased from an average of 149 million shares in 1HFY13 to 193 million shares in 1HFY14, while average daily value traded also rose by 6.5% to Rs. 8 billion.

The KSE Meezan Index (KMI-30), our benchmark index, during the period under review also appreciated by 15.6% to close the half year at 42,431 points, clocking in a gain of 18.1% during the same period last year. After a slow 1QFY14 in which the KMI-30 index went up by a mere 0.30%, the subsequent quarter witnessed robust activity with market rising by a whopping 13.33%. In the 1QFY14, the potential decrease in cement prices, abnormal PKR devaluation and rising inflationary numbers were the factors which limited the market growth. However during the second quarter, cement prices gradually increased, SBP intervened to control the PKR decline while the monthly CPI number also dropped to 9.2% in December from a lofty 10.9% in the month of November 2013; these were the positive contributors to the market.

Subsequently, in December, award of GSP plus status to Pakistan, launch of a money whitening investment scheme and improved economic indicators (1QFY14 GDP growth at 5%, FBR revenues increased 17% YoY) helped the KSE-100 index in touching an all time high of 25,579 points. Eventually, in the half year ended December 2013, KSE 100 index provided a return of 20.3%.

Corporate profitability and major contributors to Index

During the period under review, corporate earnings showed a significant growth of 20% YoY compared to flat earnings growth in FY'13. With Pakistan attaining GSP Plus status (applicable from January 2014), it was the Personal Goods/Textile sector which was the biggest outperformer of 1HFY14. Next best performing sector were Banks which improved on the back of rising interest rate outlook. Telecom sector also performed well due to PTA's crackdown of grey trafficking and anticipation of benefits from 3G auction (to be held in March 2014). Cement sector after witnessing hefty return during the previous fiscal year, rose in line with the market. Major improvement was also witnessed in Oil & Gas and Fertilizer sectors. Higher oil & gas production, receipt of un-booked penal income for PSO and improved gas supply to Engro fertilizer were the key triggers.

Among the laggards, electricity sector remained the biggest underperformer as it had already performed in preceding half year (i.e. January to June 2013 period) due to circular debt backlog clearance in June 2013. Food Producers also underperformed mainly due to Efoods price decline as the company posted a below expectations result due to supply chain issues and industry wide slowdown. Delisting of market heavyweight Unilever was witnessed during September 2013, which resulted in KSE market capitalization decreasing by around PKR 200 billion. Top contributors to KSE-100 index growth during the first half of FY'14 were primarily OGDC, followed by MCB, PPL, Lucky Cement and Engro Corporation. Foreign interest remained high in Exploration and Production companies owing to positive developments on the production side. Banks supported the index as expected discount rate hikes materialized that was believed to be favorable for the sector's profitability. ENGRO remained in the limelight as positive developments pertaining to provision of concessionary gas kept interest in the stock alive.

Best Performing Stocks

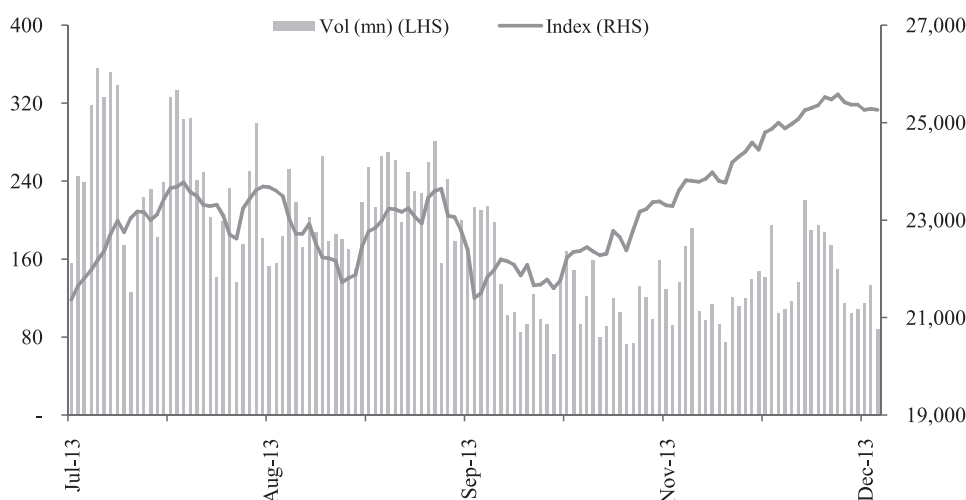
Company Name	KSE -100 Index Points	Total Return
Oil & Gas Development Company Ltd	637	20.81%
MCB Bank Ltd	356	15.90%
Pakistan Petroleum Ltd	327	21.35%
Lucky Cement Ltd	243	42.98%
Engro Corporation Ltd	176	29.95%

Amongst the laggards Efoods, KESC, JSCL, TRG and JVDC contributed to the drag in performance of KSE-100. Third-tier stocks remained under-pressure after a period of strong performance earlier during the year as investors actively sought to divest companies with weak financials. EFOODS remained volatile during the period as weaker than expected results set the stage for a reversal of its year long rally.

Worst Performing Stocks

Company Name	KSE -100 Index Points	Total Return
Engro Foods Ltd	-80	-25.80%
Karachi Electric Supply Corporation Ltd	-32	-9.16%
Jahangir Siddiqui & Co. Ltd	-20	-20.45%
TRG Pakistan Ltd	-10	-12.95%
Javedan Corporation Ltd	-8	-16.67%

A graphical summary of the performance of KSE-100 index is as follows:



Equity Flows

Net foreign participation in the equity market was weak during the half year, with net foreign portfolio investment outflow of US\$9.3mn. However, a significant outflow relates to a one-off block deal in shares of KAPCO, barring which foreign portfolio investment remained strong during the period. Domestic Mutual Funds were also net sellers in the market with a net sell of US\$ 117.7mn. Banks with a net buy of US\$ 94mn were the leading buyers in the market followed by individuals who invested US\$ 33 mn during the same period.

Money Market Review

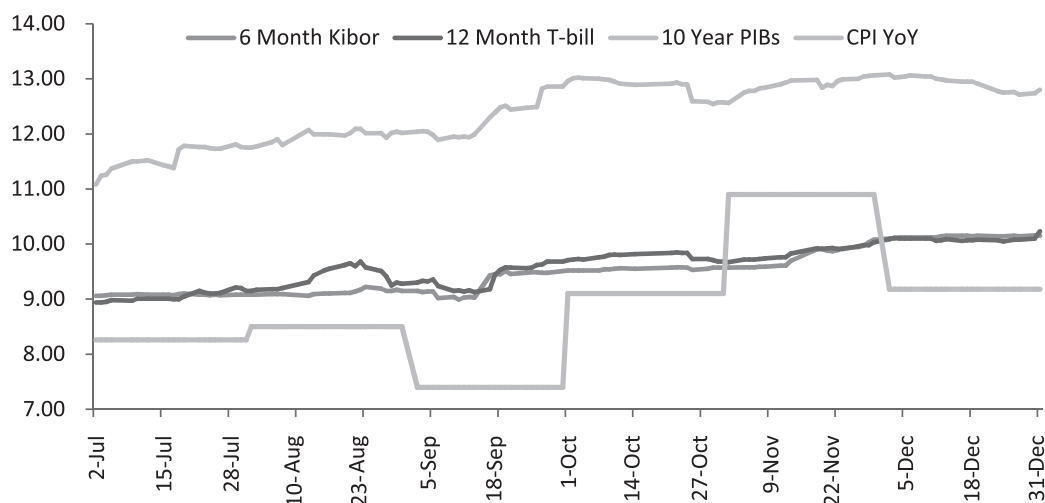
The first half of FY'14 saw a reversal in SBP's monetary easing stance with two bi-monthly monetary policy statements (MPS) translating into a 100bps increase in the discount rate taking it to 10%. This had initially fuelled market expectations towards further monetary tightening in the MPSs to come but with the relatively stable forex position (due to inflows from foreign remittances, IMF, IDB, etc) and slightly lower inflation with CPI for six months ended December 31, 2014 clocking in at 8.9%, the market started expecting stability in the DR at its current level. This change in expectations was reflective in the yields whereby T-bills took a downward adjustment of 10-15 bps while PIBs took a plunge of 20-35bps. The liquidity scenario in the market stayed mixed with a greater tilt towards liquidity during these six months due to the changing expectations on SBP's key rate and the resultant participation levels of major players in the auctions of Government papers. This liquidity scenario was also highlighted in the SBP's OMOs whereby Rs. 1.2 trillion worth of injections and Rs. 2.3 trillion worth of mop-ups were conducted during this half year.

Alongside, thirteen T-bill auctions and six PIB auctions were conducted during this period; cumulatively Rs. 3.6 trillion was accepted against a participation of Rs. 4.1 trillion in T-bills and Rs. 164 billion was accepted against a participation of Rs. 301 billion in PIBs. More importantly, the 10 years PIB yield, after trading as high as 13.10% during this period saw a 35 bps downward adjustment towards the end of this period depicting a clear shift from the market expectations regarding another increase in the DR.

On the Ijarah front, the Shariah compliant end of the market underwent two Ijarah maturities whereby supply of the most commonly invested-in instrument for this sector saw a reduction of around Rs. 89 billion. Against the market expectation, a new Ijarah auction was not announced by the SBP which resulted in excess liquidity for Islamic institutions; this resulted in sharp inflation of Ijarah prices drying out the possibilities of finding investable yield opportunities. Alongside, SECP's requirement of marking to market Ijarah instruments resulted in some volatility in the returns of our funds.

On the forex front, the country's reserves stayed under pressure mainly due to external debt repayments, a major portion of which were repayments to IMF amounting to USD 2 billion. Despite the support from IMF and other bilateral disbursements, CSF inflows and SBP's interventions, by the half year end, rupee closed 5.6% weaker in the interbank market at Rs. 105.35/\$ while in the open market, it closed 4.5% weaker at Rs. 105.30/\$.

Graphically, the overall interest rate, T-bill/PIB yield and inflation rate behaviours can be observed as under:



Mutual Fund Industry Review

During the 1HFY14, AUMs of the mutual fund industry witnessed an increase of 6.6% reaching the level of Rs. 383 billion. Islamic funds also showed a modest increase of 5.4% during the period under review to over Rs 71 billion. This brings contribution of Islamic funds at 18.5% in the total mutual fund industry.

In terms of net assets sovereign, money market and income fund categories showed a rising trend during these six months. The combined category increased by 4.43% to reach Rs 248 billion at period end. Islamic funds, however, in these categories declined by 1.1% in terms of net assets.

Open-end Equity funds (including capital protected, index tracker, and asset allocation) posted a commendable increase of 8.8% to Rs. 129 billion as on December 31, 2013 compared to Rs. 119 billion at June 30, 2013. Islamic equity based funds also showed a growth of 17.4% in the period under review and stood at Rs. 24 billion. However, in Pension Funds, the size of funds reached Rs 5.96 billion as at December 31, 2013, showing a massive increase of 24.4% from June 2013. Islamic Pension Funds also witnessed a growth of 21.0% in the period under review to clock in at Rs 3.58 billion.

Al Meezan's market share in the overall mutual fund's industry stands at 12.3% as at December 31, 2013 while it represents 66.7% of the Islamic mutual funds industry. In Pension Funds, Al Meezan holds the largest pension funds' portfolio in the industry representing an overall market share of 34.5% while representing 57.3% of the Islamic Pension Funds in the industry.

Performance Review:

Meezan Islamic Fund

During the first six months of FY14, Meezan Islamic Fund (MIF) provided a net return of 13.8% while the benchmark index KMI-30 appreciated by 15.6%. During the period under review, net assets of the fund increased by 18.8% to stand at Rs 11.26 billion. As of period end, the fund was 89.4% invested in equities with major exposure in oil & gas, construction and material and electricity sectors.

Al Meezan Mutual Fund

During the first six months of FY14, the fund provided a net return of 13.4% while the benchmark index KMI-30 appreciated by 15.6%. During the period under review, net assets of the fund increased by 13.5% to stand at Rs 2.48 billion. As of period end, the fund was 89.4% invested in equities with major exposure in oil & gas, construction & material and electricity sectors.

KSE Meezan Index Fund

During the first six months of FY14, KSE Meezan Index Fund provided a return of 13.9% while the benchmark index KMI-30 appreciated by 15.6%. During the period under review, net assets of the fund increased by 13.21% to stand at Rs 1020 million.

Meezan Islamic Income Fund

During the first half of FY'14, Meezan Islamic Income Fund provided an annualized return of 10.2% as compared to benchmark return of 5.2%. The net assets of this fund increased by 8.5% to stand at Rs 2.9 billion. As of period end, the fund was invested 11% in Islamic Corporate Sukuks, 11% in GoP Ijarah Sukuks, 15% in Islamic commercial papers and 60% in Islamic banks. Going forward, the fund may have to make provisioning pertaining to its investment in Eden Housing Limited's Sukuks which currently stands classified in the non-performing category and is delaying the payment of its due instalments; its residual exposure in the funds stands at Rs. 54.1 million and provisioning will be required if these payment delays continue.

Meezan Sovereign Fund

During the first six months of FY'14, Meezan Sovereign Fund provided an annualized return of 8.4% as compared to its benchmark return of 6.5%. During the period under review, net assets of the fund decreased by 0.8% to stand at Rs 19.5 billion. As of the period end, the fund was invested 72% in Ijarah Sukuks and 27% in AA and above rated islamic banks.

Meezan Cash Fund

During the first half of FY'14, Meezan Cash Fund provided an annualized return of 7.2% as compared to its benchmark return of 6.5%. During the period under review, net assets of the fund decreased by 10.6% to stand at Rs 5.8 billion on December 31, 2013. As of the period end, the fund was invested 8% in Islamic in Islamic commercial papers and 90% in AA and above rated islamic banks.

Meezan Capital Protected Fund- II

During the first six months of FY14, the fund provided a return of 5.9%. During the period under review, net assets of the fund increased by 0.9% to stand at Rs 511 million. As of period end, the fund was 14.4% invested in equities, 77.2% in GoP Ijarah Sukuks and 7.2% in cash and cash equivalents. The Fund will mature in August 2014.

Meezan Balanced Fund

Meezan Balanced Fund was converted from a closed end fund to an open end scheme effective July 1, 2013. It 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 half FY14, Meezan Balanced Fund provided a return of 9% against the benchmark return of 9%.

During the period under review, net assets of the fund decreased by 1.1% to stand at Rs 1.7 billion on December 31, 2013. As of period end, the fund was 53% invested in equities, 16% in Government Ijarah Sukuks, 13% in Islamic Commercial Papers, 3% in corporate Sukuks and 15% in cash.

Meezan Financial Planning Fund of Funds

Meezan Financial Planning Fund of Funds (MFPF) is the latest fund launched by Al Meezan Investments on April 12, 2013. It is an open-end Shariah Compliant (Islamic) Fund of Funds Scheme that aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk tolerance of the investor. MFPF has three Allocation Plans which allow investors to invest according to their risk tolerance levels.

•The Aggressive Allocation Plan

During the first six months of FY14, the aggressive allocation plan provided a net return of 10.8% against its benchmark return of 11.3%. The net assets grew by 12.5% to stand at Rs. 287 million by the end of this period.

•The Moderate Allocation Plan

During the first six months of FY14, the moderate category earned a net return of 8.4% against a benchmark return of 9.4%. The net assets grew by 0.6% and stood at Rs. 159 million by the end of this period.

•The Conservative Allocation Plan

During the first six months of FY14, this allocation category earned a net return of 6.1% for its investors against a benchmark return of 5.7%. The net assets of this sub fund grew by 14.4% to stand at Rs. 326 million at the end of this period.

Meezan Tahaffuz Pension Fund

Meezan Tahaffuz Pension Fund (MTPF) comprises of three sub funds namely Equity sub fund, Debt sub fund and Money market sub fund. Total net assets of MTPF increased by Rs 306 million (17.5%) and stood at Rs 2.05 billion as on December 31, 2013. It is the largest voluntary pension fund in Pakistan with a market share of 34.5% as of December 31, 2013. Performance review of each sub fund for the first half of FY14 is given as under:

•Equity Sub Fund

During the first six months of FY14, Equity Sub Fund provided a return of 14.7%. The net assets of the sub fund increased by 22.9% to stand at Rs 988 million on December 31, 2013. As of period end, the fund was 95% invested in equities with major exposure in oil & gas, construction and material and power sectors.

•Debt Sub Fund

During the first half of FY14, Debt Sub Fund provided an annualized return of 7.8%. During the period under review, net assets of the sub fund increased by 21.7% to stand at Rs 779 million. As of period end, the fund was 50% invested in GoP Ijarah Sukuks, 0.1% in Sukuks and 49.9% in Islamic Banks.

•Money Market Sub Fund

During the first six months of FY14, Money Market Sub Fund provided an annualized return of 7.0%. During the period under review, net assets of the sub fund decreased by 5.6% to stand at Rs 286 million. As of period end, the fund was 26% invested in GoP Ijarah Sukuks and 74% in Islamic Banks.

Outlook

The new government has a clear cut mandate to follow its economic manifesto of restructuring and privatization. The market and business community at large has shown confidence in their ability to revive economic growth.

The government has undertaken some painful economic reforms. The electricity tariffs has been raised and other measures such as increase in gas tariff, Secondary Public Offerings (SPOs)/Privatization are on the agenda going forward. However, it is anticipated that these economic reforms along with focus on privatization of Public Sector Enterprises (PSEs) will bode well for the economy in medium to long term.

With higher taxes and increasing power tariffs along with further price hikes expected in gas tariffs, CPI inflation figures shall be a key factor in determining the future direction of interest rates, especially in light of IMF's requirement of maintaining positive real interest rates. The possibility of further monetary tightening, if materialized, may pose a slight challenge for the stock market as the returns on fixed income instruments will start increasing.

The KSE-100 index has already rallied in first half and is expected to consolidate at current levels; the index is currently trading at FY'14 PER of 8.7x, with FY'14 earnings growth of 20%. 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 gain 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 their 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 and our Trustee, The 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: February 11, 2014

**Mohammad Shoaib, CFA
Chief Executive**



Half Yearly Report December 31, 2013

FUND INFORMATION

MANAGEMENT COMPANY

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Web site: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Tasnimul Haq Farooqui	Non-executive	
Mr. Mazhar Sharif	Non-executive	
Syed Amir Ali	Non-executive	
Syed Amir Ali Zaidi	Non-executive	
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. 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	National Bank of Pakistan

LEGAL ADVISER

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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**

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Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ISLAMIC FUND

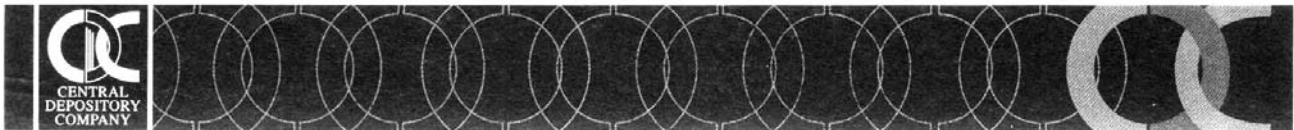
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

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, 2013 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 12, 2014





KPMG Taseer Hadi & Co.
Chartered Accountants
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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 2013 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

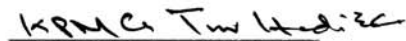
Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the quarter ended 31 December 2013 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

Date: 11 February 2014

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

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, 2013

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
Note	(Rupees in '000)	
Assets		
Balances with banks	1,163,507	786,424
Investments	5 10,193,451	8,878,719
Dividend receivable	9,877	7,849
Deposits and other receivables	35,906	22,411
Total assets	11,402,741	9,695,403
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	44,942	32,341
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	1,054	879
Payable to Meezan Bank Limited (MBL)	-	329
Payable to Securities and Exchange Commission of Pakistan (SECP)	5,063	6,686
Payable on redemption and conversion of units	11,845	26,412
Payable against purchase of investments	4,937	99,386
Accrued expenses and other liabilities	73,481	53,057
Total liabilities	141,322	219,090
Net assets	11,261,419	9,476,313
Contingencies and commitments	6	
Unitholders' funds (as per statement attached)	11,261,419	9,476,313
	Number of units	
Number of units in issue	220,280,703	151,821,956
	Rupees	
Net assets value per unit	51.12	62.42

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
Income				
Net realised gain / (loss) on sale of investments	23,240	171,149	(29,800)	141,900
Dividend income	331,898	246,649	115,965	112,844
Profit on saving accounts with banks - net	37,519	10,709	18,935	5,411
Other income	7,747	3,816	1,953	2,746
	<u>400,404</u>	<u>432,323</u>	<u>107,053</u>	<u>262,901</u>
Unrealised gain on re-measurement of investments - 'at fair value through profit or loss' (net) 5.1.1 & 5.1.4	666,193	747,529	754,861	260,755
Impairment loss on 'available for sale' investments	-	(29,825)	-	(29,825)
	<u>666,193</u>	<u>717,704</u>	<u>754,861</u>	<u>230,930</u>
Total income	1,066,597	1,150,027	861,914	493,831
Expenses				
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company	106,579	62,015	53,683	32,763
Sindh Sales Tax and Federal Excise Duty on management fee	35,924	9,922	18,554	5,242
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	5,833	3,605	2,936	1,890
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	5,063	2,946	2,550	1,557
Auditors' remuneration	357	374	184	210
Charity expense	5,377	4,526	1,753	2,874
Fees and subscription	20	20	10	10
Legal and professional charges	93	93	46	46
Brokerage	5,853	3,199	2,160	2,080
Bank and settlement charges	2,186	901	740	722
Provision for Workers' Welfare Fund (WWF) 7	18,294	-	15,347	-
Printing charges	353	353	177	177
Total expenses	185,932	87,954	98,140	47,571
Net income from operating activities	880,665	1,062,073	763,774	446,260
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)	15,749	112,694	(14,717)	99,882
Net income for the period before taxation	896,414	1,174,767	749,057	546,142
Taxation 9	-	-	-	-
Net income for the period after taxation	896,414	1,174,767	749,057	546,142
Other comprehensive income for the period				
Items that can be reclassified to income statements in subsequent periods				
Net unrealised appreciation/ (diminution) on re-measurement of investments classified as 'available for sale' 5.2.2	445,980	19,099	656,350	(25,723)
Total comprehensive income for the period	1,342,394	1,193,866	1,405,407	520,419

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

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
Undistributed income / Accumulated (loss) brought forward				
- Realised	1,838,271	(67,617)	(18,209)	(694,981)
- Unrealised	536,167	117,085	(88,668)	486,774
	2,374,438	49,468	(106,877)	(208,207)
Final distribution on July 8, 2013 for the year ended June 30, 2013				
- bonus units @ 35.00% (Rs. 17.50 per unit) (June 30, 2012 @ Rs 8.25 per unit)	(2,655,025)	(886,753)	-	-
- cash dividend @ 35.00% (Rs. 17.50 per unit) (June 30, 2012 @ Rs 8.25 per unit)	(1,859)	(927)	-	-
Total distribution	(2,656,884)	(887,680)	-	-
Net income for the period	896,414	1,174,767	749,057	546,142
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)	23,067	4,319	(5,145)	2,939
Undistributed income carried forward	637,035	340,874	637,035	340,874
Undistributed income carried forward				
- Realised	(29,158)	(406,655)	(29,158)	(406,655)
- Unrealised	666,193	747,529	666,193	747,529
	637,035	340,874	637,035	340,874

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
Net assets at beginning of the period	9,476,313	5,343,159	10,119,203	6,158,751
Issue of 68,523,627 units (2012: 31,445,677 units) and 17,042,655 units (2012: 22,078,416 units) for six months and quarter respectively	3,278,325	1,492,612	824,861	1,071,323
Redemption of 59,170,513 (2012: 14,233,131 units) and 22,817,591 units (2012: 8,287,599 units) for six months and quarter respectively	(2,818,005)	(662,828)	(1,102,769)	(397,423)
	460,320	829,784	(277,908)	673,900
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(15,749)	(112,694)	14,717	(99,882)
Issue of 59,105,633 bonus units for the year ended June 30, 2013 (June 30, 2012: 21,413,976 bonus units)	2,655,025	886,753	-	-
Net realised gain / (loss) on sale of investments	23,240	171,149	(29,800)	141,900
Unrealised appreciation in the value of investments (net)	1,112,173	736,803	1,411,211	205,207
Total other comprehensive income for the period less distribution	206,981	285,914	23,996	173,312
Final distribution on July 8, 2013 for the year ended June 30, 2013				
- Issue of 59,105,633 bonus units for the year ended June 30, 2013 (June 30, 2012: 21,413,976 bonus units)	(2,655,025)	(886,753)	-	-
- Cash distribution	(1,859)	(927)	-	-
Net income for the year less distribution	(1,314,490)	306,186	1,405,407	520,419
Net assets at end of the period	11,261,419	7,253,188	11,261,419	7,253,188
----- (Rupees) -----				
Net assets value per unit at beginning of the period	62.42	49.66	44.76	46.50
Net assets value per unit at end of the period	51.12	49.60	51.12	49.60

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	896,414	1,174,767	749,057	546,142
Adjustments for:				
Unrealised gain on re-measurement of investments - 'at fair value through profit or loss' (net)	(666,193)	(747,529)	(754,861)	(260,755)
Impairment loss on 'available for sale' investments	-	29,825	-	29,825
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(15,749)	(112,694)	14,717	(99,882)
	<u>214,472</u>	<u>344,369</u>	<u>8,913</u>	<u>215,330</u>
(Increase) / decrease in assets				
Investments (net)	(202,559)	(842,083)	475,559	(684,111)
Receivable against sale of investments	-	(4,351)	-	(6,658)
Dividend receivable	(2,028)	3,108	158,922	84,066
Deposits and other receivables	(13,495)	(1,571)	(13,400)	(3,426)
	<u>(218,082)</u>	<u>(844,897)</u>	<u>621,081</u>	<u>(610,129)</u>
(Decrease) / increase in liabilities				
Payable to Al Meezan Investment Management Limited - Management Company	12,601	3,056	13,119	(1,861)
Payable to Central Depository Company of Pakistan Limited - Trustee	175	61	89	75
Payable to Meezan Bank Limited	(329)	(67)	(1,328)	(121)
Payable to Securities and Exchange Commission of Pakistan	(1,623)	(1,653)	2,550	1,557
Payable against purchase of investments	(94,449)	-	(50,566)	(2,129)
Accrued expenses and other liabilities	20,424	1,661	16,551	(495)
	<u>(63,201)</u>	<u>3,058</u>	<u>(19,585)</u>	<u>(2,974)</u>
Net cash (used in) / generated from operating activities	<u>(66,811)</u>	<u>(497,470)</u>	<u>610,409</u>	<u>(397,773)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts against issuance of units	3,278,325	1,492,612	824,861	1,071,323
Dividend paid	(1,859)	(927)	-	-
Payment against redemption of units	(2,832,572)	(658,896)	(1,122,845)	(392,994)
Net cash inflow from / (used in) financing activities	<u>443,894</u>	<u>832,789</u>	<u>(297,984)</u>	<u>678,329</u>
Net increase in cash and cash equivalents during the period	377,083	335,319	312,425	280,556
Cash and cash equivalents at beginning of the period	786,424	185,660	851,082	240,423
Cash and cash equivalents at end of the period	<u>1,163,507</u>	<u>520,979</u>	<u>1,163,507</u>	<u>520,979</u>

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months and quarter ended December 31, 2013 (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 the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008). 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 of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund has been formed to enable the unitholders 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 a quality rating of AM2 by JCR-VIS Credit Rating Company Limited. The Fund is ranked at 'MFR 4-Star' for one year and 'MFR 3-Star' for two and three years weighted average 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 PRESENTATION

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, 2013.

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, 2013.

The Fund's financial and unit holder's fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2013.

	Note	December 31, 2013 (Rupees in '000)	June 30, 2013
5. INVESTMENTS			
Investments - 'at fair value through profit or loss'	5.1	5,997,752	4,670,683
Investments - 'available for sale'	5.2	4,195,699	4,208,036
		<u>10,193,451</u>	<u>8,878,719</u>
5.1 Investments - 'at fair value through profit or loss'			
Held for trading	5.1.1	5,715,405	4,462,743
Investments - 'at fair value through profit or loss upon initial recognition'	5.1.4	282,347	207,940
		<u>5,997,752</u>	<u>4,670,683</u>

5.1.1 Held for Trading - Shares of listed companies

Name of the investee company	As at July 01, 2013	Purchases during the period	Bonus issue	Sales during the period	As at Dec 31, 2013	Carrying value as at Dec 31, 2013	Market value as at Dec 31, 2013	Unrealised gain / (loss) as at Dec 31, 2013	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-----			
Automobile and Parts											
Agriauto Industries Limited (note 5.1.2)	596,700	70,000	-	-	666,700	50,809	52,549	1,740	0.47	0.52	2.31
Indus Motor Company Limited	384,944	11,000	-	20,000	375,944	117,128	125,189	8,061	1.11	1.23	0.48
Pak Suzuki Motor Company Limited	220,322	35,000	-	-	255,322	38,041	39,292	1,251	0.35	0.39	0.31
											3.10
Chemicals											
Fauji Fertilizer Bin Qasim Limited	3,506,249	430,000	-	1,345,500	2,590,749	97,458	113,501	16,043	1.01	1.11	0.28
Fauji Fertilizer Company Limited	5,085,859	125,000	-	1,323,900	3,886,959	417,717	435,184	17,467	3.86	4.27	0.19
ICI Pakistan Limited	13,000	253,500	-	-	266,500	52,929	67,430	14,501	0.60	0.66	0.29
Sitara Chemicals Ind. Limited	-	500	-	-	500	111	123	12	0.00	0.00	0.00
											0.75
Construction and Materials											
Attock Cement Pakistan Limited	683	1,000	4	650	1,037	151	148	(3)	0.00	0.00	0.00
DG Khan Cement Company Limited	91,722	1,740,000	-	1,800,000	31,722	2,272	2,720	448	0.02	0.03	0.01
Fauji Cement Company Limited	-	10,767,500	-	4,100,000	6,667,500	95,492	106,347	10,855	0.94	1.04	0.50
Lucky Cement Limited	207,179	300,000	-	492,900	14,279	3,279	4,282	1,003	0.04	0.04	0.00
											0.51
General Industries											
Packages Limited	1,488,779	495,900	-	107,800	1,876,879	428,402	511,694	83,292	4.54	5.02	2.22
Thal Limited (note 5.1.2)	195,205	-	-	-	195,205	24,887	26,989	2,102	0.24	0.26	0.24
Tri-pack Films Limited	218,300	-	-	34,400	183,900	37,148	36,340	(808)	0.32	0.36	0.61
											3.08
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited "A"	10,737,537	8,550,500	-	4,323,500	14,964,537	353,991	425,591	71,600	3.78	4.18	0.40
Banks											
Meezan Bank Limited (an associate of the Fund)	-	1,556,000	-	1,507,500	48,500	1,898	1,910	12	0.02	0.02	0.00
Oil and gas											
Attock Petroleum Limited	20,066	52,200	4,013	-	76,279	34,568	38,116	3,548	0.34	0.37	0.09
Attock Refinery Limited	400	376,100	-	255,200	121,300	26,109	25,190	(919)	0.22	0.25	0.14
Pakistan Oilfields Limited	2,050,047	62,000	-	299,400	1,812,647	900,744	902,173	1,429	8.01	8.85	0.77
Pakistan Petroleum Limited	3,526,575	777,500	787,675	733,700	4,358,050	787,888	932,448	144,560	8.28	9.15	0.22
Pakistan State Oil Company Limited	170,302	915,000	-	488,000	597,302	193,888	198,436	4,548	1.76	1.95	0.24
National Refinery Limited	1,505	26,000	-	-	27,505	5,823	5,928	105	0.05	0.06	0.03
Oil and Gas Development Company Limited (note 5.1.3)	1,290,194	270,000	-	206,200	1,353,994	312,712	374,190	61,478	3.32	3.67	0.03
											1.53
Electricity											
The Hub Power Company Limited	692,216	2,055,500	-	1,382,000	1,365,716	84,613	82,928	(1,685)	0.74	0.81	0.12
Kohinoor Energy Limited	700,000	390,000	-	156,500	933,500	33,696	33,130	(566)	0.29	0.33	0.55
Pakgen Power	-	1,500,000	-	-	1,500,000	31,500	32,565	1,065	0.29	0.32	0.40
											1.07
Food Producers											
Engro Foods Limited	2,392,021	4,586,000	-	2,732,100	4,245,921	458,699	443,444	(15,255)	3.94	4.35	0.55
Personal Goods (Textile)											
Nishat Mills Limited	3,836,500	2,949,600	-	1,303,800	5,482,300	531,673	697,568	165,895	6.19	6.84	1.56
Grand total						5,123,626	5,715,405	591,779			
Total cost of investments						4,599,694					

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.

