



Pure. Profit.

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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 are pleased to present the unaudited financial statements of the following open end funds and a voluntary pension scheme for the quarter ended September 30, 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 FY14 started with the government pinning hopes to a successful negotiation of the three-year \$6.68 bn bailout package from IMF to help avert the looming balance of payment crisis. Subsequent approval of the loan package and initial disbursement of the first tranche has paved way for further inflows from World Bank, ADB and other partners, providing much needed cushion to the depleting foreign exchange reserves. Questions were however raised on the expansionary monetary policy, despite wider fiscal deficit and serious problems in financing the current account deficit. Expected structural adjustments to be undertaken by the Government may steer the economy on its path to recovery. Other significant developments on the macro front include i) a reversal in monetary easing cycle of the SBP, ii) volatile movement of the rupee against the dollar and iii) roll-out of significant electricity tariff increases for industrial and commercial consumers.

The inflation for the quarter was at 8.1%, showing that the YoY inflation has started inching upwards from July'13 and this led the Central Bank to raise its key policy rate by 50 bps in Sept'13 in order to contain inflation expectations. Citing upward adjustments in energy prices, increase in the GST together with the removal of certain exemptions and escalating political tensions in Middle East and its impending impact on inflation, SBP has highlighted inflation to remain around 11-12% for the fiscal year. The monetary easing cycle that was kicked in Aug' 11 onwards failed to stir up the private sector credit off-take and the same has continued to remain muted since the start of the year. The thrust of government budgetary borrowing however has again shifted towards the central bank from scheduled banks. On the fiscal front, the government collected an amount of Rs 800 bn on account of tax and non-tax revenue in the period. FBR tax collection was recorded at Rs 480 bn, which despite being higher by 17% from last year, is still short by Rs 20 bn from the envisaged target. Budget deficit thus stood at Rs. 293 bn which is around 1.1% of the GDP and in line with historical trends.

The other major risks to the economic stability stemmed from the weakening external account position. Hefty IMF repayments to the tune of US\$ 967 mn, purchase of dollars from the open market to bring Net Foreign Assets (NFA) as per IMF's given targets and speculative positions in the forex market caused rupee to plunge by 6.3% to close at Rs. 106/\$. Current account deficit for two months stood at US\$ 632 mn as compared to a surplus of US\$ 582 mn in the corresponding period last year; this was primarily due to 62% higher trade and services deficit. Remittances, which remained stable at US\$ 3.9 bn, failed to provide any major support to the overall external account whereas the budgeted US\$ 300 mn from the Collation Support Fund (CSF) remained unrealized. Much to the respite, financial account posted a surplus of US\$ 400 mn as compared to a deficit in the corresponding period last year, however, despite this the forex reserves came under severe pressure and dipped to a record low of US\$ 9.9 bn at the close of the quarter with the State Bank's holding shrinking to US\$ 4.8 bn.

Going forward, we expect the country to witness some respite in the external account position with the realization of the budgeted CSF inflows, Eitsalat payments, privatization of Public Sector Entities (PSEs), and falling crude oil prices. On a positive note, the accomplishment of quarterly target set forth by the IMF has been cleared for the release of next tranche of this loan. With the review meeting for IMF scheduled in early December, further action on the fiscal front in terms of realization of the budgeted inflows will however be quite necessary.

Money Market review:

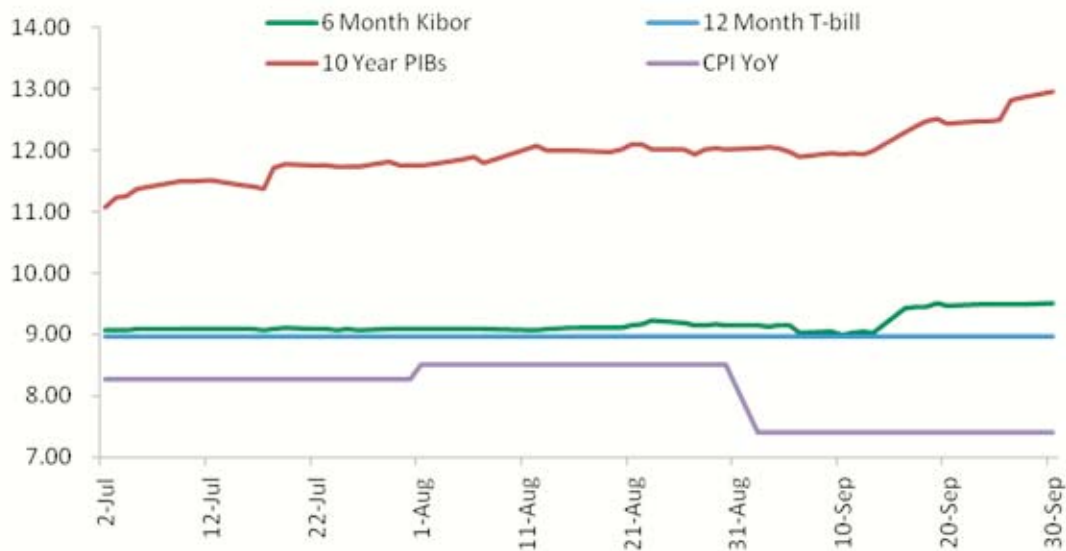
The first quarter of fiscal year 2014 witnessed quite an erratic money market due to some unexpected measures undertaken by the SBP. The quarter commenced almost immediately after the last leg of SBP's monetary easing had been carried out whereby the key rate had been slashed by another 50bps bringing it down to 9.00%; post this unanticipated cut, this quarter commenced with 40bps-50bps downward adjusted interest rates and yields. Later, with rising CPI and the IMF requirements of maintaining positive real interest rates, SBP undertook another surprising move of initiating a monetary tightening stance in its very next bi-monthly monetary policy, which was announced with a considerable delay in September'13; the discount rate was increased by 50bps and taken back to its previous level of 9.50%, post which the KIBORs and T-bill yields underwent a 30bps-50bps upward adjustment. On the liquidity front, the market was slightly illiquid only during the first three weeks of the quarter for which SBP conducted 3 OMOs injecting Rs. 630 bn while the liquidity prevalent in the system during the remainder of this quarter required the SBP to conduct 24 OMOs mopping up Rs. 1.5 trillion worth of liquidity from the market. During this period, six T-bill auctions and three PIB auctions were also conducted; cumulatively, the government accepted Rs. 1.4 trillion against a participation of Rs. 1.5 trillion in T-bills and Rs. 63 bn against a participation of Rs. 83 bn in PIBs. More importantly, the 10 years PIB yield showed a continuously rising trend clocking in an increase of 203 bps during the quarter and closing at 12.96%, which was clearly reflective of the market expectations regarding further increases in inflation and discount rate.

Activity in the Ijarah market also stayed volatile in line with the varying discount rate expectations throughout the quarter whereby initially the market was expecting the DR to increase in September 2013's MPS but later the expectation switched to maintenance of status quo while in the end the SBP actually increased it by 50bps; all these factors kept the market preferences changing among the ten outstanding Ijarahs.

On the fixed income securities valuation front, Al Meezan switched to the practice of marking to market its Ijarah holdings to comply with SECP's decision requiring all market participants to re-value their Ijarah holdings on a daily basis utilizing the Ijarah quotes circulated by the Mutual Funds Association of Pakistan (MUFAP) for this purpose. This practice was incorporated with effect from September 20, 2013 for all funds of Al Meezan with Ijarah Sukuk holdings.

During these three months, the forex front continued to witness a declining rupee on account of external debt repayments, a major chunk of which comprised of IMF repayments amounting to US\$ 967 million; SBP's reserves declined to US\$ 4.6 bn from US\$ 7.1 bn during this period despite inflows through foreign remittances. Despite SBP interventions, rupee weakened enough to trade below Rs. 110/\$ in the interbank and open markets but before the end of the third quarter, it gained some value due to an intervention by the SBP to stabilize the currency's value. By the end of these three months, in the interbank market, rupee closed at Rs. 106.05/\$ while in the open market, it closed at Rs. 107.00/\$; this translates into a currency depreciation of 6.3% and 6.2% respectively.

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



Equity Review:

KSE-100 remained under pressure during first quarter of FY14 providing a return of only 3.9% to close at the level of 21,832 as on September 30, 2013 as against an increase of 11.9% during the corresponding period last year and 14% during the previous quarter. Mixed news flow during the quarter with regard to higher monthly inflation numbers, monetary tightening, volatility and depreciation of currency and rumors of cement syndicate breakup were the major factors which kept the market volatile and investors remained cautious. The volumes fell by 23% QoQ to average 221 mn shares during first quarter, while average daily value traded rose by 3% to Rs. 9bn.

The KSE Meezan Index (KMI-30) remained relatively flat in the outgoing quarter, starting at 36,714 points and closing at 36,825 points rising by only 0.3%, while it clocked in a gain of 15.5% during the same period last year.

The quarter started out with very positive political sentiment and euphoria on key reforms in the area of law and order, terrorism, and the energy sector. The government has shown a keen resolve to tackle these pressing issues, after which it is expected that FDI and economic growth will improve considerably. The Governments' initiative to restore confidence by improving law and order situation, was well received by the Market, resulting in KSE - 100 to reach the highest level of 23,700 in late July, 2013.

Subsequently, the macroeconomic concerns resurfaced and market started incorporating inflationary impact which would stem from debt monetization and elimination of subsidies on energy as the post election frenzy began to fizzle out. The biggest jolt to the market came from the swift depreciation of the local currency as Pakistan entered yet another program of the IMF. Economic concerns weighed over valuations for most part of this quarter as for the first time in nearly two years the bull-run began to lose its steam. Initially in August, regional market sell-off by foreigners and cement syndicate issues brought the market down. Later, Pakistan's macros destabilized as foreign exchange reserves dwindled, inflation resurged and currency came under heavy pressure. Expectations of reversal in monetary cycle and eventually increase in discount rate by 0.5% to 9.5% also adversely influenced equity market and hence, it remained volatile. Rising 10 years PIB yield, which recorded an increase of 203 bps during this quarter to 12.96%, also indicated higher inflation expectations and hence, higher required rate of return in equities thus forcing down equity valuations. Towards the end of this quarter, the change in conventional bank's minimum deposit rate created further pressure due to which the index came down below its 22,000 level and eventually closed at 21,832, down by 9% from the peak, though on overall basis, index was up by 3.9% during the quarter.

In terms of the energy crisis, removing electricity subsidies would significantly improve the fiscal situation. From Aug 1, 2013, the electricity tariff of industrial sector was raised significantly to reduce the subsidies while domestic tariff was supposed to increase from October 1, 2013 but this notification was withdrawn on orders of the Supreme Court as due process had not been followed.

In terms of dealing with the issue of law and order situation, a clean-up operation, which has the backing of all stake-holders and is led by the Pakistan Rangers, was launched in Karachi. Furthermore, the government has reached a consensus in the All Parties Conference (APC) to initiate peace talks with the Pakistani Taliban. Although the road to peace may be bumpy, a successful negotiation is expected to result in significant re-rating of Pakistan's equity market.

Corporate Profitability and major contributors to Index

Equity market was also adversely influenced by unimpressive half yearly and annual results. Decline in profitability was mainly led by E&Ps, fertilizers and banks.

The banking and the telecommunication sectors were major outperformers followed by pharmaceutical and electricity sectors. The banking sector despite the adverse impact of linking Minimum Deposit Rate to SBP repo rate managed to post healthy gains on expectations of further rise in interest rate.

On the flip side, cement sector after being the biggest outperformer in the previous fiscal year was unable to perform in the 1QFY14 due to cement syndicate breakup rumors on account of capacity expansion announced by a couple of players and disagreement over price hike. Uncertainty over gas tariff hike and decrease in international urea prices kept the fertilizer sector's performance restricted despite robust volumetric sales on account of lower imports. The Oil & Gas sector underperformed the broader market during the quarter.

Top contributors to KSE-100 index growth during first quarter FY14 were primarily PPL (due to positive developments on exploration front), followed by banks as adverse impact of linking minimum deposit rate to saving accounts did not completely offset the bullish rally seen during most part of the quarter on expectations of reversal in monetary cycle.

| BEST PERFORMING STOCKS | CONTRIBUTION TO KSE-100 | TOTAL RETURN |
|------------------------|-------------------------|--------------|
| MCB | 21% | 9.90% |
| UBL | 19% | 25.20% |
| PPL | 17% | 10.49% |
| BAHL | 13% | 33.40% |
| OGDC | 12% | 3.87% |

Among stocks that pulled the KSE-100 index down, the top laggard was PSO owing to disappointing dividend payout in its FY13 result despite circular debt payment by the government. The next major underperformers were: POL on account of expectations of reserves downgrade in Manzalai and EFOODS on account of tenacity of distribution channel problems. DGKC and FFC also contributed negatively due to rumors of break-up of cement syndicate and fear of gas price increase which will affect profitability of fertilizer sector.

| BEST PERFORMING STOCKS | CONTRIBUTION TO KSE-100 | TOTAL RETURN |
|------------------------|-------------------------|--------------|
| KESC | -4% | 10.61% |
| DGKC | -8% | -17.71% |
| EFOODS | -10% | -27.76% |
| POL | -11% | -9.30% |
| PSO | -16% | -18.19% |

The overall movement of KSE-100 during this quarter can be observed in the following graph:



Equity Flows

Foreigners were net sellers during the first quarter with net outflow of USD 91 mn (primarily due to a one-off block deal in shares of KAPCO worth USD 140 mn). Mutual funds were also net sellers in the market with net sell of USD 68 mn during this period. Banks with a net buy of USD 83 mn were the leading buyers in the market followed by individuals who invested USD 48 mn during the quarter. Mutual Fund Industry Review:

During the first three months of FY14, AUMs of the mutual fund industry witnessed a decline of 0.40% to Rs. 359 billion. Islamic funds also declined modestly by 0.23% during the period under review to Rs 69 billion. This brings share of Islamic funds at 19.14% in the total mutual fund industry. In terms of net assets, open end sovereign, money market and income funds showed a growth in size during the three months ending September 2013. The combined category showed a rise of 1.08% to reach Rs 236 billion at period end. On the other hand, Islamic funds in the similar categories increased by 0.67%. Open end Equity funds (including capital protected, index tracker, and asset allocation) increased by 0.88% to Rs. 100 billion as on September 2013 compared to the Rs. 99.12 billion at June 30, 2013. Islamic equity based funds, on the other hands, showed a modest growth of 0.44% in the period under review and stood at Rs. 21.05 billion. However, in Pension Funds the size of funds reached Rs 5.25 billion as at September 30, 2013, up 9.6% from June 2013. Islamic Pension Funds also witnessed decent growth of 6.08% in the period under review to clock in at Rs 3.14 billion as of September end.

Performance Review:

Meezan Islamic Fund

During the first three months of FY14, Meezan Islamic Fund provided a net return of -0.34% while the benchmark index KMI-30 appreciated by 0.30%. During the period under review, net assets of the fund increased by 6.78% to stand at Rs 10.11 billion. As of period end, the fund was 90% invested in equities with major exposure in oil & gas, construction and material and chemical sectors.

Al Meezan Mutual Fund

During the first three months of FY14, the fund provided a net return of -0.04% while the benchmark index KMI-30 appreciated by 0.3%. During the period under review, net assets of the fund increased by 0.76% to stand at Rs 2.21 billion. As of period end, the fund was 90% invested in equities with major exposure in oil & gas, construction & material and chemical sectors.

KSE Meezan Index Fund

During the first three months of FY14, KSE Meezan Index Fund return marginally declined by 0.03% while the benchmark index KMI-30 appreciated by 0.30%. During the period under review, net assets of the fund decreased by 1.84% to stand at Rs 885 million.

Meezan Islamic Income Fund

During the first three months of FY14, Meezan Islamic Income Fund provided an annualized return of 9.0% as compared to benchmark return of 5.13%. The net assets of the fund increased by 11.05% to stand at Rs 2.94 billion. As of period end, the fund was invested 11% in Islamic Corporate Sukuk, 31% in GoP Ijarah Sukuk, 8% in Islamic commercial paper and 49% in Islamic banks.

Going forward, the fund is expected to undertake some additional provisioning pertaining to its participation in Eden Housing Limited's sukuk which currently stands classified in the non-performing category; for the first time, the company has not paid its quarterly installment (principal and accrued profit) on time (at September end) since it is currently facing some liquidity pressures on account of its on-going case with EOBI. If the payment is not received by the second week of October 2013, the fund may have to provide as per the requirements of provisioning in this sukuk.

Meezan Sovereign Fund

During the first three months of FY14, Meezan Sovereign Fund provided an annualized return of 7.79% as compared to benchmark return of 6.45%. During the period under review, net assets of the fund increased by 0.25% to stand at Rs 19.70 billion. As of the period end, the fund was invested 76% in Ijarah sukus and 23% in AA and above rated banks.

Meezan Cash Fund

During the first three months of FY 14, Meezan Cash Fund provided an annualized return of 7.35% as compared to benchmark return of 6.45%. During the period under review, net assets of the fund decreased by 5.36% to stand at Rs 6.16 billion on September 30, 2013. As of the period end, the fund was invested 16% in Islamic TDR, 4% in Islamic commercial paper, 44% in GoP Ijarah Sukuk and 33% in AA and above rated banks.

Meezan Capital Protected Fund- II

During the first three months of FYI 4, the fund provided a return of 1.01%.