5.1.3 439,500 shares (June 2013: 439,500 shares) of Oil and Gas Development Company Limited, having market value of Rs 121.46 million (June 2013: Rs 100.536 million) as at December 31, 2013, have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

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

Shares of listed companies

Name of the investee company	As at July 01, 2013	Purchases during the period	Bonus issue	Sales during the period	As at Dec 31, 2013	Carrying value as at Dec 31, 2013	Market value as at Dec 31, 2013	Unrealised gain / (loss) as at Dec 31, 2013	Percentage in relation to		
									Number of shares	Rupees in '000	Net assets of the Fund on the basis of market value
Banks											
Meezan Bank Limited (an associate of the Fund)	7,167,442	-	-	236	7,167,206	207,849	282,245	74,396	2.51	2.77	0.71
General industrials											
Packages Limited	374	-	-	-	374	84	102	18	0.00	0.00	0.00
Grand total						207,933	282,347	74,414			
Total cost of investments							72,698				

5.2 Investments categorised as 'available for sale'

5.2.1 Shares of listed companies

Name of the investee company	As at July 01, 2013	Purchases during the period	Bonus issue	Sales during the period	As at Dec 31, 2013	Carrying value as at Dec 31, 2013	Market value as at Dec 31, 2013	Unrealised gain / (loss) as at Dec 31, 2013	Percentage in relation to		
									Number of shares	Rupees in '000	Net assets of the Fund on the basis of market value
Automobile and parts											
Indus Motor Company Limited	103,068	-	-	-	103,068	23,627	34,322	10,695	0.30	0.34	0.13
Pak Suzuki Motor Company Limited	24,105	-	-	-	24,105	1,759	3,710	1,951	0.03	0.04	0.03
											0.16
Banks											
Meezan Bank Limited (an associate of the Fund)	715,880	-	-	591,000	124,880	1,552	4,918	3,366	0.04	0.05	0.01
BankIslami Pakistan Limited	500	-	-	-	500	2	3	1	0.00	0.00	0.00
											0.01
Chemicals											
ICI Pakistan Limited	59,975	-	-	-	59,975	7,795	15,175	7,380	0.13	0.15	0.06
Construction and materials											
Attock Cement Pakistan Limited	136,350	-	-	136,350	-	-	-	-	-	0.60	0.00
DG Khan Cement Company Limited	7,125,000	-	-	930,000	6,195,000	515,979	531,097	15,118	4.72	5.21	1.41
Lucky Cement Limited	3,100,000	-	-	331,000	2,769,000	524,044	830,340	306,296	7.37	8.15	0.86
											2.27
Electricity											
Hub Power Company Limited	15,000,000	-	-	-	15,000,000	949,610	910,799	(38,811)	8.09	8.94	1.30
General industrials											
Packages Limited	250,000	-	-	-	250,000	60,051	68,158	8,107	0.61	0.67	0.30
Tri-Pack Films Limited	10	-	-	-	10	1	2	1	0.00	0.00	0.00
											0.30
Food producers											
Engro Foods Limited	2,100,000	-	-	2,096,400	3,600	514	376	(138)	0.00	0.00	0.00
Oil and gas											
National Refinery Limited	1,151	-	-	-	1,151	281	248	(33)	0.00	0.00	0.00
Oil and Gas Development Company Limited (note 5.1.3)	3,600,000	-	-	15,600	3,584,400	878,407	990,585	112,178	8.80	9.72	0.08
Pakistan State Oil Company Limited	2,426,000	-	-	-	2,426,000	723,477	805,966	82,489	7.16	7.91	0.98
											1.07
Grand total						3,687,099	4,195,699	508,600			
Total cost of investments							3,687,099				

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
5.2.2 Net unrealised appreciation on re-measurement of investment classified as 'available for sale'	(Rupees in '000)	
Market value of investment	4,195,699	4,208,036
Less: Cost of investments	3,687,099	4,145,416
	508,600	62,620
Less: Net unrealised diminution on re-measurement of investments classified as 'available for sale' at beginning of the period (net of impairment)	62,620	115,532
	445,980	(52,912)
Impairment loss on listed equity securities classified as 'available for sale' - transferred to income statement	-	29,825
	445,980	(23,087)

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013.

7 WORKERS' WELFARE FUND (WWF)

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 managed by Al Meezan Investment Management Limited for collection of WWF.

In 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. In March 2013, a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honorable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The Management Company believes that the aforementioned constitutional petition pending in SHC has strong grounds for decision in favour of the mutual funds. However, the management as a matter of abundant caution has recognised WWF charge effective from January 1, 2013, amounting to Rs. 58.884 million which includes Rs. 18.294 million pertaining to the current financial period and Rs. 40.590 million pertaining to prior period. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.27 (0.52%).

The Board of Directors of the management company in its meeting held on October 25, 2013 have resolved that unrecorded accumulated WWF provision in the fund from the date of its application till December 31, 2012, in case is required to be paid, shall be borne by Al Meezan Investment Management Limited (Management Company of the fund). Therefore, the Fund is not exposed to this unrecorded accumulated WWF provision. The unrecorded accumulated provision for WWF upto December 31, 2012 is Rs. 89.304 million.

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company and 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 Sovereign Fund, Meezan Cash Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, KSE Meezan Index Fund being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Staff Gratuity Fund and Al Meezan Investment Management Limited - Staff Provident Fund.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations, 2008 and the Trust Deed respectively.

Details of transactions with connected persons and balances with them for the period ended December 31, 2013 and as of that date along with comparatives are as follows:

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	19,084	15,667
Sindh Sales Tax and Federal Excise Duty on management fee payable	16,231	4,006
Sales load payable	5,075	9,137
Sindh Sales Tax and Federal Excise Duty on sales load payable	4,547	3,526
Certificate charges payable	5	5
Meezan Bank Limited		
Bank balance	13,208	53,339
Sales load payable	-	329
Investment in 7,340,586 shares (June 30, 2013: 7,883,322 shares)	289,073	228,617
Investment of 18,597,415 units (June 30, 2013: 13,383,465 units)	950,756	825,396
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	1,038	864
CDS Charges payable	16	15
Deposits	100	100

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Staff Gratuity Fund		
Investment in 104,370 units (June 30, 2013 : 75,109 units)	<u>5,336</u>	<u>4,688</u>
Meezan Financial Planning Fund of Funds		
- Aggressive Allocation Plan		
Investment in 3,942,502 units (June 30, 2013: 2,958,967 units)	<u>201,541</u>	<u>184,699</u>
Meezan Financial Planning Fund of Funds		
- Conservative Allocation Plan		
Investment in 1,607,003 units (June 30, 2013: 1,035,037 units)	<u>82,150</u>	<u>64,607</u>
Meezan Financial Planning Fund of Funds		
- Moderate Allocation Plan		
Investment in 1,521,510 units (June 30, 2013: 1,200,768 units)	<u>77,779</u>	<u>74,952</u>
Directors and executives of the Management Company		
Investment of 3,201,071 units (June 30, 2013: 2,750,198 units)	<u>163,639</u>	<u>171,667</u>
	Six months period ended December 31,	
	2013	2012
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Remuneration for the period	<u>106,579</u>	<u>62,015</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>35,924</u>	<u>9,922</u>
Units Issued: 4,517,677 units (December 31, 2012: Nil units)	<u>204,488</u>	<u>-</u>
Disposal of units: 4,517,677 units (December 31, 2012: Nil units)	<u>210,253</u>	<u>-</u>
Al Meezan Mutual Fund		
Disposal of units: Nil units (2012: 10,066,755 units)	<u>-</u>	<u>113,855</u>
Meezan Bank Limited		
Profit on saving accounts	<u>658</u>	<u>329</u>
Bonus units issued: 5,213,950 units (2012: 2,223,391 units)	<u>234,211</u>	<u>92,071</u>
Dividend Income	<u>11,825</u>	<u>18,538</u>

	Six months period ended December 31,	
	2013	2012
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	<u>5,833</u>	<u>3,605</u>
CDS charges	<u>504</u>	<u>33</u>
Al Meezan Investment Management Limited		
- Staff Gratuity Fund		
Bonus units issued: 29,261 units (2012: 12,478 units)	<u>1,314</u>	<u>517</u>
Meezan Financial Planning Fund of Funds		
- Aggressive Allocation Plan		
Units Issued: 1,094,337 units (2012: Nil units)	<u>52,169</u>	<u>-</u>
Bonus units issued: 1,152,762 units (2012: Nil units)	<u>51,782</u>	<u>-</u>
Disposal of units: 1,263,564 units (2012: Nil units)	<u>61,355</u>	<u>-</u>
Meezan Financial Planning Fund of Funds		
- Conservative Allocation Plan		
Units Issued: 903,631 units (2012: Nil units)	<u>43,429</u>	<u>-</u>
Bonus units issued: 403,232 units (2012: Nil units)	<u>18,113</u>	<u>-</u>
Disposal of units: 734,897 units (2012: Nil units)	<u>36,032</u>	<u>-</u>
Meezan Financial Planning Fund of Funds		
- Moderate Allocation Plan		
Units Issued: 727,166 units (2012: Nil units)	<u>34,928</u>	<u>-</u>
Bonus units issued: 467,797 units (2012: Nil units)	<u>21,013</u>	<u>-</u>
Disposal of units: 874,221 units (2012: Nil units)	<u>42,103</u>	<u>-</u>
Directors and executives of the Management Company		
Units issued: 115,398 units (2012: 67,065 units)	<u>5,641</u>	<u>3,125</u>
Bonus units issued: 1,070,951 units (2012: 652,974 units)	<u>48,107</u>	<u>27,040</u>
Disposal of units: 735,476 units (2012: 1,188,737 units)	<u>35,259</u>	<u>54,828</u>

9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. 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 percent of the Fund's accounting income for the year ending June 30, 2014 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 February 11, 2014 by the Board of Directors of the Management Company.

11. GENERAL

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

11.2 Charity expense of current and comparative figures have been reclassified separately from dividend income for better presentation in the income statement.

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

Chief Executive

Director



Half Yearly Report December 2013

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	Non-executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Tasnimul Haq Farooqui	Non-executive	
Mr. Mazhar Sharif	Non-executive	
Syed Amir Ali	Non-executive	
Syed Amir Ali Zaidi	Non-executive	
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. 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	National Bank of Pakistan
Askari 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



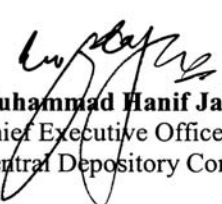
TRUSTEE REPORT TO THE UNIT HOLDERS

AL MEEZAN MUTUAL FUND

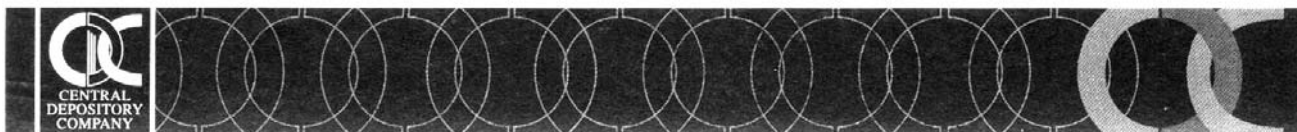
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

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, 2013 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 12, 2014





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 **Al Meezan Mutual Fund** ("the Fund") as at 31 December 2013 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 2013 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

Date: 11 February 2014

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

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, 2013 (Unaudited)

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
Note	(Rupees in '000)	
Assets		
Balances with banks	257,932	199,155
Investments	5 2,259,064	2,031,950
Receivable against sale of investments	-	15
Dividend receivable	2,191	1,868
Deposits, prepayments and other receivables	9,182	7,150
Total assets	2,528,369	2,240,138
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	9,302	6,214
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	295	257
Payable to Securities and Exchange Commission of Pakistan (SECP)	1,109	1,742
Payable on redemption and conversion of units	4,831	695
Accrued expenses and other liabilities	19,993	14,396
Payable against purchase of investments	2,850	21,931
Unclaimed dividend	4,776	4,776
Total liabilities	43,156	50,011
Net assets	2,485,213	2,190,127
Contingencies and commitments	6	
Unitholders' fund (as per statement attached)	2,485,213	2,190,127
	(Number of units)	
Number of units in issue	174,021,860	136,128,843
	(Rupees)	
Net assets value per unit	14.28	16.09

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Income				
Net realised gain on sale of investments	28,993	62,332	9,194	43,405
Dividend income	72,317	68,574	26,490	33,315
Profit on saving accounts with banks	8,324	3,663	4,333	969
Back end load	-	39	-	-
Other income	1,493	638	351	426
	<u>111,127</u>	<u>135,246</u>	<u>40,368</u>	<u>78,115</u>
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	186,330	101,307	179,428	52,912
Impairment loss on 'available for sale' investments	-	(8,084)	-	(8,084)
	<u>186,330</u>	<u>93,223</u>	<u>179,428</u>	<u>44,828</u>
Total income	297,457	228,469	219,796	122,943
Expenses				
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company	23,339	16,833	11,825	8,232
Sindh Sales Tax and Federal Excise Duty on management fee	7,866	2,693	4,087	1,317
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	1,679	1,346	843	664
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	1,109	800	562	391
Auditors' remuneration	611	354	461	178
Charity expense	1,301	1,178	463	745
Fees and subscription	76	62	76	32
Brokerage	1,529	1,128	575	628
Bank and settlement charges	539	128	281	60
Printing charges	176	177	89	88
Provision for Workers' Welfare Fund (WWF)	5,080	-	3,987	-
Total expenses	43,305	24,699	23,249	12,335
Net income from operating activities	254,152	203,770	196,547	110,608
Element of (loss)/income and capital (losses) / gains included in prices of units issued less those in units redeemed (net)	(5,220)	4,250	(2,290)	11,891
Net income for the period before taxation	248,932	208,020	194,257	122,499
Taxation	-	-	-	-
Net income for the period after taxation	248,932	208,020	194,257	122,499
Other comprehensive income for the period				
Items can be reclassified to income statement in subsequent periods				
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale' (net)	45,482	88,802	101,157	(10,106)
Total comprehensive income for the period	294,414	296,822	295,414	112,393

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

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Undistributed income brought forward				
- Realised	451,455	222,733	253,422	14,764
- Unrealised	230,105	30,090	6,902	48,395
	<u>681,560</u>	<u>252,823</u>	<u>260,324</u>	<u>63,159</u>
Less : Final distribution on July 8, 2013 for the year ended June 30, 2013				
- bonus units @ 35% (Rs. 3.5 per unit) (June 30, 2012 @ Rs 2 per unit)	476,445	264,971	-	-
- cash dividend @ 35% (Rs. 3.5 per unit) (June 30, 2012 @ Rs 2 per unit)	10	-	-	-
Total distribution	<u>476,455</u>	<u>264,971</u>	<u>-</u>	<u>-</u>
Net income for the period	<u>248,932</u>	<u>208,020</u>	<u>194,257</u>	<u>122,499</u>
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)	55	(5,791)	(489)	4,423
Undistributed income carried forward	<u>454,092</u>	<u>190,081</u>	<u>454,092</u>	<u>190,081</u>
Undistributed income carried forward				
- Realised	267,762	88,774	267,762	88,774
- Unrealised	186,330	101,307	186,330	101,307
	<u>454,092</u>	<u>190,081</u>	<u>454,092</u>	<u>190,081</u>

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Net assets at beginning of the period	2,190,127	1,680,705	2,206,836	1,618,769
Issue of 48,470,887 units (2012: 20,872,583 units) and 12,274,334 units (2012: 13,409,676 units) for six months and quarter respectively	646,862	255,640	167,967	170,287
Redemption of 48,420,709 (2012: 37,103,126 units) and 13,631,846 units (2012: 6,593,930 units) for six months and quarter respectively	(651,400) (4,538)	(430,680) (175,040)	(187,837) (19,870)	(81,107) 89,180
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	5,220	1,541	2,290	(16,314)
Issue of 37,842,839 bonus units for the year ended June 30, 2013 (June 30, 2012: 24,786,905 bonus units)	476,445	264,971	-	-
Net realised gain on sale of investments	28,993	62,332	9,194	43,405
Unrealised appreciation in the value of investments (net)	231,812	190,109	280,585	42,806
Total other comprehensive income for the period	33,609	44,381	6,178	26,182
Final distribution on July 8, 2013 for the year ended June 30, 2013				
- Issue of 37,842,839 bonus units for the year ended June 30, 2013 (June 30, 2012: 24,786,905 bonus units)	(476,445)	(264,971)	-	-
- Cash distribution	(10)	-	-	-
Net income for the period less distribution	(182,041)	31,851	295,957	112,393
Net assets at end of the period	<u>2,485,213</u>	<u>1,804,028</u>	<u>2,485,213</u>	<u>1,804,028</u>
			(Rupees)	
Net assets value per unit at beginning of the period	<u>16.09</u>	<u>12.69</u>	<u>12.58</u>	<u>12.06</u>
Net assets value per unit at end of the period	<u>14.28</u>	<u>12.79</u>	<u>14.28</u>	<u>12.79</u>

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	248,932	208,020	194,257	122,499
Adjustments for:				
Unrealised (gain) on re-measurement of investments 'at fair value through profit or loss' (net)	(186,330)	(101,307)	(179,428)	(52,912)
Element of loss / (income) / and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	5,220	(4,250)	2,290	(11,891)
	<u>67,822</u>	<u>102,463</u>	<u>17,119</u>	<u>57,696</u>
Decrease / (increase) in assets				
Investments (net)	4,698	8,572	53,013	(94,989)
Receivable against sale of investments	15	6,898	-	(2,398)
Dividend receivable	(323)	(1,624)	34,131	20,304
Deposits and other receivables	(2,032)	863	(633)	(898)
	<u>2,358</u>	<u>14,709</u>	<u>86,511</u>	<u>(77,981)</u>
(Decrease) / increase in liabilities				
Payable to Al Meezan Investment Management Limited - Management Company	3,088	311	2,701	9
Payable to Central Depository Company of Pakistan Limited - Trustee	38	7	21	5
Payable to Meezan Bank Limited	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan	(633)	(693)	562	391
Payable against purchase of investments	(19,081)	(643)	(12,656)	-
Accrued expenses and other liabilities	5,597	(1,232)	2,336	(1,681)
	<u>(10,991)</u>	<u>(2,250)</u>	<u>(7,036)</u>	<u>(1,276)</u>
Net cash inflow from / (used in) operating activities	<u>59,189</u>	<u>114,922</u>	<u>96,594</u>	<u>(21,561)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts against issuance of units	646,862	255,640	167,967	170,287
Dividend paid	(10)	(13)	-	(13)
Payment against redemption of units	(647,264)	(426,158)	(184,303)	(82,423)
Net cash (used in) / inflow from financing activities	<u>(412)</u>	<u>(170,531)</u>	<u>(16,336)</u>	<u>87,851</u>
Net increase / (decrease) in cash and cash equivalents during the period	58,777	(55,609)	80,258	66,290
Cash and cash equivalents at beginning of the period	199,155	163,281	177,674	41,382
Cash and cash equivalents at end of the period	<u>257,932</u>	<u>107,672</u>	<u>257,932</u>	<u>107,672</u>

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2013 (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 Limited (CDC) as Trustee. The Trust Deed was executed on June 17, 2011 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). 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 of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long-term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point 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 the Islamabad Stock Exchange. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 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 of the assets of the Fund is held in the name of CDC as a Trustee of the Fund.

2. BASIS OF PRESENTATION

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 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, 2013.

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, 2013.

The Fund's financial and unit holder's fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2013.

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
5. INVESTMENTS		
Investments - 'available for sale'	5.1.1 882,892	1,163,074
Investments - 'at fair value through profit or loss'		
- Held for trading	5.2.1 1,376,172	868,876
	2,259,064	2,031,950

5.1 Investments - available for sale

5.1.1 Shares of listed companies

Name of the investee company	As at July 1, 2013	Purchases during the period	Bonus shares	Sales during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain / (loss) as at December 31, 2013	Percentage in relation to		
									Net assets of the fund on the basis of market value (note 5.3)	Total Market value of total investment	Paid-up capital of investee company (with face value of investment)
					-----Number of shares-----	-----Rupees in '000-----		-----%-----			
Sector / Companies											
Commercial Banks											
Meezan Bank Limited (an associate of the Fund)	299,706	-	-	-	299,706	4,130	11,802	7,672	0.47	0.52	0.03
BankIslami Pakistan Limited	500	-	-	-	500	2	3	1	0.00	0.00	0.00
Construction and materials (Cement)											
Lucky Cement Company Limited	25,127	-	-	25,000	127	15	38	23	0.00	0.00	0.00
D.G. Khan Cement Company Limited	1,600,000	-	-	159,000	1,441,000	118,877	123,537	4,660	4.97	5.47	0.33
Electricity											
Hub Power Company Limited	3,242,500	-	-	230,000	3,012,500	184,336	182,919	(1,417)	7.36	8.10	0.26
Oil and gas											
Pakistan State Oil Company Limited	567,000	-	-	4,139	562,861	168,616	186,993	18,377	7.52	8.28	0.23
Oil & Gas Development Company Limited	671,663	-	-	-	671,663	96,121	185,622	89,501	7.47	8.22	0.02
Pakistan Oilfields Limited	231,340	-	-	-	231,340	59,711	115,140	55,429	4.63	5.10	0.10
Pakistan Petroleum Limited	35,927	-	7,185	-	43,112	4,271	9,225	4,954	0.37	0.41	0.00
Attock Petroleum Limited	200	-	40	-	240	83	120	37	0.00	0.01	0.00
Automobile and parts											
Agriautos Industries Limited (note 5.1.2)	621,500	-	-	-	621,500	41,454	48,987	7,533	1.97	2.17	4.32
Indus Motor Company Limited	16,200	-	-	-	16,200	3,961	5,395	1,434	0.22	0.24	0.02
Chemicals											
Fauji Fertilizer Company Limited	5,457	-	-	-	5,457	428	611	183	0.02	0.03	0.00
Fauji Fertilizer Bin Qasim Limited	110,500	-	-	-	110,500	4,148	4,841	693	0.19	0.21	0.01
ICI Pakistan Limited	12,857	-	-	-	12,857	1,618	3,253	1,635	0.13	0.14	0.01
General Industries											
Packages Limited	1,378	-	-	-	1,378	114	375	261	0.02	0.02	0.00
Tri-Pack Films Limited	20,400	-	-	-	20,400	1,981	4,031	2,050	0.16	0.18	0.07
Total						689,866	882,892	193,026			
Total cost of investments - 'available for sale'							689,866				

5.1.2 All shares have a nominal value of Rs. 10 each except for the shares of Agriautos Industries Limited which has a face value of Rs. 5 each.

5.1.3 Net unrealised appreciation on re-measurement of investment classified as 'available for sale'

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
Market value of investment	882,892	868,876
Less: Cost of investments	<u>689,866</u>	<u>721,266</u>
	193,026	147,610
Less: Net unrealised dimunition on re-measurement of investments classified as 'available for sale' at beginning of the period (net of impairment)	<u>147,544</u>	114,067
	45,482	33,543
Impairment loss on listed equity securities classified as 'available for sale' - transferred to income statement	-	8,200
	<u>45,482</u>	<u>41,743</u>

5.2 Investment - held for trading

5.2.1 Shares of listed companies

Name of the investee company	As at July 01, 2013	Purchases during the period	Bonus shares	Sales during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain / (loss) as at December 31, 2013	Percentage in relation to		
									Net assets of the fund on the basis of market value	Market value of total investment	Paid-up capital of investee company (with face value of investment)
	-----Number of shares-----				----Rupees in '000----			-----%-----			
Sector / Companies											
Commercial Banks											
Meezan Bank Limited (an associate of the Fund)	792,712	900,000	-	400,000	1,292,712	44,346	50,907	6,561	2.05	2.25	0.13
Construction and materials (Cement)											
Attock Cement Pakistan Limited	975	-	146	-	1,121	128	160	32	0.01	0.01	0.00
DG Khan Cement Company Limited	51,805	484,000	-	509,000	26,805	1,936	2,298	362	0.09	0.10	0.01
Fauji Cement	-	2,605,000	-	1,140,000	1,465,000	22,036	23,367	1,331	0.94	1.03	0.11
Lucky Cement Company Limited	665,190	101,000	-	186,700	579,490	123,112	173,772	50,660	6.99	7.69	0.18
Oil & gas											
Attock Refinery Limited	500	85,000	-	50,000	35,500	7,317	7,372	55	0.30	0.33	0.04
National Refinery Ltd	-	6,100	-	-	6,100	1,281	1,315	34	0.05	0.06	0.01
Pakistan State Oil Company Limited	30,861	187,500	-	160,861	57,500	17,416	19,103	1,687	0.77	0.85	0.02
Pakistan Oilfields Limited	242,751	20,000	-	92,000	170,751	84,658	84,985	327	3.42	3.76	0.07
Pakistan Petroleum Limited	849,883	278,800	206,736	233,000	1,102,419	201,152	235,874	34,722	9.49	10.44	0.06
Oil and Gas Development Company Limited (note 5.2.3)	395,900	45,000	-	17,000	423,900	98,516	117,149	18,633	4.71	5.19	0.01
Automobile and Parts											
Indus Motor Company Limited	97,264	-	-	-	97,264	30,249	32,389	2,140	1.30	1.43	0.12
Pak Suzuki Motor Company Limited	50,689	15,000	-	-	65,689	9,803	10,108	305	0.41	0.45	0.08
Agriautos Industries Limited (note 5.2.2)	6,460	-	-	-	6,460	485	509	24	0.02	0.02	0.04
Fixed Line and telecommunication											
Pakistan Telecommunication Company Limited "A"	2,561,170	1,868,500	-	1,137,000	3,292,670	78,037	93,644	15,607	3.77	4.15	0.09
Chemicals											
Fauji Fertilizer Bin Qasim Limited	803,185	50,000	-	472,000	381,185	14,332	16,699	2,367	0.67	0.74	0.04
Fauji Fertilizer Company Limited	1,110,200	35,000	-	442,000	703,200	75,475	78,730	3,255	3.17	3.49	0.06
Sitara Chemical Ind Ltd	-	500	-	-	500	107	122	15	0.00	0.01	0.00
ICI Pakistan Limited	1,522	25,000	-	-	26,522	5,018	6,710	1,692	0.27	0.30	0.03
General Industrials											
Packages Limited	504,000	66,600	-	25,000	545,600	123,348	148,747	25,399	5.99	6.58	0.65
Thal Limited (note 5.2.2)	85,613	-	-	-	85,613	10,915	11,837	922	0.48	0.52	0.21
Tri-Pack Films Limited	16,428	-	-	-	16,428	3,319	3,246	(73)	0.13	0.14	0.05
Food producers											
Engro Foods Limited	854,000	845,400	-	811,400	888,000	106,200	92,742	(13,458)	3.73	4.11	0.12
Electricity											
Hub Power Company Limited	320,000	446,500	-	416,500	350,000	21,599	21,252	(347)	0.86	0.94	0.03
Pakgen Power	-	400,000	-	-	400,000	8,400	8,684	284	0.35	0.38	0.11
Kohinoor Energy Limited	150,000	44,000	-	50,000	144,000	5,303	5,111	(192)	0.21	0.23	0.08
Personal Goods											
Nishat Mills Limited	826,500	482,300	-	292,300	1,016,500	95,354	129,340	33,986	5.20	5.73	0.29
Total						1,189,842	1,376,172	186,330			
Total cost of investments - 'held for trading'						1,189,842					

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

5.2.3 190,000 shares (June 2013: 190,000 shares) of Oil and Gas Development Company Limited, having market value of Rs 44.65 million (June 2013: Rs 43.51 million) as at December 31, 2013, have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

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

6. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013.

7. WORKERS' WELFARE FUND (WWF)

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 managed by Al Meezan Investment Management Limited for collection of WWF.

In 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. In March 2013, a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honorable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The Management Company believes that the aforementioned constitutional petition pending in SHC has strong grounds for decision in favour of the mutual funds. However, the management as a matter of abundant caution has recognised WWF charge effective from January 1, 2013, amounting to Rs. 15.137 million which includes Rs. 5.080 million pertaining to current year and Rs. 10.057 million pertaining to prior year. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.087 (0.69%).

The Board of Directors of the management company in its meeting held on October 25, 2013 have resolved that unrecorded accumulated WWF provision in the fund from the date of its application till December 31, 2012, in case is required to be paid, shall be borne by Al Meezan Investment Management Limited (Management Company of the fund). Therefore, the Fund is not exposed to this unrecorded accumulated WWF provision. The unrecorded accumulated provision for WWF upto December 31, 2012 is Rs. 24.534 million.

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers (executives) of the Management Company, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Balanced Fund, Meezan Tahaffuz Pension Fund, Meezan Cash Fund, Meezan Sovereign Fund, Meezan Capital Protected Fund - II, KSE Meezan Index Fund and Meezan Financial Planning Fund of Funds being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Staff Gratuity Fund.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations, 2008 and the Trust Deed respectively.