During the period under review, net assets of the fund decreased by 3.10% to stand at Rs 490 million on September 30, 2013. As of period end, the fund was 16% invested in equities, 80% in GoP Ijarah Sukuks and 4% in cash and cash equivalents.

Meezan Balanced Fund

Meezan Balanced Fund was converted from a closed end fund to an open end scheme with effective from 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 three months of FY14, Meezan Balanced Fund provided a return of 0.1% against the benchmark return of 1%.

During the period under review, net assets of the fund decreased by 9.83% to stand at Rs 1.58 billion on September 30, 2013. As of period end, the fund was 53% invested in equities, 22% in Government Ijarah Sukuks, 6% in Islamic Commercial Papers, 3% in corporate Sukuks and 16% 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 three months of FY14, the aggressive allocation plan provided a net return of -0.1% against its benchmark return of 0.8%. The net assets grew by 5.47% to stand at Rs. 269 million by the end of this period.

The Moderate Allocation Plan

During the first quarter of FY14, the moderate category earned a net return of 1% against a benchmark return of 1.3%. The net assets grew by 7.56% and stood at Rs. 170 million by the end of this quarter.

The Conservative Allocation Plan

During the first three months of FY14, this allocation category earned a net return of 1.1% for its investors against a benchmark return of 1.4%. The net assets of this sub fund grew by 19.75% to stand at Rs. 342 million at the end of this quarter.

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 31.97 million (1.83%) and stand at Rs 1.78 billion as on September 30, 2013. It is the largest voluntary pension fund in Pakistan with a market share of 33.87% as of September 30, 2013. Performance review of each sub fund for the three months ended September 30, 2012 is given as under:

Equity Sub Fund

During the first three months of FY14, Equity Sub Fund provided a return of (0.65%). The net assets of the sub fund increased by 3.80% to stand at Rs 837 million on September 30, 2013. As of period end, the fund was 90% invested in equities with major exposure in oil & gas, construction and material and chemical sectors.

Debt Sub Fund

During the first three months of FY14, Debt Sub Fund provided an annualized return of 7.06%. During the period under review, net assets of the sub fund increased by 8.22% to stand at Rs 693 million. As of period end, the fund was 89% invested in GoP Ijarah Sukuks, 0.1% in sukuks and 94% in cash and receivables.

Money Market Sub Fund

During the first three months of FY14, Money Market Sub Fund provided an annualized return of 6.88%. During the period under review, net assets of the sub fund decreased by 17.68% to stand at Rs 249 million. As of period end, the fund was 87% invested in GoP Ijara Sukuks and 13% in cash and receivables.

Outlook

With the new IMF loan taking care of the external account, GoP's focus on fiscal consolidation, broadening of tax net, and a commitment towards revival of growth are expected to lead the way for economy's return to the growth path. However, increase in taxation in the budget, and upcoming increase in tariff hikes to reduce electricity subsidy could drive up inflation, which remains the key risk faced by the economy.

Investors may take solace from the fact that the key sectors such as E&P, IPPs, Textile & Telecom will eventually benefit from rupee devaluation, thus corporate earnings should improve. With higher taxes and likely increase in power tariffs setting the base for rising inflation, key signpost to watch will be CPI inflation figures for the next few months which would determine the future path of interest rates. Equity market may lose its allure as the return on fixed income instruments begins to rise with expectations of further increase in discount rate, thus causing investors to re-balance their portfolios.

The KSE-100 index has taken a correction of 9% from the recent peak and is expected to consolidate at current levels. KSE-100 is trading at FY'14 PER of 7.9x, with FY'14 earnings growth of 11% 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 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: October 25, 2013

**Mohammad Shoaib, CFA
Chief Executive**



Quarterly Report September 30, 2013

FUND INFORMATION

MANAGEMENT COMPANY

Al Meezan Investment Management Limited
Ground Floor, Block "B", Finance & Trade Centre,
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Web site: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

Bawaney & Partners
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E-mail: bawaney@cyber.net.pk

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2013 (Unaudited)

| | Note | (Unaudited) September 30, 2013 (Rupees in '000) | (Audited) June 30, 2012 |
|--|------|--|-------------------------------|
| Assets | | | |
| Balances with banks | | 851,082 | 786,424 |
| Investments | 5 | 9,257,799 | 8,878,719 |
| Dividend receivable | | 168,799 | 7,849 |
| Deposits and other receivables | | 22,506 | 22,411 |
| Total assets | | 10,300,186 | 9,695,403 |
| Liabilities | | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company | | 31,823 | 32,341 |
| Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee | | 965 | 879 |
| Payable to Meezan Bank Limited (MBL) | | 1,328 | 329 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | | 2,513 | 6,686 |
| Payable on redemption and conversion of units | | 31,921 | 26,412 |
| Payable against purchase of investments | | 55,503 | 99,386 |
| Accrued expenses and other liabilities | | 56,930 | 53,057 |
| Total liabilities | | 180,983 | 219,090 |
| Net assets | | 10,119,203 | 9,476,313 |
| Contingencies and Commitments | | | |
| | 6 | | |
| Unitholders' funds (as per statement attached) | | 10,119,203 | 9,476,313 |
| Number of units | | | |
| Number of units in issue | | 226,055,639 | 151,821,956 |
| Rupees | | | |
| Net assets value per unit | | 44.76 | 62.42 |

The annexed notes 1 to 8 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 quarter ended September 30, 2013 (Unaudited)

| | September 30 | |
|--|-------------------------|----------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Income | | |
| Net realised gain on sale of investments | 53,040 | 29,249 |
| Dividend income | 215,933 | 133,805 |
| Profit on savings accounts with banks | 18,584 | 5,298 |
| Other income | 5,794 | 1,070 |
| | <u>293,351</u> | <u>169,422</u> |
| Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss (net) | (88,668) | 486,774 |
| Total income | 204,683 | 656,196 |
| Expenses | | |
| Remuneration to Al Meezan Investment Management Limited (Al meezan) - Management Company | 52,896 | 29,252 |
| Sindh Sales Tax and Federal Excise Duty on management fee | 17,370 | 4,680 |
| Remuneration to Central Depository Company (CDC) - Trustee | 2,897 | 1,715 |
| Annual fee to Securities and Exchange Commission of Pakistan (SECP) | 2,513 | 1,389 |
| Auditors' remuneration | 173 | 164 |
| Fees and subscription | 10 | 10 |
| Legal and professional charges | 47 | 47 |
| Brokerage | 3,693 | 1,119 |
| Bank and settlement charges | 1,446 | 179 |
| Provision for Workers' Welfare Fund | 2,947 | - |
| Charity Expense | 3,624 | 1,652 |
| Printing charges | 176 | 176 |
| Total expenses | <u>87,792</u> | <u>40,383</u> |
| Net income from operating activities | 116,891 | 615,813 |
| Element of income and capital gains included in prices of units issued less those in units redeemed (net) | 30,466 | 40,383 |
| Net income for the quarter | 147,357 | 628,625 |
| Other comprehensive income for the quarter | | |
| Items to be reclassified to income statement in subsequent periods: | | |
| Unrealised (loss) / gain on available for sale investments | (210,370) | 44,822 |
| Total comprehensive (loss) / income for the quarter | <u>(63,013)</u> | <u>673,447</u> |

The annexed notes 1 to 8 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 quarter ended September 30, 2013 (Unaudited)

| | September 30 | |
|--|-------------------------|------------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Accumulated income brought forward | 2,374,438 | 49,468 |
| Less : Final distribution in the form of bonus units @ 35% for the year ended June 30, 2013 (June 30, 2012 @ 16.5%) | (2,655,025) | (886,753) |
| Less : Final distribution in the form of 35% cash dividend for the year ended June 30, 2013 (June 30, 2012 @ 16.5%) | (1,859) | (927) |
| Net income for the quarter | 147,357 | 628,625 |
| Element of income and capital gains included in prices of units sold less those in units redeemed pertaining to available for sale' investment (net) | 28,212 | - |
| Undistributed loss carried forward | <u>(106,877)</u> | <u>(209,587)</u> |

The annexed notes 1 to 8 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 UNIT HOLDERS' FUND

For the quarter ended September 30, 2013 (Unaudited)

| | September 30 | |
|--|---------------------------|-------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Net assets at the beginning of the quarter | 9,476,313 | 5,343,159 |
| Issue of 51,480,972 units (September 30, 2012: 9,367,261 units) | 2,453,464 | 421,289 |
| Redemption of 36,352,922 units (September 30, 2012: 5,945,532 units) | (1,715,236) | (265,405) |
| | 738,228 | 155,884 |
| Element of income and capital gains included in prices of units issued less those in units redeemed (net): - transferred to income statement | (30,466) | (12,812) |
| Total comprehensive (loss) / income for the quarter | (63,013) | 673,447 |
| Cash distribution during the quarter | (1,859) | (927) |
| Issue of bonus units during the quarter | (2,655,025) | (886,753) |
| Total comprehensive income / (loss) for the period less distribution | (2,719,897) | (214,233) |
| Issue of 59,105,633 bonus units for the year ended June 30, 2013 (2012: 21,413,976 bonus units) | 2,655,025 | 886,753 |
| Net assets at the end of the quarter | 10,119,203 | 6,158,751 |
| | ----- Rupees ----- | |
| Net asset value per unit at the beginning of the quarter | 62.42 | 49.66 |
| Net asset value per unit at the end of the quarter | 44.76 | 46.50 |

The annexed notes 1 to 8 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 quarter ended September 30, 2013 (Unaudited)

| | September 30 | |
|--|-------------------------|-----------------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the quarter | 147,357 | 628,625 |
| Adjustments for: | | |
| Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss (net) | 88,668 | (486,774) |
| Element of income and capital gains included in prices of units issued less those in units redeemed | (30,466) | (12,812) |
| | <u>205,559</u> | <u>129,039</u> |
| Increase in assets | | |
| Investments at fair value through profit or loss | (678,118) | (157,972) |
| Receivable against sale of investments | - | 2,307 |
| Dividend receivable | (160,950) | (80,958) |
| Deposits, prepayments and other receivables | (95) | 1,855 |
| | <u>(839,163)</u> | <u>(234,768)</u> |
| (Decrease) / Increase in liabilities | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company | (518) | 4,917 |
| Payable to Central Depository Company of Pakistan Limited (CDC) | 86 | (14) |
| Payable to Meezan Bank Limited (MBL) | 999 | 54 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | (4,173) | (3,210) |
| Payable against purchase of investments | (43,883) | 2,129 |
| Accrued expenses and other liabilities | 3,873 | 2,156 |
| | <u>(43,616)</u> | <u>6,032</u> |
| Net cash outflow from operating activities | <u>(677,220)</u> | <u>(99,697)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Receipts from sale of units | 2,453,464 | 421,289 |
| Dividend paid | (1,859) | (927) |
| Payments against redemption of units | (1,709,727) | (265,902) |
| Net cash inflow from financing activities | <u>741,878</u> | <u>154,460</u> |
| Net cash inflow during the period | <u>64,658</u> | <u>54,763</u> |
| Cash and cash equivalents at the beginning of the quarter | <u>786,424</u> | <u>185,660</u> |
| Cash and cash equivalents at the end of the quarter | <u><u>851,082</u></u> | <u><u>240,423</u></u> |

The annexed notes 1 to 8 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 quarter ended September 30, 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 MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

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

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 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 risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2013.

| | Note | September 30, 2013 (Rupees in '000) | June 30, 2013 |
|---|-------|---|------------------|
| 5. INVESTMENTS | | | |
| Investments at fair value through profit and loss | 5.1 | 5,294,252 | 4,302,165 |
| Investments- 'available for sale' | 5.2 | 3,963,547 | 861,790 |
| | | <u>9,257,799</u> | <u>5,163,955</u> |
| 5.1 Investments at 'fair value through profit or loss' | | | |
| - Held for trading | 5.1.1 | 5,028,173 | 3,992,711 |
| - Investments at 'fair value through profit or loss upon initial recognition' | 5.1.5 | 266,079 | 309,454 |
| | | <u>5,294,252</u> | <u>4,302,165</u> |

5.1.1 Held for Trading - Shares of listed companies

| Name of the investee company | As at July 01, 2013 | Purchases during the period | Bonus issue | Sales during the period | As at September 30, 2013 | Carrying value | Market value | Unrealised gain / (loss) | Percentage in relation to | | |
|--|---------------------|-----------------------------|-------------|-------------------------|--------------------------|--------------------------|------------------|--------------------------|---|-----------------------------------|---|
| | | | | | | | | | Net assets of the Fund on the basis of market value | Total market value of investments | Paid-up capital of investee company (with face value of investment) |
| | | | | | | | | | | | |
| -----Number of shares----- | | | | | | -----Rupees in '000----- | | | | | |
| Automobile and Parts | | | | | | | | | | | |
| Agriauto Industries Limited (note 5.1.2) | 596,700 | 70,000 | - | - | 666,700 | 50,809 | 55,336 | 4,527 | 0.55 | 0.60 | 2.31 |
| Indus Motor Company Limited | 384,944 | - | - | - | 384,944 | 119,718 | 125,299 | 5,581 | 1.24 | 1.35 | 0.49 |
| Pak Suzuki Motor Company Limited | 220,322 | 35,000 | - | - | 255,322 | 38,041 | 35,745 | (2,296) | 0.35 | 0.39 | 0.31 |
| Chemicals | | | | | | | | | | | |
| Fauji Fertilizer Bin Qasim Limited | 3,506,249 | - | - | 895,500 | 2,610,749 | 98,008 | 98,164 | 156 | 0.97 | 1.06 | 0.28 |
| Fauji Fertilizer Company Limited | 5,085,859 | 125,000 | - | 1,223,900 | 3,986,959 | 428,463 | 404,158 | (24,305) | 3.99 | 4.37 | 0.19 |
| ICI Pakistan Limited | 13,000 | - | - | - | 13,000 | 2,164 | 2,315 | 151 | 0.02 | 0.03 | 0.01 |
| Construction and Materials | | | | | | | | | | | |
| Attock Cement Pakistan Limited | 683 | - | 4 | 650 | 37 | 4 | 5 | 1 | - | - | - |
| DG Khan Cement Company Limited | 91,722 | 1,490,000 | - | 1,400,000 | 181,722 | 14,799 | 12,515 | (2,284) | 0.12 | 0.14 | 0.04 |
| Fauji Cement Company Limited | - | 6,220,000 | - | 3,500,000 | 2,720,000 | 35,814 | 29,512 | (6,302) | 0.29 | 0.32 | 0.20 |
| Lucky Cement Limited | 207,179 | 300,000 | - | 492,900 | 14,279 | 3,279 | 3,303 | 24 | 0.03 | 0.04 | - |
| General Industries | | | | | | | | | | | |
| Packages Limited | 1,488,779 | 398,400 | - | 100,000 | 1,787,179 | 406,393 | 455,909 | 49,516 | 4.51 | 4.92 | 2.12 |
| Thal Limited (note 5.1.2) | 195,205 | - | - | - | 195,205 | 24,887 | 23,481 | (1,406) | 0.23 | 0.25 | 0.24 |
| Tri-pack Films Limited | 218,300 | - | - | - | 218,300 | 44,097 | 42,285 | (1,812) | 0.42 | 0.46 | 0.73 |
| Fixed Line Telecommunication | | | | | | | | | | | |
| Pakistan Telecommunication Company Limited "A" | 10,737,537 | 7,450,500 | - | 295,500 | 17,892,537 | 419,564 | 468,069 | 48,505 | 4.63 | 5.06 | 0.47 |
| Banks | | | | | | | | | | | |
| Meezan Bank Limited (an associate of the Fund) | - | 1,356,000 | - | - | 1,356,000 | 52,762 | 50,321 | (2,441) | 0.50 | 0.54 | 0.14 |
| Oil and gas | | | | | | | | | | | |
| Attock Petroleum | 20,066 | - | 4,013 | - | 24,079 | 11,259 | 10,392 | (867) | 0.10 | 0.11 | 0.03 |
| Attock Refinery Limited | 400 | 133,700 | - | - | 134,100 | 31,981 | 27,145 | (4,836) | 0.27 | 0.29 | 0.16 |
| Pakistan Oilfields Limited | 2,050,047 | - | - | 197,550 | 1,852,497 | 921,376 | 794,221 | (127,155) | 7.85 | 8.58 | 0.78 |
| Pakistan Petroleum Limited | 3,526,575 | 711,800 | 787,675 | 450,000 | 4,576,050 | 826,278 | 872,195 | 45,917 | 8.62 | 9.42 | 0.23 |
| Pakistan State Oil Company Limited | 170,302 | 720,000 | - | 127,000 | 763,302 | 254,390 | 200,061 | (54,329) | 1.98 | 2.16 | 0.31 |
| National Refinery Limited | 1,505 | - | - | - | 1,505 | 362 | 311 | (51) | - | - | - |
| Oil and Gas Development Company Limited (note 5.1.3) | 1,290,194 | 250,000 | - | 1,900 | 1,538,294 | 355,215 | 361,530 | 6,315 | 3.57 | 3.91 | 0.04 |
| Electricity | | | | | | | | | | | |
| The Hub Power Company Limited | 692,216 | 1,155,500 | - | 1,382,000 | 465,716 | 30,143 | 29,680 | (463) | 0.29 | 0.32 | 0.04 |
| Kohinoor Energy Limited | 700,000 | 390,000 | - | 156,500 | 933,500 | 33,696 | 34,932 | 1,236 | 0.35 | 0.38 | 0.55 |
| Food Producers | | | | | | | | | | | |
| Engro Foods limited | 2,392,021 | 2,662,500 | - | 2,062,100 | 2,992,421 | 358,044 | 304,299 | (53,745) | 3.01 | 3.29 | 0.39 |
| Personal Goods | | | | | | | | | | | |
| Nishat Mills Ltd. | 3,836,500 | 2,722,700 | - | 225,000 | 6,334,200 | 613,434 | 586,990 | (26,444) | 5.80 | 6.34 | 1.80 |
| Total | | | | | | 5,174,980 | 5,028,173 | (146,807) | | | |
| Total cost of investments | | | | | | | 4,617,360 | | | | |