Details of transactions with connected persons and balances with them for the period ended December 31, 2013 and as of that date along with comparatives are as follows:

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Remuneration payable	<u>4,206</u>	<u>3,668</u>
Sindh Sales Tax and Federal Excise Duty on management fee payable	<u>3,576</u>	<u>934</u>
Sales load payable	<u>683</u>	<u>1,324</u>
Sindh Sales Tax and Federal Excise Duty on sales load payable	<u>837</u>	<u>288</u>
Investment of 34,338,055 units (June 30, 2013: 28,356,964 units)	<u>490,347</u>	<u>456,264</u>
Meezan Bank Limited		
Balances with banks	<u>6,536</u>	<u>4,889</u>
Sales load payable	<u>-</u>	<u>-</u>
Profit receivable on saving accounts	<u>57</u>	<u>100</u>
Investment in 1,592,418 shares (June 30, 2013: 1,092,418 shares)	<u>62,709</u>	<u>31,680</u>
Investment of 8,437,514 units (June 30, 2013: 6,602,132 units)	<u>120,488</u>	<u>106,228</u>

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
Central Depository Company of Pakistan Limited - Trustee		
	(Rupees in '000)	
Trustee fee payable	<u>295</u>	<u>257</u>
Deposit	<u>238</u>	<u>238</u>
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 16,895,690 units (June 30, 2013 : 16,895,690 units)	<u>241,270</u>	<u>271,852</u>
Al Meezan Investment Management Limited - Staff Gratuity Fund		
Investment of 440,322 units (June 30, 2013 : 344,540 units)	<u>6,288</u>	<u>5,544</u>
	Six months period ended December 31,	
	2013	2012
(Rupees in '000)		
Al Meezan Investment Management Limited		
- Management Company		
Remuneration for the period	<u>23,339</u>	<u>16,833</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>7,866</u>	<u>2,693</u>
Bonus units issued: 7,883,190 units (2012: 7,684,835 units)	<u>99,249</u>	<u>82,151</u>
Units issued: 6,264,393 units (2012: nil units)	<u>84,022</u>	<u>-</u>
Redemption / conversion of units: 8,166,492 units (2012: 8,369,089 units)	<u>108,141</u>	<u>100,000</u>
Meezan Bank Limited		
Profit on saving accounts with banks	<u>126</u>	<u>83</u>
Dividend income	<u>1,639</u>	<u>3,628</u>
Gain on sale of investments	<u>1,998</u>	<u>6,293</u>
Purchase of 900,000 shares (2012 : nil shares)	<u>35,079</u>	<u>-</u>
Sale of 400,000 shares (2012: 1,047,000 shares)	<u>15,720</u>	<u>29,548</u>
Bonus units issued: 1,835,382 units (2012: 1,040,525 units)	<u>23,107</u>	<u>11,123</u>
Al Meezan Investment Management Ltd - Staff Gratuity Fund		
Bonus units issued: 95,782 units (2012: Nil units)	<u>1,206</u>	<u>-</u>

**Six months period ended
December 31,**
2013 2012
(Rupees in '000)

Central Depository Company of Pakistan Limited - Trustee

Trustee fee	<u>1,679</u>	<u>1,346</u>
CDS charges	<u>98</u>	<u>7</u>

Directors and executives of the Management Company

Units issued: 3,781,232 units (2012: 25,541 units)	<u>48,179</u>	<u>302</u>
Bonus units issued: 584,733 units (2012: 238,020 units)	<u>7,362</u>	<u>2,544</u>
Redemption / conversion of units: 44,137 units (2012: 7,932 units)	<u>85</u>	<u>90</u>

9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. 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 percent of the Fund's accounting income for the year ending June 30, 2014 as reduced by capital gains (whether realised or unrealised) to its unit holders.

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 11, 2014 by the Board of Directors of the Management Company.

11. GENERAL

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

11.2 Charity expense of current and comparative figures have been reclassified separately from dividend income for better presentation in the income statement.

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

Chief Executive

Director





Half Yearly Report December 31, 2013

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	Non-executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Tasnimul Haq Farooqui	Non-executive	
Mr. Mazhar Sharif	Non-executive	
Syed Amir Ali	Non-executive	
Syed Amir Ali Zaidi	Non-executive	
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. 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
National Bank of Pakistan - 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



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, 2013 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 12, 2014





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 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 2013 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 2013 in the condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

Date: 11 February 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

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, 2013

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
(Rupees in '000)			
Assets			
Balances with banks		4,482	15,240
Investments (net)	5	1,020,047	896,898
Receivable against sale of investments (net)		2,780	-
Dividend receivable		945	821
Deposits, prepayments and other receivables		3,066	3,430
Preliminary expenses and floatation costs		1,367	1,570
Total assets		1,032,687	917,959
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		1,810	2,034
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		171	148
Payable to Securities and Exchange Commission of Pakistan (SECP)		458	385
Payable on redemption and conversion of units		1,631	3,204
Payable against purchase of investments (net)		-	4,488
Accrued expenses and other liabilities		8,954	6,296
Total liabilities		13,024	16,555
Net assets		1,019,663	901,404
Contingencies and commitments	6		
Unitholders' funds (as per statement attached)		1,019,663	901,404
(Number of units)			
Number of units in issue		15,547,995	12,337,661
(Rupees)			
Net assets value per unit		65.58	73.06

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Note	Six Months period ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
----- (Rupees in '000) -----					
Income					
Net realised gain on sale of investments		16,548	9,254	12,860	5,883
Dividend income		33,130	13,496	10,132	6,710
Profit on saving accounts with banks		376	280	145	130
Other income		279	307	129	120
		<u>50,333</u>	<u>23,337</u>	<u>23,266</u>	<u>12,843</u>
Unrealised gain on re-measurement of investments at 'fair value through profit or loss' (net)	5.1	85,598	37,387	107,307	5,598
Total income		<u>135,931</u>	<u>60,724</u>	<u>130,573</u>	<u>18,441</u>
Expenses					
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		4,821	1,534	2,389	784
Sindh Sales Tax and Federal Excise Duty on management fee		1,623	245	826	125
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		962	353	476	177
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		458	146	227	75
Auditors' remuneration		276	140	201	67
Charity expense		601	261	184	94
Fees and subscription		63	51	57	26
Brokerage		507	178	376	70
Bank and settlement charges		237	140	137	62
Amortisation of preliminary expenses and floatation costs		203	203	102	102
Provision for Workers' Welfare Fund (WWF)	7	2,545	-	2,545	-
Printing charges		27	-	27	-
Total expenses		<u>12,323</u>	<u>3,251</u>	<u>7,547</u>	<u>1,582</u>
Net income from operating activities		<u>123,608</u>	<u>57,473</u>	<u>123,026</u>	<u>16,859</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		1,104	(4,725)	1,907	(6,231)
Net income for the period before taxation		<u>124,712</u>	<u>52,748</u>	<u>124,933</u>	<u>10,628</u>
Taxation	9	-	-	-	-
Net income for the period after taxation		<u>124,712</u>	<u>52,748</u>	<u>124,933</u>	<u>10,628</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>124,712</u>	<u>52,748</u>	<u>124,933</u>	<u>10,628</u>

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

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Undistributed income / Accumulated (loss) brought forward				
- Realised	184,682	(1,720)	122,269	3,371
- Unrealised	107,332	(5,240)	(21,709)	31,789
	292,014	(6,960)	100,560	35,160
Less: Final distribution on July 8, 2013 for the year ended June 30, 2013 - bonus units @ 31% (Rs. 15.50 per unit) (June 30, 2012: nil)	(191,240)	-	(7)	-
Net income for the period	124,712	52,748	124,933	10,628
Undistributed income carried forward	225,486	45,788	225,486	45,788
Undistributed income carried forward				
- Realised	139,888	8,401	139,888	8,401
- Unrealised	85,598	37,387	85,598	37,387
	225,486	45,788	225,486	45,788

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
Net assets at beginning of the period	901,404	289,484	884,776	324,462
Issue of 1,768,272 units (2012: 2,195,727 units) and 802,916 units (2012: 822,195 units) for six months and quarter respectively	110,683	122,300	50,976	47,126
Redemption of 1,880,386 (2012: 3,059,236 units) and 629,970 units (2012: 1,539,418 units) for six months and quarter respectively	(116,032)	(169,189)	(39,115)	(88,379)
	(5,349)	(46,889)	11,861	(41,253)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(1,104)	4,725	(1,907)	6,231
Issue of 3,322,448 bonus units for the year ended June 30, 2013 (June 30, 2012: nil bonus units)	191,240	-	7	-
Net realised gain on sale of investments	16,548	9,254	12,860	5,883
Unrealised appreciation in the value of investments (net)	85,598	37,387	107,307	5,598
Total other comprehensive income for the period	22,566	6,107	4,766	(853)
Final distribution on July 8, 2013 for the year ended June 30, 2013 - Issue of 3,322,448 bonus units for the year ended June 30, 2013 (June 30, 2012: nil bonus units)	(191,240)	-	(7)	-
Net income for the period less distribution	(66,528)	52,748	124,926	10,628
Net assets at end of the period	<u>1,019,663</u>	<u>300,068</u>	<u>1,019,663</u>	<u>300,068</u>
----- (Rupees) -----				
Net assets value per unit at beginning of the period	<u>73.06</u>	<u>48.83</u>	<u>57.55</u>	<u>56.11</u>
Net assets value per unit at end of the period	<u>65.58</u>	<u>59.24</u>	<u>65.58</u>	<u>59.24</u>

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	124,712	52,748	124,933	10,628
Adjustments for:				
Unrealised gain on re-measurement of investments at 'fair value through profit or loss' (net)	(85,598)	(37,387)	(107,307)	(5,598)
Amortisation of preliminary expenses and floatation costs	203	203	102	102
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(1,104)	4,725	(1,907)	6,231
	38,213	20,289	15,821	11,363
(Increase) / decrease in assets				
Investments (net)	(37,551)	31,889	(48,300)	31,381
Receivable against sale of investments (net)	(2,780)	(490)	(2,780)	1,505
Dividend receivable	(124)	136	16,709	4,854
Deposits, prepayments and other receivables	364	(251)	(178)	(87)
	(40,091)	31,284	(34,549)	37,653
(Decrease) / increase in liabilities				
Payable to Al Meezan Investment Management Limited - Management Company	(224)	(2,922)	484	(3,844)
Payable to Central Depository Company of Pakistan Limited - Trustee	23	1	17	1
Payable to Securities and Exchange Commission of Pakistan	73	122	227	75
Payable against purchase of investments (net)	(4,488)	(3,170)	(1,089)	-
Accrued expenses and other liabilities	2,658	321	2,695	105
	(1,958)	(5,648)	2,334	(3,663)
Net cash (used in) / inflow from operating activities	(3,836)	45,925	(16,394)	45,353
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts against issuance of units	110,683	122,300	50,976	47,126
Payment against redemption of units	(117,605)	(166,618)	(37,484)	(86,854)
Net cash (used in) / inflow from financing activities	(6,922)	(44,318)	13,492	(39,728)
Net (decrease) / increase in cash and cash equivalents during the period	(10,758)	1,607	(2,902)	5,625
Cash and cash equivalents at beginning of the period	15,240	4,066	7,384	48
Cash and cash equivalents at end of the period	4,482	5,673	4,482	5,673

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2013 (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 Company (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on March 13, 2012 and was approved by 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 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 of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, 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.

2. BASIS OF PRESENTATION

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, 2013.

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, 2013.

The Fund's financial and unitholder's fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2013.

(Unaudited)
December 31,
2013

(Audited)
June 30,
2013

Note

(Rupees in '000)

5. INVESTMENTS (NET)

Investments at 'fair value through profit or loss' - Held for trading 5.1 1,020,047 896,898

5.1 Held for trading - shares of listed companies

Name of the investee company	As at July 01, 2013	Purchases during the period	Bonus issue	Sales during the period	As at Dec 31, 2013	Carrying value as at Dec 31, 2013	Market value as at Dec 31, 2013	Unrealised gain / (loss) as at Dec 31, 2013	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)	Market value of total investments
	-----Number of shares-----				----- (Rupees in '000) -----			-----%-----			
Automobile and Parts											
Indus Motor Company Limited	34,981	7,700	-	42,681	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	38,360	8,300	-	46,660	-	-	-	-	-	-	-
Chemicals											
Fauji Fertilizer Bin Qasim Limited	583,020	76,000	-	76,500	582,520	22,092	25,520	3,428	2.50	0.06	2.50
Fauji Fertilizer Company Limited	850,501	292,300	-	88,800	1,054,001	115,025	118,006	2,981	11.57	0.08	11.57
ICI Pakistan Limited	24,948	5,400	-	30,348	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited (formerly Lotte Pakistan PTA Limited)	670,833	147,000	-	142,750	675,083	5,100	4,955	(145)	0.49	-	0.49
									14.56	0.14	14.56
Construction and Materials (Cement)											
Attock Cement Pakistan Limited	35,800	6,500	5,250	47,550	-	-	-	-	-	-	-
Cherat Cement Company Limited	110,400	20,500	-	20,500	110,400	6,318	6,987	669	0.69	0.12	0.68
D.G. Khan Cement Company Limited	429,153	62,000	-	62,000	429,153	35,568	36,791	1,223	3.61	0.10	3.61
Fauji Cement Company Limited	-	1,322,594	-	15,000	1,307,594	18,641	20,856	2,215	2.05	0.10	2.04
Kohat Cement Company Limited	45,500	26,200	9,040	12,200	68,540	5,336	6,701	1,365	0.66	0.04	0.66
Lafarge Pakistan Cement Limited	705,000	181,500	-	181,300	705,200	5,966	5,895	(71)	0.58	0.05	0.58
Lucky Cement Limited	230,490	30,400	-	30,400	230,490	49,709	69,117	19,408	6.78	0.07	6.78
Maple Leaf Cement Factory Limited	328,500	67,500	-	67,200	328,800	7,381	9,019	1,638	0.88	0.06	0.88
									15.25	0.54	15.23
Electricity											
Hub Power Company Limited	1,437,962	200,500	-	194,500	1,443,962	89,386	87,677	(1,709)	8.60	0.12	8.60
Karachi Electric Supply Corporation Limited	4,929,100	783,000	-	790,947	4,921,153	30,264	27,805	(2,459)	2.73	0.05	2.73
Pakgen Power Limited	-	238,500	-	5,000	233,500	4,829	5,069	240	0.50	0.06	0.50
									11.83	0.23	11.83
Engineering											
Millat Tractors Company Limited	28,760	5,600	2,806	5,560	31,606	15,125	15,250	125	1.50	0.07	1.50
Fixed Line Telecommunication											
Pakistan Telecommunication Company ' Limited "A"	1,046,323	148,000	-	147,500	1,046,823	24,136	29,772	5,636	2.92	0.03	2.92
Food Producers											
Engro Foods Limited	204,101	33,100	-	32,400	204,801	27,631	21,389	(6,242)	2.10	0.03	2.10
General Industrials											
Packages Limited	52,400	9,800	-	17,000	45,200	10,321	12,323	2,002	1.21	0.05	1.21
Multiutilities (Gas and Water)											
Sui Northern Gas Pipeline Limited	-	289,437	-	7,000	282,437	6,432	6,019	(413)	0.59	0.04	0.59
Oil and Gas											
Attock Petroleum Limited	-	30,089	-	600	29,489	15,247	14,735	(512)	1.45	0.04	1.44
Attock Refinery Limited	53,185	10,200	-	10,000	53,385	9,583	11,086	1,503	1.09	0.06	1.09
Mari Petroleum Company Limited (formerly Mari Gas Company Limited)	32,545	7,600	-	7,250	32,895	4,848	6,997	2,149	0.69	0.04	0.69
National Refinery Limited	45,251	8,700	-	8,600	45,351	10,684	9,774	(910)	0.96	0.06	0.96
Oil and Gas Development Company Limited. (note 5.1.2)	458,294	61,800	-	65,400	454,694	105,819	125,659	19,840	12.32	0.01	12.32
Pakistan Oilfields Limited	192,564	26,300	-	26,350	192,514	95,529	95,816	287	9.40	0.08	9.39
Pakistan Petroleum Limited	533,290	75,400	104,898	152,810	560,778	100,919	119,984	19,065	11.77	0.03	11.76
Pakistan State Oil Company Limited	169,308	51,400	-	16,900	203,808	65,637	67,709	2,072	6.64	0.08	6.64
Shell Pakistan Limited	30,098	8,250	-	7,770	30,578	4,495	5,823	1,328	0.57	0.04	0.57
									44.89	0.44	44.86
Personal Goods (Textile)											
Nishat Mills Limited	313,000	49,400	-	48,975	313,425	29,992	39,880	9,888	3.91	0.09	3.91
Pharma and Bio Tech											
Abbott Laboratories (Pakistan) Limited	34,970	5,300	-	40,270	-	-	-	-	-	-	-
Glaxo Smithkline Pakistan Limited	80,523	16,100	-	15,775	80,848	9,935	11,012	1,077	1.08	0.03	1.08
									1.08	0.03	1.08
Software and Computer Services											
Netsol Technologies Limited	-	55,989	-	1,000	54,989	2,501	2,421	(80)	0.24	0.06	0.24
Grand total						934,449	1,020,047	85,598			
Total cost of investments							847,462				

- 5.1.1 Net assets are as defined in regulation 66 of NBFC Regulations, 2008.
- 5.1.2 140,100 shares of Oil and Gas Development Company Limited, having market value of Rs 38.72 million as at December 31, 2013 (2012: 77,600 shares 14.95 million), have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.
- 5.1.3 All shares have a nominal value of Rs.10 each.

6. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013.

7. WORKERS' WELFARE FUND (WWF)

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 managed by Al Meezan Investment Management Limited for collection of WWF.

In 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. In March 2013, a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honorable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The Management Company believes that the aforementioned constitutional petition pending in SHC has strong grounds for decision in favour of the mutual funds. However, the management as a matter of abundant caution has recognised WWF charge effective from January 1, 2013, amounting to Rs. 7.470 million. which includes Rs.2.545 million pertaining to the current financial period and Rs. 4.925 million pertaining to prior year. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.48 (0.73%).

The Board of Directors of the management company in its meeting held on October 25, 2013 have resolved that unrecorded accumulated WWF provision in the fund from the date of its application till December 31, 2012, in case is required to be paid, shall be borne by Al Meezan Investment Management Limited (Management Company of the fund). Therefore, the Fund is not exposed to this unrecorded accumulated WWF provision. The unrecorded accumulated provision for WWF upto December 31, 2012 is Rs. 1.03 million.

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (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 Sovereign Fund, Meezan Cash Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Islamic Fund being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Staff Gratuity Fund.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations, 2008 and the Trust Deed respectively.

Details of transactions with connected persons and balances with them for the period ended December 31, 2013 and as of that date along with comparatives are as follows:

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Remuneration payable	<u>863</u>	<u>741</u>
Sindh Sales Tax and Federal Excise Duty on management fee payable	<u>723</u>	<u>190</u>
Sales load payable	<u>99</u>	<u>849</u>
Sindh Sales Tax and Federal Excise Duty on sales load payable	<u>125</u>	<u>254</u>
Investment in 4,083,041 units (June 30, 2013 : 3,217,996 units)	<u>267,773</u>	<u>235,107</u>
Meezan Bank Limited		
Bank balance	<u>100</u>	<u>2,927</u>
Investment of 1,823,579 units (June 30, 2013: 1,436,699 units)	<u>119,593</u>	<u>104,966</u>
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	<u>171</u>	<u>148</u>
Deposits	<u>103</u>	<u>103</u>
Directors and executives of the Management Company		
Investment of 1,107,288 units (June 30, 2013: 912,352 units)	<u>72,618</u>	<u>66,656</u>

(Unaudited)
Six months period ended
December 31,
2013 **2012**
(Rupees in '000)

Al Meezan Investment Management Limited

- Management Company

Remuneration for the period	<u>4,821</u>	<u>1,534</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>1,623</u>	<u>245</u>
Units issued: 85,476 units (2012: 126,785 units)	<u>5,000</u>	<u>6,900</u>
Bonus units issued: 866,556 units (2012: nil units)	<u>49,879</u>	<u>-</u>
Redemption of units: 86,987 units (2012: 811,394 units)	<u>5,200</u>	<u>46,067</u>

Meezan Bank Limited

Profit on savings account	<u>96</u>	<u>25</u>
Dividend received during the period	<u>-</u>	<u>103</u>
Purchase of shares: Nil (2012: 12,680 Shares)	<u>-</u>	<u>356</u>
Disposal of shares: Nil shares (2012: 90,939 shares)	<u>-</u>	<u>2,702</u>
Bonus units issued: 386,880 units (2012: nil units)	<u>22,269</u>	<u>-</u>

Central Depository Company of Pakistan Limited - Trustee

Trustee fee	<u>962</u>	<u>353</u>
CDS charges	<u>23</u>	<u>6</u>

Directors and officers (executives) of the Management Company

Units issued: 16 units (2012: nil units)	<u>1</u>	<u>-</u>
Bonus units issued: 245,681 units (2012: nil units)	<u>14,141</u>	<u>-</u>
Redemption of units: 50,761 units (2012: nil units)	<u>3,000</u>	<u>-</u>

9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. 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 percent of the Fund's accounting income for the year ending June 30, 2014 as reduced by capital gains (whether realised or unrealised) to its unit holders.

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 11, 2014 by the Board of Directors of the Management Company.

11. GENERAL

- 11.1 Figures have been rounded off to the nearest thousand rupees.
- 11.2 Charity expense of current and comparative figures have been reclassified separately from dividend income for better presentation in the income statement.

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

Chief Executive

Director



Half Yearly Report December 2013

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	Non-executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Tasnimul Haq Farooqui	Non-executive	
Mr. Mazhar Sharif	Non-executive	
Syed Amir Ali	Non-executive	
Syed Amir Ali Zaidi	Non-executive	
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. 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 Shahr-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



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, 2013 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 12, 2014





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 Islamic Income Fund** ("the Fund") as at 31 December 2013, 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

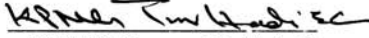
Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the quarter ended 31 December 2013 in the condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

Date: 11 February 2014

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

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, 2013

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
(Rupees in '000)			
Assets			
Balances with banks	5	1,756,483	1,158,459
Investments (net)	6	1,103,260	1,502,925
Deposits, prepayments and other receivables		68,787	50,596
Total assets		2,928,530	2,711,980
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		7,193	7,777
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		287	242
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,089	1,286
Payable to Meezan Bank Limited (MBL)		-	97
Payable on redemption and conversion of units		14,094	27,549
Dividend payable		2,751	-
Accrued expenses and other liabilities		33,453	30,349
Total liabilities		58,867	67,300
Net assets		2,869,663	2,644,680
Contingencies and commitments	7		
Unitholders' fund (as per statement attached)		2,869,663	2,644,680
(Number of units)			
Number of units in issue		56,511,175	49,019,878
(Rupees)			
Net assets value per unit		50.78	53.95

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Note	Six Months period ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
----- (Rupees in '000) -----					
Income					
Profit on saving accounts with banks		66,977	25,229	37,578	13,384
Profit on sukuk certificates		95,968	84,422	51,354	46,063
Realised gain on sale of sukuk certificates (net)		184,231	26,817	176,005	19,087
Other income		1,191	-	596	-
		<u>348,367</u>	<u>136,468</u>	<u>265,533</u>	<u>78,534</u>
Unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss' (net)		1,270	(3,490)	3,167	3,350
Provision against sukuk certificates (net)	6.1.7	(168,968)	-	(168,194)	-
		<u>(167,698)</u>	<u>(3,490)</u>	<u>(165,027)</u>	<u>3,350</u>
Total income		<u>180,669</u>	<u>132,978</u>	<u>100,506</u>	<u>81,884</u>
Expenses					
Remuneration to Al Meezan Investment Management Limited - Management Company		21,783	10,362	11,152	5,616
Sindh Sales Tax and Federal Excise Duty on management fee		7,345	1,658	3,854	899
Remuneration to Central Depository Company of Pakistan Limited - Trustee		1,663	1,016	846	531
Annual fee to Securities and Exchange Commission of Pakistan		1,089	518	557	281
Auditors' remuneration		298	374	142	205
Fees and subscription		133	129	68	64
Amortisation of premium on 'available for sale' investments		18	-	-	-
Brokerage		51	20	51	-
Bank and settlement charges		67	42	49	34
Provision for Workers' Welfare Fund	8	2,970	2,564	1,670	1,629
Printing expense		113	106	56	54
Total expenses		<u>35,530</u>	<u>16,789</u>	<u>18,445</u>	<u>9,313</u>
Net income from operating activities		<u>145,139</u>	<u>116,189</u>	<u>82,061</u>	<u>72,571</u>
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed (net)		369	12,008	(1,555)	8,886
Net income for the period before taxation		<u>145,508</u>	<u>128,197</u>	<u>80,506</u>	<u>81,457</u>
Taxation	10	-	-	-	-
Net income for the period after taxation		<u>145,508</u>	<u>128,197</u>	<u>80,506</u>	<u>81,457</u>
Other comprehensive income for the period					
Items that can be reclassified to income statement in subsequent periods					
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	6.2	278	-	126	-
Total comprehensive income for the period		<u>145,786</u>	<u>128,197</u>	<u>80,632</u>	<u>81,457</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Undistributed income / Accumulated (loss) brought forward				
- Realised	181,397	459,693	80,926	53,509
- Unrealised	15,680	(413,873)	(2,671)	(6,840)
	<u>197,077</u>	<u>45,820</u>	<u>78,255</u>	<u>46,669</u>
Final distribution on July 8, 2013 for the year ended June, 30 2013				
- bonus units @ 7.5% (Rs. 3.75 per unit) (June 30, 2012 @ 3.94% Rs 1.97 per unit)	(178,637)	(39,603)	-	-
- cash dividend @ 7.5% (Rs. 3.75 per unit) (June 30, 2012 @ 3.94% Rs 1.97 per unit)	(5,187)	(6,288)	-	-
Interim distribution on December 24, 2013 for the period ended December 31, 2013				
- bonus units @ 4% (Rs. 2.00 per unit) December 31, 2012 @ 6% Rs 3.00 per unit)	(110,267)	(81,483)	(110,267)	(81,483)
- cash dividend @ 4% (Rs. 2.00 per unit) (December 31, 2012 @ 6% Rs 3.00 per unit)	(2,775)	(10,138)	(2,775)	(10,138)
Total distribution	<u>(296,866)</u>	<u>(137,512)</u>	<u>(113,042)</u>	<u>(91,621)</u>
Net income for the period	145,508	128,197	80,506	81,457
Undistributed income carried forward	<u>45,719</u>	<u>36,505</u>	<u>45,719</u>	<u>36,505</u>
Undistributed income / Accumulated (loss) carried forward				
- Realised	213,417	39,995	213,417	39,995
- Unrealised	(167,698)	(3,490)	(167,698)	(3,490)
	<u>45,719</u>	<u>36,505</u>	<u>45,719</u>	<u>36,505</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Net assets at beginning of the period	2,644,680	1,208,964	2,936,901	1,410,950
Issue of 18,010,131 units (2012: 14,652,359 units) and 5,254,860 units (2012: 8,734,125 units) for the six months and quarter respectively	919,178	761,307	272,642	461,108
Redemption of 16,258,277 units (2012: 10,047,181 units) and 8,129,598 units (2012: 7,364,174 units) for the six months and quarter respectively	(831,650)	(520,570)	(419,292)	(385,027)
	87,528	240,737	(146,650)	76,081
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed (net)	(369)	(12,008)	1,555	(8,886)
Issue of 5,739,443 bonus units (2012: 2,400,936 bonus units)	288,904	121,086	110,267	81,483
Realised gain on sale of sukuk certificates	184,231	26,817	176,005	19,087
Unrealised (diminution) / appreciation in the value of investments (net)	(167,698)	(3,490)	(165,027)	3,350
Total other comprehensive income for the period	129,253	104,870	69,654	59,020
Final distribution for the year ended June 30, 2013				
- Issue of 3,558,522 bonus units for the year ended June 30, 2013 (June 30, 2012: 793,166 units)	(178,637)	(39,603)	-	-
- Cash distribution	(5,187)	(6,288)	-	-
Interim distribution on December 24, 2013 for the period ended December 31, 2013				
- Issue of 2,180,921 bonus units for the period ended December 31, 2013 (December 2012: 1,607,770 units)	(110,267)	(81,483)	(110,267)	(81,483)
- Cash distribution	(2,775)	(10,138)	(2,775)	(10,138)
Net income for the period less distribution	(151,080)	(9,315)	(32,410)	(10,164)
Net assets at end of the period	2,869,663	1,549,464	2,869,663	1,549,464
	----- (Rupees) -----			
Net asset value per unit at beginning of the period	53.95	51.90	51.34	51.64
Net asset value per unit at end of the period	50.78	51.14	50.78	51.14

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	145,508	128,197	80,506	81,457
Adjustments for:				
Unrealised (gain) / loss on re-measurement of investments 'at fair value through profit or loss' (net)	(1,270)	3,490	(3,167)	(3,350)
Provision against sukuk certificates (net)	168,968	-	168,194	-
Amortisation of premium on 'available for sale' investments	18	-	-	-
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed (net)	(369)	(12,008)	1,555	(8,886)
	<u>312,855</u>	<u>119,679</u>	<u>247,088</u>	<u>69,221</u>
Decrease / (Increase) in assets				
Investments (net)	232,227	(121,103)	212,241	(61,702)
Deposits, prepayments and other receivables	(18,191)	(11,986)	(20,804)	(11,305)
	<u>214,036</u>	<u>(133,089)</u>	<u>191,437</u>	<u>(73,007)</u>
Increase / (Decrease) in liabilities				
Payable to Al Meezan Investment Management Limited - Management Company	(584)	625	1,964	290
Payable to Central Depository Company of Pakistan Limited - Trustee	45	37	13	25
Payable to Securities and Exchange Commission of Pakistan	(197)	(920)	557	281
Payable to Meezan Bank Limited	(97)	(96)	-	-
Accrued expenses and other liabilities	3,104	2,566	1,505	1,571
	<u>2,271</u>	<u>2,212</u>	<u>4,039</u>	<u>2,167</u>
Net cash from / (used in) operating activities	<u>529,162</u>	<u>(11,198)</u>	<u>442,564</u>	<u>(1,619)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from sale of units	919,178	761,307	272,642	461,108
Payments against redemption of units	(845,105)	(529,545)	(411,978)	(386,283)
Dividend paid	(5,211)	(6,288)	(24)	-
Net cash from / (used in) financing activities	<u>68,862</u>	<u>225,474</u>	<u>(139,360)</u>	<u>74,825</u>
Net increase in cash and cash equivalents during the period	<u>598,024</u>	<u>214,276</u>	<u>303,204</u>	<u>73,206</u>
Cash and cash equivalents at beginning of the period	1,158,459	314,009	1,453,279	455,079
Cash and cash equivalents at end of the period	<u>1,756,483</u>	<u>528,285</u>	<u>1,756,483</u>	<u>528,285</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2013 (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 Limited (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 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 of the Fund, is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long-term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to 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 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 PRESENTATION

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, 2013.

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, 2013.

The Fund's financial and unit holders' fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2013.