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 of Oil and Gas Development Company Limited, having market value of Rs 103.291 million as at September 30, 2013, have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses. (June 2013: 439,500 shares)

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

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

| Name of the investee company | As at July 01, 2013 | Purchases during the period | Bonus issue | Sales during the period | As at September 30, 2013 | Carrying value | Market value | Unrealised gain / (loss) | Percentage in relation to | | |
|--|---------------------|-----------------------------|-------------|-------------------------|--------------------------|--------------------------|----------------|--------------------------|---|-----------------------------------|---|
| | | | | | | | | | Net assets of the Fund on the basis of market value | Total market value of investments | Paid-up capital of investee company (with face value of investment) |
| | | | | | | | | | | | |
| -----Number of shares----- | | | | | | -----Rupees in '000----- | | | | | |
| Banks | | | | | | | | | | | |
| Meezan Bank Limited (an associate of the Fund) | 7,167,442 | - | - | - | 7,167,442 | 207,856 | 265,984 | 58,128 | 2.63 | 2.87 | 0.71 |
| General Industrials | | | | | | | | | | | |
| Packages Limited | 374 | - | - | - | 374 | 84 | 95 | 11 | 0.00 | 0.00 | 0.00 |
| Grand Total | | | | | | 207,940 | 266,079 | 58,139 | | | |
| Total cost of Investments | | | | | | | 72,700 | | | | |

5.2 Investments categorised as 'available for sale'

5.2.1 Shares of listed companies and a bank

| Name of the investee company | As at July 01, 2013 | Purchases during the period | Bonus issue | Sales during the period | As at September 30, 2013 | Carrying value | Market value | Unrealised gain / (loss) | Percentage in relation to | | |
|--|---------------------|-----------------------------|-------------|-------------------------|--------------------------|--------------------------|------------------|--------------------------|---|-----------------------------------|---|
| | | | | | | | | | Net assets of the Fund on the basis of market value | Total market value of investments | Paid-up capital of investee company (with face value of investment) |
| | | | | | | | | | | | |
| -----Number of shares----- | | | | | | -----Rupees in '000----- | | | | | |
| Automobile and Parts | | | | | | | | | | | |
| Indus Motor Company Limited | 103,068 | - | - | - | 103,068 | 23,627 | 33,549 | 9,922 | 0.33 | 0.36 | 0.13 |
| Pak Suzuki Motor Company Limited | 24,105 | - | - | - | 24,105 | 1,759 | 3,375 | 1,616 | 0.03 | 0.04 | 0.03 |
| Banks | | | | | | | | | | | |
| Meezan Bank Limited (an associate of the Fund) | 715,880 | - | - | 68,500 | 647,380 | 8,047 | 24,024 | 15,977 | 0.24 | 0.26 | 0.06 |
| BankIslami Pakistan Limited | 500 | - | - | - | 500 | 2 | 3 | 1 | - | - | - |
| Chemicals | | | | | | | | | | | |
| ICI Pakistan Limited | 59,975 | - | - | - | 59,975 | 7,795 | 10,681 | 2,886 | 0.11 | 0.12 | 0.06 |
| Construction and Materials | | | | | | | | | | | |
| Attock Cement Pakistan Limited | 136,350 | - | - | 136,350 | - | - | - | - | - | - | - |
| DG Khan Cement Company Limited | 7,125,000 | - | - | - | 7,125,000 | 593,439 | 490,699 | (102,740) | 4.85 | 5.30 | 1.63 |
| Lucky Cement Limited | 3,100,000 | - | - | 135,000 | 2,965,000 | 561,137 | 685,775 | 124,638 | 6.78 | 7.41 | 0.92 |
| Electricity | | | | | | | | | | | |
| The Hub Power Company Limited | 15,000,000 | - | - | - | 15,000,000 | 949,610 | 955,950 | 6,340 | 9.45 | 10.33 | 1.30 |
| General Industries | | | | | | | | | | | |
| Packages Limited | 250,000 | - | - | - | 250,000 | 60,051 | 63,775 | 3,724 | 0.63 | 0.69 | 0.30 |
| Tri-Pack Films Limited | 10 | - | - | - | 10 | 1 | 2 | 1 | - | - | - |
| Food Producers | | | | | | | | | | | |
| Engro Foods Limited | 2,100,000 | - | - | - | 2,100,000 | 299,840 | 213,549 | (86,291) | 2.11 | 2.31 | 0.27 |
| Oil and gas | | | | | | | | | | | |
| National Refinery Limited | 1,151 | - | - | - | 1,151 | 281 | 238 | (43) | - | - | - |
| Oil and Gas Development Company Limited (note 5.1.3) | 3,600,000 | - | - | - | 3,600,000 | 882,230 | 846,072 | (36,158) | 8.36 | 9.14 | 0.08 |
| Pakistan State Oil Company Limited | 2,426,000 | - | - | - | 2,426,000 | 723,477 | 635,855 | (87,622) | 6.28 | 6.87 | 0.98 |
| Grand Total | | | | | | 4,111,296 | 3,963,547 | (147,749) | | | |
| Total cost of Investments | | | | | | | 4,111,296 | | | | |

6. CONTINGENCY

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

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. Accordingly, the management has not recognised WWF charge upto December 31, 2012 amounting to Rs. 89.30 million. Had the same been made, the net assets value per unit of the Fund would have been lower by Rs. 0.40 (0.88%).

However, the management as a matter of abundant caution has recognised WWF charge from January 1, 2013 to September 30, 2013 amounting to Rs. 43.54 million.

7. 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 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 year ended September 30, 2013 and as of that date along with comparatives are as follows:

| | September 30, 2013 | June 30, 2012 |
|---|-----------------------|------------------|
| | (Rupees in '000) | |
| Al Meezan - management company of the Fund | | |
| Remuneration payable | <u>17,385</u> | <u>15,667</u> |
| Sindh Sales Tax and Federal Excise Duty on management fee payable | <u>5,995</u> | <u>4,006</u> |
| Sales load payable | <u>4,909</u> | <u>9,137</u> |
| Sindh Sales Tax on sales load payable | <u>3,529</u> | <u>3,526</u> |
| Certificate charges payable | <u>5</u> | <u>5</u> |
| Meezan Bank Limited | | |
| Bank balance | <u>21,010</u> | <u>53,339</u> |
| Sales load payable | <u>1,328</u> | <u>329</u> |
| Investment in 9,170,822 shares (June 30, 2013: 7,883,322 shares) | <u>340,329</u> | <u>228,617</u> |
| Investment of 18,597,415 units (June 30, 2013: 13,383,456 units) | <u>832,420</u> | <u>835,396</u> |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Trustee fee payable | <u>950</u> | <u>864</u> |
| Deposits with CDC | <u>100</u> | <u>100</u> |
| Charges payable | <u>15</u> | <u>15</u> |

| | September 30, 2013 | June 30, 2012 |
|---|---------------------------------------|------------------|
| | (Rupees in '000) | |
| Al Meezan Investment Management Limited - Staff Gratuity Fund | | |
| Investment in 104,370 units (June 30, 2013 : 75,109 units) | <u>4,672</u> | <u>4,688</u> |
| Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan | | |
| Investment in 4,508,132 units (June 30, 2013: 2,958,967 units) | <u>201,784</u> | <u>184,699</u> |
| Meezan Financial Planning Fund of Funds - Conservative Allocation Plan | | |
| Investment in 1,826,538 units (June 30, 2013: 1,035,037 units) | <u>81,756</u> | <u>64,607</u> |
| Meezan Financial Planning Fund of Funds - Moderate Allocation Plan | | |
| Investment in 1,860,610 units (June 30, 2013: 1,200,768 units) | <u>83,281</u> | <u>74,952</u> |
| Directors and Executives | | |
| Investment of 3,194,447 units (June 30, 2013: 2,750,198 units) | <u>142,983</u> | <u>171,667</u> |
| | Quarter ended September 30 | |
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Al Meezan - management company of the Fund | | |
| Remuneration for the period | <u>52,896</u> | <u>29,252</u> |
| Bonus Units Issued : nil units (2012: 272,484 units) | <u>-</u> | <u>11,284</u> |
| Sindh Sales Tax and Federal Excise Duty on management fee | <u>17,370</u> | <u>4,680</u> |
| Al Meezan Mutual Fund | | |
| Bonus units: Nil units (2012: 1,586,565 units) | <u>-</u> | <u>-</u> |
| Disposals: Nil units (2012: 10,066,755 units) | <u>-</u> | <u>113,855</u> |
| Meezan Bank Limited | | |
| Profit on saving accounts | <u>452</u> | <u>136</u> |
| Bonus units issued: 5,213,950 units (2012: 2,223,391 units) | <u>234,211</u> | <u>92,071</u> |
| Central Depository Company of Pakistan Limited | | |
| Trustee fee | <u>2,897</u> | <u>1,715</u> |
| CDS charges | <u>13</u> | <u>13</u> |

| | Quarter ended September 30 | |
|---|-------------------------------|--------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Al Meezan Investment Management Limited - Staff Provident Fund | | |
| Bonus units issued: Nil units (2012: 11,546 units) | - | 478 |
| Al Meezan Investment Management Limited - Staff Gratuity Fund | | |
| Bonus units issued: 29,261 units (2012: 12,478 units) | 1,314 | 517 |
| Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan | | |
| Units Issued: 810,867 units (June 30, 2012: Nil units) | 38,527 | - |
| Bonus units issued: 1,152,763 units (2012: Nil units) | 51,782 | - |
| Disposal of units: 414,465 units (June 30, 2012: Nil units) | 19,500 | - |
| Meezan Financial Planning Fund of Funds - Conservative Allocation Plan | | |
| Units Issued: 550,984 units (June 30, 2012: Nil units) | 26,461 | - |
| Bonus units issued: 403,232 units (2012: Nil units) | 18,113 | - |
| Disposal of units: 162,715 units (June 30, 2012: Nil units) | 7,750 | - |
| Meezan Financial Planning Fund of Funds - Moderate Allocation Plan | | |
| Units Issued: 556,823 units (June 30, 2012: Nil units) | 26,809 | - |
| Bonus units issued: 467,797 units (2012: Nil units) | 21,013 | - |
| Disposal of units: 364,778 units (June 30, 2012: Nil units) | 17,500 | - |
| Directors and Executives | | |
| Bonus units issued: 1,070,951 units (2012: 653,052 units) | 48,107 | 27,043 |
| Units issued: 66,544 units (2012: 22,520 units) | 3,158 | 1,000 |
| Redemptions: 693,246 units (2012: 1,094,164 units) | 29,130 | 50,344 |

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 25, 2013 by the board of directors of the management company.

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

Chief Executive

Director



Quarterly Report September 30, 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 | Chairman |
| Mr. P. Ahmed | Director |
| Mr. Salman Sarwar Butt | Director |
| Mr. Tasnimul Haq Farooqui | Director |
| Mr. Mazhar Sharif | Director |
| Syed Amir Ali | Director |
| Syed Amir Ali Zaidi | Director |
| Mr. Mohammad Shoaib, CFA | Chief Executive |

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

| | |
|---------------------------------|---------------------------|
| AlBaraka Islamic Bank | Bank Alfalah Limited |
| Habib Metropolitan Bank Limited | Meezan Bank Limited |
| UBL Ameen | 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: 32062891 Fax: 32552771
Web site: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2013 (Unaudited)

| | September 30, 2013 | (Audited) June 30, 2013 |
|--|--------------------------|-------------------------------|
| Note | (Rupees in '000) | |
| Assets | | |
| Balances with banks | 177,674 | 199,155 |
| Investments | 5 2,030,949 | 2,031,950 |
| Receivable against sale of investments | - | 15 |
| Dividend receivable | 36,322 | 1,868 |
| Deposits and other receivables | 8,549 | 7,150 |
| Total assets | 2,253,494 | 2,240,138 |
| Liabilities | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company | 6,601 | 6,214 |
| Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee | 274 | 257 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | 547 | 1,742 |
| Payable on redemption and conversion of units | 1,297 | 695 |
| Accrued expenses and other liabilities | 17,657 | 14,396 |
| Payable against purchase of investments | 15,506 | 21,931 |
| Unclaimed dividend | 4,776 | 4,776 |
| Total liabilities | 46,658 | 50,011 |
| Net assets | 2,206,836 | 2,190,127 |
| Contingencies and commitments | 6 | |
| Unitholders' fund (as per statement attached) | 2,206,836 | 2,190,127 |
| | (Number of units) | |
| Number of units in issue | 175,379,372 | 136,128,843 |
| | (Rupees) | |
| Net assets value per unit | 12.58 | 16.09 |

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, 2013 | 2012 |
|---|-----------------------|---------|
| Note | (Rupees in '000) | |
| Income | | |
| Net realised gain on sale of investments | 19,799 | 18,927 |
| Dividend income | 45,827 | 35,260 |
| Profit on saving accounts with banks | 3,991 | 2,694 |
| Back end load | - | 39 |
| Other income | 1,142 | 212 |
| | 70,759 | 57,132 |
| Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net) | 6,902 | 48,395 |
| Total income | 77,661 | 105,527 |
| Expenses | | |
| Remuneration to Al Meezan Investment Management Limited - Management Company | 11,514 | 8,601 |
| Sindh Sales Tax and Federal Excise Duty on management fee | 3,779 | 1,376 |
| Remuneration to Central Depository Company of Pakistan Limited - Trustee | 836 | 682 |
| Annual fee to Securities and Exchange Commission of Pakistan | 547 | 409 |
| Auditors' remuneration | 150 | 176 |
| Fees and subscription | - | 30 |
| Charity expense | 838 | 433 |
| Brokerage | 954 | 500 |
| Bank and settlement charges | 258 | 68 |
| Printing expenses | 87 | 89 |
| Provision for Workers' Welfare Fund (WWF) | 1,093 | - |
| Total expenses | 20,056 | 12,364 |
| Net income from operating activities | 57,605 | 93,163 |
| Element of loss and capital losses included in prices of units issued less those in units redeemed (net) | (2,930) | (7,641) |
| Net income for the quarter before taxation | 54,675 | 85,522 |
| Taxation | - | - |
| Net income for the quarter after taxation | 54,675 | 85,522 |
| Other comprehensive income for the quarter | | |
| 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) | (55,674) | 109,122 |
| Total comprehensive income for the quarter | (999) | 194,644 |

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

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | 2012 |
|---|-------------------------|-------------|
| | (Rupees in '000) | |
| Undistributed income brought forward | 681,560 | 252,823 |
| Less: Final distribution for the year ended June 30, 2013 on July 8, 2013 | | |
| - Bonus @ 35% (Rs. 3.50 per unit) | (476,445) | (264,972) |
| - Cash Dividend @ 35% (Rs. 3.50 per unit) | (10) | |
| Net income for the quarter | 54,675 | 85,522 |
| Element of loss and capital losses included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net) | 544 | (10,214) |
| Undistributed income carried forward | 260,324 | 63,159 |

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | |
|--|-------------------------|-------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Net assets at beginning of the quarter | 2,190,127 | 1,680,705 |
| Issue of 36,196,553 units (2012 : 7,462,907 units) | 478,895 | 85,353 |
| Redemption of 34,788,863 units (2012 : 30,509,196 units) | (463,563) | (349,574) |
| | 15,332 | (264,221) |
| Element of loss and capital losses included in prices of units issued less those in units redeemed (net) | 2,930 | 17,855 |
| Issue of 37,842,839 bonus units for the year ended June 30, 2013 | 476,445 | 264,972 |
| Total other comprehensive income for the quarter less distribution | (477,998) | (80,542) |
| Net assets at end of the quarter | 2,206,836 | 1,618,769 |
| | (Rupees) | |
| Net assets value per unit as at beginning of the quarter | 16.09 | 10.69 |
| Net assets value per unit as at end of the quarter | 12.58 | 12.06 |

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, 2013 | 2012 |
|--|-----------------------|-----------|
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the quarter | 54,675 | 85,522 |
| Adjustments for: | | |
| Unrealised gain on re-measurement of investments at 'fair value through profit or loss' (net) | (6,902) | (48,395) |
| Impairment loss on 'available for sale' investments | - | - |
| Element of loss and capital losses included in prices of units issued less those in units redeemed (net) | 2,930 | 7,641 |
| | 50,703 | 44,768 |
| (Increase) / decrease in assets | | |
| Investments (net) | (48,315) | 103,561 |
| Receivable against sale of investments | 15 | 9,296 |
| Dividend receivable | (34,454) | (21,928) |
| Deposits and other receivables | (1,399) | 1,761 |
| | (84,153) | 92,690 |
| Increase / (decrease) in liabilities | | |
| Payable to Al Meezan Investment Management Limited - Management Company | 387 | 302 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 17 | 2 |
| Payable to Securities and Exchange Commission of Pakistan | (1,195) | (1,084) |
| Payable against purchase of investments | (6,425) | (643) |
| Accrued expenses and other liabilities | 3,261 | 447 |
| | (3,955) | (976) |
| Net cash inflow from operating activities | (37,405) | 136,482 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Receipts against issuance of units | 478,895 | 85,353 |
| Payment against redemption of units | (462,961) | (343,734) |
| Dividend paid | (10) | - |
| Net cash (used in) financing activities | 15,924 | (258,381) |
| Net increase / (decrease) in cash and cash equivalents during the quarter | (21,481) | (121,899) |
| Cash and cash equivalents at beginning of the quarter | 199,155 | 163,281 |
| Cash and cash equivalents at end of the quarter | 177,674 | 41,382 |

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 measurement

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

3. Statement of compliance

This condensed interim financial report 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) have been followed.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the period 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 period ended June 30, 2013.

The Fund financial risk management objective and policies are consistent with those disclosed in the annual financial statements for the period ended June 30, 2013

| | (Unaudited) September 30, 2013 | (Audited) June 30, 2013 |
|---|--------------------------------------|-------------------------------|
| 5. INVESTMENTS | | |
| Investment 'at fair value through profit or loss' - Held for trading | 5.1 1,236,574 | 1,163,074 |
| Investment - 'available for sale' | 5.2 794,375 | 868,876 |
| | 2,030,949 | 2,031,950 |

5.1 Held for trading - shares of listed companies

| Name of the investee company | As at July 1, 2013 | Purchases during the quarter | Bonus shares | Sales during the quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) as at September 30, 2013 | Percentage in relation to | | |
|---|--------------------|------------------------------|--------------|--------------------------|--------------------------|---|---------------------------------------|---|--|----------------------------------|---|
| | | | | | | | | | Net assts 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 | | | | | | | | | | | |
| Banks | | | | | | | | | | | |
| Meezan Bank Limited (an associate of the Fund) | 792,712 | 900,000 | - | - | 1,692,712 | 58,068 | 62,817 | 4,749 | 2.85 | 3.09 | 0.17 |
| Construction and Materials | | | | | | | | | | | |
| Attock Cement Pakistan Limited | 975 | - | 146 | - | 1,121 | 128 | 147 | 19 | 0.01 | 0.01 | - |
| DG Khan Cement Company Limited | 51,805 | 389,000 | - | 364,000 | 76,805 | 6,219 | 5,289 | (930) | 0.24 | 0.26 | 0.02 |
| Fauji Cement | - | 1,200,000 | - | 1,100,000 | 100,000 | 1,319 | 1,085 | (234) | 0.05 | 0.05 | 0.01 |
| Lucky Cement Company Limited | 665,190 | 101,000 | - | 165,700 | 600,490 | 127,574 | 138,887 | 11,313 | 6.29 | 6.84 | 0.19 |
| | | | | | | | | | 6.59 | 7.16 | 0.22 |
| Oil & gas | | | | | | | | | | | |
| Attock Refinery Limited | 500 | 15,000 | - | - | 15,500 | 3,379 | 3,138 | (241) | 0.14 | 0.15 | 0.02 |
| Pakistan State Oil Company Limited | 30,861 | 82,000 | - | 65,861 | 47,000 | 15,461 | 12,318 | (3,143) | 0.56 | 0.61 | 0.02 |
| Pakistan Oilfields Limited | 242,751 | - | - | 67,000 | 175,751 | 87,414 | 75,349 | (12,065) | 3.41 | 3.71 | 0.07 |
| Pakistan Petroleum Limited | 849,883 | 278,800 | 206,736 | 176,000 | 1,159,419 | 211,552 | 220,985 | 9,433 | 10.01 | 10.88 | 0.06 |
| Oil and Gas Development Company Limited (5.1.3) | 395,900 | - | - | - | 395,900 | 90,562 | 93,044 | 2,482 | 4.22 | 4.58 | 0.01 |
| | | | | | | | | | 18.34 | 19.93 | 0.18 |
| Automobile and Parts | | | | | | | | | | | |
| Indus Motor Company Limited | 97,264 | - | - | - | 97,264 | 30,249 | 31,659 | 1,410 | 1.43 | 1.56 | 0.12 |
| Pak Suzuki Motor Company Limited | 50,689 | 15,000 | - | - | 65,689 | 9,803 | 9,197 | (606) | 0.42 | 0.45 | 0.08 |
| Agriautos Industries Limited (note 5.1.2) | 6,460 | - | - | - | 6,460 | 486 | 536 | 50 | 0.02 | 0.03 | 0.04 |
| | | | | | | | | | 1.87 | 2.04 | 0.24 |
| Fixed Line and telecommunication | | | | | | | | | | | |
| Pakistan Telecommunication Company Limited "A" | 2,561,170 | 1,718,500 | - | 90,000 | 4,189,670 | 98,512 | 109,602 | 11,090 | 4.97 | 5.40 | 0.11 |
| Chemicals | | | | | | | | | | | |
| Fauji Fertilizer Bin Qasim Limited | 803,185 | - | - | 372,000 | 431,185 | 16,186 | 16,213 | 27 | 0.73 | 0.80 | 0.05 |
| Fauji Fertilizer Company Limited | 1,110,200 | 35,000 | - | 392,000 | 753,200 | 80,841 | 76,353 | (4,488) | 3.46 | 3.76 | 0.06 |
| ICI Pakistan Limited | 1,521 | - | - | - | 1,521 | 253 | 271 | 18 | 0.01 | 0.01 | - |
| | | | | | | | | | 4.20 | 4.57 | 0.11 |
| General Industrials | | | | | | | | | | | |
| Packages Limited | 504,000 | 66,600 | - | 25,000 | 545,600 | 123,348 | 139,183 | 15,835 | 6.31 | 6.85 | 0.65 |
| Thal Limited (note 5.1.2) | 85,613 | - | - | - | 85,613 | 10,915 | 10,299 | (616) | 0.47 | 0.51 | 0.11 |
| Tri-Pack Films Limited | 16,428 | - | - | - | 16,428 | 3,319 | 3,182 | (137) | 0.14 | 0.16 | 0.05 |
| | | | | | | | | | 6.92 | 7.52 | 0.81 |
| Food producers | | | | | | | | | | | |
| Engro Foods Limited | 854,000 | 619,000 | - | 451,800 | 1,021,200 | 129,572 | 103,846 | (25,726) | 4.71 | 5.11 | 0.13 |
| Electricity | | | | | | | | | | | |
| Hub Power Company Limited | 320,000 | 216,500 | - | 416,500 | 120,000 | 7,700 | 7,648 | (52) | 0.35 | 0.38 | 0.01 |
| Kohinoor Energy Limited | 150,000 | 44,000 | - | 50,000 | 144,000 | 5,303 | 5,388 | 85 | 0.24 | 0.27 | 0.08 |
| | | | | | | | | | 0.59 | 0.65 | 0.09 |
| Personal Goods | | | | | | | | | | | |
| Nishat Mills Limited | 826,500 | 397,000 | - | 35,000 | 1,188,500 | 111,509 | 110,138 | (1,371) | 4.99 | 5.42 | 0.34 |
| Total | | | | | | 1,229,672 | 1,236,574 | 6,902 | | | |
| Total cost of investments - 'held for trading' | | | | | | | 1,229,672 | | | | |

5.1.2 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.

5.1.3 190,000 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 September 30, 2013, have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

5.2 Investments - 'available for sale'

5.2.1 Shares of listed companies

| Name of the investee company | As at July 1, 2013 | Purchases during the quarter | Bonus shares | Sales during the quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) as at September 30, 2013 | Percentage in relation to | | |
|---|--------------------|------------------------------|--------------|--------------------------|----------------------------|---|---------------------------------------|---|---|--|---|
| | | | | | | | | | Net assets of the fund on the basis of market value | 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 | | | | | | | | | | | |
| Banks | | | | | | | | | | | |
| Meezan Bank Limited (an associate of the Fund) | 299,706 | - | - | - | 299,706 | 4,130 | 11,122 | 6,992 | 0.50 | 0.55 | 0.03 |
| BankIslami Pakistan Limited | 500 | - | - | - | 500 | 2 | 3 | 1 | - | - | - |
| | | | | | | | | | 0.50 | 0.55 | 0.03 |
| Construction and materials | | | | | | | | | | | |
| Lucky Cement Company Limited | 25,127 | - | - | 25,000 | 127 | 15 | 29 | 14 | - | - | - |
| D.G. Khan Cement Company Limited | 1,600,000 | - | - | - | 1,600,000 | 131,994 | 110,192 | (21,802) | 4.99 | 5.43 | 0.37 |
| | | | | | | | | | 4.99 | 5.43 | 0.37 |
| Electricity | | | | | | | | | | | |
| Hub Power Company Limited | 3,242,500 | - | - | 230,000 | 3,012,500 | 184,336 | 191,987 | 7,651 | 8.70 | 9.44 | 0.26 |
| Oil and gas | | | | | | | | | | | |
| Pakistan State Oil Company Limited | 567,000 | - | - | 4,139 | 562,861 | 168,616 | 147,526 | (21,090) | 6.68 | 7.26 | 0.23 |
| Oil & Gas Development Company Limited | 671,663 | - | - | - | 671,663 | 96,120 | 157,854 | 61,734 | 7.15 | 7.77 | 0.02 |
| Pakistan Oilfields Limited | 231,340 | - | - | - | 231,340 | 59,711 | 99,182 | 39,471 | 4.49 | 4.88 | 0.10 |
| Pakistan Petroleum Limited | 35,927 | - | 7,185 | - | 43,112 | 4,271 | 8,217 | 3,946 | 0.37 | 0.40 | - |
| Attock Petroleum Limited | 200 | - | 40 | - | 240 | 83 | 104 | 21 | - | 0.01 | - |
| | | | | | | | | | 18.69 | 20.32 | 0.35 |
| Automobile and parts | | | | | | | | | | | |
| Agriautos Industries Limited (note 5.2.2) | 621,500 | - | - | - | 621,500 | 41,454 | 51,585 | 10,131 | 2.34 | 2.54 | 4.32 |
| Indus Motor Company Limited | 16,200 | - | - | - | 16,200 | 3,961 | 5,273 | 1,312 | 0.24 | 0.26 | 0.02 |
| | | | | | | | | | 2.58 | 2.80 | 4.34 |
| Chemicals | | | | | | | | | | | |
| Fauji Fertilizer Company Limited | 5,457 | - | - | - | 5,457 | 428 | 553 | 125 | 0.03 | 0.03 | - |
| Fauji Fertilizer Bin Qasim Limited | 110,500 | - | - | - | 110,500 | 4,148 | 4,155 | 7 | 0.19 | 0.20 | 0.01 |
| ICI Pakistan Limited | 12,857 | - | - | - | 12,857 | 1,618 | 2,290 | 672 | 0.10 | 0.11 | 0.01 |
| | | | | | | | | | 0.32 | 0.34 | 0.02 |
| General Industries | | | | | | | | | | | |
| Packages Limited | 1,378 | - | - | - | 1,378 | 114 | 352 | 238 | 0.02 | 0.02 | - |
| Tri-Pack Films Limited | 20,400 | - | - | - | 20,400 | 1,981 | 3,951 | 1,970 | 0.18 | 0.19 | 0.07 |
| | | | | | | | | | 0.20 | 0.21 | 0.07 |
| Total | | | | | | 702,982 | 794,375 | 91,393 | | | |
| Total cost of investments - 'available for sale' | | | | | | | 702,982 | | | | |

5.2.2 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.

6. CONTINGENCIES AND COMMITMENTS

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.

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. Accordingly, the management has not recognised WWF charge upto December 31, 2012 amounting to Rs. 24.534 million. Had the same been made, the net assets value per unit of the Fund would have been lower by Rs.0.14 (1.11%).

However, the management as a matter of abundant caution has recognised WWF charge from January 1, 2013 to September 30, 2013 amounting to Rs. 11.15 million.

There is no contingencies and commitments outstanding as at September 30, 2013.

7. 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, 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, Al Meezan Investment Management Limited - Staff Provident Fund 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 quarter ended September 30, 2013 and as of that date along with comparatives are as follows:

| | September 30, 2013 | June 30, 2013 |
|---|--|------------------|
| Al Meezan Investment Management Limited - Management Company | | |
| | (Rupees in '000) | |
| Remuneration payable | <u>3,833</u> | <u>3,668</u> |
| Sales load payable | <u>849</u> | <u>1,324</u> |
| Sindh Sales Tax and Federal Excise Duty on management fee payable | <u>1,322</u> | <u>934</u> |
| Sindh Sales Tax and Federal Excise Duty on sales load payable | <u>597</u> | <u>288</u> |
| Investment of 33,850,673 units (June 30, 2013: 28,356,964 units) * | <u>425,841</u> | <u>456,264</u> |
| | | |
| Meezan Bank Limited - Shariah Advisor | | |
| Balances with bank | <u>4,044</u> | <u>4,889</u> |
| Profit receivable on saving accounts | <u>174</u> | <u>100</u> |
| Investment in 1,992,418 shares (June 30, 2013 : 1,092,418 shares) | <u>73,939</u> | <u>31,680</u> |
| Investment of 8,437,514 units (June 30, 2013 : 6,602,132 units) * | <u>106,144</u> | <u>106,228</u> |
| | | |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Trustee fee payable | <u>274</u> | <u>257</u> |
| Deposits | <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>212,548</u> | <u>271,852</u> |
| | | |
| Al Meezan Investment Management Limited - Staff Gratuity Fund | | |
| Investment of 440,321 units (June 30, 2013 : 344,540 units) * | <u>5,539</u> | <u>5,544</u> |
| | | |
| Directors and officers of the Management Company | | |
| Investment of 6,468,467 units (June 30, 2013 : 2,038,825 units) * | <u>81,373</u> | <u>32,805</u> |
| | | |
| | For the quarter ended September 30, | |
| | 2013 | 2012 |
| (Rupees in '000) | | |
| Al Meezan Investment Management Limited - Management Company | | |
| Remuneration for the quarter | <u>36,779</u> | <u>8,601</u> |
| Sindh Sales Tax and Federal Excise Duty on management fee for the quarter | <u>6,232</u> | <u>1,376</u> |
| Units issued : 5,650,431 units (2012: Nil units) * | <u>74,585</u> | <u>-</u> |
| Redemptions : 8,039,913 units (2012 : 8,369,089 units) | <u>106,621</u> | <u>100,000</u> |
| Bonus units issued : 7,883,191 units (2012 : 7,684,835 units) | <u>99,249</u> | <u>82,151</u> |

| | For the quarter ended September 30, | |
|--|--|--------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Meezan Bank Limited | | |
| Profit on saving accounts with bank | 74 | 46 |
| Dividend income | 1,639 | 3,628 |
| Loss on sale of investments | - | (154) |
| 900,000 shares purchased during the quarter (2012 : Nil shares) | 35,079 | - |
| Nil shares sold during the quarter (2012 : 140,500 shares) | - | 3,910 |
| Units issued : Nil units (June 30, 2012 : 5,561,607 units) * | - | 55,616 |
| Bonus units issued : 1,835,382 (2012 : 1,040,525 units) | 23,107 | 11,123 |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration for the quarter | 836 | 682 |
| CDS charges for the quarter | 57 | 7 |
| Pak Kuwait Investment Company (Private) Limited | | |
| Units issued : Nil units (2012 : 3,161,027 units) * | - | 33,791 |
| Al Meezan Investment Management Limited - Staff Gratuity Fund | | |
| Bonus units issued : 95,781 units (2012 : Nil units) | 1,206 | - |
| Directors and officers of the Management Company | | |
| Units issued: 3,781,232 units (2012 : 957,147 units) * | 48,179 | 15,327 |
| Redemptions : 870 units (2012 : 363,402 units) | 12 | 4,418 |
| Bonus units issued : 584,733 units (2012 : 172,861 units) | 7,362 | 1,848 |

8. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 25, 2013 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 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 | Chairman |
| Mr. P. Ahmed | Director |
| Mr. Salman Sarwar Butt | Director |
| Mr. Tasnimul Haq Farooqui | Director |
| Mr. Mazhar Sharif | Director |
| Syed Amir Ali | Director |
| Syed Amir Ali Zaidi | Director |
| Mr. Mohammad Shoaib, CFA | Chief Executive |

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2013 (Unaudited)

| | Note | September 30, 2013 | (Audited) June 30, 2013 |
|--|------|-----------------------|-------------------------------|
| (Rupees in '000) | | | |
| Assets | | | |
| Balances with banks | | 7,384 | 15,240 |
| Investments | 5 | 864,440 | 896,898 |
| Dividend receivable | | 17,654 | 821 |
| Deposits and other receivables | | 2,888 | 3,430 |
| Preliminary expenses and floatation costs | | 1,469 | 1,570 |
| Total assets | | 893,835 | 917,959 |
| Liabilities | | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company | | 1,326 | 2,034 |
| Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee | | 154 | 148 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | | 231 | 385 |
| Payable against purchase of investments | | 1,089 | 4,488 |
| Payable on redemption and conversion of units | | - | 3,204 |
| Accrued expenses and other liabilities | | 6,259 | 6,296 |
| Total liabilities | | 9,059 | 16,555 |
| Net assets | | 884,776 | 901,404 |
| Contingencies and commitments | 6 | | |
| Unitholders' fund (as per statement attached) | | 884,776 | 901,404 |
| (Number of units) | | | |
| Number of units in issue | | 15,374,939 | 12,337,661 |
| (Rupees) | | | |
| Net assets value per unit | | 57.55 | 73.06 |