		(Unaudited) December 31, 2013	(Audited) June 30, 2013
5. BALANCES WITH BANKS	Note	(Rupees in '000)	
On saving accounts	5.1	1,750,912	1,155,139
On current accounts		5,571	3,320
		<u>1,756,483</u>	<u>1,158,459</u>
5.1	The balance in saving accounts have an expected profit which ranges from 5.65% to 9.60% per annum (June 30, 2013: 5.65% to 9.40% per annum).		
6. INVESTMENTS (NET)			
Investments at 'fair value through profit or loss'	6.1	592,936	1,442,862
Investments - available for sale	6.2	510,324	60,063
		<u>1,103,260</u>	<u>1,502,925</u>
6.1	Investments at 'fair value through profit or loss'		
- Held for trading	6.1.1	272,745	854,879
- Investments at 'fair value through profit or loss upon initial recognition'	6.1.2	320,191	587,983
		<u>592,936</u>	<u>1,442,862</u>

6.1.1 Held for trading - Sukuk certificates

Name of the Security	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sales / redemptions during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain	Percentage in relation to	
										Net assets of the Fund on the basis of market value	Total market value of investment
-----Number of certificates-----							----Rupees in '000----				
GoP Ijarah Sukuk Certificates - IX (note 6.1.3 & 6.1.3.1)	December 26, 2014	Weighted average 6 months T-Bills	1,700	-	-	1,700	170,000	171,615	1,615	5.98	15.56
GoP Ijarah Sukuk Certificates - XII (note 6.1.3 & 6.1.3.1)	June 28, 2015	Weighted average 6 months T-Bills	1,000	-	-	1,000	100,000	101,130	1,130	3.52	9.17
GoP Ijarah Sukuk Certificates - XIII (note 6.1.3 & 6.1.3.1)	September 18, 2015	Weighted average 6 months T-Bills	2,249	-	2,249	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XIV (note 6.1.3 & 6.1.3.1)	March 28, 2016	Weighted average 6 months T-Bills	3,600	-	3,600	-	-	-	-	-	-
Grand Total							270,000	272,745	2,745		
Total cost of investments								270,000			

6.1.2 Investments 'at fair value through profit or loss upon initial recognition' - Sukuk certificates

Name of the Security	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sales / redemptions during the period	As at December 31, 2013	* Carrying value as at December 31, 2013	Market value as at December 31, 2013	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----					
Arzoo Textile Mills Limited (note 6.1.4 & 6.1.6)	April 15, 2014	6 months Kibor plus base rate of 2%	14,000	-	-	14,000	-	-	-	10.20	-	
Eden Builders Limited (note 6.1.4) (A, PACRA, non-traded)	March 8, 2014	3 months Kibor plus base rate of 2.3%	1,800	-	1,200	600	3,007	2,996	(11)	0.10	0.27	
Eden Housing Limited (note 6.1.5 & 6.1.6)	September 29, 2014	6 months Kibor plus base rate of 2.5%	59,400	-	-	59,400	54,156	54,156	-	1.89	4.91	
Engro Fertilizer Limited (note 6.1.4) (A, PACRA, non-traded)	September 1, 2015	6 months Kibor plus base rate of 1.5%	35,500	-	-	35,500	177,681	176,217	(1,464)	6.14	15.97	
Maple Leaf Cement Factory Limited (note 6.1.4 & 6.1.6)	December 3, 2018	3 months Kibor plus base rate of 1%	57,464	-	3,200	54,264	86,822	86,822	-	3.03	7.87	
Security Leasing Corporation Limited II (note 6.1.4 & 6.1.6)	January 19, 2022	Nil	3,487	-	203	3,284	-	-	-	4.52	-	
Grand Total							321,666	320,191	(1,475)			
Total cost of investments								592,770				

* In case of debt securities against which provision has been made, these are carried at carrying value less provision.

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

6.1.3.1 In the month of September 2013, GoP Ijarah Sukuks have been revalued at their market values disclosed in PKISRV. Previously, they were stated at amortised cost. The change was made in accordance with Circular No. SCD/AMCW/716/2013 dated 19 September 2013 issued by the Securities and Exchange Commission of Pakistan.

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

6.1.4.1 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.

6.1.5 The nominal value of the sukuk certificates of Eden Housing Limited is Rs 911.71 each.

6.1.6 The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (Management Company) classified Meezan Islamic Income Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at December 31, 2013, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade.

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

Name of Non-Compliant Investment	Type of investments	Value of investment before provision	Provision held	Value of investment after provision	Percentage of net assets	Percentage of total assets
		-----Rupees in '000-----			----- % -----	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	70,000	70,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	77,963	23,807	54,156	1.9	1.8
Maple Leaf Cement Factory Limited	Non-traded sukuk certificates	271,320	184,498	86,822	3.0	3.0
Security Leasing Corporation Limited II	Non-traded sukuk certificates	16,418	16,418	-	-	-
		435,701	294,723	140,978	4.9	4.8

6.1.7 Provision on sukuk certificates

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
Opening	125,755	142,819
Provision / (Reversal) for the period	168,968	(17,064)
Closing	<u>294,723</u>	<u>125,755</u>

6.2 Investments - available for sale

Name of the Security	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sales / redemptions during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain	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-----					
GoP Ijarah Sukuk Certificates - VIII (note 6.1.3 & 6.1.3.1)	May 16, 2014	Weighted average 6 months T-Bills	600	-	-	600	60,046	60,324	278	2.10	N/A	5.47
Hub Power Company Limited - CP Sukuk (note 6.1.4 & 6.1.4.1)	September 12, 2013	months 6 Kibor plus base rate of 1.25%	45,000	-	45,000	-	-	-	-	-	-	-
Kot Addu Power Company Limited - CP Sukuk (note 6.1.4 & 6.1.4.1)	January 22, 2014	months 6 Kibor plus base rate of 1.1%	-	45,000	-	45,000	225,000	225,000	-	7.84	2.56	20.39
Lalpir Power Limited - CP Sukuk (note 6.1.4 & 6.1.4.1)	April 21, 2014	months 6 Kibor plus base rate of 1.15%	-	45,000	-	45,000	225,000	225,000	-	7.84	15.00	20.39
							510,046	510,324	278			
Total cost of investments							510,046					

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013.

8. 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 (CISs) / mutual funds 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 Honorable High Court of Sindh (SHC), challenging the applicability of WWF to CISs, which is pending adjudication.

In 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, where after show cause notices were issued by the Federal Board of Revenue (FBR) to several mutual funds for the collection of WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable Sindh High Court (SHC) on the basis of pending constitutional petitions as referred above. No such notice was received by the Fund.

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. In March 2013 a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the period ended 31 December 2013. The Fund has recognised WWF charge upto December 31, 2013 amounting to Rs. 31.97 million which includes Rs. 2.97 million pertaining to the current period and Rs. 29.00 million pertaining to prior periods. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.566 (1.11%).

9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers (executives) of the Management Company, Al Meezan Mutual Fund, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Sovereign Fund, Meezan Balanced Fund, Meezan Capital Protected Fund - II, KSE Meezan Index Fund, Meezan Cash Fund and Meezan Financial Planning Fund of Funds being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Staff Gratuity Fund.

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, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Remuneration payable	3,788	3,044
Sindh Sales Tax and Federal Excise Duty payable on management fee	3,343	785
Sales load payable	9	3,391
Sindh Sales Tax and Federal Excise Duty payable on sales load	52	556
Certificate charges payable	1	1
Investments as at December 31, 2013: 5,882,960 units (June 30, 2013: 4,347,920 units)	298,739	234,575
Meezan Bank Limited		
Sales load payable	-	97
Balances with bank	12,075	12,116
Profit receivable on saving account	421	207
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	287	242
Deposits	100	100

(Unaudited) (Audited)
December 31, June 30,
2013 2013
(Rupees in '000)

Al Meezan Investment Management Limited - Staff Gratuity Fund

Investments as at December 31, 2013: 35,584 units
(June 30, 2013: 31,851 units)

1,807 1,718

Directors and Officer (Executives) of the Management Company

Investments as at December 31, 2013: 1,727,192 units
(June 30, 2013: 1,050,502 units)

87,708 56,676

(Unaudited)
Six months period ended
December 31,
2013 2012
(Rupees in '000)

Al Meezan Investment Management Limited

- Management Company

Remuneration for the period

21,783 10,362

Sindh Sales Tax and Federal Excise Duty on management fee

7,345 1,658

Units issued: 986,388 units (December 31, 2012: 3,482,997 units)

50,000 179,000

Bonus units issued: 548,652 units (December 31, 2012: 248,725 units)

27,623 12,593

Meezan Bank Limited

Profit on saving account

598 139

Central Depository Company of Pakistan Limited - Trustee

Remuneration for the period

1,663 1,016

CDS Charges for the period

3 3

Al Meezan Investment Management Limited - Staff Gratuity Fund

Bonus units issued: 3,733 units (December 31, 2012: 328 units)

188 17

Directors and Officer (Executives) of the Management Company

Units issued: 543,167 units (December 31, 2012: 603,873 units)

27,680 31,261

Redemptions: 6,966 units (December 31, 2012: 54,284 units)

356 2,781

Bonus units issued: 140,489 units (December 31, 2012: 36,984 units)

5,124 1,874

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. 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 percent of the Fund's accounting income for the year ending June 30, 2014 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 for issue on February 11, 2014 by the Board of Directors of the Management Company.

12. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director



Half Yearly Report December 31, 2013

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	Non-executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Tasnimul Haq Farooqui	Non-executive	
Mr. Mazhar Sharif	Non-executive	
Syed Amir Ali	Non-executive	
Syed Amir Ali Zaidi	Non-executive	
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. 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



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, 2013 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 12, 2014





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 2013 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 2013 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

Date: 11 February 2014

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

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, 2013

	Note	(Unaudited) December 31, 2013 (Rupees in '000)	(Audited) June 30, 2013
Assets			
Balances with banks	5	5,299,579	5,259,781
Investments	6	14,121,866	14,398,331
Deposits, prepayments and other receivables		253,681	290,803
Preliminary expenses and floatation costs		566	824
Total assets		19,675,692	19,949,739
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		33,966	23,146
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		1,198	1,166
Payable to Securities and Exchange Commission of Pakistan (SECP)		7,404	14,720
Payable to Meezan Bank Limited (MBL)		-	307
Payable on redemption and conversion of units		25,427	162,664
Unclaimed dividend		34	-
Accrued expenses and other liabilities		107,436	93,503
Total liabilities		175,465	295,506
Net assets		19,500,227	19,654,233
Contingencies and commitments	7		
Unitholders' fund (as per statement attached)		19,500,227	19,654,233
		(Number of units)	
Number of units in issue		386,891,184	384,886,259
		(Rupees)	
Net assets value per unit		50.40	51.07

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Note	Six Months period ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
----- (Rupees in '000) -----					
Income					
Profit on saving accounts with banks		226,506	264,916	116,210	133,757
Profit on sukuk certificates		660,743	806,098	327,033	385,588
Net realised (loss) / gain on sale of sukuk certificates		(4,282)	14,430	(7,782)	7,402
		<u>882,967</u>	<u>1,085,444</u>	<u>435,461</u>	<u>526,747</u>
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss (net)	6.1	<u>81,800</u>	<u>(1,915)</u>	<u>62,147</u>	<u>(1,915)</u>
Total income		<u>964,767</u>	<u>1,083,529</u>	<u>497,608</u>	<u>524,832</u>
Expenses					
Remuneration to Al Meezan Investment Management Limited - Management Company		98,715	96,590	49,738	49,242
Sindh Sales Tax and Federal Excise Duty on management fee		33,269	15,455	17,192	7,879
Remuneration to Central Depository Company of Pakistan Limited - Trustee		7,058	7,622	3,552	3,882
Annual fee to Securities and Exchange Commission of Pakistan		7,404	7,244	3,731	3,693
Auditors' remuneration		338	276	212	150
Fees and subscription		123	149	63	92
Amortisation of premium on investments held as 'available for sale'		2,999	281	-	143
Amortisation of preliminary expenses and floatation costs		258	258	129	129
Brokerage		1,224	246	962	182
Bank and settlement charges		113	108	82	79
Provision for Workers' Welfare Fund (WWF)	8	16,159	18,815	8,452	9,205
Printing expenses		768	131	703	65
Total expenses		<u>168,428</u>	<u>147,175</u>	<u>84,816</u>	<u>74,741</u>
Net income from operating activities		<u>796,339</u>	<u>936,354</u>	<u>412,792</u>	<u>450,091</u>
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed (net)		(4,555)	4,422	(6,356)	10,170
Net income for the period before taxation		<u>791,784</u>	<u>940,776</u>	<u>406,436</u>	<u>460,261</u>
Taxation	10	-	-	-	-
Net income for the period after taxation		<u>791,784</u>	<u>940,776</u>	<u>406,436</u>	<u>460,261</u>
Other comprehensive income for the period					
Items that can be reclassified to income statement in subsequent periods					
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	6.2.4	21,271	-	26,273	-
Total comprehensive income for the period		<u>813,055</u>	<u>940,776</u>	<u>432,709</u>	<u>460,261</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
Undistributed income brought forward				
- Realised	410,650	23,125	29,509	53,434
- Unrealised	(1,919)	(13,355)	19,653	
	408,731	9,770	49,162	53,434
Less: Final distribution for the year ended June 30, 2013				
- bonus units @ 2.06% (Rs.1.03 per unit) (June 30, 2012: nil)	(396,261)	-	-	-
- cash dividend @ 2.06% (Rs.1.03 per unit) (June 30, 2012: nil)	(181)	-	-	-
Less: Interim distribution on September 23, 2013				
- bonus units @ 1.80% (Rs. 0.9 per unit) (September 30, 2012: 2.38%)	(348,279)	(436,841)	-	(20)
- cash dividend @ 1.80% (Rs. 0.9 per unit) (September 30, 2012: 2.38%)	(152)	(30)	-	-
Less: Interim distribution on December 24, 2013				
- bonus units @ 1.68% (Rs. 0.84 per unit) (December 31, 2012: 2.36%)	(322,143)	(463,358)	(322,143)	(463,358)
- cash dividend @ 1.68% (Rs. 0.84 per unit) (December 31, 2012: 2.36%)	(80)	(225)	(80)	(225)
Total distribution	(1,067,096)	(900,454)	(322,223)	(463,603)
Net income for the period	791,784	940,776	406,436	460,261
Element of loss and capital losses included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments - net	(291)	-	(247)	-
Undistributed income carried forward	133,128	50,092	133,128	50,092
Undistributed income carried forward				
- Realised	51,328	52,007	51,328	52,007
- Unrealised	81,800	(1,915)	81,800	(1,915)
	133,128	50,092	133,128	50,092

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
Net assets at the beginning of the period	19,654,233	19,709,509	19,703,368	18,764,578
Issue of 199,338,937 units (2012: 157,077,378) and 131,132,295 units (2012: 76,378,082) for the period	10,114,640	7,939,756	6,669,350	3,856,784
Redemption of 218,621,174 units (2012: 168,432,612) and 143,803,128 units (2012: 59,238,590) for the period	(11,085,843)	(8,503,076)	(7,311,476)	(2,988,940)
	(971,203)	(563,320)	(642,126)	867,844
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net) for the period	4,555	(4,422)	6,356	(10,170)
Issue of 21,287,162 bonus units (2012: 17,999,991)	1,066,683	900,199	322,143	463,378
Realised (loss) / gain on sale of sukuk certificates	(4,282)	14,430	(7,782)	7,402
Unrealised appreciation / (diminution) in the value of investments (net)	103,071	(1,915)	88,420	(1,915)
Total other comprehensive income for the period	714,266	928,261	352,071	454,774
Final distribution for the year ended June 30, 2013:				
- Issue of 7,918,887 bonus units for the year ended June 30, 2013 (June 30, 2012: Nil)	(396,261)	-	-	-
- Cash distribution	(181)	-	-	-
Interim distribution on September 23, 2013:				
- Issue of 6,960,017 bonus units for the quarter ended September 30, 2013 (September 30, 2012: 8,734,675)	(348,279)	(436,841)	-	(20)
- Cash distribution	(152)	(30)	-	-
Interim distribution on December 24, 2013:				
- Issue of 6,408,258 bonus units for the quarter ended December 31, 2013 (December 31, 2012: 9,265,316)	(322,143)	(463,358)	(322,143)	(463,358)
- Cash distribution	(80)	(225)	(80)	(225)
Net income for the period less distribution	(254,041)	40,322	110,486	(3,342)
Net assets at the end of the period	19,500,227	20,082,288	19,500,227	20,082,288
----- Rupees -----				
Net assets value per unit at beginning of the period	51.07	50.03	50.12	50.15
Net assets value per unit at end of the period	50.40	50.13	50.40	50.13

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	791,784	940,776	406,436	460,261
Adjustments for :				
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss (net)	(81,800)	1,915	(62,147)	1,915
Amortisation of preliminary expenses and floatation costs	258	258	129	128
Amortisation of premium on investments held as 'available for sale'	(2,999)	281	(2,999)	281
Element of loss / (gain) and capital losses / (gains) included in prices of units issued less those in units redeemed	4,555	(4,422)	6,356	(10,170)
	<u>711,798</u>	<u>938,808</u>	<u>347,775</u>	<u>452,415</u>
Decrease / (Increase) in assets				
Investments (net)	382,535	638,086	1,000,588	(2,053)
Deposits, prepayments and other receivables	37,122	(51,100)	146,617	320,916
	<u>419,657</u>	<u>586,986</u>	<u>1,147,205</u>	<u>318,863</u>
Increase / (Decrease) in liabilities				
Payable to Al Meezan Investment Management Limited - Management Company	10,820	1,874	10,107	(285)
Payable to Central Depository Company of Pakistan Limited - Trustee	32	60	64	122
Payable to Securities and Exchange Commission of Pakistan	(7,316)	(5,685)	3,731	3,693
Payable to Meezan Bank Limited	(307)	(699)	-	(438)
Accrued expenses and other liabilities	13,933	22,964	8,679	13,450
	<u>17,162</u>	<u>18,514</u>	<u>22,581</u>	<u>16,542</u>
Net cash from operating activities	<u>1,148,617</u>	<u>1,544,308</u>	<u>1,517,561</u>	<u>787,820</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts against issuance of units	10,114,640	7,939,755	6,669,350	3,856,784
Payments against redemption of units	(11,223,080)	(8,490,850)	(7,343,444)	(2,991,618)
Dividend paid	(379)	(29,077)	(82)	(219)
Net cash (used in) / from financing activities	<u>(1,108,819)</u>	<u>(580,172)</u>	<u>(674,176)</u>	<u>864,947</u>
Net increase in cash and cash equivalents during the period	39,798	964,136	843,385	1,652,767
Cash and cash equivalents at beginning of the period	5,259,781	5,233,984	4,456,194	4,545,353
Cash and cash equivalents at end of the period	<u>5,299,579</u>	<u>6,198,120</u>	<u>5,299,579</u>	<u>6,198,120</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2013 (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 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 of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, 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 minimising 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 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 Shariah Compliant (Islamic) Income Scheme, listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The Management Company of the Fund has been given quality rating of AM2 and the stability rating of the Fund is AA(f) given by JCR-VIS 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 PRESENTATION

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 Trust Deed, 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, 2013.

The accounting policies and method 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, 2013.

The Fund's financial and unit holder's fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2013.

	Note	(Unaudited) December 31, 2013 (Rupees in '000)	(Audited) June 30, 2013
5. BALANCES WITH BANKS			
On saving accounts	5.1	5,292,677	5,250,490
On current accounts		6,902	9,291
		<u>5,299,579</u>	<u>5,259,781</u>

5.1 The balances in saving accounts have an expected profit ranging from 5.65% to 9.05% per annum (2013: 5.65% to 12.10% per annum).

6. INVESTMENTS

Investments at - 'fair value through profit or loss'	6.1	10,190,450	8,980,400
Investments - 'available for sale'	6.2	3,931,416	5,417,931
		<u>14,121,866</u>	<u>14,398,331</u>

6.1 Investments - 'At Fair Value Through Profit or Loss'

Name of the security	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sale / redemptions during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised Gain	Percentage in relation to	
										Net assets of the fund on the basis of market value (see note 6.2)	Total market value of investments
						-----Number of certificates-----			-----Rupees in '000-----		
GoP Ijarah Sukuk Certificates - V (note 6.2.1)	November 15, 2013	Weighted average 6 months T-Bills	15,810	-	15,810	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - VI (note 6.2.1)	December 20, 2013	Weighted average 6 months T-Bills	5,070	3,500	8,570	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - VII (note 6.2.1)	March 7, 2014	Weighted average 6 months T-Bills	2,870	-	2,870	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - VIII (note 6.2.1)	May 16, 2014	Weighted average 6 months T-Bills	3,520	-	-	3,520	352,000	353,901	1,901	1.81	2.51
GoP Ijarah Sukuk Certificates - IX (note 6.2.1)	December 26, 2014	Weighted average 6 months T-Bills	50,950	-	5,000	45,950	4,595,000	4,638,653	43,653	23.79	32.85
GoP Ijarah Sukuk Certificates - X (note 6.2.1)	March 02, 2015	Weighted average 6 months T-Bills	-	36,500	2,000	34,500	3,463,900	3,488,295	24,395	17.89	24.70
GoP Ijarah Sukuk Certificates - XII (note 6.2.1)	June 28, 2015	Weighted average 6 months T-Bills	904	15,000	-	15,904	1,596,950	1,608,371	11,421	8.25	11.39
GoP Ijarah Sukuk Certificates - XIII (note 6.2.1)	September 18, 2015	Weighted average 6 months T-Bills	9,150	1,000	9,150	1,000	100,800	101,230	430	0.52	0.72
GoP Ijarah Sukuk Certificates - XIV (note 6.2.1)	March 28, 2016	Weighted average 6 months T-Bills	1,530	-	1,530	-	-	-	-	-	-
							10,108,650	10,190,450	81,800		
Total cost of investments							10,123,924				

6.2 Investments - 'Available for Sale'

Name of the security	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sale / redemptions during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain / (loss)	Percentage in relation to	
										Net assets of the fund on the basis of market value (see note 6.2)	Total market value of investments
						-----Number of certificates-----			-----Rupees in '000-----		
GoP Ijarah Sukuk Certificates - VIII (note 6.2.1)	May 16, 2014	Weighted average 6 months T-Bills	17,500	27,500	22,500	22,500	2,253,934	2,262,150	8,216	11.60	16.02
GoP Ijarah Sukuk Certificates - X (note 6.2.1)	March 02, 2015	Weighted average 6 months T-Bills	10,500	16,500	13,500	13,500	1,354,630	1,364,985	10,355	7.00	9.67
GoP Ijarah Sukuk Certificates - XI (note 6.2.1)	April 30, 2015	Weighted average 6 months T-Bills	2,000	8,300	7,290	3,010	301,581	304,281	2,700	1.56	2.15
GoP Ijarah Sukuk Certificates - XIII (note 6.2.1)	September 18, 2015	Weighted average 6 months T-Bills	24,000	24,000	48,000	-	-	-	-	-	-
							3,910,145	3,931,416	21,271		
Total cost of investments							3,910,145				

- 6.2.1 The nominal value of the sukuk certificates is Rs 100,000 each.
- 6.2.2 Net assets are as defined in regulation 66 of NBFC Regulations, 2008.
- 6.2.3 In the month of September 2013, GoP Ijarah Sukuks have been revalued at their market values disclosed in PKISRV. Previously, they were stated at amortised cost. The change was made in accordance with Circular No. SCD/AMCW/716/2013 dated 19 September 2013 issued by the Securities and Exchange Commission of Pakistan.

6.2.4 Net unrealised appreciation on re-measurement of investment classified as 'available for sale'

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
Market value of investment	3,931,416	5,417,931
Less: Cost of investments	3,910,145	5,417,931
	<u>21,271</u>	<u>-</u>
Less: Net unrealised diminution on re-measurement of investments classified as 'available for sale' at beginning of the period	-	-
	<u>21,271</u>	<u>-</u>

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013

8. WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 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 showcause 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. In March 2013 a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the year ending 30 June 2014. The Fund has recognised WWF charge upto December 31, 2013 amounting to Rs 105.354 million which includes Rs 16.158 million pertaining to the current year and Rs 89.19 million pertained to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.27 (0.54%).

9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers (executives) of the Management Company, Al Meezan Mutual Fund, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Islamic Income Fund, Meezan Balanced Fund, Meezan Capital Protected Fund - II, KSE Meezan Index Fund, Meezan Cash Fund and Meezan Financial Planning Fund of Funds being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Staff Gratuity Fund.

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 and the Trust Deed respectively.

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

	(Unaudited) December 31, 2013	Audited June 30, 2013
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Remuneration payable	<u>16,739</u>	<u>16,328</u>
Sindh Sales Tax and Federal Excise Duty payable on management fee	<u>14,843</u>	<u>4,178</u>
Sales load payable	<u>1,644</u>	<u>2,227</u>
Sindh Sales Tax and Federal Excise Duty payable on sales load	<u>740</u>	<u>413</u>
Investments as at December 31, 2013: 13,515,528 units (June 30, 2013: 12,335,789 units)	<u>681,183</u>	<u>629,989</u>
Meezan Bank Limited		
Sales load payable	<u>-</u>	<u>307</u>
Balances with bank	<u>403,293</u>	<u>34,784</u>
Profit receivable on savings account	<u>5,247</u>	<u>1,774</u>
Investments as at December 31, 2013: 127,622,809 units (June 30, 2013: 148,829,382 units)	<u>6,432,190</u>	<u>7,600,717</u>
Central Depository Company of Pakistan Limited- Trustee		
Trustee fee payable	<u>1,198</u>	<u>1,166</u>
Deposits	<u>100</u>	<u>100</u>
Al Meezan Investment Management Limited - Staff Gratuity Fund		
Investments as at December 31, 2013: 43,141 units (June 30, 2013: 40,842 units)	<u>2,174</u>	<u>2,086</u>

	(Unaudited) December 31, 2013	Audited June 30, 2013
	(Rupees in '000)	
Meezan Financial Planning Fund of Funds		
Investments as at December 31, 2013: 1,713,783 units		
- Aggressive Allocation Plan (June 30, 2013: 1,206,429 units)	<u>86,374</u>	<u>61,612</u>
Investments as at December 31, 2013: 4,889,880 units		
- Conservative Allocation Plan (June 30, 2013: 3,798,177 units)	<u>246,450</u>	<u>193,973</u>
Investments as at December 31, 2013: 1,543,246 units		
- Moderate Allocation Plan (June 30, 2013: 1,468,730 units)	<u>77,780</u>	<u>75,008</u>
Directors and officers (key executives) of the Management Company		
Investments as at December 31, 2013: 3,895,736 units (June 30, 2013: 3,975,979 units)	<u>196,345</u>	<u>225,015</u>
	Six months period ended December 31	
	2013	2012
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Remuneration for the period	<u>98,715</u>	<u>96,590</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>33,269</u>	<u>-</u>
Units issued 11,536,838 (December 31, 2012: 4,259,951 units)	<u>584,563</u>	<u>214,787</u>
Units redeemed 11,137,015 units (December 31, 2012: 1,793,001 units)	<u>563,018</u>	<u>91,032</u>
Bonus units issued 779,916 (December 31, 2012: 7,174,34 units)	<u>39,083</u>	<u>35,879</u>
Meezan Bank Limited		
Profit on saving accounts	<u>22,293</u>	<u>975</u>
Units issued 78,400,627 (December 31, 2012: 37,535,214 units)	<u>4,000,000</u>	<u>1,911,020</u>
Units redeemed 107,199,435 units (December 31, 2012: 40,010,260 units)	<u>5,455,439</u>	<u>948,585</u>
Bonus units issued 7,592,235 (December 31, 2012: 6,717,790 units)	<u>380,411</u>	<u>335,957</u>
Central Depository Company of Pakistan Limited- Trustee		
Remuneration for the period	<u>7,058</u>	<u>7,622</u>
Al Meezan Investment Management Limited - Staff Gratuity Fund		
Bonus units issued 2,299 units (December 31, 2012: 2,916 units)	<u>115</u>	<u>145</u>

**Six months period ended
December 31**

**2013 2012
(Rupees in '000)**

Meezan Financial Planning Fund of Funds

Units issued 737,687 units - Aggressive Allocation Plan (December 31, 2012: units Nil)	37,212	-
Units issued 2,588,223 units - Conservative Allocation Plan (December 31, 2012: units Nil)	130,855	-
Units issued 760,083 units - Moderate Allocation Plan (December 31, 2012: units Nil)	38,304	-
Units redeemed 300,239 units - Aggressive Allocation Plan (December 31, 2012: units Nil)	15,203	-
Units redeemed 1,744,305 units - Conservative Allocation Plan (December 31, 2012: units Nil)	88,397	-
Units redeemed 767,849 units - Moderate Allocation Plan (December 31, 2012: units Nil)	89,918	-
Bonus units issued 69,906 units - Aggressive Allocation Plan (December 31, 2012: units Nil)	3,503	-
Bonus units issued 247,785 units - Conservative Allocation Plan (December 31, 2012: units Nil)	12,418	-
Bonus units issued 82,282 units - Moderate Allocation Plan (December 31, 2012: units Nil)	4,123	-

Directors and officers (key executives) of the Management Company

Units issued 474,411 (December 31, 2012: 967,451 units)	24,030	48,664
Units redeemed 1,206,429 (December 31, 2012: 643,485 units)	61,135	32,571
Bonus units issued 221,750 (December 31, 2012: 197,758 units)	11,111	9,890

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. 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 percent of the Fund's accounting income for the year ending June 30, 2014 as reduced by capital gains (whether realised or unrealised) to its unit holders.

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 11, 2014 by the Board of Directors of the Management Company.

12. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director





Half Yearly Report December 2013

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	Non-executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Tasnimul Haq Farooqui	Non-executive	
Mr. Mazhar Sharif	Non-executive	
Syed Amir Ali	Non-executive	
Syed Amir Ali Zaidi	Non-executive	
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. 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
National Bank of Pakistan	

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 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



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, 2013 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 12, 2014





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 2013 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 2013 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

Date: 11 February 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

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, 2013 (Unaudited)

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
Note	(Rupees in '000)	
Assets		
Balances with banks	5 5,325,502	2,620,449
Investments	6 450,000	3,842,500
Profit receivable	122,472	133,404
Deposit and prepayments	209	318
Preliminary expenses and floatation costs	270	572
Total assets	5,898,453	6,597,243
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	9,764	6,805
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	444	469
Payable to Securities and Exchange Commission of Pakistan (SECP)	2,432	5,024
Payable on redemption / conversion of units	13,343	25,315
Brokerage payable	-	129
Dividend payable	-	13
Accrued expenses and other liabilities	51,832	48,714
Total liabilities	77,815	86,469
Net assets	5,820,638	6,510,774
Contingencies and commitments	7	
Unitholders' fund (as per statement attached)	5,820,638	6,510,774
	(Number of units)	
Number of units in issue	116,207,873	130,063,253
	(Rupees)	
Net assets value per unit	50.09	50.06

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Note	Six Months period ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
----- (Rupees in '000) -----					
Income					
Profit on saving accounts with banks		148,142	258,563	90,669	131,685
Profit on placements		26,205	77,779	3,512	29,714
Profit on sukuk certificates		111,009	35,841	42,666	10,253
Other income		-	10	-	-
Net realised loss on sale of sukuk certificates		(562)	-	(562)	-
		<u>284,794</u>	<u>372,193</u>	<u>136,285</u>	<u>171,652</u>
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' (net)		-	-	(1,906)	-
Total income		<u>284,794</u>	<u>372,193</u>	<u>134,379</u>	<u>171,652</u>
Expenses					
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		32,430	34,360	15,717	17,046
Sindh Sales Tax and Federal Excise Duty on management fee		10,910	5,497	5,432	2,727
Remuneration to Central Depository Company of Pakistan Limited - Trustee		2,810	3,212	1,368	1,597
Annual fee to Securities and Exchange Commission of Pakistan		2,432	2,577	1,179	1,278
Auditors' remuneration		310	275	187	150
Fees and subscription		133	125	73	63
Amortisation of preliminary expenses and floatation costs		303	301	152	151
Amortisation of premium on investments held as 'available for sale'		698	-	-	-
Bank and settlement charges		72	79	71	68
Provision for Workers' Welfare Fund (WWF)	8	4,641	6,326	2,232	2,909
Printing expense		95	215	36	108
Total expenses		<u>54,834</u>	<u>52,967</u>	<u>26,447</u>	<u>26,097</u>
Net income from operating activities		<u>229,960</u>	<u>319,226</u>	<u>107,932</u>	<u>145,555</u>
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)		(2,557)	(2,903)	(988)	(106)
Net income for the period before taxation		<u>227,403</u>	<u>316,323</u>	<u>106,944</u>	<u>145,449</u>
Taxation	10	-	-	-	-
Net income for the period after taxation		<u>227,403</u>	<u>316,323</u>	<u>106,944</u>	<u>145,449</u>
Other comprehensive income for the period					
Items that can be reclassified to income statements in subsequent periods					
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	6.3.1	-	-	22	-
Total comprehensive income for the period		<u>227,403</u>	<u>316,323</u>	<u>106,966</u>	<u>145,449</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Undistributed income brought forward				
- Realised	10,169	10,288	12,593	21,402
- Unrealised	(1,982)	-	1,906	-
	8,187	10,288	14,499	21,402
Less : Distributions for the period				
Interim Distribution on July 23, 2013				
- bonus units @ 0.54% (Rs.0.27 per unit)	(35,505)	-	-	-
- cash dividend @ 0.54% (Rs.0.27 per unit)	(15)	-	-	-
Interim Distribution on July 22, 2012				
- bonus units @ 0.60% (Rs.0.30 per unit)	-	(41,008)	-	-
- cash dividend @ 0.60% (Rs.0.30 per unit)	-	(39)	-	-
Interim Distribution on August 22, 2013				
- bonus units @ 0.60% (Rs.0.30 per unit)	(40,046)	-	-	-
- cash dividend @ 0.60% (Rs.0.30 per unit)	(17)	-	-	-
Interim Distribution on August 22, 2012				
- bonus units @ 1.00% (Rs.0.50 per unit)	-	(68,325)	-	-
- cash dividend @ 1.00% (Rs.0.50 per unit)	-	(66)	-	-
Interim Distribution on September 20, 2013				
- bonus units @ 0.60% (Rs.0.30 per unit)	(38,550)	-	-	-
- cash dividend @ 0.60% (Rs.0.30 per unit)	(14)	-	-	-
Interim Distribution on September 20, 2012				
- bonus units @ 0.76% (Rs.0.38 per unit)	-	(50,316)	-	-
- cash dividend @ 0.76% (Rs.0.38 per unit)	-	(6)	-	-
Interim Distribution on October 23, 2013				
- bonus units @ 0.60% (Rs.0.32 per unit)	(40,276)	-	(40,276)	-
- cash dividend @ 0.60% (Rs.0.32 per unit)	(13)	-	(13)	-
Interim Distribution on October 22, 2012				
- bonus units @ 0.84% (Rs.0.42 per unit)	-	(56,221)	-	(56,221)
- cash dividend @ 0.84% (Rs.0.42 per unit)	-	(6)	-	(6)
Interim Distribution on November 21, 2013				
- bonus units @ 0.54% (Rs.0.27 per unit)	(34,727)	-	(34,727)	-
- cash dividend @ 0.54% (Rs.0.27 per unit)	(11)	-	(11)	-

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Interim Distribution on November 22, 2012				
- bonus units @ 0.72% (Rs.0.36 per unit)	-	(49,177)	-	(49,177)
-cash dividend @ 0.72% (Rs.0.36 per unit)	-	(5)	-	(5)
Interim Distribution December 24, 2013				
- bonus units @ 0.60% (Rs.0.30 per unit)	(34,751)	-	(34,751)	-
-cash dividend @ 0.60% (Rs.0.30 per unit)	(13)	-	(13)	-
Interim Distribution on December 20, 2012				
- bonus units @ 0.64% (Rs.0.32 per unit)	-	(42,885)	-	(42,885)
-cash dividend @ 0.64% (Rs.0.32 per unit)	-	(4)	-	(4)
Total distribution for the period	(223,938)	(308,058)	(109,791)	(148,298)
Net income for the period	227,403	316,323	106,944	145,449
Undistributed income carried forward	11,652	18,553	11,652	18,553
Undistributed income carried forward				
- Realised	11,652	18,553	11,652	18,553
- Unrealised	-	-	-	-
	11,652	18,553	11,652	18,553

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Net assets at beginning of the period	6,510,774	7,418,771	6,161,989	6,651,921
Issue of 92,053,612 units (2012: 67,269,996) and 22,722,950 units (2012: 39,995,698) for the six months and quarter respectively	4,618,037	3,377,342	1,140,463	2,007,560
Redemption of 110,387,500 units (2012: 83,910,583) and 31,681,280 units (2012: 37,911,773) for the six months and quarter respectively	(5,538,050)	(4,213,342)	(1,589,731)	(1,903,150)
	(920,013)	(836,000)	(449,268)	104,410
Element of loss and capital losses included in prices of units sold less those in units redeemed (net)	2,557	2,903	988	106
Issue of 4,478,508 bonus units (2012: 6,154,079 bonus units)	223,855	307,932	109,754	148,283
Realised loss on sale of sukuk certificates	(562)	-	(562)	-
Unrealised diminution in the value of investments (net)	-	-	(1,884)	-
Total other comprehensive income for the period	227,965	316,323	109,412	145,449
Issue of 709,882 bonus units and cash distribution on July 23, 2013	(35,520)	-	-	-
Issue of 818,800 bonus units and cash distribution on July 22, 2012	-	(41,047)	-	-
Issue of 800,874 bonus units and cash distribution on August 22, 2013	(40,063)	-	-	-
Issue of 1,364,407 bonus units and cash distribution on August 22, 2012	-	(68,391)	-	-
Issue of 771,881 bonus units and cash distribution on September 20, 2013	(38,564)	-	-	-
Issue of 1,006,995 bonus units and cash distribution on September 20, 2012	-	(50,322)	-	-
Issue of 806,314 bonus units and cash distribution on October 23, 2013	(40,289)	-	(40,289)	-
Issue of 1,124,341 bonus units and cash distribution on October 22, 2012	-	(56,227)	-	(56,227)
Issue of 694,674 bonus units and cash distribution on November 21, 2013	(34,738)	-	(34,738)	-
Issue of 983,149 bonus units and cash distribution on November 22, 2012	-	(49,182)	-	(49,182)
Issue of 694,883 bonus units and cash distribution on December 24, 2013	(34,764)	-	(34,764)	-
Issue of 856,387 bonus units and cash distribution on December 20, 2012	-	(42,889)	-	(42,889)
Net income for the period less distribution	3,465	8,265	(2,825)	(2,849)
Net assets at end of the period	<u>5,820,638</u>	<u>6,901,871</u>	<u>5,820,638</u>	<u>6,901,871</u>
	(Rupees)			
Net assets value per unit at beginning of the period	<u>50.06</u>	<u>50.08</u>	<u>50.11</u>	<u>50.16</u>
Net assets value per unit at end of the period	<u>50.09</u>	<u>50.14</u>	<u>50.09</u>	<u>50.14</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	227,403	316,323	106,944	145,449
Adjustments for :				
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	-	-	1,906	-
Amortisation of preliminary expenses and floatation costs	303	301	152	151
Amortisation of premium on investments held as 'available for sale'	698	-	-	-
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	2,557	2,903	988	106
	<u>230,961</u>	<u>319,527</u>	<u>109,990</u>	<u>145,706</u>
Decrease / (increase) in assets				
Deposit and prepayments	109	66	73	30
Profit receivable	10,932	27,031	109,183	(30,561)
Investments (net)	3,391,802	178,500	3,493,062	(25,000)
	<u>3,402,843</u>	<u>205,597</u>	<u>3,602,318</u>	<u>(55,531)</u>
Increase / (decrease) in liabilities				
Payable to Al Meezan Investment Management Limited - Management Company	2,959	(1,156)	2,680	221
Payable to Central Depository Company of Pakistan Limited - Trustee	(25)	(65)	(13)	18
Payable to Securities and Exchange Commission of Pakistan	(2,592)	(2,630)	1,179	(3,929)
Brokerage payable	(129)	-	(60)	-
Accrued expenses and other liabilities	3,118	7,935	(159)	4,077
	<u>3,331</u>	<u>4,084</u>	<u>3,627</u>	<u>387</u>
Net cash inflow from operating activities	<u>3,637,135</u>	<u>529,208</u>	<u>3,715,935</u>	<u>90,562</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts against issuance of units	4,618,037	3,377,342	1,140,463	2,007,560
Payments against redemption of units	(5,550,023)	(4,203,736)	(1,602,540)	(1,896,635)
Dividend paid	(96)	(51)	(57)	(5)
Net cash (used in) / inflow from financing activities	<u>(932,082)</u>	<u>(826,445)</u>	<u>(462,134)</u>	<u>110,920</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>2,705,053</u>	<u>(297,237)</u>	<u>3,253,801</u>	<u>201,482</u>
Cash and cash equivalents at beginning of the period	<u>2,620,449</u>	4,614,198	<u>2,071,701</u>	4,115,479
Cash and cash equivalents at end of the period	<u>5,325,502</u>	<u>4,316,961</u>	<u>5,325,502</u>	<u>4,316,961</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2013 (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 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 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 of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point in time. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end Shariah compliant (Islamic) Money Market Scheme listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The Management Company has been given a quality rating of AM2 and the stability rating of the Fund is AA(f) given by JCR-VIS.
- 1.5 Title to the assets of the Fund are held in the name of CDC as a Trustee.

2. BASIS OF PRESENTATION

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, 2013.

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, 2013.

The Fund's financial and unit holder's fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2013.

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
(Rupees in '000)			
5. BALANCES WITH BANKS			
On saving accounts	5.1	5,315,426	2,607,116
On current accounts		10,076	13,333
		<u>5,325,502</u>	<u>2,620,449</u>

5.1 The balances in saving accounts have an expected profit ranging from 5.04% to 9.05% per annum (June 30, 2013 : 5.65% to 9.05% per annum).

5.2 The balance includes Rs. 2,047 million (June 30, 2013: Rs. 44.908 million) with related party, Meezan Bank Limited, on which average return is earned at 7.18% (June 30, 2013: 5.65%) per annum.

6. INVESTMENTS

Investments - 'loans and receivables' - Placements		-	1,500,000
Investments - 'fair value through profit or loss' Held for trading		-	2,117,500
Investments - 'fair value through profit or loss upon initial recognition		-	225,000
Investment 'available for sale'	6.3	450,000	-
		450,000	2,342,500
		<u>450,000</u>	<u>3,842,500</u>

6.1 Placements

Name of the bank	Maturity date	Profit rate	As at July 1, 2013	Placements made during the period	Matured during the period	As at December 31, 2013	Percentage in relation to	
							Net assets of the Fund on the basis of market value	Total market value of investments
							%	%
Bank Al -Falah Limited	October 12, 2013	8.85%	1,500,000	-	(1,500,000)	-	-	-

6.2 Held for trading

Name of the security	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sale / redemptions during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain / (loss)	Percentage in relation to	
										Net assets of the Fund on the basis of market value	Total market value of investments
-----Number of certificates-----						-----Rupees in '000-----			-----%-----		
GoP Ijarah Sukuk - V (note 6.2.1)	November 15, 2013	Weighted Average 6 months T-Bills	21,175	-	21,175	-	-	-	-	-	-

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

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

6.2.3 In the month of September 2013, GoP Ijarah Sukuks have been revalued at their market values disclosed in PKISRV. Previously, they were stated at amortised cost. The change was made in accordance with Circular No. SCD/AMCW/716/2013 dated 19 September 2013 issued by the Securities and Exchange Commission of Pakistan.

6.3 Available for Sale

Name of the security	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sales / redemptions during the period	As at December 31, 2013	* Carrying value as at December 31, 2013	* Market value as at December 31, 2013	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-----			-----%-----			
GoP Ijarah Sukuk - V (note 6.2.1)	Nov 15, 2013	Weighted Average 6 months T-Bills	-	6,000	6,000	-	-	-	-	-	-	-
Hub Power Company Limited - Sukuk	Jul 12, 2013	KIBOR 6 months plus base rate of 1.25%	45,000	-	45,000	-	-	-	-	-	-	-
Kot Addu Power Company Limited - Sukuk	Jan 22, 2014	6 months KIBOR plus base rate of 1.1%	-	45,000	-	45,000	225,000	225,000	-	3.87	2.56	50.00
Lalpir Power - Sukuk	Apr 21, 2014	6 months KIBOR plus base rate of 1.15%	-	45,000	-	45,000	225,000	225,000	-	3.87	15.00	50.00
Total							450,000	450,000	-			
Total cost of investment							450,000					

6.3.1 Net unrealised appreciation on re-measurement of investment classified as 'available for sale'

	Unaudited December 31, 2013	Audited June 30, 2013
	(Rupees in '000)	
Market value of investment	450,000	-
Less: Cost of investments	450,000	-
	<u>-</u>	<u>-</u>
Less: Net unrealised Diminution on re-measurement of investments classified as 'available for sale' at beginning of the period	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

7. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2013.

8. 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 (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 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 showcause 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. In March 2013 a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the period ending 31 December 2013. The Fund has recognised WWF charge upto December 31, 2013 amounting to Rs 50.645 million which includes Rs 4.641 million pertaining to the current year and Rs 46.004 million pertaining to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.44 (0.87%).

9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers of the Management Company, Al Meezan Mutual Fund, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Islamic Income Fund, Meezan Balanced Fund, Meezan Capital Protected Fund - II, KSE Meezan Index Fund, Meezan Sovereign Fund and Meezan Financial Planning Fund of Funds being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Staff Gratuity Fund.

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 Regulations, 2008 and the Trust Deed respectively.

Details of transactions with connected persons and balances with them for the period ended December 31, 2013 and as of that date along with comparatives are as follows:

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Remuneration payable	5,064	5,426
Sindh Sales Tax and Federal Excise Duty payable on management fee	4,700	1,379
Meezan Bank Limited		
Balances with bank	2,046,637	44,908
Profit receivable on saving accounts	14,394	1,111
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	444	469
Deposit	100	100
Al Meezan Investment Management Limited		
- Staff Gratuity Fund		
Investments as at December 31, 2013: 42,483 units (June 30, 2013: 41,018 units)	2,128	2,053
Directors and officers of the Management Company		
Investments as at December 31, 2013: 217,268 units (June 30, 2013: 463,275 units)	10,883	23,192

**Six months period
ended December 31,
2013 2012
(Rupees in '000)**

**Al Meezan Investment Management Limited
- Management Company**

Remuneration for the period	<u>32,430</u>	<u>34,360</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>10,910</u>	<u>5,497</u>

Meezan Bank Limited

Profit on saving accounts	<u>23,206</u>	<u>672</u>
---------------------------	---------------	------------

Central Depository Company of Pakistan Limited - Trustee

Trustee fee for the period	<u>2,810</u>	<u>3,212</u>
CDS Charges	<u>3</u>	<u>3</u>

**Al Meezan Investment Management Limited
- Staff Gratuity Fund**

Bonus units issued: 1,465 units (2012: nil units)	<u>73</u>	<u>-</u>
---	-----------	----------

Directors and officers of the Management Company

Units issued 88,027 units (2012 : 63,109 units)	<u>4,412</u>	<u>3,169</u>
Units redeemed 344,497 units (2012: 258,846 units)	<u>17,303</u>	<u>6,294</u>
Bonus units issued 10,463 units (2012: 15,468 units)	<u>523</u>	<u>774</u>

10. INCOME TAX

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. 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 percent of the Fund's accounting income for the year ending June 30, 2014 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 for issue on February 11, 2014 by the Board of Directors of the Management Company.

12 GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director





Half Yearly Report December 31, 2013

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	Non-executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Tasnimul Haq Farooqui	Non-executive	
Mr. Mazhar Sharif	Non-executive	
Syed Amir Ali	Non-executive	
Syed Amir Ali Zaidi	Non-executive	
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. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited
Bank Alfalah 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 Shahr-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



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, 2013 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 12, 2014





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 2013 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 paragraph

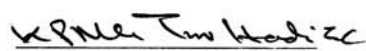
We draw attention to note 1.6 to the accompanying condensed interim financial information which interalia states that as per the offering document of the Fund, the Fund is due to mature on August 15, 2014. Accordingly, the accompanying condensed interim financial information is not prepared on the going concern basis. Our conclusion is not qualified in respect of this matter.

Other Matters

The figures for the quarter ended 31 December 2013 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

Date: 11 February 2014

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

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, 2013

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
(Rupees in '000)			
Assets			
Balances with banks		37,017	14,686
Investments	5	472,608	486,718
Receivable against sale of investments		-	32
Dividend receivable		82	72
Preliminary expenses and floatation cost		450	814
Deposits and other receivables		5,290	6,169
Total assets		515,447	508,491
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		1,210	779
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		56	54
Payable to Securities and Exchange Commission of Pakistan (SECP)		190	356
Payable against purchase of investments		716	-
Accrued expenses and other liabilities		1,921	1,406
Total liabilities		4,093	2,595
Net assets		511,354	505,896
Contingencies and commitments	6		
Unitholders' fund (as per statement attached)		511,354	505,896
----- Number of units -----			
Number of units in issue		9,234,413	8,693,675
----- Rupees -----			
Net assets value per unit		55.37	58.19

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Note	Six Months period ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
----- (Rupees in '000) -----					
Income					
Net realised gain on sale of investments		232	4,793	81	2,680
Dividend income		2,663	3,569	1,051	1,752
Profit on saving accounts with banks		588	1,097	356	607
Profit on Government of Pakistan (GoP) Ijara Sukuks		18,636	19,007	9,330	9,017
Back end load		779	66	73	37
		<u>22,898</u>	<u>28,532</u>	<u>10,891</u>	<u>14,093</u>
Unrealised gain on re-measurement of investments - 'at fair value through profit or loss' (net)		11,704	11,039	15,479	4,220
Total income		<u>34,602</u>	<u>39,571</u>	<u>26,370</u>	<u>18,313</u>
Expenses					
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		3,784	3,461	1,865	1,758
Sindh Sales Tax and Federal Excise Duty on management fee		1,275	554	663	281
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		330	353	164	177
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		190	174	94	88
Auditors' remuneration		211	213	106	119
Charity expense		47	61	12	40
Amortisation of preliminary expenses and floatation costs		364	364	182	182
Amortisation of premium - GoP Ijara Sukuks		217	428	-	217
Fees and subscription		11	14	6	4
Legal and professional charges		88	88	44	44
Brokerage		87	127	45	50
Bank and settlement charges		24	31	13	16
Provision for Workers' Welfare Fund (WWF)	7	550	-	463	-
Printing charges		75	76	37	38
Total expenses		<u>7,253</u>	<u>5,944</u>	<u>3,694</u>	<u>3,014</u>
Net income from operating activities		<u>27,349</u>	<u>33,627</u>	<u>22,676</u>	<u>15,299</u>
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)		(417)	(64)	(71)	(57)
Net income for the period before taxation		<u>26,932</u>	<u>33,563</u>	<u>22,605</u>	<u>15,242</u>
Taxation	10	-	-	-	-
Net income for the period after taxation		<u>26,932</u>	<u>33,563</u>	<u>22,605</u>	<u>15,242</u>
Other comprehensive income for the period					
Items that can be reclassified to income statements in subsequent periods					
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	5.1.2	1,546	-	957	-
Total comprehensive income for the period		<u>28,478</u>	<u>33,563</u>	<u>23,562</u>	<u>15,242</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Undistributed income / Accumulated (loss) brought forward				
- Realised	55,604	50,294	27,569	15,464
- Unrealised	15,156	2,477	(3,775)	6,819
	70,760	52,771	23,794	22,283
Final distribution on July 8, 2013 for the year ended June, 30 2013				
- bonus units @ 11.8% (Rs. 5.90 per unit) (June 30, 2012 @ Rs 6.25 per unit)	(51,293)	(48,809)	-	-
Net income for the period	26,932	33,563	22,605	15,242
Undistributed income carried forward	46,399	37,525	46,399	37,525
Undistributed income carried forward				
- Realised	34,695	26,486	34,695	26,486
- Unrealised	11,704	11,039	11,704	11,039
	46,399	37,525	46,399	37,525

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Net assets at beginning of the period	505,896	443,245	490,778	460,973
Redemption of 440,189 (2012: 29,912 units) and 45,787 units (2012: 18,150 units) for six months and quarter respectively	(23,437)	(1,573)	(3,057)	(973)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	417	64	71	57
Issue of 980,927 bonus units for the year ended June 30, 2013 (June 30, 2012: 966,327 bonus units)	51,293	48,809	-	-
Net realised gain on sale of investments	232	4,793	81	2,680
Unrealised appreciation in the value of investments (net)	13,250	11,039	16,436	4,220
Total other comprehensive income for the period	14,996	17,731	7,045	8,342
Final distribution on July 8, 2013 for the year ended June 30, 2013 - Issue of 980,927 bonus units for the year ended June 30, 2013 (June 30, 2012: 966,327 bonus units)	(51,293)	(48,809)	-	-
Net income for the period less distribution	(22,815)	(15,246)	23,562	15,242
Net assets at end of the period	<u>511,354</u>	<u>475,299</u>	<u>511,354</u>	<u>475,299</u>
	----- (Rupees) -----			
Net asset value per unit at beginning of the period	<u>58.19</u>	<u>56.76</u>	<u>52.88</u>	<u>52.60</u>
Net asset value per unit at end of the period	<u>55.37</u>	<u>54.35</u>	<u>55.37</u>	<u>54.35</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	26,932	33,563	22,605	15,242
Adjustments for:				
Unrealised gain on re-measurement of investments - 'at fair value through profit or loss' (net)	(11,704)	(11,039)	(15,479)	(4,220)
Dividend Income	(2,663)	(3,569)	(1,051)	(1,752)
Charity Expense	47	61	12	40
Profit on saving accounts with banks	(588)	(1,097)	(356)	(607)
Profit on Government of Pakistan (GoP) Ijara Sukuks	(18,636)	(19,007)	(9,330)	(9,017)
Amortisation of preliminary expenses and floatation costs	364	364	182	182
Amortisation of premium - GoP Ijara Sukuks	217	428	-	217
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	417	64	71	57
	(5,614)	(232)	(3,346)	142
Decrease / (Increase) in assets				
Investments (net)	27,143	(10,264)	17,975	(6,386)
Receivable against sale of investments	32	(1,329)	-	(1,329)
Dividend receivable	2,606	3,565	2,592	2,958
Deposits and other receivables	20,103	21,388	36,078	20,074
	49,884	13,360	56,645	15,317
Increase / (decrease) in liabilities				
Payable to Al Meezan Investment Management Limited - Management Company	431	37	384	12
Payable to Central Depository Company of Pakistan Limited - Trustee	2	1	2	1
Payable to Securities and Exchange Commission of Pakistan	(166)	(129)	94	88
Payable against purchase of investments	716	(1,930)	716	-
Accrued expenses and other liabilities	515	(541)	405	(674)
	1,498	(2,562)	1,601	(573)
Net cash from operating activities	45,768	10,566	54,900	14,886
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment against redemption of units	(23,437)	(1,573)	(23,385)	(1,001)
Net increase in cash and cash equivalents during the period	22,331	8,993	31,515	13,885
Cash and cash equivalents at beginning of the period	14,686	21,328	5,502	16,436
Cash and cash equivalents at end of the period	37,017	30,321	37,017	30,321

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months and quarter ended December 31, 2013 (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 Company Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed on May 12, 2011 and was approved by the Securities and Exchange Commission of Pakistan 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 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, Finance and Trade Centre, Block "B", Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund is a capital protected fund with an objective to pay unitholders, subject to 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 guidelines. 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 the Islamabad Stock Exchange. The issuance of units has been discontinued since August 15, 2011. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The Management Company has been given a quality rating of AM2 and the stability rating of the Fund is AA(cpf) given by JCR - VIS.
- 1.5 Title to the assets of the Fund are held in the name of Central Depository Company Limited of Pakistan as a Trustee.
- 1.6 According to the offering document dated June 24, 2011, the Fund will cease to exist (mature) on August 15, 2014. Since the Fund was established for a specified period and the said period is expiring within the twelve months period from the balance sheet date, this condensed interim financial information has not been prepared on a going concern basis. All financial assets and financial liabilities of the Fund are stated at their fair values (in accordance with the funds accounting policy as disclosed in the financial statements for the year ended 30 June 2013) and will be realised / settled at their fair values on or before the maturity of the Fund. Preliminary expenses and floatation costs will be amortised over the remaining period of the Fund.

2. BASIS OF PRESENTATION

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 and directives issued under the Companies Ordinance, 1984, the NBFC Rules & 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, 2013.

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, 2013.

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
(Rupees in '000)			
5 INVESTMENTS			
Investments - 'available for sale'	5.1	357,184	355,855
Investments 'at fair value through profit or loss'	5.2	115,424	130,863
		472,608	486,718

5.1 Investments Categorised as 'available for sale'

Name of the Security	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sales during the period	Sale / redemptions during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain / (loss)	Percentage in relation to	
											Total market value of investments	Net assets of the fund on the basis of market value (see note 5.2.2.2)
				-----Number of sukuk certificates-----			-----Rupees in '000-----					
GoP Ijarah Sukuks Certificates - VIII (note 5.2.2.1)	May 16, 2014	Weighted average 6 months T-Bills	3,030	-	-	-	3,030	303,638	304,636	998	64	60
GOP Ijara Sukuk Certificates - IX (note 5.2.2.1)	December 26, 2014	Weighted average 6 months T-Bills	220	-	-	-	220	22,000	22,209	209	5	4
GoP Ijarah Sukuk Certificates - XII (note 5.2.2.1)"	June 28, 2015	Weighted average 6 months T-Bills	300	-	-	-	300	30,000	30,339	339	6	6
Total								355,638	357,184	1,546		
Total cost of investments									355,638			

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

5.1.2 Net unrealised appreciation on re-measurement of investment classified as 'available for sale'

	Note	(Unaudited) December 31, 2013 (Rupees in '000)	(Audited) June 30, 2013
Market value of investment		357,184	-
Less: Cost of investments		355,638	-
		<u>1,546</u>	<u>-</u>
Less: Net unrealised diminution on re-measurement of investments classified as 'available for sale' at beginning of the period (net of impairment)		-	-
		<u>1,546</u>	<u>-</u>

5.2 Investments 'at fair value through Profit or loss'

Shares of Listed Companies	5.2.1	75,004	90,863
GoP Ijara Sukuks	5.2.2	40,420	40,000
		<u>115,424</u>	<u>130,863</u>

5.2.1 Held for trading - shares of listed companies

Name of the investee company	As at July 1, 2013	Purchases during the period	Bonus / rights issue	Sales during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013 value	Unrealised gain / (loss) as at December 31, 2013	Percentage in relation to		
									Net assets of the Fund on basis of market value	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	401	12,000	-	1,000	11,401	970	977	7	0.19	0.00	0.21
Fauji Cement Company Limited	-	210,000	-	70,000	140,000	2,030	2,233	203	0.44	0.01	0.47
Lucky Cement Limited	42,048	-	-	-	42,048	8,818	12,609	3,791	2.47	0.01	2.67
Electricity											
The Hub Power Company Limited	29,870	38,000	-	-	67,870	4,189	4,122	(67)	0.81	0.01	0.87
Pakgen Power	-	40,000	-	-	40,000	840	868	28	0.17	0.05	0.18
Oil and Gas											
Attock Petroleum Limited	5,400	-	1,080	-	6,480	3,030	3,238	208	0.63	0.01	0.69
Oil and Gas Development Company Limited	41,100	-	-	-	41,100	9,402	11,358	1,956	2.22	0.00	2.40
Pak Oilfields Limited	20,000	-	-	20,000	-	-	-	-	-	-	0.00
Pakistan Petroleum Limited	38,550	-	6,110	8,000	36,660	6,464	7,844	1,380	1.53	0.00	1.66
Pakistan State Oil Company Limited	73,137	15,000	-	53,000	35,137	11,197	11,673	476	2.28	0.01	2.47
Chemicals											
Fauji Fertilizer Bin Qasim Limited	135,480	-	-	85,000	50,480	1,895	2,212	317	0.43	0.01	0.47
Fauji Fertilizer Company Limited	45,600	-	-	-	45,600	4,899	5,105	206	1.00	0.00	1.08
ICI Pakistan Limited	2,641	25,000	-	-	27,641	5,190	6,994	1,804	1.37	0.03	1.48
Fixed Line Telecommunications											
Pakistan Telecommunication Company Limited "A"	144,190	25,000	-	44,000	125,190	2,938	3,560	622	0.70	0.00	0.75
Personal Goods (Textile)											
Nishat Mills Limited	32,000	-	-	20,000	12,000	1,131	1,527	396	0.30	0.00	0.32
Food Producers											
Engro Foods Limited	60,763	50,000	-	108,000	2,763	323	289	(34)	0.06	0.00	0.06
General industrials											
Tri-Pack Films Limited	5,000	-	-	3,000	2,000	404	395	(9)	0.08	0.01	0.08
Total						<u>63,720</u>	<u>75,004</u>	<u>11,284</u>			
Total cost of investments							<u>66,627</u>				

5.2.2 Sukuk Certificates

Name of the Security	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sales during the period	Sale / redemptions during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013 value	Unrealised Gain / (loss)	Percentage in relation to	
											Total market value of investments	Net assets of the fund on the basis of market value (see note 5.2.1.2)
			-----Number of sukuk certificates-----				-----Rupees in '000-----					
GOP Ijara Sukuk Certificates XIV (note 5.2.2.1)	March 28, 2016	Weighted average 6 months T-Bills	-	400	-	-	400	40,000	40,420	420	9	8
Total								40,000	40,420	420		
Total cost of investments									40,000			

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

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

5.3 In the month of September 2013, GoP Ijarah Sukuks have been revalued at their market values disclosed in PKISRV. Previously, they were stated at amortised cost. The change was made in accordance with Circular No. SCD/AMCW/716/2013 dated 19 September 2013 issued by the Securities and Exchange Commission of Pakistan.

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013.

7 WORKERS' WELFARE FUND (WWF)

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 (CISs) / mutual funds whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their Trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 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, there after show cause notices were issued by the Federal Board of Revenue (FBR) to several mutual funds for the collection of WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable Sindh High Court (SHC) on the basis of pending constitutional petitions as referred above. No such notice was received by the fund.