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | |
|--|-------------------------|-------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Income | | |
| Net realised gain on sale of investments | 3,688 | 3,371 |
| Dividend income | 22,998 | 6,713 |
| Profit on saving accounts with banks | 231 | 150 |
| Other income | 150 | 187 |
| | 27,067 | 10,421 |
| Unrealised (loss) / gain on re-measurement of investments 'at fair value through profit or loss' (net) | (21,709) | 31,789 |
| Total income | 5,358 | 42,210 |
| Expenses | | |
| Remuneration to Al Meezan Investment Management Limited - Management Company | 2,432 | 750 |
| Sindh Sales Tax and Federal Excise Duty on management fee | 797 | 120 |
| Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee | 486 | 176 |
| Annual fee to Securities and Exchange Commission of Pakistan (SECP) | 231 | 71 |
| Auditors' remuneration | 75 | 73 |
| Brokerage | 131 | 108 |
| Charity expense | 417 | 94 |
| Bank and settlement charges | 100 | 78 |
| Amortisation of preliminary expenses and floatation costs | 101 | 101 |
| Fees and subscription | 6 | 25 |
| Total expenses | 4,776 | 1,596 |
| Net income from operating activities | 582 | 40,614 |
| Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed (net) | (803) | 1,506 |
| Net (loss) / income for the quarter before taxation | (221) | 42,120 |
| Taxation | - | - |
| Net (loss) / income for the quarter after taxation | (221) | 42,120 |
| Other comprehensive income | - | - |
| Total comprehensive income for the quarter | (221) | 42,120 |

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

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | |
|---|-------------------------|---------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Undistributed income / accumulated (loss) brought forward | 292,014 | (6,960) |
| Net (loss) / income for the quarter | (221) | 42,120 |
| Less: Final distribution for the year ended June 30, 2013 - bonus units @ 31% (June 30, 2012: nil) | (191,233) | - |
| Undistributed income carried forward | <u>100,560</u> | <u>35,160</u> |

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, 2013 | 2012 |
|---|-------------------------------|-------------|
| | (Rupees in '000) | |
| Net assets at beginning of the quarter | 901,404 | 289,484 |
| Issue of 965,356 units (September 30, 2012: 1,373,532 units) | 59,707 | 75,174 |
| Redemption of 1,250,416 units (September 30, 2012: 1,519,818 units) | (76,917) | (80,810) |
| | (17,210) | (5,636) |
| Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net) | 803 | (1,506) |
| Total (loss) / income for the quarter less distribution | (191,454) | 42,120 |
| Issue of 3,322,338 bonus units for the year ended June 30, 2013 (June 30, 2012: nil units) | 191,233 | - |
| Net assets at end of the quarter | 884,776 | 324,462 |
| | (Rupees) | |
| Net asset value per unit as at the beginning of the quarter | 73.06 | 48.83 |
| Net asset value per unit as at the end of the quarter | 57.55 | 56.11 |

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

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, 2013 | 2012 |
|---|-----------------------|----------|
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net (loss) / income for the quarter | (221) | 42,120 |
| Adjustments for: | | |
| Amortisation of preliminary expenses and floatation costs | 101 | 101 |
| Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss (net) | 21,709 | (31,789) |
| Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed (net) | 803 | (1,506) |
| | 22,392 | 8,926 |
| Decrease / (increase) in assets | | |
| Investments (net) | 10,749 | 508 |
| Receivable against sale of investments | - | (1,995) |
| Dividend receivable | (16,833) | (4,718) |
| Advances, deposits and other receivables | 542 | (164) |
| | (5,542) | (6,369) |
| Decrease in liabilities | | |
| Payable to Al Meezan Investment Management Limited - Management Company | (708) | 922 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 6 | - |
| Payable to Securities and Exchange Commission of Pakistan | (154) | 47 |
| Payable against purchase of investments | (3,399) | (3,170) |
| Accrued expenses and other liabilities | (37) | 216 |
| | (4,292) | (1,985) |
| Net cash inflow from operating activities | 12,558 | 572 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Receipts against issuance of units | 59,707 | 75,174 |
| Payment against redemption of units | (80,121) | (79,764) |
| Net cash outflow from financing activities | (20,414) | (4,590) |
| Net decrease in cash and cash equivalents during the quarter | (7,856) | (4,018) |
| Cash and cash equivalents at beginning of the quarter | 15,240 | 4,066 |
| Cash and cash equivalents at end of the quarter | 7,384 | 48 |

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 accounting policies and method of computation adopted in the preparation of this condensed interim financial information and the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the period ended June 30, 2013.

Note **(Unaudited)** **(Audited)**
September 30, **September 30,** **June 30,**
2013 **2013**
(Rupees in '000)

5. INVESTMENTS

Investments at 'fair value through profit or loss' - Held for trading 5.1 **864,440** **896,898**

5.1 Held for trading - shares of listed companies

| Name of the investee company | As at July 01, 2013 | Purchases during the quarter | Bonus issue | Sales during the quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised (loss) / gain as at September 30, 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) | Total market value of investment |
| | -----Number of shares----- | | | | -----Rupees in '000----- | | | | | | |
| Automobile and Parts | | | | | | | | | | | |
| Indus Motor Company Limited | 34,981 | 2,500 | - | 2,900 | 34,581 | 10,794 | 11,256 | 462 | 1.27 | 0.04 | 1.30 |
| Millat Tractors Company Limited | 28,760 | 1,800 | 2,806 | 2,200 | 31,166 | 14,907 | 14,759 | (148) | 1.67 | 0.07 | 1.71 |
| Pak Suzuki Motor Company Limited | 38,360 | 3,400 | - | 3,800 | 37,960 | 5,645 | 5,314 | (331) | 0.60 | 0.05 | 0.61 |
| Chemicals | | | | | | | | | | | |
| Fauji Fertilizer Bin Qasim Limited | 583,020 | 24,500 | - | 35,000 | 572,520 | 21,574 | 21,527 | (47) | 2.43 | 0.06 | 2.49 |
| Fauji Fertilizer Company Limited | 850,501 | 35,700 | - | 49,400 | 836,801 | 89,975 | 84,827 | (5,148) | 9.59 | 0.04 | 9.81 |
| ICI Pakistan Limited | 24,948 | 2,100 | - | 2,800 | 24,248 | 4,065 | 4,318 | 253 | 0.49 | 0.03 | 0.50 |
| Lotte Chemical Pakistan Limited (formerly Lotte Pakistan PTA Limited) | 670,833 | 69,500 | - | 77,000 | 663,333 | 5,067 | 4,451 | (616) | 0.50 | 0.04 | 0.51 |
| Construction and Materials | | | | | | | | | | | |
| Attock Cement Pakistan Limited | 35,800 | 2,100 | 5,250 | 2,700 | 40,450 | 4,691 | 5,325 | 634 | 0.60 | 0.04 | 0.62 |
| Cherat Cement Company Limited | 110,400 | 5,000 | - | 7,000 | 108,400 | 6,302 | 5,361 | (941) | 0.61 | 0.11 | 0.62 |
| D.G. Khan Cement Company Limited | 429,153 | 17,500 | - | 24,000 | 422,653 | 35,370 | 29,108 | (6,262) | 3.29 | 0.10 | 3.37 |
| Kohat Cement Company Limited | 45,500 | 4,900 | - | 4,700 | 45,700 | 3,970 | 4,230 | 260 | 0.48 | 0.04 | 0.49 |
| Lafarge Pakistan Cement Limited | 705,000 | 54,000 | - | 73,500 | 685,500 | 5,850 | 4,867 | (983) | 0.55 | 0.05 | 0.56 |
| Lucky Cement Limited | 230,490 | 9,500 | - | 13,200 | 226,790 | 47,794 | 52,454 | 4,660 | 5.93 | 0.07 | 6.07 |
| Maple Leaf Cement Factory Limited | 328,500 | 21,500 | - | 24,000 | 326,000 | 7,223 | 6,970 | (253) | 0.79 | 0.06 | 0.81 |
| Electricity | | | | | | | | | | | |
| Karachi Electric Supply Corporation Limited | 4,929,100 | 197,500 | - | 276,000 | 4,850,600 | 30,244 | 26,969 | (3,275) | 3.05 | 0.05 | 3.12 |
| Hub Power Company Limited | 1,437,962 | 65,500 | - | 82,000 | 1,421,462 | 87,969 | 90,590 | 2,621 | 10.24 | 0.12 | 10.48 |
| Fixed Line Telecommunication | | | | | | | | | | | |
| Pakistan Telecommunication Company Limited "A" | 1,046,323 | 42,000 | - | 61,500 | 1,026,823 | 22,948 | 26,862 | 3,914 | 3.04 | 0.03 | 3.11 |
| Food products | | | | | | | | | | | |
| Engro Foods Limited | 204,101 | 9,800 | - | 12,700 | 201,201 | 28,218 | 20,460 | (7,758) | 2.31 | 0.03 | 2.37 |
| General Industrials | | | | | | | | | | | |
| Packages Limited | 52,400 | 3,000 | - | 3,700 | 51,700 | 11,598 | 13,189 | 1,591 | 1.49 | 0.06 | 1.53 |
| Personal Goods | | | | | | | | | | | |
| Nishat Mills Limited | 313,000 | 16,500 | - | 20,975 | 308,525 | 29,171 | 28,591 | (580) | 3.23 | 0.09 | 3.31 |
| Oil and gas | | | | | | | | | | | |
| Attock Refinery Limited | 53,185 | 3,100 | - | 3,900 | 52,385 | 9,205 | 10,604 | 1,399 | 1.20 | 0.06 | 1.23 |
| Mari Petroleum Company Limited (formerly Mari Gas Company Limited) | 32,545 | 2,700 | - | 2,800 | 32,445 | 4,554 | 4,937 | 383 | 0.56 | 0.04 | 0.57 |
| National Refinery Limited | 45,251 | 2,000 | - | 2,700 | 44,551 | 10,726 | 9,209 | (1,517) | 1.04 | 0.06 | 1.07 |
| Oil and Gas Development Company Limited. (note 5.1.3) | 458,294 | 18,700 | - | 26,100 | 450,894 | 103,437 | 105,969 | 2,532 | 11.98 | 0.01 | 12.26 |
| Pakistan Oilfields Limited | 192,564 | 8,500 | - | 11,400 | 189,664 | 94,344 | 81,315 | (13,029) | 9.19 | 0.08 | 9.41 |
| Pakistan Petroleum Limited | 533,290 | 23,900 | 104,898 | 32,800 | 629,288 | 111,631 | 119,942 | 8,311 | 13.56 | 0.03 | 13.88 |
| Pakistan State Oil Company Limited | 169,308 | 7,000 | - | 9,500 | 166,808 | 53,463 | 43,720 | (9,743) | 4.94 | 0.07 | 5.06 |
| Shell Pakistan Limited | 30,098 | 3,210 | - | 3,520 | 29,788 | 4,293 | 4,007 | (286) | 0.45 | 0.03 | 0.46 |
| Pharma and Bio Tech | | | | | | | | | | | |
| Glaxo Smithkline Pakistan Limited | 80,523 | 4,500 | - | 5,300 | 79,723 | 9,682 | 8,539 | (1,143) | 0.97 | 0.03 | 0.99 |
| Abbott Laboratories (Pakistan) Limited | 34,970 | 2,000 | - | 2,500 | 34,470 | 11,439 | 14,770 | 3,331 | 1.67 | 0.04 | 1.71 |
| | | | | | | <u>886,149</u> | <u>864,440</u> | <u>(21,709)</u> | | | |
| Total cost of investments - 'held for trading' | | | | | | | <u>778,816</u> | | | | |

5.1.1 All shares have a nominal value of Rs 10 each otherwise stated.

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

5.1.3 62,000 shares (September 2012: 62,000 shares) of Oil and Gas Development Company Limited, having market value of Rs 14.571 million as at September 30, 2013 (September 2012: Rs. 11.122 million), have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

6. CONTINGENCIES AND COMMITMENTS

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.

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. Accordingly, the management has not recognised WWF charge upto December 31, 2012 amounting to Rs. 1.03 million. Had the same been made, the net assets value per unit of the Fund would have been lower by Rs. 0.07 (0.12%).

However, the management as a matter of abundant caution has recognised WWF charge from January 1, 2013 to September 30, 2013 amounting to Rs. 4.925 million.

7. 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 and Al Meezan Mutual Fund, Meezan Islamic Income Fund, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - II, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Balanced 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, Al Meezan Investment Management Limited - Employees' 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 September 30, 2013 are follows:

| | (Unaudited) September 30, 2013 | (Audited) June 30, 2013 |
|---|--|-------------------------------|
| | (Rupees in '000) | |
| Al Meezan Investment Management Limited | | |
| - Management Company | | |
| Remuneration payable | <u>769</u> | <u>741</u> |
| Sindh Sales Tax and Federal Excise Duty on management fee payable | <u>265</u> | <u>190</u> |
| Sales load payable | <u>170</u> | <u>849</u> |
| Sindh sales tax payable on sales load | <u>122</u> | <u>254</u> |
| Investments as at September 30, 2013: 4,083,040 units (June 30, 2013: 3,217,996 units) | <u>234,979</u> | <u>235,107</u> |
| Meezan Bank Limited - Shariah Advisor | | |
| Bank balance | <u>232</u> | <u>2,927</u> |
| Investments as at September 30, 2013: 1,823,579 units (June 30, 2013: 1,436,699 units) | <u>104,947</u> | <u>104,966</u> |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Trustee fee payable | <u>154</u> | <u>148</u> |
| Directors and executives of the Management Company | | |
| Investments as at September 30, 2013: 1,158,050 units (June 30, 2013: 912,352 units) | <u>66,646</u> | <u>66,656</u> |
| | Three months period ended September 30, | |
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Al Meezan Investment Management Company Limited | | |
| - Management Company | | |
| Remuneration for the period | <u>2,432</u> | <u>750</u> |
| Sindh Sales Tax and Federal Excise Duty on management fee | <u>797</u> | <u>120</u> |
| Units issued: 85,476 units (September 30, 2012: 126,785 units) | <u>5,000</u> | <u>6,900</u> |
| Redemption: 86,987 units (September 30, 2012: 215,570 units) | <u>5,222</u> | <u>11,827</u> |
| Bonus units issued: 866,555 units (September 30, 2012: nil units) | <u>49,879</u> | <u>-</u> |

**Three months period ended
September 30,
2013 2012
(Rupees in '000)**

Meezan Bank Limited - Shariah Advisor

| | | |
|---|---------------|------------|
| Profit on saving account | <u>86</u> | <u>7</u> |
| Nil shares purchased (September 30, 2012: 12,680 shares) | <u>-</u> | <u>356</u> |
| Nil shares sold (September 30, 2012: 13,802 shares) | <u>-</u> | <u>399</u> |
| Bonus units issued: 386,880 units (September 30, 2012: nil units) | <u>22,269</u> | <u>-</u> |

Central Depository Company of Pakistan Limited - Trustee

| | | |
|-----------------------------|------------|------------|
| Remuneration for the period | <u>486</u> | <u>176</u> |
| CDS charges | <u>14</u> | <u>3</u> |

Directors and executives of the Management Company

| | | |
|---|---------------|----------|
| Units issued: 16 units (September 30, 2012: nil units) | <u>1</u> | <u>-</u> |
| Bonus units issued: 245,682 units (September 30, 2012: nil units) | <u>14,141</u> | <u>-</u> |

8. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 25, 2013 by the Board of Directors of the Management Company.