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. In March 2013 a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honorable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The Management Company believes that the aforementioned constitutional petition pending in SHC has strong grounds for decision in favour of the mutual funds. However, the management as a matter of abundant caution has recognised WWF charge effective from January 1, 2013, amounting to Rs. 1.214 million which includes Rs. 0.550 million pertaining to the current financial period and Rs. 0.664 million pertaining to prior period. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.13 (0.24%).

The Board of Directors of the management company in its meeting held on October 25, 2013 have resolved that unrecorded accumulated WWF provision in the fund from the date of its application till December 31, 2012, in case is required to be paid, shall be borne by Al Meezan Investment Management Limited (Management Company of the fund). Therefore, the Fund is not exposed to this unrecorded accumulated WWF provision. The unrecorded accumulated provision for WWF upto December 31, 2012 is Rs. 1.69 million.

8. 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 is invested in such a way that it grows to the level of principal investment upon the level of maturity of the Fund where as the investment segment includes that portion of the Fund property that is invested in assets with minimum investment grade, wherever applicable, that have the potential to give a high return to investors.

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

	Six Months Period ended (Unaudited)					
	December 31, 2013			December 31, 2012		
	Investment Segment	Capital Protected Segment	Total	Investment Segment	Capital Protected Segment	Total
	----- (Rupees in '000) -----					
Net realised gain on sale of investments	232	-	232	4,793	-	4,793
Dividend income	2,663	-	2,663	3,569	-	3,569
Profit income on GoP Ijarah Sukuk	4,432	14,204	18,636	8,423	10,584	19,007
Unrealised gain / (loss) on re-measurement of investments - 'fair value through profit or loss'	11,704	-	11,704	11,039	-	11,039
Remuneration to Al Meezan	(927)	(2,857)	(3,784)	(848)	(2,613)	(3,461)
SST and FED on management fee	(312)	(963)	(1,275)	(136)	(418)	(554)
Amortisation of premium - GoP Ijarah Sukuk	(16)	(201)	(217)	(200)	(228)	(428)
Bank and settlement charges	(111)	-	(111)	(157)	-	(157)
Charity	(47)	-	(47)	(61)	-	(61)
Total Segment Income						
Total Segment Income / Expense						
Total net segment income	17,618	10,183	27,801	26,422	7,325	33,747
Unallocated expenses - net			(869)			(184)
Total income			26,932			33,563

	As at December 31, 2013 (Unaudited)			As at June 30, 2013 (Audited)		
	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'	115,424	-	115,424	62,944	68,189	130,863
Investments - 'available for sale'	58,260	298,924	357,184	56,931	298,924	355,855
Profit receivable on sukuk certificates	1,297	3,339	4,636	1,214	3,386	4,600
Dividend receivable	82	-	82	72	-	72
Total segment assets	<u>175,063</u>	<u>302,263</u>	<u>477,326</u>	<u>120,891</u>	<u>370,499</u>	<u>491,390</u>
Total segment liabilities include:						
Payable to Al Meezan	296	914	1,210	191	588	779
Payable against purchase of investments	716	-	716	-	-	-
Charity payable	57	-	57	210	-	210
Total segment liabilities	<u>1,069</u>	<u>914</u>	<u>1,983</u>	<u>401</u>	<u>588</u>	<u>989</u>

There were no transactions between reportable segments.

9 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, Directors and officers (executives) of the Management Company, Al Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, KSE Meezan Index Fund being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Staff Gratuity Fund.

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, 2013 (Rupees in '000)	(Audited) June 30, 2013
Al Meezan - Management Company of the Fund		
Remuneration payable	644	620
SST and FED payable on management fee	566	159
Investment of 2,501,064 units (June 30, 2013: 2,247,476 units)	138,496	130,781
MBL		
Balances with bank	2,412	1,813
Profit receivable	31	75
Investment of 2,501,064 units (June 30, 2013: 2,247,476 units)	138,496	130,781
CDC - trustee of the Fund		
Trustee fee payable	56	54
Deposit with CDC	100	100
Directors and officers (executives) of the management company		
Investment of 1,251 units (June 30, 2013: 1,124 units)	69	65

	Period ended December 31 2013	Period ended December 31 2012
	(Rupees in '000)	
Al Meezan - Management Company of the Fund		
Remuneration for the period	3,784	3,461
SST and FED on management fee	1,275	554
Bonus units issued: 253,588 units (2012: 247,476 units)	13,260	12,500
MBL		
Profit on savings accounts	25	12
Bonus units issued: 253,588 units (2012: 247,476 units)	13,260	12,500
CDC - trustee of the Fund		
Trustee fee	330	353
CDS charges	6	5
Directors and officers (executives) of the management company		
Bonus units issued: 127 units (2012: 124 units)	7	6

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. 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 percent of the Fund's accounting income for the year ending June 30, 2014 as reduced by capital gains (whether realised or unrealised) to its unit holders.

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 11, 2014 by the Board of Directors of the Management Company.

12. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director



Half Yearly December 31, 2013

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	Non-executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Tasnimul Haq Farooqui	Non-executive	
Mr. Mazhar Sharif	Non-executive	
Syed Amir Ali	Non-executive	
Syed Amir Ali Zaidi	Non-executive	
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. 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 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

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 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



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN FINANCIAL PLANNING FUND OF FUNDS

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 Financial Planning Fund of Funds (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, 2013 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 12, 2014





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

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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 Financial Planning Fund of Funds** ("the Fund") as at 31 December 2013 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

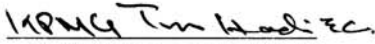
Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the quarter ended 31 December 2013 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

Date: 11 February 2014

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

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, 2013 (Unaudited)

	(Unaudited)				(Audited)
	As at December 31, 2013				June 30, 2013
	Aggressive	Moderate	Conservative	Total	
Note	----- (Rupees in '000) -----				
Assets					
Balances with banks	2,187	4,920	899	8,006	54,710
Investments	5 287,915	155,559	328,600	772,074	654,851
Prepayment and other receivables	108	98	164	370	241
Preliminary expenses and floatation costs	-	-	855	855	-
Total assets	<u>290,210</u>	<u>160,577</u>	<u>330,518</u>	<u>781,305</u>	<u>709,802</u>
Liabilities					
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	256	140	1,310	1,706	3,305
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	30	15	39	84	60
Payable to Meezan Bank Limited (MBL)	-	-	-	-	94
Payable to Securities and Exchange Commission of Pakistan (SECP)	132	79	157	368	98
Payable on redemption and conversion of units	1,688	864	2,055	4,607	6,075
Accrued expenses and other liabilities	1,257	622	900	2,779	1,305
Total liabilities	<u>3,363</u>	<u>1,720</u>	<u>4,461</u>	<u>9,544</u>	<u>10,937</u>
Net assets	<u>286,847</u>	<u>158,857</u>	<u>326,057</u>	<u>771,761</u>	<u>698,865</u>
Contingencies and Commitments	7				
Unitholders' fund (as per statement attached)	<u>286,847</u>	<u>158,857</u>	<u>326,057</u>	<u>771,761</u>	<u>698,865</u>
-----Number of units-----					
Number of units in issue	<u>4,902,562</u>	<u>2,839,394</u>	<u>5,992,598</u>		
-----Rupees-----					
Net assets value per unit	<u>58.51</u>	<u>55.95</u>	<u>54.41</u>		

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

Note	Six Months period ended December 31, 2013				Quarter ended December 31, 2013				
	Aggressive	Moderate	Conservative	Total	Aggressive	Moderate	Conservative	Total	
	(Rupees in '000)				(Rupees in '000)				
Income									
Net realised gain on sale of investments	4,317	2,849	4,273	11,439	3,485	1,807	3,743	9,035	
Profit on saving accounts with banks	248	318	357	923	63	54	93	210	
	<u>4,565</u>	<u>3,167</u>	<u>4,630</u>	<u>12,362</u>	<u>3,548</u>	<u>1,861</u>	<u>3,836</u>	<u>9,245</u>	
Unrealised gain on re-measurement of investments at fair value through profit or loss' (net)	5.1	24,465	10,435	15,892	50,792	25,960	10,932	13,534	50,426
Total income	29,030	13,602	20,522	63,154	29,508	12,793	17,370	59,671	
Expenses									
Remuneration to Al Meezan Investment Management Limited - Management Company	26	29	49	104	11	10	25	46	
Sindh Sales Tax and Federal Excise Duty on Management Fee	9	10	17	36	5	4	9	18	
Remuneration to Central Depository Company of Pakistan Limited - Trustee	140	83	165	388	71	41	86	198	
Annual fee to Securities and Exchange Commission of Pakistan	132	79	157	368	66	39	82	187	
Auditors' remuneration	80	46	94	220	53	30	63	146	
Fees and subscription	11	7	8	26	6	4	3	13	
Formation cost	-	-	100	100	-	-	50	50	
Bank and settlement charges	137	97	115	349	36	27	45	108	
Printing charges	5	3	5	13	3	2	2	7	
Provision for Workers' Welfare Fund	6	572	251	383	1,206	572	234	310	1,116
Total expenses	1,112	605	1,093	2,810	823	391	675	1,889	
Net income from operating activities	27,918	12,997	19,429	60,344	28,685	12,402	16,695	57,782	
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)	109	(684)	(676)	(1,251)	(467)	(942)	(1,584)	(2,993)	
Net income for the period before taxation	28,027	12,313	18,753	59,093	28,218	11,460	15,111	54,789	
Taxation	9	-	-	-	-	-	-	-	
Net income for the period after taxation	28,027	12,313	18,753	59,093	28,218	11,460	15,111	54,789	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	28,027	12,313	18,753	59,093	28,218	11,460	15,111	54,789	

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

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31, 2013				Quarter ended December 31, 2013			
	Aggressive	Moderate	Conservative	Total	Aggressive	Moderate	Conservative	Total
	------(Rupees in '000)-----				------(Rupees in '000)-----			
Undistributed income / Accumulated (Loss) brought forward								
- Realised	8,729	5,370	3,571	17,670	14,379	6,143	8,331	28,853
- Unrealised	12,302	4,331	6,777	23,410	(1,495)	(497)	2,358	366
	<u>21,031</u>	<u>9,701</u>	<u>10,348</u>	<u>41,080</u>	<u>12,884</u>	<u>5,646</u>	<u>10,689</u>	<u>29,219</u>
Final distribution for the year ended June 30, 2013								
- bonus units (Aggressive @ 3.4% (Rs. 1.7 per unit); Moderate @ 3.3% (Rs. 1.65 per unit); Conservative @ 1.2% (Rs. 0.6 per unit))	(7,956)	(4,908)	(3,301)	(16,165)	-	-	-	-
Net income for the period	28,027	12,313	18,753	59,093	28,218	11,460	15,111	54,789
Undistributed income carried forward	<u>41,102</u>	<u>17,106</u>	<u>25,800</u>	<u>84,008</u>	<u>41,102</u>	<u>17,106</u>	<u>25,800</u>	<u>84,008</u>
Undistributed income carried forward								
- Realised	16,637	6,671	9,908	33,216	16,637	6,671	9,908	33,216
- Unrealised	24,465	10,435	15,892	50,792	24,465	10,435	15,892	50,792
	<u>41,102</u>	<u>17,106</u>	<u>25,800</u>	<u>84,008</u>	<u>41,102</u>	<u>17,106</u>	<u>25,800</u>	<u>84,008</u>

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31, 2013				Quarter ended December 31, 2013			
	Aggressive	Moderate	Conservative	Total	Aggressive	Moderate	Conservative	Total
	------(Rupees in '000)-----				------(Rupees in '000)-----			
Net assets at beginning of the period	255,034	158,438	285,393	698,865	268,976	170,421	341,762	781,159
Issue of units: (Aggressive: 1,812,456, Moderate: 1,916,446; Conservative: 3,426,780)	100,017	102,478	180,270	382,765	30,772	34,736	72,793	138,301
Redemption of units: (Aggressive: 1,740,661, Moderate: 2,146,899; Conservative: 2,999,452)	(96,122)	(115,056)	(159,035)	(370,213)	(41,586)	(58,702)	(105,193)	(205,481)
	3,895	(12,578)	21,235	12,552	(10,814)	(23,966)	(32,400)	(67,180)
Element of loss / (income) and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(109)	684	676	1,251	467	942	1,584	2,993
Issue of bonus units (Aggressive: 150,712 units; Moderate: 95,104 units; Conservative: 64,363 units)	7,956	4,908	3,301	16,165	-	-	-	-
Net realised gain on sale of investments	4,317	2,849	4,273	11,439	3,485	1,807	3,743	9,035
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	24,465	10,435	15,892	50,792	25,960	10,932	13,534	50,426
Total other comprehensive income for the period	(755)	(971)	(1,412)	(3,138)	(1,227)	(1,279)	(2,166)	(4,672)
Final distribution for the year ended June 30, 2013								
Issue of bonus units (Aggressive: 150,712 units; Moderate: 95,104 units; Conservative: 64,363 units)	(7,956)	(4,908)	(3,301)	(16,165)	-	-	-	-
Net Income for the period less distribution	20,071	7,405	15,452	42,928	28,218	11,460	15,111	54,789
Net assets at end of the period	286,847	158,857	326,057	771,761	286,847	158,857	326,057	771,761
	------(Rupees)-----							
Net assets value per unit at beginning of the period	54.49	53.26	51.88		52.76	51.87	51.83	
Net assets value per unit at end of the period	58.51	55.95	54.41		58.51	55.95	54.41	

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

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31, 2013				Quarter ended December 31, 2013			
	Aggressive	Moderate	Conservative	Total	Aggressive	Moderate	Conservative	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income for the period	28,027	12,313	18,753	59,093	28,218	11,460	15,111	54,789
Adjustments for:								
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	(24,465)	(10,435)	(15,892)	(50,792)	(25,960)	(10,932)	(13,534)	(50,426)
Element of (income) /loss and capital (gains) /losses included in prices of units issued less those in units redeemed (net)	(109)	684	676	1,251	467	942	1,584	2,993
	3,453	2,562	3,537	9,552	2,725	1,470	3,161	7,356
(Increase) / decrease in assets								
Investments (net)	(17,139)	4,836	(54,128)	(66,431)	9,095	24,564	21,445	55,104
Preliminary expenses and floatation costs	-	-	(855)	(855)	-	-	(855)	(855)
Prepayment and other receivables	(19)	(35)	(75)	(129)	(33)	(32)	(61)	(126)
	(17,158)	4,801	(55,058)	(67,415)	9,062	24,532	20,529	54,123
(Decrease) / Increase in liabilities								
Payable to Al Meezan Investment Management Limited - Management Company	(750)	(1,206)	357	(1,599)	(548)	(19)	1,114	547
Payable to the Central Depository Company of Pakistan Limited - Trustee	6	3	15	24	3	-	6	9
Payable to Meezan Bank Limited	(21)	(41)	(32)	(94)	-	(16)	(1)	(17)
Payable to Securities and Exchange Commission of Pakistan	94	60	116	270	66	39	82	187
Accrued expenses and other liabilities	614	305	555	1,474	692	137	308	1,137
	(57)	(879)	1,011	75	213	141	1,509	1,863
Net cash (used in) / from operating activities	(13,762)	6,484	(50,510)	(57,788)	12,000	26,143	25,199	63,342
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts against issuance of units	100,017	102,478	180,270	382,765	30,772	34,736	72,793	138,301
Payments against redemption of units	(96,596)	(118,095)	(156,990)	(371,681)	(42,698)	(58,600)	(103,536)	(204,834)
Net cash from / (used in) financing activities	3,421	(15,617)	23,280	11,084	(11,926)	(23,864)	(30,743)	(66,533)
Net increase in cash and cash equivalents during the period	(10,341)	(9,133)	(27,230)	(46,704)	74	2,279	(5,544)	(3,191)
Cash and cash equivalents at beginning of the period	12,528	14,053	28,129	54,710	2,113	2,641	6,443	11,197
Cash and cash equivalents at end of the period	2,187	4,920	899	8,006	2,187	4,920	899	8,006

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2013 (Unaudited)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Financial Planning Fund of Funds (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 July 27, 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). The Fund is registered as a Notified Entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) issued through S.R.O.1203(I)/2008 on November 21, 2008. The IPO date was April 10, 2013 therefore the Fund started its operations for sub funds and accordingly the financial statements has been prepared. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund has been formed to enable the unitholders 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 guidelines. 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 Shariah compliant 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 Fund is an open-end Shariah compliant fund of funds scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Aggressive Plan, Moderate Plan and Conservative Plan by investing in Shariah compliant income (Meezan Sovereign Fund) and equity (Meezan Islamic Fund) mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.
- 1.5 Title to the assets of the Fund are held in the name of CDC as a Trustee. The Fund property of different types of allocation plans shall be accounted for and maintained separately in books of accounts, which shall collectively constitute the Fund property of the Scheme.
- 1.6 The Management Company of the Fund has been given quality rating of AM2 by JCR-VIS Credit Rating Company Limited.

2. BASIS OF PRESENTATION

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, 2013.

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, 2013.

The Fund's financial and unitholders' fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2013.

5. INVESTMENTS

Note	As at December 31, 2013				(Audited) June 30, 2013	
	Aggressive	Moderate	Conservative	Total		
------(Rupees in '000)-----						
Investments - 'at fair value through profit or loss' - held for trading	5.1	287,915	155,559	328,600	772,074	654,851

5.1 Held for Trading - Units of mutual funds

Name of the investee Funds	As at December 31, 2013								
	As at June 30, 2013	Purchases during the period	Bonus	Redemption during the period	As at December 31, 2013	Carrying value	Market value	Unrealised gain / (loss)	Percentage of Total market value of investments
	------(Number of units)-----					-----Rupees in '000-----			%
Aggressive Allocation Plan									
Meezan Islamic Fund	2,958,967	1,094,337	1,152,762	1,263,564	3,942,502	179,521	201,541	22,020	70.00
Meezan Sovereign Fund	1,206,429	737,687	69,906	300,239	1,713,783	83,929	86,374	2,445	30.00
						263,450	287,915	24,465	100
Total cost of investments							254,241		
Moderate Allocation Plan									
Meezan Islamic Fund	1,200,768	727,166	467,797	874,221	1,521,510	69,943	77,779	7,836	50.00
Meezan Sovereign Fund	1,468,730	760,083	82,282	767,849	1,543,246	75,181	77,780	2,599	50.00
						145,124	155,559	10,435	100
Total cost of investments							142,506		
Conservative Allocation Plan									
Meezan Islamic Fund	1,035,037	903,631	403,232	734,897	1,607,003	74,286	82,150	7,864	25.00
Meezan Sovereign Fund	3,798,177	2,588,223	247,785	1,744,305	4,889,880	238,422	246,450	8,028	75.00
						312,708	328,600	15,892	100
Total cost of investments							308,150		
Total investments in units of mutual funds									
Meezan Islamic Fund	5,194,772	2,725,134	2,023,791	2,872,682	7,071,015	323,750	361,470	37,720	46.82
Meezan Sovereign Fund	6,473,336	4,085,993	399,973	2,812,393	8,146,909	397,532	410,604	13,072	53.18
						721,282	772,074	50,792	100
Total cost of investments							704,897		

6. WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

In 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 showcause 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. In March 2013 a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the year ending 30 June 2014. The Fund has recognised WWF charge upto December 31, 2013 amounting to Rs. 0.993 million, Rs.0.445 million and Rs. 0.590 million in Aggressive, Moderate and Conservative Plans respectively which includes Rs. 0.572 million, Rs. 0.251 million and Rs.0.383 million pertaining to the current year and Rs. 0.421 million, Rs. 0.194 million and Rs. 207 million pertained to prior years in Aggressive, Moderate and Conservative Plans respectively. Had the WWF not been provided, the NAV per unit of Aggressive, Moderate and Conservative plans would have been higher by Rs. 0.202 per unit, Rs. 0.157 per unit and Rs. 0.098 per unit respectively.

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013.

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers (executives) of the Management Company, Al Meezan Mutual Fund, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Islamic Income Fund, Meezan Balanced Fund, Meezan Capital Protected Fund - II, KSE Meezan Index Fund, Meezan Cash Fund and Meezan Sovereign Fund being the Funds under

the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Staff Gratuity Fund.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules and NBFC Regulations and the Trust Deed respectively.

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

	(Unaudited) As at December 31, 2013			Total	(Audited) June 30, 2013
	Aggressive	Moderate	Conservative		
------(Rupees in '000)-----					
Al Meezan Investment Management Limited					
- Management Company					
Remuneration payable	6	5	10	21	74
Profit payable to Pre-IPO	-	-	-	-	24
Payable to Al Meezan Investment Management Limited in respect of bank deposits	-	-	-	-	90
Sindh Sales Tax and Federal Excise Duty on Management Fee	2	2	5	9	13
Formation cost payable	-	-	1,000	1,000	-
Sales load payable	79	64	192	335	2,576
Sindh Sales Tax and Federal Excise Duty on Sales load payable	169	69	103	341	528
Investment of 2,023,401 units (June 30, 2013: 2,000,000 units) - Conservative Allocation Plan	-	-	110,093	110,093	103,760
Meezan Bank Limited					
Balances with bank	1,388	375	809	2,572	35,419
Sales load payable	-	-	-	-	94
Profit Receivable on savings accounts with bank	8	-	4	12	93
Central Depository Company of Pakistan Limited - Trustee					
Trustee Fee payable	30	15	39	84	60
Directors and officers of the Management Company					
Investment of 19,216 units (June 30, 2013: 12,255 units) of Aggressive Allocation Plan	1,124	-	-	1,124	668
Investment of 10,319 units (June 30, 2013: 10,200 units) of Conservative Allocation Plan	-	-	561	561	529
Investment of 13,718 units (June 30, 2013: 11,605 units) of Moderate Allocation Plan	-	768	-	768	618

	(Unaudited) As at December 31, 2013			Total	(Audited) June 30, 2013
	Aggressive	Moderate	Conservative		
------(Rupees in '000)-----					
Meezan Islamic Fund					
Investment of 3,942,502 units (June 30, 2013: 2,958,967 units) - Aggressive Allocation Plan	201,541	-	-	201,541	184,699
Investment of 1,607,003 units (June 30, 2013: 1,035,037 units) - Conservative Allocation Plan	-	-	82,150	82,150	64,607
Investment of 1,521,510 units (June 30, 2013: 1,200,768 units) - Moderate Allocation Plan	-	77,779	-	77,779	74,952
Meezan Sovereign Fund					
Investment of 1,713,783 units (June 30, 2013: 1,206,429 units) - Aggressive Allocation Plan	86,374	-	-	86,374	61,612
Investment of 4,889,880 units (June 30, 2013: 3,798,177 units) - Conservative Allocation Plan	-	-	246,450	246,450	193,973
Investment of 1,543,246 units (June 30, 2013: 1,468,730 units) - Moderate Allocation Plan	-	77,780	-	77,780	75,008

Six Months period ended December 31, 2013

	Aggressive	Moderate	Conservative	Total
------(Rupees in '000)-----				
AI Meezan Investment Management Limited				
- Management Company				
Remuneration for the period	26	29	49	104
Sindh Sales Tax and Federal Excise Duty on Management Fee	9	10	17	36
Issuance of bonus units 23,401 units - Conservative Allocation Plan	-	-	1,200	1,200
Meezan Bank Limited				
Profit on savings accounts with bank	159	229	202	590
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee	140	83	165	388
Directors and officers of the Management Company				
Issuance of 93 units of Moderate Allocation Plan	-	5	-	5
Redemption of 224 units of Moderate Allocation Plan	-	12	-	12
Issuance of Bonus Units 395 units - Aggressive Allocation Plan	21	-	-	21
Issuance of Bonus Units 359 units - Moderate Allocation Plan	-	19	-	19
Issuance of Bonus Units 119 units - Conservative Allocation Plan	-	-	6	6

Six Months period ended December 31, 2013

	Aggressive	Moderate	Conservative	Total
	----- (Rupees in '000) -----			
Meezan Islamic Fund				
Purchase of 1,094,337 units - Aggressive Allocation Plan	52,169	-	-	52,169
Purchase of 903,631 units - Conservative Allocation Plan	-	-	43,429	43,429
Purchase of 727,166 units - Moderate Allocation Plan	-	34,928	-	34,928
Bonus of 1,152,762 units - Aggressive Allocation Plan	60,854	-	-	60,854
Bonus of 403,232 units - Conservative Allocation Plan	-	-	20,678	20,678
Bonus of 467,797 units - Moderate Allocation Plan	-	24,143	-	24,143
Sales of 1,263,564 units - Aggressive Allocation Plan	61,355	-	-	61,355
Sales of 734,897 units - Conservative Allocation Plan	-	-	36,032	36,032
Sales of 874,221 units - Moderate Allocation Plan	-	42,103	-	42,103
Meezan Sovereign Fund				
Purchase of 737,687 units - Aggressive Allocation Plan	37,212	-	-	37,212
Purchase of 2,588,223 units - Conservative Allocation Plan	-	-	130,855	130,855
Purchase of 760,083 units - Moderate Allocation Plan	-	38,304	-	38,304
Bonus of 69,906 units - Aggressive Allocation Plan	3,503	-	-	3,503
Bonus of 247,785 units - Conservative Allocation Plan	-	-	12,418	12,418
Bonus of 82,282 units - Moderate Allocation Plan	-	4,123	-	4,123
Sales of 300,239 units - Aggressive Allocation Plan	15,203	-	-	15,203
Sales of 1,744,305 units - Conservative Allocation Plan	-	-	88,397	88,397
Sales of 767,849 units - Moderate Allocation Plan	-	89,918	-	89,918

9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. 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 percent of the Fund's accounting income for the year ending June 30, 2014 as reduced by capital gains (whether realised or unrealised) to its unit holders.

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 11, 2014 by the Board of Directors of the Management Company.

11. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director



Half Yearly Report December 31, 2013

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	Non-executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Tasnimul Haq Farooqui	Non-executive	
Mr. Mazhar Sharif	Non-executive	
Syed Amir Ali	Non-executive	
Syed Amir Ali Zaidi	Non-executive	
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. 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 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
National Bank of Pakistan

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

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



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN BALANCED FUND

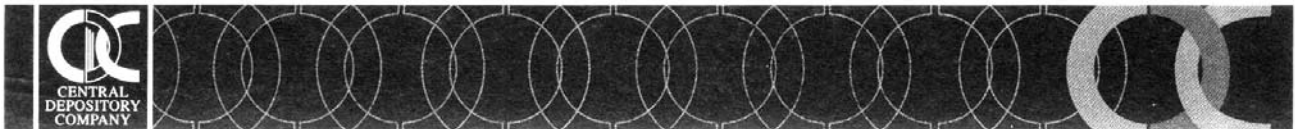
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

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, 2013 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 12, 2014





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 Unitholders'

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Balanced Fund** ("the Fund") as at 31 December 2013 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 2013 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

Date: 11 February 2014

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

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, 2013 (Unaudited)

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
Note	(Rupees in '000)	
Assets		
Balances with banks	250,541	296,693
Investments	5 1,499,842	1,493,960
Dividend receivable	1,045	974
Deposits and other receivables	18,257	13,109
Total assets	1,769,685	1,804,736
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	5,881	3,655
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	230	156
Payable to Securities and Exchange Commission of Pakistan (SECP)	702	1,356
Payable on redemption and conversion of units	1,522	-
Payable against purchase of investments	1,425	8,921
Accrued expenses and other liabilities	25,015	25,751
Unclaimed dividend	8,137	17,417
Total liabilities	42,912	57,256
Net assets	1,726,773	1,747,480
Contingencies and commitments	6	
Unitholders' fund / Certificate holders' equity (as per statement attached)	1,726,773	1,747,480
Number of units / certificates in issue	121,569,828	120,000,000
	(Rupees)	
Net assets value per unit / certificate	14.20	14.56

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Note	Six Months period ended December 31		Quarter ended December 31,	
		2013	2012	2013	2012
(Rupees in '000)					
Income					
Net realised gain on sale of investments		28,259	39,435	15,392	22,237
Dividend income		31,723	38,798	10,433	16,244
Profit on saving accounts with banks		9,088	5,797	3,955	3,657
Profit on sukuk certificates		25,975	34,665	13,851	16,842
Other income		1,360	-	336	-
		<u>96,405</u>	<u>118,695</u>	<u>43,967</u>	<u>58,980</u>
Unrealised gain on re-measurement of investments - at fair value through profit or loss' (net)		59,233	48,793	76,264	24,425
Provision against non-performing debt securities (net)	5.1.2.5	(13,810)	-	(13,810)	-
Impairment loss on 'available for sale' investments		-	(4,028)	-	(4,028)
		<u>45,423</u>	<u>44,765</u>	<u>62,454</u>	<u>20,397</u>
Total income		141,828	163,460	106,421	79,377
Expenses					
Remuneration to Al Meezan Investment Management Limited - Management Company		16,528	15,782	8,293	7,643
Sindh Sales Tax and Federal Excise Duty on management fee		5,567	2,525	2,866	1,223
Remuneration to Central Depository Company of Pakistan Limited - Trustee		1,330	871	666	425
Annual fee to Securities and Exchange Commission of Pakistan		702	671	352	325
Auditors' remuneration		382	305	246	169
Charity expense		552	678	183	394
Fees and subscription		267	199	167	99
Brokerage		434	528	173	273
Bank and settlement charges		247	160	155	31
Provision for Workers' Welfare Fund (WWF)	7	2,247	-	1,888	-
Printing charges		435	151	76	75
Conversion cost payable		3,840	-	-	-
Total expenses		32,531	21,870	15,065	10,657
Net income from operating activities		109,297	141,590	91,356	68,720
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		825	-	817	-
Net income for the period before taxation		110,122	141,590	92,173	68,720
Taxation	10	-	-	-	-
Net income for the period after taxation		110,122	141,590	92,173	68,720
Other comprehensive income for the period					
Items that can be reclassified to income statements in subsequent periods					
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	5.2.3	28,460	63,234	45,348	7,696
Total comprehensive income for the period		138,582	204,824	137,521	76,416

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in '000) -----			
Undistributed income brought forward				
- Realised	238,809	267,121	229,838	328,494
- Unrealised	136,041	12,871	(17,031)	24,368
	374,850	279,992	212,807	352,862
Less: Final distribution @ 15% (Rs. 1.5 per certificate) in the form of cash dividend for the year ended June 30, 2013 (June 30, 2012 @ 19% Rs. 1.90 per certificate)	(180,000)	(228,000)	-	(228,000)
Net income for the period	110,122	141,590	92,173	68,720
Element of income and capital gains included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)	208	-	200	-
Undistributed income carried forward	305,180	193,582	305,180	193,582
Undistributed income carried forward				
- Realised	245,947	144,789	245,947	144,789
- Unrealised	59,233	48,793	59,233	48,793
	305,180	193,582	305,180	193,582

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the six months and quarter ended December 31, 2013 (Unaudited)

	Note	Six Months period ended December 31		Quarter ended December 31,	
		2013	2012	2013	2012
----- (Rupees in '000) -----					
Issue of 120,000,000 units against cancellation of 120,000,000 certificates of Meezan Balanced Fund upon conversion from close end fund to an open end scheme	1	1,747,480	-	-	-
Net assets at the beginning of the period		-	-	1,575,743	-
Issue of 3,881,319 units for the period ended December 31, 2013		53,281	-	24,054	-
Redemption of 2,311,491 units for the period ended December 31, 2013		(31,746)	-	(9,728)	-
		21,535	-	14,326	-
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		(825)	-	(817)	-
Net realised gain on sale of investments		28,259	-	15,392	-
Unrealised appreciation in the value of investments (net)		45,423	-	62,454	-
Total other comprehensive income for the period		64,901	-	59,675	-
Final distribution @ 15% (Rs. 1.5 per certificate) in the form of cash dividend for the year ended June 30, 2013		(180,000)	-	-	-
Net income for the period less distribution		(41,417)	-	137,521	-
Net assets at end of the period		1,726,773	-	1,726,773	-
(Rupees)					
Net assets value per unit at beginning of the period		14.56	-	13.07	-
Net assets value per unit at end of the period		14.20	-	14.20	-

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2013 (Unaudited)

	Six Months period ended December 31		Quarter ended December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	110,122	141,590	92,173	68,720
Adjustments for:				
Unrealised gain on re-measurement of investments - 'at fair value through profit or loss' (net)	(59,233)	(48,793)	(76,264)	(24,425)
Provision against non-performing debt securities (net)	13,810	-	13,810	-
Impairment loss on 'available for sale' investments	-	4,028	-	4,028
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(825)	-	(817)	-
	63,874	96,825	28,902	48,323
(Increase) / decrease in assets				
Investments (net)	68,001	108,885	7,093	9,467
Dividend receivable	(71)	561	16,657	16,208
Deposits and other receivables	(5,148)	(1,358)	3,179	12,526
	62,782	108,088	26,929	38,201
Increase / (decrease) in liabilities				
Payable to Al Meezan Investment Management Limited - Management Company	2,226	22	2,304	(214)
Payable to Central Depository Company of Pakistan Limited - Trustee	74	2	15	(6)
Payable to Securities and Exchange Commission of Pakistan	(654)	(566)	352	325
Payable against purchase of investments	(7,496)	(44)	(15,112)	-
Accrued expenses and other liabilities	(736)	41	(2,179)	(362)
	(6,586)	(545)	(14,620)	(257)
Net cash from operating activities	120,070	204,368	41,211	86,267
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts against issuance of units	53,281	-	24,054	-
Dividend paid	(189,280)	(212,562)	(15,979)	(212,562)
Payment against redemption of units	(30,223)	-	(15,804)	-
Net cash used in financing activities	(166,222)	(212,562)	(7,729)	(212,562)
Net (decrease) / increase in cash and cash equivalents during the period	(46,152)	(8,194)	33,482	(126,295)
Cash and cash equivalents at beginning of the period	296,693	72,888	217,059	190,989
Cash and cash equivalents at end of the period	250,541	64,694	250,541	64,694

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2013 (Unaudited)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Balanced Fund (the Fund) was initially 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 of Pakistan Limited (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).
- 1.2 In order to convert the closed-end scheme to open-end scheme under the requirements of regulation 65 of NBFC Regulations, a meeting of the shareholders of the Fund was held on January 31, 2013 in which a resolution to convert the company into an Open-End Scheme (Meezan Balanced Fund) was passed.
- 1.3 Subsequently, on May 3, 2013, SECP vide its letter No. SCD/AMCW/MBF /512/2013 has approved the conversion of the closed end structure into an open end scheme through the establishment of the Unit Trust Scheme under the name of Meezan Balanced Fund (MBF). On June 27, 2013, SECP vide its letter No SCD/AMCW/MBF/613/2013 registered MBF (the open-end scheme) as a notified entity and has withdrawn the registration of MBF as close end fund with effect from the effective date i.e. 01 July 2013 and therefore from effective date the Fund has been converted into an open end scheme and accordingly the certificate holders of closed end fund at June 30, 2013, were converted to unitholders of open end scheme from July 1, 2013.
- 1.4 A swap ratio of 1:1 (i.e. for each certificate at par value of Rs. 10, one unit of the open end scheme at initial offer price of Rs. 10 with no front-end load was issued and the certificates of closed end fund were deemed to be cancelled and of no effect) was approved by the certificate holders. Hence, the initial issuance of 120,000,000 units of Meezan Balanced Fund as an open end scheme was made at the net asset value received against each unit (i.e. Rs. 13.06 per unit).
- 1.5 The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP.
- 1.6 The registered office of the Management Company is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.7 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 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.
- 1.8 Units of the fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Management Company has been given a quality rating of AM2 by JCR - VIS Credit Rating Company Limited.
- 1.9 Title to the assets of the Fund are held in the name of CDC as a Trustee and the listing of the units of the open end scheme has been made to the Islamabad Stock Exchange.
- 1.10 This condensed interim financial information has been prepared from effective date i.e. 01 July 2013 as per the requirements of NBFC Regulations applicable to open end schemes and accordingly, the comparatives have been presented in this condensed interim financial information.

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

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, 2013.

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, 2013.

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, 2013. Accounting policies adopted on account of conversion from closed end fund to open end fund are as follows:

4.1 Unitholders' Fund

Unitholders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to residual interest in the Fund's assets.

4.2 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net asset value per unit, as of the close of the business day, less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

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

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

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) held in the unitholder's funds in a separate account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

The element is recognised in the Income Statement to the extent that it is represented by income earned during the year and unrealised appreciation / (diminution) arising during the year on 'available for sale' securities is included in the Distribution Statement.

4.4 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, the determination of weighted average units for calculating EPU is not practicable.

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
(Rupees in '000)			
5. INVESTMENTS			
Investments 'at fair value through profit or loss'	5.1	851,225	1,095,632
Investments - 'available for sale'	5.2	648,617	398,328
		1,499,842	1,493,960
5.1 Investments 'at fair value through profit or loss'			
Held for trading	5.1.1	768,753	911,413
Investments at fair value through profit or loss upon initial recognition	5.1.2	82,472	184,219
		851,225	1,095,632
5.1.1 Held for trading			
Shares of listed companies	5.1.1.1	480,646	554,413
Sukuk certificates	5.1.1.5	288,107	357,000
		768,753	911,413
5.1.2 Investments at fair value through profit or loss upon initial recognition			
Shares of listed companies	5.1.2.1	28,274	24,169
Sukuk Certificates	5.1.2.2	54,198	160,050
		82,472	184,219

5.1.1.1 Held for trading - shares of listed companies

Name of the investee company	As at July 1, 2013	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain / (loss) as at December 31, 2013	Percentage in relation to								
									Net Assets of the Fund on the basis of investments (note 5.1.1.4)	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	7,800	10,000	-	-	17,800	2,670	2,739	69	0.16	0.02	0.18						
Chemicals																	
Fauji Fertilizer Bin Qasim Limited	350,000	-	-	75,000	275,000	10,324	12,048	1,724	0.70	0.03	0.80						
Fauji Fertilizer Company Limited	501,800	-	-	142,500	359,300	38,600	40,227	1,627	2.33	0.03	2.68						
ICI Pakistan Limited	2,195	-	-	-	2,195	365	555	190	0.03	0.00	0.04						
									3.06		3.52						
Construction and materials (Cement)																	
Attock Cement Pakistan Limited	55,350	-	52	55,000	402	46	57	11	-	0.00	-						
DG Khan Cement Company Limited	459,160	114,000	-	298,000	275,160	23,013	23,589	576	1.37	0.06	1.57						
Fauji Cement Company Limited	-	830,000	-	480,000	350,000	4,930	5,583	653	0.32	0.03	0.37						
Lucky Cement Limited	269,000	-	-	85,000	184,000	38,588	55,176	16,588	3.20	0.06	3.68						
									4.89		5.62						
Fixed line telecommunication																	
Pakistan Telecommunication Company Limited "A"	706,510	100,000	-	234,000	572,510	13,155	16,282	3,127	0.94	0.02	1.09						
General industrials																	
Thal Limited (note 5.1.1.2)	61,000	-	-	-	61,000	7,777	8,434	657	0.49	0.08	0.56						
Packages Limited	178,000	10,000	-	-	188,000	42,410	51,254	8,844	2.97	0.22	3.42						
Tri-Pack Films Limited	55,000	-	-	13,500	41,500	8,383	8,201	(182)	0.47	0.14	0.55						
									3.93		4.53						
Oil and gas																	
Attock Refinery Limited	-	37,000	-	12,000	25,000	5,633	5,192	(441)	0.30	0.03	0.35						
Oil and Gas Development Company Limited (note 5.1.1.3)	160,800	-	-	34,000	126,800	29,006	35,042	6,036	2.03	0.00	2.34						
Pakistan Oilfields Limited	110,475	-	-	49,000	61,475	30,576	30,597	21	1.77	0.03	2.04						
Pakistan Petroleum Limited	302,330	-	50,066	91,000	261,396	46,089	55,928	9,839	3.24	0.01	3.73						
National Refinery Limited	900	-	-	-	900	217	194	(23)	0.01	0.00	0.01						
Pakistan State Oil Company Limited	103,200	50,000	-	39,000	114,200	36,783	37,939	1,156	2.20	0.05	2.53						
									9.55		11.00						
Food producers																	
Engro Foods Limited	442,000	280,000	-	353,900	368,100	45,357	38,444	(6,913)	2.23	0.05	2.56						
Personal Goods (Textile)																	
Nishat Mills Limited	333,000	25,000	-	85,000	273,000	25,843	34,737	8,894	2.01	0.08	2.32						
Electricity																	
Hub Power Company Limited	389,097	80,000	-	293,000	176,097	10,761	10,693	(68)	0.62	0.02	0.71						
Kohinoor Energy Limited	75,000	-	-	10,000	65,000	2,437	2,307	(130)	0.13	0.04	0.15						
Pakgen Power	-	250,000	-	-	250,000	5,250	5,428	178	0.31	0.07	0.36						
									1.06		1.22						
Grand total						428,213	480,646	52,433									
Total cost of investments							338,325										



- 5.1.1.2 All shares have a nominal value of Rs 10 each except for the shares of Thal Limited which have a face value of Rs 5 each.
- 5.1.1.3 100,000 shares of Oil and Gas Development Company Limited, having market value of Rs 27.636 million as at December 31, 2013 have been pledged as collateral in favour of National Clearing Company of Pakistan.
- 5.1.1.4 Net Assets are as defined in Regulation 66 of NBFC Regulations.
- 5.1.1.5 Held for trading - Sukuk certificates**

Name of the security	Maturity date	Profit rate	As at July 01, 2013	Purchases during the period	Sales during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain as at December 31, 2013	Percentage in relation to	
			-----Number of certificates-----			----- (Rupees in '000) -----			Net Assets of the Fund on the basis of investments (note 5.1.1.4)	Total market value of investments	----- % -----
GoP Ijarah Sukuk Certificates - V (Note 5.1.1.6 & 5.1.1.7)	November 15, 2013	Weighted Average 6 months T-Bills	20	-	20	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - IX (Note 5.1.1.6 & 5.1.1.7)	December 26, 2014	-----do-----	950	-	450	500	50,000	50,475	475	2.92	3.37
GoP Ijarah Sukuk Certificates - XI (Note 5.1.1.6 & 5.1.1.7)	April 30, 2015	-----do-----	600	-	-	600	60,000	60,654	654	3.51	4.04
GoP Ijarah Sukuk Certificates - XII (Note 5.1.1.6 & 5.1.1.7)	June 28, 2015	-----do-----	1,750	-	-	1,750	175,000	176,978	1,978	10.25	11.80
GoP Ijarah Sukuk Certificates - XIV (Note 5.1.1.6 & 5.1.1.7)	March 28, 2016	-----do-----	250	-	250	-	-	-	-	-	-
Total							285,000	288,107	3,107		
Total cost of investments							285,000				

- 5.1.1.6 The nominal value of the sukuk certificates of GoP Ijarah is Rs 100,000 each.
- 5.1.1.7 In the month of September 2013, GoP Ijarah Sukuks have been revalued at their market values disclosed in PKISRV. Previously, they were stated at amortised cost. The change was made in accordance with Circular No. SCD/AMCW/716/2013 dated 19 September 2013 issued by the Securities and Exchange Commission of Pakistan.

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, 2013	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain as at December 31, 2013	Percentage in relation to			
	-----Number of shares-----				-----Rupees in '000-----			Net Assets of the Fund on the basis of investments (note 5.1.1.4)	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	15,567	16,668	1,101	0.97	0.06	1.11	
Banks												
Meezan Bank Limited (an associate company of the Fund)	277,593	-	-	-	277,593	8,050	10,932	2,882	0.63	0.03	0.73	
General industrials												
Packages Limited	2,473	-	-	-	2,473	552	674	122	0.04	0.00	0.04	
Grand total						24,169	28,274	4,105				
Total cost of investments						12,894						

5.1.2.2 Sukuk certificates

Name of the security	Maturity date	Profit rate	As at December 31, 2013	Purchases during the period	Sales / redemptions during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised loss as at December 31, 2013	Percentage in relation to		
										Net Assets of the Fund on the basis of investments (note 5.1.1.4)	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)	September 1, 2015	6 months KIBOR plus base rate of 1.5%	10,000	-	-	10,000	50,051	49,639	(412)	2.87	1.53	3.31
Security Leasing Corporation Limited II (note 5.1.2.3 & 5.1.2.4)	January 19, 2022	Nil	1,743	-	101	1,642	-	-	-	-	2.26	0.00
Eden Housing Limited (note 5.1.2.3 & 5.1.2.4)	September 29, 2014	6 months KIBOR plus base rate of 2.5%	5,000	-	-	5,000	4,559	4,559	-	0.26	1.43	0.30
Arzoo Textile Mills Limited (note 5.1.2.3 & 5.1.2.4)	April 15, 2014	6 months KIBOR plus base rate of 2%	5,000	-	-	5,000	-	-	-	-	3.64	0.00
Total							54,610	54,198	(412)			
Total cost of investments								312,226				

* In case of debt securities against which provision has been made, these are carried at carrying value less provision.

5.1.2.3 The nominal value of these sukuk certificates is Rs 5,000 each except Eden Housing Limited which has a face value of Rs. 911.71.

5.1.2.4 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 before provision	Provision held as at December 31, 2013	Value of investments after provision	Percentage of net assets	Percentage of total assets
		-----Rupees-----			-----%-----	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	25,000	25,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	6,563	2,004	4,559	0.26	0.26
Security Leasing Corporation Limited II	Non-traded sukuk certificates	8,209	8,209	-	-	-
		39,772	35,213	4,559	0.26	0.26

(Unaudited)
December 31,
2013
(Rupees in '000)

5.1.2.5 Provision on sukuk certificates

At beginning of the period / year
Provision for the period / year - net
At end of the period / year

	21,403	20,796
	13,810	607
	35,213	21,403



(Unaudited) (Audited)
December 31, June 30,
2013 2013
(Rupees in '000)

5.2 Investments categorised as 'available for sale'

Shares of listed companies
Sukuk certificates

423,617	398,328
225,000	-
648,617	398,328

5.2.1 Shares of listed companies

Name of the investee company	As at July 1, 2013	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain as at December 31, 2013	Percentage in relation to		
									Net Assets of the Fund on the basis of investments (note 5.1.1.4)	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	16,075	-	-	-	16,075	3,516	5,353	1,837	0.31	0.02	0.36
Pakistan Suzuki Motor Company Limited	11,260	-	-	-	11,260	833	1,733	900	0.10	0.01	0.12
Banks											
Meezan Bank Limited (an associate of the Fund)	101,207	-	-	100,000	1,207	17	48	31	-	0.00	0.00
BankIslami Pakistan Limited	500	-	-	-	500	2	3	1	-	0.00	0.00
Chemicals											
Fauji Fertilizer Bin Qasim Limited	3,377	-	-	-	3,377	120	148	28	0.01	0.00	0.01
Fauji Fertilizer Company Limited	30,599	-	-	-	30,599	2,465	3,426	961	0.20	0.00	0.23
ICI Pakistan Limited	7,921	-	-	-	7,921	999	2,004	1,005	0.12	0.01	0.13
Construction and materials (Cement)											
Attock Cement Pakistan Limited	40,250	-	37	40,000	287	11	41	30	-	0.00	0.00
DG Khan Cement Company Limited	383,249	-	-	-	383,249	15,092	32,856	17,764	1.90	0.09	2.19
Lucky Cement Limited	57,451	-	-	-	57,451	6,840	17,228	10,388	1.00	0.02	1.15
Electricity											
Hub Power Company Limited	1,554,050	-	-	-	1,554,050	57,446	94,362	36,916	5.46	0.13	6.29
Oil and gas											
Oil and Gas Development Company Limited (note 5.1.1.3)	395,666	-	-	-	395,666	54,070	109,346	55,276	6.33	0.01	7.29
Pakistan Oilfields Limited	132,250	-	-	-	132,250	32,942	65,822	32,880	3.81	0.06	4.39
Pakistan Petroleum Limited	153,790	-	30,758	-	184,548	22,658	39,486	16,828	2.29	0.01	2.63
Pakistan State Oil Company Limited	155,804	-	-	-	155,804	25,517	51,761	26,244	3.00	0.06	3.45
Grand total						222,528	423,617	201,089			
Total cost of investments							222,528				

5.2.2 Sukuk certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2013	Purchases during the period	Sales / redemption during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain / (loss) as at December 31, 2013	Percentage in relation to		
										Net Assets of the Fund on the basis of investments (note 5.1.1.4)	Paid-up Capital of the investee company (with face value of investments)	Total market value of investments
										----- % -----		
----- Number of certificates -----							----- Rupees in '000 -----			----- % -----		
Kot Addu Power Company Limited - Sukuk (note 5.2.2.1 & 5.2.2.2)	January 22, 2014	6 months Kibor plus base rate of 1.1%	-	20,000	-	20,000	100,000	100,000	-	5.79	0.00	6.67
Lalpir Power - Sukuk (note 5.2.2.1 & 5.2.2.2)	April 14, 2014	6 months Kibor plus base rate of 1.15%	-	25,000	-	25,000	125,000	125,000	-	7.24	0.01	8.33
Hub Power Company Limited - Sukuk (note 5.2.2.1 & 5.2.2.2)	September 12, 2013	6 months Kibor plus base rate of 1.25%	20,000	-	20,000	-	-	-	-	-	-	-
Grand total							225,000	225,000	-			
Total cost of investments								225,000				

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

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

5.2.3 Net unrealised appreciation on re-measurement of investment classified as 'available for sale'

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
Market value of investments	648,617	398,328
Less: Cost of investments	447,528	225,699
	201,089	172,629
Less: Net unrealised appreciation on re-measurement of investments classified as 'available for sale' at beginning of the period (net of impairment)	172,629	55,051
	28,460	117,578
Impairment loss on listed equity securities classified as 'available for sale' - transferred to income statement	-	(4,028)
	28,460	113,550

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013.

7. WORKERS' WELFARE FUND (WWF)

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.

In 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 Al Meezan for 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 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. In March 2013 a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the period ended 31 December 2013. As at 31 December 2013, the Fund, has recognised WWF amounting to Rs22.982 million which includes Rs 2.247 million pertaining to current year and Rs 20.735 million pertaining to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.19 (1.33%).



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 the Fund manager of 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 that consummate 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.

There were no changes in reportable segments during the period.

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, 2013			For the six months period ended December 31, 2012		
	Equity sub-portfolio	Debt sub-portfolio	Total	Equity sub-portfolio	Debt sub-portfolio	Total
	----- (Rupees in '000) -----					
Profit on sukuk certificates	-	25,975	25,975	-	34,665	34,665
Dividend income	31,723	-	31,723	38,120	-	38,120
Net realised gain on sale of investments	17,575	10,839	28,414	38,285	1,150	39,435
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss' (net)	56,538	2,695	59,233	50,354	(1,560)	48,794
Brokerage	(434)	-	(434)	(528)	-	(528)
Total net segment income	105,402	39,509	144,911	126,231	34,255	160,486
Unallocated expenses	-	-	(34,789)	-	-	(18,896)
Total net income			110,122	126,231	34,255	141,590

	As at December 31, 2013			As at June 30, 2013		
	Equity sub-portfolio	Debt sub-portfolio	Total	Equity sub-portfolio	Debt sub-portfolio	Total
	----- (Rupees in '000) -----					
Financial assets at 'fair value through profit or loss'	508,920	342,305	851,225	578,582	517,050	1,095,632
Investments - 'available for sale'	648,617	-	648,617	398,328	-	398,328
Dividend receivable	1,045	-	1,045	974	-	974
Profit receivable on sukuk certificates	-	10,083	10,083	-	6,843	6,843
Total segment assets	1,158,582	352,388	1,510,970	977,884	523,893	1,501,777
Unallocated assets			258,715			302,959
Total assets			1,769,685			1,804,736
Total segment liabilities	829	-	829	4,272	-	4,272
Unallocated liabilities			42,083			52,984
Total liabilities	829	-	42,912	4,272	-	57,256

There were no transactions between reportable segments.

9 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers (executives) of the Management Company, Meezan Islamic Fund, KSE Meezan Index Fund, Meezan Capital Protected Fund - II, Meezan Islamic Income Fund, Al Meezan Mutual Fund, Meezan Tahaffuz Pension Fund, Meezan Cash Fund, Meezan Sovereign Fund and Meezan Financial Planning Fund of Funds being the funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Staff Gratuity Fund.

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 for the period ended December 31, 2013 and as of that date along with the comparative are as follows:

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	<u>2,904</u>	<u>2,911</u>
Sindh Sales Tax and Federal Excise Duty payable on management fee	<u>2,496</u>	<u>744</u>
Sales load payable	<u>250</u>	<u>-</u>
Sindh Sales Tax and Federal Excise Duty payable on sales load	<u>88</u>	<u>-</u>
Conversation Cost payable	<u>143</u>	<u>-</u>
Investment of 4,596,824 units (June 30, 2013: 4,596,824 certificates)	<u>65,293</u>	<u>59,667</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>230</u>	<u>156</u>
Deposits	<u>300</u>	<u>300</u>
Meezan Bank Limited		
Bank balance	<u>13,736</u>	<u>13,736</u>
Investment in 278,800 shares (June 30, 2013: 378,800 shares)	<u>10,980</u>	<u>10,985</u>
Investment of 16,134,468 units (June 30, 2013: 16,134,468 certificates)	<u>229,172</u>	<u>209,425</u>
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 11,057,791 units (June 30, 2013: 11,057,791 certificates)	<u>157,064</u>	<u>143,530</u>

	(Unaudited) December 31, 2013	(Audited) June 30, 2013
(Rupees in '000)		
Al Meezan Investment Management Limited - Staff Gratuity Fund		
Investment of 324,075 units (June 30, 2013: 324,075 certificates)	<u>4,603</u>	<u>4,206</u>
Directors and Executives of the Management Company		
Investment of 184,975 units (June 30, 2013: 184,975 certificates)	<u>4,721</u>	<u>2,401</u>
Six months period ended December 31		
	2013	2012
(Rupees in '000)		
Al Meezan Investment Management Limited - Management Company		
Remuneration for the period	<u>16,528</u>	<u>15,782</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>5,567</u>	<u>2,525</u>
Cash dividend for the period	<u>6,895</u>	<u>6,688</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	<u>1,330</u>	<u>871</u>
Charges for the period	<u>77</u>	<u>167</u>
Meezan Bank Limited		
Profit on saving account	<u>112</u>	<u>9</u>
Cash dividend for the period	<u>24,202</u>	<u>30,655</u>
Sale of 100,000 shares (2012: 260,000 shares)	<u>3,950</u>	<u>7,450</u>
Pakistan Kuwait Investment Company (Private) Limited		
Cash dividend for the period	<u>16,587</u>	<u>21,010</u>
Al Meezan Investment Management Limited - Staff Gratuity Fund		
Cash dividend for the period	<u>486</u>	<u>295</u>
Directors and Executives of the Management Company		
Cash dividend for the period	<u>277</u>	<u>351</u>

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. 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 percent of the Fund's accounting income for the year ending June 30, 2014 as reduced by capital gains (whether realised or unrealised) to its unit holders.

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 11, 2014 by the Board of Directors of the Management Company.

12. GENERAL

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

12.2 Charity expense of current and comparative figures have been reclassified separately from dividend income for better presentation in the income statement.

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

Chief Executive

Director



Half Yearly Report December 31, 2013

FUND INFORMATION

PENSION FUND MANAGER

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

BOARD OF DIRECTORS OF THE PENSION FUND MANAGER

Mr. Ariful Islam	Non-executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Tasnimul Haq Farooqui	Non-executive	
Mr. Mazhar Sharif	Non-executive	
Syed Amir Ali	Non-executive	
Syed Amir Ali Zaidi	Non-executive	
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. 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
National Bank of Pakistan - Islamic Banking
Askari Bank Limited - Islamic Banking
Bank Alfalah - Islamic Banking Branch
Bank Al Habib Limited
Dubai Islamic Bank
Habib Bank Limited - Islamic Banking
MCB Bank Limited
UBL Ameen - Islamic Banking

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



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 Tahaffuz Pension Fund** ("the Fund") as at 31 December 2013 and the related condensed interim income statement, condensed interim statement of movement in participants' sub funds, condensed interim cash flow statement, condensed interim contribution table, condensed interim number of units in issue and notes 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 2013 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 2012 and financial statements for the year ended 30 June 2013 were reviewed and audited by another firm of Chartered Accountants whose reports dated 21 January 2013 and 23 August 2013 expressed an unmodified conclusion and opinion thereon respectively.

Date: 11 February 2014

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

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, 2013

	Note	Unaudited				Audited
		December 31, 2013				June 30, 2013
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
----- (Rupees in '000) -----						
Assets						
Balance with banks	5	55,308	382,611	208,833	646,752	204,974
Investments	6	939,721	387,741	75,039	1,402,501	1,544,742
Dividend receivable		625	-	-	625	465
Profit receivable	7	3,431	12,345	3,823	19,599	21,197
Deposit with Central Depository Company of Pakistan Limited (CDC) - Trustee		100	100	100	300	300
Total assets		999,185	782,797	287,795	2,069,777	1,771,678
Liabilities						
Payable against purchase of investments		-	-	-	-	14,985
Payable to AI Meezan Investment Management Limited (AI Meezan) - pension fund manager	8	2,292	1,818	660	4,770	2,545
Payable to CDC - Trustee		105	80	29	214	185
Payable to auditors		70	70	70	210	186
Payable to Securities and Exchange Commission of Pakistan (SECP)		150	117	47	314	394
Payable against withdrawal		987	938	369	2,294	289
Accrued expenses and other liabilities	9	7,414	1,203	468	9,085	5,758
Total liabilities		11,018	4,226	1,643	16,887	24,342
Net assets		988,167	778,571	286,152	2,052,890	1,747,336
Contingencies and commitments	10					
Participants' sub-funds (as per statement attached)		988,167	778,571	286,152	2,052,890	1,747,336
----- (Number of units) -----						
Number of units in issue (as per statement attached)		3,464,635	4,389,237	1,616,149		
----- (Rupees) -----						
Net assets value per unit		285.22	177.38	177.06		

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Executive

Director



CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2013 (Un-audited)

	For the six months ended December 31, 2013				For the six months ended December 31, 2012
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	(Rupees in '000)				
Income					
Profit from sukuk certificates	-	25,520	9,972	35,492	25,885
Profit on saving accounts with banks	4,051	5,738	2,606	12,395	7,350
Dividend income	27,142	-	-	27,142	15,664
Unrealised gain on re-measurement of investments at 'fair value through profit or loss' (net)	104,687	2,943	524	108,154	52,157
Net realised gain on sale of investments	3,027	1,472	865	5,364	9,877
Provision against Sukuk Certificates	-	(1,021)	(821)	(1,842)	-
Total income	138,907	34,652	13,146	186,705	110,933
Expenses					
Remuneration of Al Meezan - pension fund manager	6,762	5,253	2,121	14,136	7,476
Sales tax and federal excise duty on management fee	2,263	1,774	713	4,750	1,197
Remuneration of CDC - Trustee	561	444	179	1,184	744
Annual fee to SECP	150	117	47	314	166
Auditors' remuneration	84	84	84	252	144
Amortisation of Premium	-	40	26	66	-
Brokerage	573	34	41	648	405
Settlement and Bank charges	24	12	9	45	30
Charity Expense	466	-	-	466	1,001
Provision for Workers' Welfare Fund	2,591	587	200	3,378	-
Total expenses	13,474	8,345	3,420	25,239	11,163
Net income from operating activities	125,433	26,307	9,726	161,466	99,770
Element of income and capital gains included in prices of units issued less those in units redeemed - net	1,502	2,470	60	4,032	7,271
Net income for the period	126,935	28,777	9,786	165,498	107,041
Taxation	-	-	-	-	-
Net income for the period after taxation	126,935	28,777	9,786	165,498	107,041
Other comprehensive income for the period					
Items that can be reclassified to income statement in subsequent periods					
Net unrealised appreciation on re-measurement of investment classified as "available for sale"	-	670	-	670	-
Total comprehensive income for the period	126,935	29,447	9,786	166,168	107,041

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2013 (Un-audited)

	For the quarter ended December 31, 2013				For the quarter ended December 31, 2012
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	Note -----(Rupees in '000)-----				
Income					
Profit from sukuk certificates	-	11,611	3,661	15,272	11,660
Profit on saving accounts with banks	1,653	4,793	2,328	8,774	5,568
Dividend income	10,591	-	-	10,591	8,266
Unrealised gain on re-measurement of investments at 'fair value through profit or loss' (net)	128,551	2,291	369	131,211	18,897
Net realised gain on sale of investments	893	1,412	801	3,106	7,694
Provision against Sukuk Certificates	-	(1,021)	(821)	(1,842)	-
Total income	141,688	19,086	6,338	167,112	52,085
Expenses					
Remuneration of Al Meezan - pension fund manager	3,470	2,756	1,009	7,235	4,027
Sales tax and federal excise duty on management fee	1,168	931	338	2,437	643
Remuneration of CDC - Trustee	280	231	84	595	395
Annual fee to SECP	76	61	22	159	89
Auditors' remuneration	52	52	52	156	72
Amortisation of Premium	-	40	26	66	-
Brokerage	227	-	8	235	205
Settlement and Bank charges	17	4	7	28	24
Charity Expense	191	-	-	191	283
Provision for Workers' Welfare Fund	2,591	346	115	3,052	-
Total expenses	8,072	4,421	1,661	14,154	5,738
Net income from operating activities	133,616	14,665	4,677	152,958	46,347
Element of (loss) / income and capital (losses) /gains included in prices of units issued less those in units redeemed - net	(1,084)	2,097	863	1,876	4,032
Net income for the period before taxation	132,532	16,762	5,540	154,834	50,379
Taxation	-	-	-	-	-
Net income for the period after taxation	132,532	16,762	5,540	154,834	50,379
Other comprehensive income for the period					
Items that can be recalsified to income statement in subsequent periods					
Net unrealised appreciation on re-measurement of investment classified as "available for sale"	-	620	(3)	617	-
Total comprehensive income for the period	132,532	17,382	5,537	155,451	50,379