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

Chief Executive

Director





Quarterly Report September 30, 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 | Chairman |
| Mr. P. Ahmed | Director |
| Mr. Salman Sarwar Butt | Director |
| Mr. Tasnimul Haq Farooqui | Director |
| Mr. Mazhar Sharif | Director |
| Syed Amir Ali | Director |
| Syed Amir Ali Zaidi | Director |
| Mr. Mohammad Shoaib, CFA | Chief Executive |

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2013 (Unaudited)

| | Note | September 30, 2013 | (Audited) June 30, 2013 |
|--|------|-----------------------|-------------------------------|
| (Rupees in '000) | | | |
| Assets | | | |
| Balances with banks | | 1,453,279 | 1,158,459 |
| Investments | 5 | 1,480,402 | 1,502,925 |
| Deposits and other receivables | | 47,983 | 50,596 |
| Total assets | | 2,981,664 | 2,711,980 |
| Liabilities | | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company | | 5,229 | 7,777 |
| Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee | | 274 | 242 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | | 532 | 1,286 |
| Payable to Meezan Bank Limited (MBL) | | - | 97 |
| Payable on redemption and conversion of units | | 6,780 | 27,549 |
| Accrued expenses and other liabilities | | 31,948 | 30,349 |
| Total liabilities | | 44,763 | 67,300 |
| Net assets | | 2,936,901 | 2,644,680 |
| Unitholders' fund (as per statement attached) | | 2,936,901 | 2,644,680 |
| (Number of units) | | | |
| Number of units in issue | | 57,204,992 | 49,019,878 |
| (Rupees) | | | |
| Net assets value per unit | | 51.34 | 53.95 |

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | |
|---|-------------------------|----------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Income | | |
| Profit on saving accounts with banks | 29,399 | 11,845 |
| Profit on sukuk certificates | 44,614 | 38,359 |
| Realised gain on sale of sukuk certificates | 8,226 | 7,730 |
| Other income | 595 | - |
| | 82,834 | 57,934 |
| Unrealised loss on re-measurement of investments at fair value through profit or loss (net) | (1,897) | (6,840) |
| Provision against sukuk certificates (net) | (774) | - |
| | (2,671) | (6,840) |
| Total income | 80,163 | 51,094 |
| Expenses | | |
| Remuneration to Al Meezan Investment Management Limited - Management Company | 10,631 | 4,746 |
| Sindh Sales Tax and Federal Excise Duty on management fee | 3,491 | 759 |
| Remuneration to Central Depository Company of Pakistan Limited - Trustee | 817 | 485 |
| Annual fee to Securities and Exchange Commission of Pakistan | 532 | 237 |
| Auditors' remuneration | 156 | 169 |
| Fees and subscription | 65 | 65 |
| Amortisation of premium on 'available for sale' investments | 18 | - |
| Brokerage | - | 20 |
| Bank and settlement charges | 18 | 8 |
| Provision for Workers' Welfare Fund (WWF) | 1,300 | 935 |
| Printing expense | 57 | 52 |
| Total Expenses | 17,085 | 7,476 |
| Net income from operating activities | 63,078 | 43,618 |
| Element of income and capital gains included in prices of units sold less those in units redeemed (net) | 1,924 | 3,122 |
| Net income for the quarter before taxation | 65,002 | 46,740 |
| Taxation | - | - |
| Net income for the quarter after taxation | 65,002 | 46,740 |
| Other comprehensive income for the quarter | | |
| Items can be reclassified to income statement in subsequent periods | | |
| Net unrealised appreciation on re-measurement of investments classified as 'available for sale' | 152 | - |
| Total comprehensive income for the quarter | 65,154 | 46,740 |

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

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | |
|--|-------------------------|-------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Undistributed income brought forward | 197,077 | 45,820 |
| Net income for the quarter | 65,002 | 46,740 |
| Less: Final distribution for the year ended June 30, 2013: | | |
| - bonus units @ 7.50% (June 30, 2012: 3.94%) | (178,637) | (39,603) |
| - cash dividend @ 7.50% (June 30, 2012: 3.94%) | (5,187) | (6,288) |
| | (118,822) | 849 |
| Undistributed income carried forward | 78,255 | 46,669 |

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | |
|---|-------------------------|-------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Net assets at beginning of the quarter | 2,644,680 | 1,208,964 |
| Issue of 12,755,271 units (September 30, 2012: 5,918,234 units) | 646,536 | 300,199 |
| Redemption of 8,128,679 units (September 30, 2012: 2,683,007 units) | (412,358) | (135,543) |
| | 234,178 | 164,656 |
| Element of income and capital gains included in prices of units sold less those in units redeemed (net) | (1,924) | (3,122) |
| Issue of 3,558,522 bonus units for the year ended June 30, 2013 (June 30, 2012: 793,166 units) | 178,637 | 39,603 |
| Net income for the quarter | 65,154 | 46,740 |
| Distribution for the year ended June 30, 2013: | | |
| - Issue of 3,558,522 bonus units (June 30, 2012: 793,166 units) | (178,637) | (39,603) |
| - Cash dividend @ 7.50% (Rs 3.75 per unit) (June 30, 2012: @ 3.94% Rs 1.97 per unit) | (5,187) | (6,288) |
| | (118,670) | 849 |
| Net assets at end of the quarter | 2,936,901 | 1,410,950 |
| | (Rupees) | |
| Net asset value per unit as at beginning of the quarter | 53.95 | 51.90 |
| Net asset value per unit as at end of the quarter | 51.34 | 51.64 |

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

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | |
|--|-------------------------|-----------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the quarter | 65,002 | 46,740 |
| Adjustments for: | | |
| Unrealised loss on re-measurement of investments at fair value through profit or loss (net) | 1,897 | 6,840 |
| Amortisation of premium on 'available for sale' investments | 18 | - |
| Provision against sukuk certificates (net) | 774 | - |
| Element of income and capital gains included in prices of units sold less those in units redeemed (net) | (1,924) | (3,122) |
| | 65,767 | 50,458 |
| Decrease / (increase) in assets | | |
| Investments (net) | 19,986 | (59,401) |
| Deposits and other receivables | 2,613 | (681) |
| | 22,599 | (60,082) |
| (Decrease) / increase in liabilities | | |
| Payable to Al Meezan Investment Management Limited - Management Company | (2,548) | 335 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 32 | 12 |
| Payable to Securities and Exchange Commission of Pakistan | (754) | (1,201) |
| Payable to Meezan Bank Limited | (97) | (96) |
| Accrued expenses and other liabilities | 1,599 | 995 |
| | (1,768) | 45 |
| Net cash inflow from / (used in) operating activities | 86,598 | (9,579) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Receipts against issuance of units | 646,536 | 300,199 |
| Payments against redemption of units | (433,127) | (143,262) |
| Dividend paid | (5,187) | (6,288) |
| Net cash inflow from financing activities | 208,222 | 150,649 |
| Net increase in cash and cash equivalents during the quarter | 294,820 | 141,070 |
| Cash and cash equivalents at beginning of the quarter | 1,158,459 | 314,009 |
| Cash and cash equivalents at end of the quarter | 1,453,279 | 455,079 |

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 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 Fund has been given a stability rating of A-(f) by JCR - VIS. The Management Company has been given quality rating of AM2 by JCR - VIS.
- 1.5 Title to the assets of the Fund are in the name of CDC as the 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 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 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.

| | | (Unaudited) September 30, 2013 | (Audited) June 30, 2013 |
|---|-------|--------------------------------------|-------------------------------|
| | Note | (Rupees in '000) | |
| 5. INVESTMENTS | | | |
| Investments - 'at fair value through profit or loss' | 5.1 | 1,420,204 | 1,442,862 |
| Investments - 'available for sale' | 5.2 | 60,198 | 60,063 |
| | | <u>1,480,402</u> | <u>1,502,925</u> |
| 5.1 Investments at fair value through profit or loss | | | |
| - Held for trading | 5.1.1 | 855,974 | 854,879 |
| - Investments at fair value through profit or loss upon initial recognition | 5.1.3 | 564,230 | 587,983 |
| | | <u>1,420,204</u> | <u>1,442,862</u> |

5.1.1 Held for trading - Sukuk certificates

| Name of the investee company | Maturity date | Profit rate | Number of certificates | | | Rupees in '000 | | | Percentage in relation to | | |
|--|--------------------|-----------------------------------|------------------------|------------------------------|--|--------------------------|---|---------------------------------------|---------------------------|---|----------------------------------|
| | | | As at July 1, 2013 | Purchases during the quarter | Sales / redemptions during the quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain | Net assets of the Fund on the basis of market value | Total market value of investment |
| GoP Ijarah Sukuk Certificates - IX (note 5.1.2) | December 26, 2014 | Weighted average 6 months T-Bills | 1,700 | - | - | 1,700 | 170,000 | 170,595 | 595 | 5.79 | 11.52 |
| GoP Ijarah Sukuk Certificates - XII (note 5.1.2) | June 28, 2015 | Weighted average 6 months T-Bills | 1,000 | - | - | 1,000 | 100,000 | 100,500 | 500 | 3.40 | 6.79 |
| GoP Ijarah Sukuk Certificates - XIII (note 5.1.2) | September 18, 2015 | Weighted average 6 months T-Bills | 2,249 | - | - | 2,249 | 224,879 | 224,879 | - | 7.66 | 15.19 |
| GoP Ijarah Sukuk Certificates - XIV (note 5.1.2) | March 28, 2016 | Weighted average 6 months T-Bills | 3,600 | - | - | 3,600 | 360,000 | 360,000 | - | 12.26 | 24.32 |
| Grand Total | | | | | | | 854,879 | 855,974 | 1,095 | | |
| Total cost of investments | | | | | | | 854,879 | | | | |

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

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

| Name of the investee company | Maturity date | Profit rate | As at July 1, 2013 | Purchases during the quarter | Sales / redemptions during the quarter | As at September 30, 2013 | * Carrying value as at September 30, 2013 | * Market value as at September 30, 2013 | Unrealised loss | Percentage in relation to Total market value of investment | | |
|--|--------------------|--|----------------------------------|------------------------------|--|--------------------------|---|---|-----------------|--|---|-------|
| | | | | | | | | | | Net assets of the Fund on the basis of market value | Paid-up capital of investee company (with face value of investment) | |
| | | | -----Number of certificates----- | | | ----Rupees in '000---- | | | | | | |
| Arzoo Textile Mills Limited (note 5.1.4 & 5.1.6) | April 15, 2014 | 6 months Kibor plus base rate of 2% | 14,000 | - | - | 14,000 | - | - | - | - | 10.20 | - |
| Eden Builders Limited (note 5.1.4) (DG3+, PACRA, non-traded) | March 8, 2014 | 3 months Kibor plus base rate of 2.3% | 1,800 | - | 600 | 1,200 | 6,013 | 5,984 | (29) | 0.20 | 0.52 | 0.40 |
| Eden Housing Limited (note 5.1.5 & 5.1.6) | September 29, 2014 | 6 months Kibor plus base rate of 2.5% | 59,400 | - | - | 59,400 | 65,761 | 65,761 | - | 2.24 | 5.41 | 4.44 |
| Engro Fertilizer Limited (note 5.1.4) (A, PACRA, non-traded) | September 1, 2015 | 6 months Kibor plus base rate of 1.5% | 35,500 | - | - | 35,500 | 177,681 | 174,718 | (2,963) | 6.05 | 5.42 | 11.80 |
| Hub Power Company Limited - CP Sukuk (note 5.1.4 & 5.1.3.1) | September 12, 2013 | 6 months Kibor plus base rate of 1.25% | 45,000 | - | 45,000 | - | - | - | - | - | - | - |
| Kot Addu Power Company Limited - CP Sukuk (note 5.1.4 & 5.1.3.1) | January 22, 2014 | 6 months Kibor plus base rate of 1.1% | - | 45,000 | - | 45,000 | 225,000 | 225,000 | - | 7.66 | 2.56 | 15.20 |
| Maple Leaf Cement Factory Limited (note 5.1.4 & 5.1.6) | December 3, 2018 | 3 months Kibor plus base rate of 1% | 57,464 | - | 1,600 | 55,864 | 89,382 | 89,382 | - | 3.04 | 5.29 | 6.04 |
| Security Leasing Corporation Limited II (note 5.1.4 & 5.1.6) | January 19, 2022 | Nil | 3,487 | - | 102 | 3,385 | 3,385 | 3,385 | - | 0.12 | 4.66 | 0.23 |
| Grand Total | | | | | | | 567,222 | 564,230 | (2,992) | | | |
| Total cost of investments | | | | | | | | 840,872 | | | | |

* In case of debt securities against which provision has been made, these are carried at amortized cost less provision

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

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

5.1.5 The nominal value of the sukuk certificates of Eden Housing Limited is Rs 1,107 each.

5.1.6 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 June 30, 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 (if any) | Value of investment after provision | Percentage of net assets | Percentage of total assets |
|---|-------------------------------|--------------------------------------|-------------------------|-------------------------------------|--------------------------|----------------------------|
| | | -----Rupees in '000----- | | | -----%----- | |
| Arzoo Textile Mills Limited | Non-traded sukuk certificates | 32,200 | 32,200 | - | - | - |
| Eden Housing Limited | Non-traded sukuk certificates | 65,761 | - | 65,761 | 2.24 | 2.21 |
| Maple Leaf Cement Factory Limited | Non-traded sukuk certificates | 175,174 | 85,792 | 89,382 | 3.04 | 3.00 |
| Security Leasing Corporation Limited II | Non-traded sukuk certificates | 11,922 | 8,537 | 3,385 | 0.12 | 0.11 |
| | | <u>285,057</u> | <u>126,529</u> | <u>158,528</u> | | |

5.2 Investments - available for sale

| Name of the investee company | Maturity date | Profit rate | As at July 1, 2013 | Purchases during the quarter | Sales / redemptions during the quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain | Percentage in relation to | |
|---|---------------|-----------------------------------|----------------------------------|------------------------------|--|--------------------------|---|---|-----------------|----------------------------------|------|
| | | | -----Number of certificates----- | | | -----Rupees in '000----- | | Net assets of the Fund on the basis of market value | | Total market value of investment | |
| GoP Ijarah Sukuk Certificates - VIII (note 5.1.2) | May 16, 2014 | Weighted average 6 months T-Bills | 600 | - | - | 600 | 60,046 | 60,198 | 152 | 2.04 | 4.07 |
| Total cost of investments | | | | | | | <u><u>60,063</u></u> | | | | |

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 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 September 30, 2013. The Fund has recognised WWF charge upto September 30, 2013 amounting to Rs 30.302 million which includes Rs 1.300 million pertaining to the current period and Rs 29.002 million pertained to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.52 (1.03%).

7. 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, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Balanced Fund, Meezan Capital Protected Fund - II, Meezan Cash Fund, Al Meezan Mutual Fund, Meezan Sovereign Fund, 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, 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 provisions of NBFC Regulations and the Trust Deed respectively.

Details of transactions with connected persons and balances with them for the period ended September 30, 2013 are follows:

| | (Unaudited) September 30, 2013 | (Audited) June 30, 2013 |
|---|---|-------------------------------|
| | (Rupees in '000) | |
| Al Meezan Investment Management Limited | | |
| - Management Company | | |
| Remuneration payable | <u>3,609</u> | <u>3,044</u> |
| Sales load payable | <u>304</u> | <u>3,391</u> |
| Certificate charges payable | <u>1</u> | <u>1</u> |
| Sindh Sales Tax and Federal Excise Duty on management fee | <u>1,244</u> | <u>785</u> |
| Sindh Sales Tax and Federal Excise Duty on sales load | <u>71</u> | <u>556</u> |
| Investments as at September 30, 2013: 5,659,103 units (June 30, 2013: 4,347,920 units) | <u>290,538</u> | <u>234,575</u> |
| Meezan Bank Limited - Shariah Advisor | | |
| Sales load payable | <u>-</u> | <u>97</u> |
| Balances with bank | <u>1,734</u> | <u>12,116</u> |
| Profit receivable on saving accounts | <u>30</u> | <u>207</u> |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Trustee fee payable | <u>274</u> | <u>242</u> |
| Security deposit | <u>100</u> | <u>100</u> |
| Al Meezan Investment Management Limited | | |
| - Staff Gratuity Fund | | |
| Investments as at September 30, 2013: 34,230 units (June 30, 2013: 31,851 units) | <u>1,757</u> | <u>1,718</u> |
| Directors and executives of the Management Company | | |
| Investments as at September 30, 2013: 1,673,915 units (June 30, 2013: 1,050,502 units) | <u>85,939</u> | <u>56,676</u> |

**Three months period ended
September 30,**

2013 2012

(Rupees in '000)

Al-Meezan Investment Management Limited

- Management Company

| | | |
|--|---------------|----------------|
| Remuneration for the period | <u>10,631</u> | <u>4,746</u> |
| Sindh Sales Tax & Federal Excise Duty on management fee | <u>3,491</u> | <u>759</u> |
| Units issued: 986,388 units (September 30, 2012: 2,536,027 units) | <u>50,000</u> | <u>129,000</u> |
| Bonus units issued: 324,795 units (September 30, 2012: 16,624 units) | <u>16,305</u> | <u>830</u> |

Meezan Bank Limited - Shariah Advisor

| | | |
|---------------------------|------------|-----------|
| Profit on saving accounts | <u>324</u> | <u>56</u> |
|---------------------------|------------|-----------|

Central Depository Company of Pakistan Limited - Trustee

| | | |
|-----------------------------|------------|------------|
| Remuneration for the period | <u>817</u> | <u>485</u> |
| CDS Charges | <u>2</u> | <u>2</u> |

Al Meezan Investment Management Limited

- Staff Gratuity Fund

| | | |
|---|------------|----------|
| Bonus units issued: 2,379 units (September 30, 2012: 128 units) | <u>119</u> | <u>6</u> |
|---|------------|----------|

Directors and executives of the Management Company

| | | |
|--|---------------|---------------|
| Units issued: 540,298 units (September 2012: 492,484 units) | <u>27,353</u> | <u>25,376</u> |
| Redemptions: 6,966 units (September 2012: 9,903 units) | <u>356</u> | <u>500</u> |
| Bonus units issued: 51,308 units (September 2012: 1,141 units) | <u>2,576</u> | <u>57</u> |

8. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 25, 2013 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 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 | Chairman |
| Mr. P. Ahmed | Director |
| Mr. Salman Sarwar Butt | Director |
| Mr. Tasnimul Haq Farooqui | Director |
| Mr. Mazhar Sharif | Director |
| Syed Amir Ali | Director |
| Syed Amir Ali Zaidi | Director |
| Mr. Mohammad Shoaib, CFA | Chief Executive |