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

For Al Meezan Investment Management Limited (Pension Fund Manager)

Chief Executive

Director



CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS

For the six months and quarter ended December 31, 2013 (Un-audited)

	For the six months ended December 31, 2013				For the six months ended December 31, 2012
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	------(Rupees in '000)-----				
Net assets at beginning of the period	804,440	640,260	302,636	1,747,336	867,550
Amount received on issue of units (2013: Equity sub fund: 579,012 Debt sub fund: 1,000,860 units; Money market sub fund: 434,598 units) (2012: Equity sub fund: 425,245 units; Debt sub fund: 873,229 units; Money market sub fund: 388,884 units)	152,639	174,531	75,785	402,955	287,282
Amount paid on redemption of units (2013: Equity sub fund: 350,734 units; Debt sub fund: 363,218 units; Money market sub fund: 588,157 units) (2012: Equity sub fund: 234,116 units; Debt sub fund: 251,494 units; Money market sub fund: 175,662 units)	(94,345) 58,294	(63,197) 111,334	(101,995) (26,210)	(259,537) 143,418	(117,510) 169,772
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(1,502)	(2,470)	(60)	(4,032)	(7,271)
Net income for the period	126,935	28,777	9,786	165,498	107,041
Net unrealised appreciation on re-measurement of investment classified as "available for sale"	-	670	-	670	-
Total comprehensive income for the period	126,935	29,447	9,786	166,168	107,041
Net assets at end of the period	988,167	778,571	286,152	2,052,890	1,137,092

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS

For the six months and quarter ended December 31, 2013 (Un-audited)

	For the quarter ended December 31, 2013				For the quarter ended December 31, 2012
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	----- (Rupees in '000) -----				
Net assets at beginning of the period	836,667	693,467	249,172	1,779,306	965,461
Amount received on issue of units (2013: Equity sub fund: 326,630 Debt sub fund: 628,859 units; Money market sub fund: 259,098 units) (2012: Equity sub fund: 256,837 units; Debt sub fund: 722,776 units; Money market sub fund: 319,657 units)	86,125	110,399	45,476	242,000	222,049
Amount paid on redemption of units (2013: Equity sub fund: 250,141 units; Debt sub fund: 231,947 units; Money market sub fund: 75,212 units) (2012: Equity sub fund: 224,214 units; Debt sub fund: 244,588 units; Money market sub fund: 63,553 units)	(68,241) 17,884	(40,580) 69,819	(13,170) 32,306	(121,991) 120,009	(96,765) 125,284
Element of income and capital gains included in prices of units issued less those in units redeemed - net	1,084	(2,097)	(863)	(1,876)	(4,032)
Net income for the period	132,532	16,762	5,540	154,834	50,379
Net unrealised appreciation on re-measurement of investment classified as "available for sale"	-	620	(3)	617	-
Total comprehensive income for the period	132,532	17,382	5,537	155,451	50,379
Net assets at end of the period	988,167	778,571	286,152	2,052,890	1,137,092

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Executive

Director



Condensed Interim Cash Flow Statement

For the six months and quarter ended December 31, 2013 (Un-audited)

	For the six months ended December 31, 2013				For the six months ended December 31, 2012
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	(Rupees in '000)				
CASH FLOW FROM OPERATING ACTIVITIES					
Net income for the period	126,935	29,447	9,786	166,168	107,041
Adjustments for:					
Unrealised (gain) / loss on re-measurement of investments at 'fair value through profit or loss'	(104,687)	(2,943)	(524)	(108,154)	(52,157)
Provision against Sukuk Certificates	-	1,021	821	1,842	-
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(1,502)	(2,470)	(60)	(4,032)	(7,271)
	20,746	25,055	10,023	55,824	47,613
(Increase) / decrease in assets					
Investment (net)	(101,129)	157,346	192,336	248,553	(57,409)
Dividend receivable	(160)	-	-	(160)	107
Deposit and other receivables	(1,575)	167	3,006	1,598	(3,485)
	(102,864)	157,513	195,342	249,991	(60,787)
(Decrease) / Increase in liabilities					
Payable against purchase of investments	(14,972)	(9)	(4)	(14,985)	(5,134)
Payable to Al Meezan - pension fund manager	1,110	903	212	2,225	252
Payable to CDC - trustee of the Fund	12	18	(2)	28	54
Payable to SECP	(12)	(31)	(37)	(80)	(9)
Accrued expenses and other liabilities	3,445	1,421	491	5,357	(1,741)
	(10,417)	2,302	660	(7,455)	(6,578)
Net cash (outflow) / inflow from operating activities	(92,535)	184,870	206,025	298,360	(19,752)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts of contribution	152,639	174,531	75,785	402,955	287,282
Payment on withdrawal	(94,345)	(63,197)	(101,995)	(259,537)	(117,510)
Net cash inflow / (outflow) from financing activities	58,294	111,334	(26,210)	143,418	169,772
Net cash (outflow) / inflow during the period	(34,241)	296,204	179,815	441,778	150,020
Cash and cash equivalents at beginning of the period	89,549	86,407	29,018	204,974	118,341
Cash and cash equivalents at end of the period	55,308	382,611	208,833	646,752	268,361

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

Condensed Interim Cash Flow Statement

For the six months and quarter ended December 31, 2013 (Un-audited)

	For the quarter ended December 31, 2013				For the quarter ended December 31, 2012
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
Note	----- (Rupees in '000) -----				
CASH FLOW FROM OPERATING ACTIVITIES					
Net income for the period	132,532	17,382	5,537	155,451	50,379
Adjustments for:					
Unrealised (gain) / loss on re-measurement of investments at 'fair value through profit or loss'	(128,551)	(2,241)	(366)	(131,158)	(18,897)
Provision against Sukuk Certificates	-	1,021	821	1,842	-
Element of income and capital gains included in prices of units issued less those in units redeemed - net	1,084	(2,097)	(863)	(1,876)	(4,032)
	<u>5,065</u>	<u>14,065</u>	<u>5,129</u>	<u>24,259</u>	<u>27,450</u>
(Increase) / decrease in assets					
Investment (net)	(52,564)	234,815	142,354	324,605	(30,378)
Dividend receivable	15,537	-	-	15,537	2,751
Deposit and other receivables	(1,004)	(2,888)	3,813	(79)	48
	<u>(38,031)</u>	<u>231,927</u>	<u>146,167</u>	<u>340,063</u>	<u>(27,579)</u>
(Decrease) / Increase in liabilities					
Payable against purchase of investments	(6,388)	-	(7)	(6,395)	-
Payable to Al Meezan - pension fund manager	818	633	196	1,647	260
Payable to CDC - trustee of the Fund	3	8	1	12	25
Payable to SECP	76	61	22	159	89
Accrued expenses and other liabilities	3,816	377	(353)	3,840	15
	<u>(1,675)</u>	<u>1,079</u>	<u>(141)</u>	<u>(737)</u>	<u>389</u>
Net cash (outflow) / inflow from operating activities	<u>(34,641)</u>	<u>247,071</u>	<u>151,155</u>	<u>363,585</u>	<u>260</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts of contribution	86,125	110,399	45,476	242,000	222,049
Payment on withdrawal	(68,241)	(40,580)	(13,170)	(121,991)	(96,765)
Net cash inflow / (outflow) from financing activities	<u>17,884</u>	<u>69,819</u>	<u>32,306</u>	<u>120,009</u>	<u>125,284</u>
Net cash (outflow) / inflow during the period	<u>(16,757)</u>	<u>316,890</u>	<u>183,461</u>	<u>483,594</u>	<u>125,544</u>
Cash and cash equivalents at beginning of the period	72,065	65,721	25,372	163,158	142,817
Cash and cash equivalents at end of the period	<u>55,308</u>	<u>382,611</u>	<u>208,833</u>	<u>646,752</u>	<u>268,361</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

Condensed Interim Contribution Table

For the six months and quarter ended December 31, 2013 (Un-audited)

Contributions net of front end fee received during the period	For the six months ended December 31, 2013							For the six months ended December 31, 2012
	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	<u>579,012</u>	<u>152,639</u>	<u>1,000,860</u>	<u>174,531</u>	<u>434,598</u>	<u>75,785</u>	<u>402,955</u>	<u>287,282</u>

Contributions net of front end fee received during the quarter	For the quarter ended December 31, 2013							For the quarter ended December 31, 2012
	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	<u>326,630</u>	<u>86,125</u>	<u>628,859</u>	<u>110,399</u>	<u>259,098</u>	<u>45,476</u>	<u>242,000</u>	<u>222,049</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

Condensed Interim Number of Units in Issue

For the six months and quarter ended December 31, 2013 (Un-audited)

	For the six months ended December 31, 2013		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	-----Number of units-----		
Total units outstanding at beginning of the period	3,236,357	3,751,595	1,769,708
Add: Units issued / converted / reallocated during the period	579,012	1,000,860	434,598
Less: Units redeemed / converted / reallocated during the period	(350,734)	(363,218)	(588,157)
Total units in issue at end of the period	<u>3,464,635</u>	<u>4,389,237</u>	<u>1,616,149</u>

	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 of the period	2,022,279	2,107,797	1,328,706
Add: Units issued / converted / reallocated during the period	425,245	873,229	388,884
Less: Units redeemed / converted / reallocated during the period	(234,116)	(251,494)	(175,662)
Total units in issue at end of the period	<u>2,213,408</u>	<u>2,729,532</u>	<u>1,541,928</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Executive

Director



Condensed Interim Number of Units in Issue

For the six months and quarter ended December 31, 2013 (Un-audited)

	For the quarter ended December 31, 2013		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	-----Number of units-----		
Total units outstanding at beginning of the period	3,388,146	3,992,325	1,432,263
Add: Units issued / converted / reallocated during the period	326,630	628,859	259,098
Less: Units redeemed / converted / reallocated during the period	(250,141)	(231,947)	(75,212)
Total units in issue at end of the period	3,464,635	4,389,237	1,616,149

	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 of the period	2,180,785	2,251,344	1,285,824
Add: Units issued / converted / reallocated during the period	256,837	722,776	319,657
Less: Units redeemed / converted / reallocated during the period	(224,214)	(244,588)	(63,553)
Total units in issue at end of the period	2,213,408	2,729,532	1,541,928

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months and quarter ended December 31, 2013 (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 Central Depository Company of Pakistan Limited (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 Ground Floor, Block B Finance and Trade Centre Shariah-e-Faisal, Karachi 74000, Pakistan.
- 1.2 The Fund offers a saving mechanism where an individual saves from his / her income during work life in order to retain financial security and comfort in terms of regular income stream after retirement. The Fund initially comprises of three sub funds namely equity sub-fund, debt sub-fund and money market sub-fund. Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and any unique circumstances. Allocation scheme can be selected initially at the time of opening of account and subsequently at anniversary of the account. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimisation through diversification.
- 1.3 The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on shariah. The pension fund manager has appointed Meezan Bank Limited (MBL) as its shariah advisor to ensure that the activities of the Fund are in compliance with the principles of shariah.
- 1.4 The Fund is an unlisted pension scheme. Units are offered for public subscription on a continuous basis. The units are non-transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

2. BASIS OF MEASUREMENT

The transactions undertaken by the Fund in accordance with the process prescribed under the shariah guidelines issued by the shariah 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, provisions of and directives issued under the Companies Ordinance, 1984, the VPS Rules and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the VPS Rules and directives issued by the SECP 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, 2013.

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, 2013.

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, 2013.

5. BALANCES WITH BANKS

		December 31, 2013 (Un-Audited)				June 30, 2013 (Audited)
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
----- (Rupees in '000) -----						
	Current accounts	781	-	-	781	547
	Savings accounts	54,527	382,611	208,833	645,971	204,427
		55,308	382,611	208,833	646,752	204,974

- 5.1 The balances in savings accounts carry expected profit which ranges from 5.65% to 9.60% (2013: 5.28% to 9.05%) per annum.

6. INVESTMENTS

Held-for-trading

	- shares of listed companies	6.1	939,721	-	-	939,721	733,905
	- sukuk certificates	6.2	-	294,363	75,039	369,402	776,470
			939,721	294,363	75,039	1,309,123	1,510,375

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

		6.3	-	454	-	454	1,349
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Available-for-sale

	- sukuk certificates	6.4	-	92,924	-	92,924	33,018
			939,721	387,741	75,039	1,402,501	1,544,742

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

Name of the investee company	As at July 1, 2013	Purchases during the period	Cost of purchase	Bonus / rights issue	Sales during the period	As at Dec 31, 2013	Carrying value as at Dec 31, 2013	Market value as at Dec 31, 2013	Unrealised gain / (loss)	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2 below)	Percentage of paid-up capital of investee company
	Number of shares		Rs in '000						-----Rupees in '000-----		
Equity Sub Fund											
Automobile and parts											
Agriauto Industries Limited (note 6.1.1)	45,000	-	-	-	-	45,000	3,381	3,547	166	0.36	0.31
Indus Motor Company Limited	20,655	-	-	-	-	20,655	6,424	6,878	454	0.70	0.03
Pak Suzuki Motor Company Limited	60,733	40,000	6,174	-	-	100,733	15,207	15,502	295	1.57	0.12
Chemicals											
Fauji Fertilizer Bin Qasim Limited	603,951	100,000	3,810	-	200,000	503,951	18,974	22,078	3,104	2.23	0.05
Fauji Fertilizer Company Limited	408,198	75,000	8,146	-	254,000	229,198	24,665	25,661	996	2.60	0.02
ICI Pakistan Limited	1,970	165,600	31,832	-	-	167,570	32,160	42,399	10,239	4.29	0.18
Construction and materials (cement)											
DG Khan Cement Company Limited	796,397	298,000	23,035	-	135,000	959,397	78,475	82,249	3,774	8.32	0.22
Lucky Cement Limited	254,006	45,000	10,214	-	38,000	261,006	55,416	78,268	22,852	7.92	0.08
Fauji Cement Company Ltd.	-	1,060,000	15,032	-	250,000	810,000	11,772	12,920	1,148	1.31	0.06
Electricity											
The Hub Power Company Limited	1,153,745	194,000	12,760	-	-	1,347,745	83,889	81,835	(2,054)	8.28	0.12
Kohinoor Energy Limited	75,000	60,000	2,047	-	10,000	125,000	4,485	4,436	(49)	0.45	0.07
Pakgen Power Limited	-	500,000	10,500	-	-	500,000	10,500	10,855	355	1.10	0.13
Fixed line telecommunication											
Pakistan Telecommunication Company Limited "A"	921,700	720,000	17,841	-	351,500	1,290,200	30,099	36,693	6,594	3.71	0.03
Food producers											
Engro Foods Limited	439,300	227,000	25,024	-	323,700	342,600	43,060	35,781	(7,279)	3.62	0.04
General industries											
Packages Limited	197,851	7,700	1,810	-	-	205,551	46,003	56,039	10,036	5.67	0.24
Thal Limited (note 6.1.1)	43,645	-	-	-	-	43,645	5,564	6,034	470	0.61	0.11
Tri-Pack Films Limited	26,187	-	-	-	5,400	20,787	4,199	4,108	(91)	0.42	0.07
Oil and gas											
National Refinery Limited	-	45,100	9,019	-	-	45,100	9,019	9,720	701	0.98	0.06
Oil and Gas Development Company Limited	312,716	-	-	-	-	312,716	71,534	86,422	14,888	8.75	0.01
Pakistan Oilfields Limited	107,050	-	-	-	-	107,050	53,243	53,280	37	5.39	0.05
Pakistan Petroleum Limited	331,381	9,000	2,151	68,076	-	408,457	72,265	87,393	15,128	8.84	0.02
Pakistan State Oil Company Limited	197,467	50,000	16,620	-	-	247,467	79,884	82,213	2,329	8.32	0.10
Attock Petroleum Limited	19,100	-	-	3,820	-	22,920	10,717	11,453	736	1.16	0.03
Attock Refinery Limited	-	31,500	6,323	-	-	31,500	6,323	6,542	219	0.66	0.04
Personal goods (textile)											
Nishat Mills Limited	488,000	140,000	13,420	-	40,000	588,000	55,611	74,817	19,206	7.57	0.17
Pharma and bio tech											
Abbott Laboratories (Pakistan) Limited	6,600	-	-	-	-	6,600	2,165	2,598	433	0.26	0.01
Total			<u>215,758</u>				<u>835,034</u>	<u>939,721</u>	<u>104,687</u>		

6.1.1 All shares have a nominal value of Rs.10 each except Thal Limited and agriauto industries Limited having nominal value of Rs.5.

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 Security	Maturity date	Profit rate per annum	As at July 1, 2013	Purchases during the period	Cost of purchase	Sales during the period	Maturity during the period	As at Dec 31, 2013	Carrying value as at Dec 31, 2013	Market value as at Dec 31, 2013	Unrealised gain / (loss)	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2)
			Number of certificates	Rupees in '000	Number of certificates	Rupees in '000	Number of certificates	Rupees in '000				
Debt Sub Fund												
GoP - Ijara sukuk - V (note 6.2.1)	November 15, 2013	Weighted average 6 months T-Bills	135	-	-	-	135	-	-	-	-	-
GoP - Ijara sukuk - VI (note 6.2.1)	December 20, 2013	Weighted average 6 months T-Bills	30	-	-	-	30	-	-	-	-	-
GoP - Ijara sukuk - VII (note 6.2.1)	March 07, 2014	Weighted average 6 months T-Bills	50	-	-	-	-	50	5,000	5,008	8	0.64
GoP - Ijara sukuk - VIII (note 6.2.1)	May 16, 2014	Weighted average 6 months T-Bills	130	-	-	-	-	130	13,000	13,070	70	1.68
GoP - Ijara sukuk - IX (note 6.2.1)	December 26, 2014	Weighted average 6 months T-Bills	290	-	-	-	-	290	29,000	29,276	276	3.76
GoP - Ijara sukuk - X (note 6.2.1)	March 02, 2015	Weighted average 6 months T-Bills	740	600	60,120	-	-	1,340	134,120	135,487	1,367	17.40
GoP - Ijara sukuk - XI (note 6.2.1)	April 30, 2015	Weighted average 6 months T-Bills	600	-	-	-	-	600	60,000	60,654	654	7.79
GoP - Ijara sukuk - XII (note 6.2.1)	June 28, 2015	Weighted average 6 months T-Bills	500	-	-	-	-	500	50,000	50,565	565	6.49
GoP - Ijara sukuk - XIII (note 6.2.1)	September 18, 2015	Weighted average 6 months T-Bills	1,306	-	-	1,306	-	-	-	-	-	-
GoP - Ijara sukuk XIV (note 6.2.1)	March 28, 2016	Weighted average 6 months T-Bills	1,390	-	-	1,387	-	3	300	303	3	0.04
					60,120				291,420	294,363	2,943	
Money Market Sub Fund												
GoP - Ijara sukuk - V (note 6.2.1)	November 15, 2013	Weighted average 6 months T-Bills	1,760	-	-	1,760	-	-	-	-	-	-
GoP - Ijara sukuk - VI (note 6.2.1)	December 20, 2013	Weighted average 6 months T-Bills	-	1,500	150,000	-	1,500	-	-	-	-	-
GoP - Ijara sukuk - VII (note 6.2.1)	March 07, 2014	Weighted average 6 months T-Bills	300	-	-	-	-	300	30,000	30,045	45	10.50
GoP - Ijara sukuk - IX (note 6.2.1)	December 26, 2014	Weighted average 6 months T-Bills	-	200	20,240	200	-	-	-	-	-	-
GoP - Ijara sukuk - X (note 6.2.1)	March 02, 2015	Weighted average 6 months T-Bills	180	1,000	100,100	1,000	-	180	18,015	18,200	185	6.36
GoP - Ijara sukuk - XI (note 6.2.1)	April 30, 2015	Weighted average 6 months T-Bills	120	-	-	-	-	120	12,000	12,131	131	4.24
GoP - Ijara sukuk - XII (note 6.2.1)	June 28, 2015	Weighted average 6 months T-Bills	145	-	-	-	-	145	14,500	14,663	163	5.12
GoP - Ijara sukuk - XIII (note 6.2.1)	September 18, 2015	Weighted average 6 months T-Bills	88	-	-	88	-	-	-	-	-	-
					270,340				74,515	75,039	524	

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

6.2.2 In the month of September 2013, GoP Ijarah Sukuks have been revalued at their market values disclosed in PKISRV. Previously, they were stated at amortised cost. The change was made in accordance with Circular No. SCD/AMCW/716/2013 dated 19 September 2013 issued by the Securities and Exchange Commission of Pakistan.

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

Name of the Security	Maturity date	Profit rate per annum	As at July 1, 2013	Purchases during the period	Cost of purchase	Sales during the period	Redemptions during the period	As at Dec 31, 2013	Carrying value as at Dec 31, 2013	Market value as at Dec 31, 2013	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	Number of certificates	Rupees in '000				
Debt Sub Fund												
Eden Housing Limited (note 6.3.1)	September 29, 2014	3 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	454	454	-	0.06
Security Leasing Corporation Limited II (note 6.3.2)	January 19, 2022	-	174	-	-	-	10	164	-	-	-	-
								<u>454</u>	<u>454</u>	<u>-</u>		
Money Market Sub Fund												
Security Leasing Corporation Limited II (note 6.3.2)	January 19, 2022	-	174	-	-	-	10	164	-	-	-	-
								<u>-</u>	<u>-</u>	<u>-</u>		

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.911.71 each.

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

(Un-Audited)
December 31
2013
(Rupees in' 000)

6.3.3 Provision on sukuk certificates

Debt Sub Fund

Opening	-
Provision for the period against Sukuk certificates - net	1,021
Closing	<u>1,021</u>

Money Market Sub Fund

Opening	-
Provision for the period against Sukuk certificates - net	821
Closing	<u>821</u>

6.4 'Available-for-sale' - sukuk certificates

Name of the Security	Maturity date	Profit rate per annum	As at July 1, 2013	Purchases during the period	Cost of purchase	Sales during the period	Redemptions during the period	As at Dec 31, 2013	Carrying value as at Dec 31, 2013	Market value as at Dec 31, 2013	Unrealised gain	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2)
			Number of certificates	Rupees in '000	Number of certificates	Rupees in '000	Number of certificates	Rupees in '000				
Debt Sub Fund												
GoP - Ijara sukuk - V (note 6.2.1)	November 15, 2013	Weighted average 6 months T-Bills	-	100	10,007	-	100	-	-	-	-	-
GoP - Ijara sukuk - VI (note 6.2.1)	December 20, 2013	Weighted average 6 months T-Bills	80	-	-	-	80	-	-	-	-	-
GoP - Ijara sukuk - VIII (note 6.2.1)	May 16, 2014	Weighted average 6 months T-Bills	170	170	17,012	170	-	170	17,011	17,091	80	2.20
GoP - Ijara sukuk - X (note 6.2.1)	March 02, 2015	Weighted average 6 months T-Bills	-	1,500	150,243	750	-	750	75,243	75,833	590	26.50
GoP - Ijara sukuk - XIII (note 6.2.1)	September 18, 2015	Weighted average 6 months T-Bills	-	1,000	99,985	1,000	-	-	-	-	-	-
					<u>277,247</u>				<u>92,254</u>	<u>92,924</u>	<u>670</u>	
Money Market Sub Fund												
GoP - Ijara sukuk - V (note 6.2.1)	November 15, 2013	Weighted average 6 months T-Bills	-	400	40,026	-	400	-	-	-	-	-
GoP - Ijara sukuk - VI (note 6.2.1)	December 20, 2013	Weighted average 6 months T-Bills	80	-	-	-	80	-	-	-	-	-
					<u>40,026</u>				<u>-</u>	<u>-</u>	<u>-</u>	

(Unaudited) (Audited)
December 31, June 30,
2013 2013
(Rupees in '000)

6.4.1 Net unrealised appreciation on re-measurement of investment classified as 'available for sale'

Market value of investment	92,924	-
Less: Cost of investments	92,254	-
	670	-
Less: Net unrealised dimution on re-measurement of investments classified as 'available for sale' at beginning of the period	-	-
	670	-

December 31, 2013 (Un-Audited)				June 30, 2013 (Audited)
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	

(Rupees in '000)

7. PROFIT RECEIVABLE

Profit receivable on

- saving accounts with banks
- sukuk certificates

	3,431	4,528	2,215	10,174	6,441
	-	7,817	1,608	9,425	14,756
	<u>3,431</u>	<u>12,345</u>	<u>3,823</u>	<u>19,599</u>	<u>21,197</u>

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

- Management remuneration
- Front-end fee payable
- Sales tax and federal excise duty on management fee

8.1	1,257	960	353	2,570	2,010
	14	20	-	34	-
	<u>1,021</u>	<u>838</u>	<u>307</u>	<u>2,166</u>	535
	<u>2,292</u>	<u>1,818</u>	<u>660</u>	<u>4,770</u>	<u>2,545</u>

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

9. ACCRUED EXPENSES AND OTHER LIABILITIES

- Charity payable
- Brokerage Payable
- Zakat Payable
- Provision for Workers' Welfare Fund

	646	-	-	646	780
	-	33	41	74	-
	3	3	3	9	-
	<u>6,765</u>	<u>1,167</u>	<u>424</u>	<u>8,356</u>	4,978
	<u>7,414</u>	<u>1,203</u>	<u>468</u>	<u>9,085</u>	<u>5,758</u>

10. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013.

11. WORKERS' WELFARE FUND (WWF)

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Prior to 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF. 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 Investment Management Limited for collection of WWF.

In 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. In March 2013, a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honorable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The Management Company believes that the aforementioned constitutional petition pending in SHC has strong grounds for decision in favour of the mutual funds. However, the management as a matter of abundant caution has recognised WWF charge effective from January 1, 2013, amounting to Rs. 6.765 million, Rs. 1.167 million and Rs. 0.424 million which includes Rs. 2.591 million, Rs. 0.587 million and Rs. 0.200 million pertaining to the current financial period and Rs. 4.174 million, Rs. 0.580 million and Rs. 0.224 million pertaining to prior period Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 1.95 (0.68%), Rs. 0.27 (0.15%) and Rs. 0.26 (0.15%) for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

The Board of Directors of the management company in its meeting held on October 25, 2013 have resolved that unrecorded accumulated WWF provision in the fund from the date of its application till December 31, 2012, in case is required to be paid, shall be borne by Al Meezan Investment Management Limited (Management Company of the fund). Therefore, the Fund is not exposed to this unrecorded accumulated WWF provision. The unrecorded accumulated provision for WWF upto December 31, 2012 is Rs. 3.74 million, Rs. 1.60 million and Rs. 0.98 million in Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

12. EARNINGS PER UNIT - BASIC

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan being the pension fund manager, CDC being the trustee, MBL being 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 Limited, Meezan Balanced Fund, KSE Meezan Index Fund, Meezan Capital Protected Fund-II, Meezan Cash Fund, Meezan Sovereign Fund and Meezan Financial Planning Fund of Funds being the funds under the common management of the management company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the management company, and Al Meezan Investment Management Limited - Staff Gratuity Fund.

Remuneration payable to the management company 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 and terms determined in accordance with market rates.

Details of transactions with connected persons and balances with them as of December 31, 2013 and for the period then ended are as follows:

December 31, 2013 (Un-Audited)				June 30, 2013 (Audited)
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	

Investment by:

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

Al Meezan - pension fund manager

(Equity sub fund: 260,077 units;
Debt sub fund: Nil units;
Money market sub fund: Nil units)

74,179	-	-	74,179	140,142
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Directors and executives of the pension fund manager

As at December 31, 2013
(Equity sub fund: 414,168 units;
Debt sub fund: 335,411 units;
Money market sub fund: 70,936 units)

As at June 30, 2013

(Equity sub fund: 389,182 units;
Debt sub fund: 289,108 units;
Money market sub fund: 59,595 units)

118,129	59,495	12,560	190,184	156,278
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December 31, 2013 (Un-Audited)				December 31, 2012 (Un-Audited)
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	

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

Units issued during the year
(Equity sub fund: 47,220 units;
Debt sub fund: 56,272 units;
Money market sub fund: 14,734 units)

11,916	9,782	2,579	24,277	114,591
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Units redeemed / reallocated during the period
(Equity sub fund: 22,234 units;
Debt sub fund: 9,969 units;
Money market sub fund: 3,393 units)

5,935	1,704	591	8,230	-
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Al Meezan - pension fund manager

Units redeemed / reallocated during the period
(Equity sub fund: Nil units;
Debt sub fund: Nil units;
Money market sub fund: 441,476 units)

-	-	76,495	76,495	-
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December 31, 2013 (Un-Audited)				December 31, 2012 (Un-Audited)
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	944	711	355	2,010	927
Remuneration for the period	6,762	5,253	2,121	14,136	7,476
Front-end fee for the period	2,602	1,755	464	4,821	2,139
	<u>10,308</u>	<u>7,719</u>	<u>2,940</u>	<u>20,967</u>	<u>10,893</u>
Amount paid during the period	(9,037)	(6,739)	(2,587)	(18,363)	(9,442)
Balance at the end of the period	<u>1,271</u>	<u>980</u>	<u>353</u>	<u>2,604</u>	<u>1,451</u>

**Sales tax and federal excise
duty on management fee**

Sales tax payable at the beginning of the period	238	204	93	535	147
Sales tax for the period	2,263	1,774	713	4,750	1,197
	<u>2,501</u>	<u>1,978</u>	<u>806</u>	<u>5,285</u>	<u>1,344</u>
Amount paid during the period	(1,480)	(1,140)	(499)	(3,119)	(1,118)
Balance at the end of the period	<u>1,021</u>	<u>838</u>	<u>307</u>	<u>2,166</u>	<u>226</u>
Total payable at the end of the period	<u>2,292</u>	<u>1,818</u>	<u>660</u>	<u>4,770</u>	<u>1,677</u>

Meezan Bank Limited

Bank balance	<u>22,180</u>	<u>78,292</u>	<u>54,808</u>	<u>155,280</u>	<u>1,116</u>
Profit on savings accounts	<u>192</u>	<u>1,007</u>	<u>702</u>	<u>1,901</u>	<u>410</u>

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

Balance at the beginning of the period	93	62	31	186	88
Remuneration for the period	561	444	179	1,184	744
CDS charges for the period	15	3	3	21	12
	<u>669</u>	<u>509</u>	<u>213</u>	<u>1,391</u>	<u>844</u>
Amount paid during the period	(564)	(429)	(184)	(1,177)	(702)
Balance at the end of the period	<u>105</u>	<u>80</u>	<u>29</u>	<u>214</u>	<u>142</u>

14. INCOME TAX

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A(i) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets which are tradable in an open market are valued 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 sukuks under level 2 and other unlisted sukuks under level 3 of the fair value hierarchy mentioned above.

During the six-month period ended December 31, 2013, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 11, 2014 by the Board of Directors of the Management Company.

17. GENERAL

17.1 Figure have been rounded off to the nearest thousand rupees.

17.2 Charity expense of current and comparative figures have been reclassified separately from dividend income for better presentation in the income statement.

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

Chief Executive

Director



Al Meezan Investment Management Ltd.

Find your **solutions** with faith at
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CORPORATE



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