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2013 (Unaudited)

| | September 30, 2013 | (Audited) June 30, 2013 |
|--|--------------------------|-------------------------------|
| Note | (Rupees in '000) | |
| Assets | | |
| Balances with banks | 4,456,194 | 5,259,781 |
| Investments | 5 15,031,035 | 14,398,331 |
| Deposits, prepayments and other receivables (net) | 400,298 | 290,803 |
| Preliminary expenses and floatation costs | 694 | 824 |
| Total assets | 19,888,221 | 19,949,739 |
| Liabilities | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company | 23,859 | 23,146 |
| Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee | 1,134 | 1,166 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | 3,673 | 14,720 |
| Payable to Meezan Bank Limited (MBL) | - | 307 |
| Payable on redemption of units | 57,395 | 162,664 |
| Unclaimed dividend | 36 | - |
| Accrued expenses and other liabilities | 98,757 | 93,503 |
| Total liabilities | 184,854 | 295,506 |
| Net assets | 19,703,367 | 19,654,233 |
| Unitholders' fund (as per statement attached) | 19,703,367 | 19,654,233 |
| | (Number of units) | |
| Number of units in issue | 393,153,760 | 384,886,259 |
| | (Rupees) | |
| Net asset value per unit | 50.12 | 51.07 |

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | |
|---|-------------------------|-------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Income | | |
| Profit on savings accounts with banks | 110,296 | 131,159 |
| Profit on sukuk certificates | 333,710 | 420,510 |
| Net realised gain on sale of sukuk certificates | 3,500 | 7,028 |
| | 447,506 | 558,697 |
| Unrealised gain on re-measurement of investments at fair value through profit or loss (net) | 19,653 | - |
| Total income | 467,159 | 558,697 |
| Expenses | | |
| Remuneration to Al Meezan Investment Management Limited - Management Company | 48,977 | 47,348 |
| Sindh Sales Tax and Federal Excise Duty on management fee | 16,077 | 7,576 |
| Remuneration to Central Depository Company of Pakistan Limited - Trustee | 3,506 | 3,740 |
| Annual fee to Securities and Exchange Commission of Pakistan | 3,673 | 3,551 |
| Auditors' remuneration | 126 | 126 |
| Fees and subscription | 60 | 57 |
| Amortisation of premium on investments held as 'available for sale' | 2,999 | 138 |
| Amortisation of preliminary expenses and floatation costs | 129 | 129 |
| Brokerage | 262 | 64 |
| Bank and settlement charges | 31 | 29 |
| Provision for Workers' Welfare Fund (WWF) | 7,707 | 9,610 |
| Printing expense | 65 | 66 |
| Total expenses | 83,612 | 72,434 |
| Net income from operating activities | 383,547 | 486,263 |
| Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed (net) | 1,801 | (5,748) |
| Net income for the quarter | 385,348 | 480,515 |
| Other comprehensive income for the quarter | | |
| Items can be reclassified to income statement in subsequent periods | | |
| Net unrealised diminution on re-measurement of investments classified as 'available for sale' | (5,002) | - |
| Total comprehensive income for the quarter | 380,346 | 480,515 |

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

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, 2013 | 2012 |
|--|-------------------------------|-----------|
| | (Rupees in '000) | |
| Undistributed income brought forward | 408,731 | 9,770 |
| Less: Final distribution for the year ended June 30, 2013 : | | |
| - bonus units @ 2.06 % (June 30,2012 : Nil) | (396,261) | - |
| - cash dividend @ 2.06 % (June 30,2012: Nil) | (181) | - |
| Less: Interim distribution for the quarter ended September 30, 2013 | | |
| - bonus units @ 1.80 % (September 30, 2012 : @ 2.38%) | (348,279) | (436,821) |
| - cash dividend @ 1.80 % (September 30, 2012 @ 2.38%) | (152) | (30) |
| Net income for the quarter | 385,348 | 480,515 |
| Element of losses and capital losses included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments | (44) | - |
| Undistributed income carried forward | 49,162 | 53,434 |

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | |
|---|-------------------------|-------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Net assets at the beginning of the quarter | 19,654,233 | 19,709,509 |
| Issue of 68,206,642 units (2012 : 80,699,296 Units) | 3,445,290 | 4,082,972 |
| Redemption of 74,818,045 units (2012 : 109,194,021 Units) | (3,774,367) | (5,514,136) |
| | (329,077) | (1,431,164) |
| Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed (Net) | (1,801) | 5,748 |
| Issue of 14,878,904 bonus units (2012: 8,734,675 bonus units) | 744,540 | 436,821 |
| Realised gain on sale of sukuk certificates | 3,500 | 7,028 |
| Unrealised diminution in the value of investments (net) | 14,651 | - |
| Total other comprehensive income for the year | 362,195 | 473,487 |
| Issue of 7,918,887 bonus units for the period ended June 30, 2013 (June 30, 2012 : Nil) | (396,261) | - |
| - Cash distribution | (181) | - |
| Issue of 6,960,017 bonus units for the quarter ended September 30, 2012 (September 30, 2012 : 8,734,675 Units) | (348,279) | (436,821) |
| - Cash distribution | (152) | (30) |
| Net income for the quarter less distribution | (364,527) | 43,664 |
| Net assets at the end of the quarter | 19,703,367 | 18,764,578 |
| | (Rupees) | |
| Net assets value per unit at the beginning of the quarter | 51.07 | 50.03 |
| Net assets value per unit at the end of the quarter | 50.12 | 50.15 |

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

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

September 30,
2013 **2012**
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|------------------|-----------|
| Net income for the quarter | 385,348 | 480,515 |
| Adjustments for : | | |
| Unrealised gain on re-measurement of investments at fair value through profit or loss (net) | (19,653) | - |
| Amortisation of preliminary expenses and floatation costs | 129 | 130 |
| Element of gain / (loss) and capital gain / (losses) included in prices of units sold less those in units redeemed | (1,801) | 5,748 |
| | (21,325) | 5,878 |
| Decrease / (Increase) in assets | | |
| Investments | (618,053) | 640,139 |
| Deposits, prepayments and other receivables | (109,495) | (372,016) |
| | (727,548) | 268,123 |
| (Increase)/ decrease in liabilities | | |
| Payable to Al Meezan Investment Management Limited -Management Company | 713 | 2,159 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | (32) | (62) |
| Payable to SECP | (11,047) | (9,378) |
| Payable to MBL | (307) | (261) |
| Accrued expenses and other liabilities | 5,254 | 9,514 |
| | (5,419) | 1,972 |
| Net cash (outflow) / inflow from operating activities | (368,944) | 756,488 |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|--------------------|-------------|
| Receipts from sale of units | 3,445,290 | 4,082,972 |
| Payments against redemption of units | (3,879,636) | (5,499,233) |
| Dividend paid | (297) | (28,858) |
| Net cash outflow from financing activities | (434,643) | (1,445,119) |
| Net cash outflow during the quarter | (803,587) | (688,631) |
| Cash and cash equivalents at the beginning of the quarter | 5,259,781 | 5,233,984 |
| Cash and cash equivalents at the end of the quarter | 4,456,194 | 4,545,353 |

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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.
- 1.5 Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial report has been prepared in accordance with the 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (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 period ended June 30, 2012.

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information and the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the period ended June 30, 2013.

The Fund financial risk management objective and policies are consistent with those disclosed in the annual financial statements for the period ended June 30, 2013.

| | Note | (Unaudited) September 30, 2013 | (Audited) June 30, 2013 |
|--|------|--------------------------------------|-------------------------------|
| (Rupees in '000) | | | |
| Investments at 'fair value through profit or loss' | 5.1 | 8,502,603 | 8,980,400 |
| Investments - 'available for sale' | 5.2 | 6,528,432 | 5,417,931 |
| | | 15,031,035 | 14,398,331 |

5.1 Investments - 'at fair value through profit or loss' - Sukuk Certificates

| Name of the issuer | Maturity date | Profit rate | As at July 1, 2013 | Purchases during the quarter | Sale / redemptions during the quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised Gain | Percentage in relation to | |
|---|--------------------|-----------------------------------|--------------------|------------------------------|---------------------------------------|----------------------------------|---|---------------------------------------|-----------------|--|-----------------------------------|
| | | | | | | | | | | Net assets of the fund on the basis of market value (see note 5.3.2 below) | Total market value of investments |
| | | | | | | -----Number of certificates----- | | | | -----Rupees in '000----- | |
| GoP Ijarah Sukuk Certificates - V (note 5.3.1) | November 15, 2013 | Weighted average 6 months T-Bills | 15,810 | - | - | 15,810 | 1,581,000 | 1,582,423 | 1,423 | 8.03 | 10.53 |
| GoP Ijarah Sukuk Certificates - VI (note 5.3.1) | December 20, 2013 | Weighted average 6 months T-Bills | 5,070 | - | 5,000 | 70 | 7,000 | 7,010 | 10 | 0.04 | 0.05 |
| GoP Ijarah Sukuk Certificates - VII (note 5.3.1) | March 7, 2014 | Weighted average 6 months T-Bills | 2,870 | - | - | 2,870 | 287,000 | 287,574 | 574 | 1.46 | 1.91 |
| GoP Ijarah Sukuk Certificates - VIII (note 5.3.1) | May 16, 2014 | Weighted average 6 months T-Bills | 3,520 | - | - | 3,520 | 352,000 | 353,162 | 1,162 | 1.79 | 2.35 |
| GoP Ijarah Sukuk Certificates - IX (note 5.3.1) | Decemembr 26, 2014 | Weighted average 6 months T-Bills | 50,950 | - | 5,000 | 45,950 | 4,595,000 | 4,611,083 | 16,083 | 23.40 | 30.68 |
| GoP Ijarah Sukuk Certificates - XII (note 5.3.1) | June 28, 2015 | Weighted average 6 months T-Bills | 904 | 5,000 | - | 5,904 | 592,950 | 593,352 | 402 | 3.01 | 3.95 |
| GoP Ijarah Sukuk Certificates - XIII (note 5.3.1) | September 18, 2015 | Weighted average 6 months T-Bills | 9,150 | - | - | 9,150 | 915,000 | 915,000 | - | 4.64 | 6.09 |
| GoP Ijarah Sukuk Certificates - XIV (note 5.3.1) | March 28, 2016 | Weighted average 6 months T-Bills | 1,530 | - | - | 1,530 | 153,000 | 153,000 | - | 0.78 | 1.02 |
| Total cost of investments | | | | | | | 8,482,950 | 8,502,603 | 19,653 | | |
| | | | | | | | | | | | 8,498,224 |

5.2 Investment - Available fo sale

| Name of the issuer | Maturity date | Profit rate | As at July 1, 2013 | Purchases during the quarter | Sale / redemptions during the quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) | Percentage in relation to | |
|---|--------------------|-----------------------------------|--------------------|------------------------------|---------------------------------------|----------------------------------|---|---------------------------------------|--------------------------|--|-----------------------------------|
| | | | | | | | | | | Net assets of the fund on the basis of market value (see note 5.3.2 below) | Total market value of investments |
| | | | | | | -----Number of certificates----- | -----Rupees in '000----- | | | | |
| GoP Ijarah Sukuk Certificates - VIII (note 5.3.1) | May 16, 2014 | Weighted average 6 months T-Bills | 17,500 | 27,500 | 22,500 | 22,500 | 2,253,934 | 2,257,425 | 3,491 | 11.46 | 15.02 |
| GoP Ijarah Sukuk Certificates - X (note 5.3.1) | March 02, 2015 | Weighted average 6 months T-Bills | 10,500 | 16,500 | 13,500 | 13,500 | 1,354,630 | 1,354,050 | (580) | 6.87 | 9.01 |
| GoP Ijarah Sukuk Certificates - XI (note 5.3.1) | April 30, 2015 | Weighted average 6 months T-Bills | 2,000 | 8,300 | 5,150 | 5,150 | 515,994 | 516,957 | 963 | 2.62 | 3.44 |
| GoP Ijarah Sukuk Certificates - XIII (note 5.3.1) | September 18, 2015 | Weighted average 6 months T-Bills | 24,000 | 24,000 | 24,000 | 24,000 | 2,408,877 | 2,400,000 | (8,877) | 12.18 | 15.97 |
| | | | | | | | 6,533,435 | 6,528,432 | (5,003) | | |
| Total cost of investments | | | | | | | 6,533,435 | | | | |

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

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

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

6. WORKERS' WELFARE FUND

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

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 September 30, 2013. The Fund has recognised WWF charge upto September 30, 2013 amounting to Rs 96.902 million which includes Rs 7.702 million pertaining to the current period and Rs 89.20 million pertained to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.25 (0.49%).

7. 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 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, 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 at period end are as follows:

| | September 30, 2013 | June 30, 2013 |
|--|-----------------------|------------------|
| | (Rupees in '000) | |
| Al-Meezan - Management Company of the Fund | | |
| Remuneration payable | <u>15,792</u> | <u>16,328</u> |
| Sindh Sales Tax and Federal Excise Duty payable on management fee | <u>5,458</u> | <u>4,178</u> |
| Sales load payable | <u>2,102</u> | <u>2,227</u> |
| Sindh Sales Tax and Federal Excise Duty payable on sales load | <u>507</u> | <u>413</u> |
| Investments as at September 30, 2013: 15,982,230 units (June 30, 2013: 12,335,789 Units) | <u>801,029</u> | <u>629,989</u> |
| Meezan Bank Limited - Shariah Advisor | | |
| Sales load payable | <u>-</u> | <u>307</u> |
| Balances with bank | <u>5,458</u> | <u>34,784</u> |
| Profit receivable on savings account | <u>178</u> | <u>1,774</u> |
| Investments as at September 30, 2013: 134,458,584 units (June 30, 2013: 148,829,382 Units) | <u>6,739,064</u> | <u>7,600,717</u> |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Trustee fee payable | <u>1,134</u> | <u>1,166</u> |
| Deposits | <u>100</u> | <u>100</u> |
| Al Meezan Investment Management Limited - Staff Gratuity Fund | | |
| Investments as at September 30, 2013: 42,432 units (June 30, 2013: 40,842 units) | <u>2,127</u> | <u>2,086</u> |
| Meezan Financial Planning Fund of Funds | | |
| Investment of 1,382,003 units - Aggressive Allocation Plan (June 30, 2013: 1,206,429 units) | <u>69,266</u> | <u>61,612</u> |
| Investment of 5,082,899 units - Conservative Allocation Plan (June 30, 2013: 3,798,177 units) | <u>254,755</u> | <u>193,973</u> |
| Investment of 1,714,082 units - Moderate Allocation Plan (June 30, 2013: 1,468,730 units) | <u>85,910</u> | <u>75,008</u> |
| Directors and executives of the Management Company | | |
| Investments as at September 30, 2012: 3,762,539 units (June 30, 2013: 3,975,979 Units) | <u>188,578</u> | <u>225,015</u> |

| | Three months period ended September 30 | |
|--|--|-----------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Al-Meezan - Management Company of the Fund | | |
| Remuneration for the period | 48,977 | 47,348 |
| Sindh Sales Tax and Federal Excise Duty on management fee | 16,077 | |
| Units issued 8,730,075 (September 30, 2012: 1,940,174 Units) | 442,933 | 97,969 |
| Units redeemed 5,618,709 units (September 30, 2012: 1,793,001 Units) | 284,620 | 91,032 |
| Bonus units issued 535,075 (September 30, 2012: 319,141 Units) | 26,775 | 15,960 |
| Meezan Bank Limited - Shariah Advisor | | |
| Profit on savings accounts | 743 | 470 |
| Units issued Nil (September 30, 2012: 37,535,214 Units) | - | 1,911,020 |
| Units redeemed 19,809,826 units (September 30, 2012: 40,010,260 Units) | 1,000,000 | 948,585 |
| Bonus units issued 5,439,028 (September 30, 2012: 3,328,181 Units) | 272,169 | 166,442 |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration for the period | 3,506 | 3,740 |
| Al Meezan Investment Management Limited - Staff Gratuity Fund | | |
| Bonus units issued 1,590 units (September 30, 2013: 1,993 units) | 80 | 99 |
| Meezan Financial Planning Fund of Funds | | |
| Purchase of 255,382 units - Aggressive Allocation Plan (2012: Units Nil) | 12,874 | - |
| Purchase of 1,576,762 units - Conservative Allocation Plan (2012: Units Nil) | 79,582 | - |
| Purchase of 533,701 units - Moderate Allocation Plan (2012: Units Nil) | 26,877 | - |
| Sale of 128,079 units - Aggressive Allocation Plan (2012: Units Nil) | 6,500 | - |
| Sale of 460,021 units - Conservative Allocation Plan (2012: Units Nil) | 23,250 | - |
| Sale of 347,191 units - Moderate Allocation Plan (2012: Units Nil) | 17,500 | - |
| Bonus of 48,271 units - Aggressive Allocation Plan (2012: Units Nil) | 2,548 | - |
| Bonus of 167,981 units - Conservative Allocation Plan (2012: Units Nil) | 8,614 | - |
| Bonus of 58,842 units - Moderate Allocation Plan (2012: Units Nil) | 3,037 | - |
| Directors and executives of the Management Company | | |
| Units issued 318,233 (September 30, 2012: 622,301 Units) | 16,125 | 31,191 |
| Units redeemed 1,119,021 (September 30, 2012: 133,961 Units) | 56,737 | 6,806 |
| Bonus units issued 157,323 (September 30, 2012: 94,195 Units) | 7,872 | 4,711 |

8. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 25, 2013 by the board of directors of the management company.

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

Chief Executive

Director



Quarterly Report September 30, 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 | Chairman |
| Mr. P. Ahmed | Director |
| Mr. Salman Sarwar Butt | Director |
| Mr. Tasnimul Haq Farooqui | Director |
| Mr. Mazhar Sharif | Director |
| Syed Amir Ali | Director |
| Syed Amir Ali Zaidi | Director |
| Mr. Mohammad Shoaib, CFA | Chief Executive |

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISOR

Meezan Bank Limited

BANKERS TO THE FUND

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2013 (Unaudited)

| | (Unaudited) September 30, 2013 | (Audited) June 30, 2013 |
|--|--------------------------------------|-------------------------------|
| Note | (Rupees in '000) | |
| Assets | | |
| Balances with banks | 2,071,701 | 2,620,449 |
| Investments | 5 3,944,946 | 3,842,500 |
| Profit receivable | 231,655 | 133,404 |
| Preliminary expenses and floatation costs | 421 | 572 |
| Deposit and prepayments | 282 | 318 |
| Total assets | 6,249,005 | 6,597,243 |
| Liabilities | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company | 7,084 | 6,805 |
| Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee | 457 | 469 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | 1,253 | 5,024 |
| Payable on redemption and conversion of units | 26,151 | 25,315 |
| Brokerage payable | 60 | 129 |
| Dividend payable | 20 | 13 |
| Accrued expenses and other liabilities | 51,991 | 48,714 |
| Total liabilities | 87,016 | 86,469 |
| Net assets | 6,161,989 | 6,510,774 |
| Unitholders' funds (as per statement attached) | 6,161,989 | 6,510,774 |
| | Number of units | |
| Number of units in issue | 122,970,332 | 130,063,253 |
| | Rupees | |
| Net assets value per unit | 50.11 | 50.06 |

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | Note | September 30, 2013 | 2012 |
|---|------|-----------------------|----------------|
| | | (Rupees in '000) | |
| Income | | | |
| Profit on saving accounts with banks | | 57,473 | 126,878 |
| Profit on placements | | 22,693 | 48,065 |
| Profit on sukuk certificates | | 5,062 | 25,588 |
| Profit on Government of Pakistan (GoP) Ijarah Sukuks | | 63,281 | - |
| Other income | | - | 10 |
| | | <u>148,509</u> | <u>200,541</u> |
| Unrealised Gain on re-measurement of investments 'at fair value through profit or loss' (net) | | 1,906 | - |
| Total income | | <u>150,415</u> | <u>200,541</u> |
| Expenses | | | |
| Remuneration to Al Meezan Investment Management Limited - Management Company | | 16,713 | 17,314 |
| Sindh Sales Tax and Federal Excise Duty on management fee | | 5,478 | 2,770 |
| Remuneration to Central Depository Company of Pakistan Limited - Trustee | | 1,442 | 1,615 |
| Annual fee to Securities and Exchange Commission of Pakistan | | 1,253 | 1,299 |
| Auditors' remuneration | | 123 | 125 |
| Fees and subscription | | 60 | 62 |
| Amortisation of preliminary expenses and floatation costs | | 151 | 150 |
| Amortisation of premium on investments held as 'available for sale' | | 698 | - |
| Bank and settlement charges | | 1 | 11 |
| Printing and stationery expenses | | 59 | 107 |
| Provision for Workers' Welfare Fund (WWF) | | 2,409 | 3,417 |
| Total expenses | | <u>28,387</u> | <u>26,870</u> |
| Net income from operating activities | | <u>122,028</u> | <u>173,671</u> |
| Element of loss and capital losses included in prices of units issued less those in units redeemed (net) | | (1,569) | (2,797) |
| Net income for the quarter before taxation | | <u>120,459</u> | <u>170,874</u> |
| Taxation | | - | - |
| Net income for the quarter after taxation | | <u>120,459</u> | <u>170,874</u> |
| Other comprehensive income for the quarter | | | |
| Items can be reclassified to income statement in subsequent periods | | | |
| Unrealised loss on investments classified as 'available for sale' | | (22) | - |
| Total comprehensive income for the quarter | | <u>120,437</u> | <u>170,874</u> |

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

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | |
|--|-------------------------|-------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Undistributed income brought forward | 8,187 | 10,288 |
| Less : Interim Distribution @ 0.54% - July 23, 2013 | | |
| - bonus units | (35,505) | - |
| -cash dividend | (15) | - |
| Less : Interim Distribution @ 0.60% - July 22, 2012 | | |
| - bonus units | - | (41,008) |
| -cash dividend | - | (39) |
| Less : Interim Distribution @ 0.60% - August 22, 2013 | (40,046) | - |
| - bonus units | (17) | - |
| -cash dividend | | |
| Less : Interim Distribution @ 1.00% - August 22, 2012 | | |
| - bonus units | - | (68,325) |
| -cash dividend | - | (66) |
| Less : Interim Distribution @ 0.60% - September 20, 2013 | (38,550) | - |
| - bonus units | (14) | - |
| -cash dividend | | |
| Less : Interim Distribution @ 0.76% - September 20, 2012 | | |
| - bonus units | - | (50,316) |
| -cash dividend | - | (6) |
| Net income for the quarter | 120,459 | 170,874 |
| Undistributed income carried forward | 14,499 | 21,402 |

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, 2013 | 2012 |
|--|-------------------------------|-------------|
| | (Rupees in '000) | |
| Net assets at beginning of the quarter | 6,510,774 | 7,418,771 |
| Issue of 69,330,662 units (2012: 27,274,298 units) | 3,477,574 | 1,369,782 |
| Redemption of 78,706,220 units (2012: 45,998,811 units) | (3,948,319) | (2,310,192) |
| | (470,745) | (940,410) |
| Element of loss and capital losses included in prices of units issued less those in units redeemed (net) | 1,569 | 2,797 |
| Issue of 2,282,637 bonus units (2012: 3,190,202 bonus units) | 114,101 | 159,649 |
| Unrealised Gain on re-measurement of investments 'at fair value through profit or loss' (net) | 1,906 | - |
| Total other comprehensive income for the quarter | 118,531 | 170,874 |
| Interim distributions: | | |
| - 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) |
| Net income for the quarter less distribution | 6,290 | 11,114 |
| Net assets at end of the quarter | 6,161,989 | 6,651,921 |
| | (Rupees) | |
| Net assets value per unit at beginning of the quarter | 50.06 | 50.08 |
| Net assets value per unit at end of the quarter | 50.11 | 50.16 |

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

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, | |
|--|-------------------------|------------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the quarter | 120,459 | 170,874 |
| Adjustments for: | | |
| Amortisation of preliminary expenses and floatation costs | 151 | 150 |
| Element of loss and capital losses included in prices of units issued less those in units redeemed (net) | 1,569 | 2,797 |
| | <u>122,179</u> | <u>173,821</u> |
| (Increase) / decrease in assets | | |
| Deposit and prepayments | 36 | 36 |
| Profit receivable | (98,251) | 57,592 |
| Investments (net) | (102,468) | 203,500 |
| | <u>(200,683)</u> | <u>261,128</u> |
| Increase / (decrease) in liabilities | | |
| Payable to Al Meezan Investment Management Limited - Management Company | 279 | (1,377) |
| Payable to Central Depository Company of Pakistan Limited - Trustee | (12) | (83) |
| Payable to Securities and Exchange Commission of Pakistan | (3,771) | 1,299 |
| Brokerage payable | (69) | - |
| Accrued expenses and other liabilities | 3,277 | 3,858 |
| | <u>(296)</u> | <u>3,697</u> |
| Net cash (used in) / inflow from operating activities | <u>(78,800)</u> | <u>438,646</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Receipts against issuance of units | 3,477,574 | 1,369,782 |
| Payment against redemption of units | (3,947,483) | (2,307,101) |
| Dividend paid | (39) | (46) |
| Net cash (used in) / inflow from financing activities | <u>(469,948)</u> | <u>(937,365)</u> |
| Net decrease in cash and cash equivalents during the quarter | <u>(548,748)</u> | <u>(498,719)</u> |
| Cash and cash equivalents at beginning of the quarter | <u>2,620,449</u> | <u>4,614,198</u> |
| Cash and cash equivalents at end of the quarter | <u>2,071,701</u> | <u>4,115,479</u> |

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008) and directives issued by the SECP. Wherever, the requirements of the Trust Deed, the NBFC requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 and the said directives shall prevail.

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 financial risk management objective and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2013

| | Note | (Unaudited) September 30, 2013 | (Audited) June 30, 2013 |
|---|------|--------------------------------------|-------------------------------|
| | | (Rupees in '000) | |
| Investments - 'loans and receivables' - Placements | 5.1 | 1,000,000 | 1,500,000 |
| Investments - 'fair value through profit or loss' Held for trading | 5.2 | 2,119,406 | 2,117,500 |
| Fair value through profit or loss upon initial recognition | 5.3 | 225,000 | 225,000 |
| | | 2,344,406 | 2,342,500 |
| Available for sale | 5.4 | 600,540 | - |
| | | <u>3,944,946</u> | <u>3,842,500</u> |

5. INVESTMENTS

5.1 Placements

| Name of the Issuer | Maturity | Profit range | As at July 1, 2013 | Placements made during the quarter | Matured during the quarter | As at Sep 30, 2013 | Percentage of total value of investments |
|-----------------------|------------------|--------------|--------------------------|------------------------------------|----------------------------|--------------------|--|
| | | % | -----Rupees in '000----- | | | % | |
| Bank Al-Falah Limited | October 12, 2013 | 8.85% | 1,500,000 | - | (500,000) | 1,000,000 | 25.35% |
| | | | | | | <u>1,000,000</u> | |

5.2 Held for trading

| Name of the Issuer | Maturity | Profit rate | As at July 01, 2013 | Purchases during the Quarter | Sales / redemptions during the Quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) | Percentage of market value of total investments |
|-----------------------------------|-------------------|-----------------------------------|----------------------------------|------------------------------|--|--------------------------|---|---------------------------------------|--------------------------|---|
| | | | -----Number of Certificates----- | | | -----Rupees in '000----- | | | ---- % ---- | |
| GoP Ijarah Sukuk - V (note 5.2.1) | November 15, 2013 | Weighted Average 6 months T-Bills | 21,175 | - | - | 21,175 | 2,117,500 | 2,119,406 | 1,906 | 53.72 |
| Total | | | | | | | <u>2,117,500</u> | <u>2,119,406</u> | <u>1,906</u> | |
| Total cost of investment | | | | | | | | <u>2,117,500</u> | | |

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

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

| Name of the Issuer | Maturity | Profit rate | As at July 01, 2013 | Purchases during the quarter | Sales / redemptions during the quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) | Percentage of market value of total investments |
|--|--------------|---------------------------------------|----------------------------------|------------------------------|--|--------------------------|---|---------------------------------------|--------------------------|---|
| | | | -----Number of Certificates----- | | | -----Rupees in '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 | - | 5.70 |
| Total | | | | | | | <u>225,000</u> | <u>225,000</u> | - | |
| Total cost of investment | | | | | | | | <u>225,000</u> | | |

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

5.4 Available for Sale

| Name of the Issuer | Maturity | Profit rate | As at July 01, 2013 | Purchases during the quarter | Sales / redemptions during the quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) | Percentage of market value of total investments |
|-----------------------------------|-------------------|-----------------------------------|----------------------------------|------------------------------|--|--------------------------|---|---------------------------------------|--------------------------|---|
| | | | -----Number of Certificates----- | | | -----Rupees in '000----- | | | ---- | ---- |
| GoP Ijarah Sukuk - V (note 5.2.1) | November 15, 2013 | Weighted Average 6 months T-Bills | - | 6000 | - | 6,000 | 600,562 | 600,540 | (22) | 15.22 |
| Total | | | | | | | <u>600,562</u> | <u>600,540</u> | <u>(22)</u> | |
| Total cost of investment | | | | | | | | <u>600,562</u> | | |

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 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 September 30, 2013. The Fund has recognised WWF charge upto September 30, 2013 amounting to Rs 48.41 million which includes Rs 2.41 million pertaining to the current period and Rs 46.00 million pertained to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.39 (0.78%).

7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTY

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, Meezan Islamic Fund, Meezan Islamic Income Fund, Al Meezan Mutual Fund, Meezan Tahaffuz Pension Fund, Meezan Balanced 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, Al Meezan Investment Management Limited - Staff Provident Fund 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 Regulations and the Trust Deed respectively.

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

| | September 30, 2013 | June 30, 2013 |
|---|-------------------------|------------------|
| | (Rupees in '000) | |
| Al Meezan Investment Management Limited | | |
| - Management Company | | |
| Remuneration payable | <u>5,268</u> | <u>5,426</u> |
| Sindh Sales Tax and Federal Excise Duty on management fee payable | <u>1,816</u> | <u>1,379</u> |
| Meezan Bank Limited | | |
| Balances with bank | <u>44,908</u> | <u>44,908</u> |
| Profit receivable on saving account | <u>1,111</u> | <u>1,111</u> |
| Central Depository Company of Pakistan Limited | | |
| Trustee fee payable | <u>457</u> | <u>469</u> |
| Deposit | <u>100</u> | <u>100</u> |
| Al Meezan Investment Management Limited | | |
| - Staff Gratuity Fund | | |
| Investment of 41,736 units (June 30, 2013 : 41,018 units) | <u>2,091</u> | <u>2,053</u> |
| Directors and officers of the Management Company | | |
| Investment of 338,667 units (June 30, 2013: 463,275 units) | <u>16,971</u> | <u>23,192</u> |

| | For the quarter ended September 30, | |
|---|--|---------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Al Meezan Investment Management Limited | | |
| - Management Company | | |
| Remuneration for the quarter | <u>16,713</u> | <u>17,314</u> |
| Sindh Sales Tax and Federal Excise Duty on management fee | <u>5,478</u> | <u>2,770</u> |
| Meezan Bank Limited | | |
| Profit on saving account | <u>1,526</u> | <u>403</u> |
| Central Depository Company of Pakistan Limited | | |
| Trustee fee for the year | <u>1,442</u> | <u>1,615</u> |
| Al Meezan Investment Management Limited | | |
| - Staff Gratuity Fund | | |
| Bonus units issued: 718 units (2012: 2,815 units) | <u>35</u> | <u>-</u> |
| Directors and officers of the Management Company | | |
| Units issued: 10,276 units (2012: 49,270 units) | <u>515</u> | <u>2,474</u> |
| Redemptions: 141,484 units (2012: 195,418 units) | <u>7,099</u> | <u>3,117</u> |
| Bonus units issued: 6,600 units (2012: 7,956 units) | <u>330</u> | <u>398</u> |

8. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 25, 2013 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 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 | Chairman |
| Mr. P. Ahmed | Director |
| Mr. Salman Sarwar Butt | Director |
| Mr. Tasnimul Haq Farooqui | Director |
| Mr. Mazhar Sharif | Director |
| Syed Amir Ali | Director |
| Syed Amir Ali Zaidi | Director |
| Mr. Mohammad Shoaib, CFA | Chief Executive |

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2013 (Unaudited)

| | Note | (Unaudited) September 30, 2013 | (Audited) June 30, 2013 |
|--|------|--------------------------------------|-------------------------------|
| Assets | | | |
| (Rupees in '000) | | | |
| Balances with banks | | 5,502 | 14,686 |
| Investments | 5 | 472,970 | 486,718 |
| Deposit and other receivables | | 12,458 | 6,169 |
| Dividend receivable | | 1,121 | 72 |
| Receivable against sale of investments | | - | 32 |
| Preliminary expenses and floatation costs | | 631 | 814 |
| Total assets | | 492,682 | 508,491 |
| Liabilities | | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company | | 826 | 779 |
| Payable to Central Depository Company of Pakistan (CDC) - Trustee | | 54 | 54 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | | 96 | 356 |
| Accrued expenses and other liabilities | | 1,516 | 1,406 |
| Total liabilities | | 2,492 | 2,595 |
| Net assets | | 490,190 | 505,896 |
| Contingencies and Commitments | 6 | ----- Number of units ----- | |
| Unitholders' funds (as per statement attached) | | 490,190 | 505,896 |
| Number of units in issue | | 9,280,200 | 8,693,675 |
| | | ----- Rupees ----- | |
| Net assets value per unit | | 52.82 | 58.19 |

The annexed notes 1 to 9 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 quarter ended September 30, 2013 (Unaudited)

| | September 30 | |
|--|------------------|--------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Income | | |
| Net realised gain on sale of investments | 151 | 2,113 |
| Dividend income | 1,612 | 1,818 |
| Profit on savings accounts with banks | 232 | 490 |
| Profit on Government of Pakistan (GoP) Ijarah Sukuk | 9,306 | 9,990 |
| Back end load | 706 | 29 |
| | 12,007 | 14,440 |
| Unrealised (loss) / gain on re-measurement of investments 'at fair value through profit or loss' (net) | (3,775) | 6,819 |
| Total income | 8,232 | 21,259 |
| Expenses | | |
| Remuneration to Al Meezan Investment Management Limited - Management Company | 1,919 | 1,703 |
| Sindh Sales Tax and Federal Excise Duty on management fee | 612 | 273 |
| Remuneration to Central Depository Company - Trustee | 166 | 176 |
| Annual fee to Securities and Exchange Commission of Pakistan | 96 | 86 |
| Auditors' remuneration | 105 | 94 |
| Fees and subscription | 5 | 10 |
| Amortisation of preliminary expenses and floatation costs | 182 | 182 |
| Charity expense | 35 | 22 |
| Amortization of Premium - GoP Ijara Sukuks | 217 | 211 |
| Securities transaction Cost | 42 | 77 |
| Legal and professional charges | 44 | 44 |
| Bank and settlement charges | 11 | 15 |
| Provision for Workers' Welfare Fund | 87 | - |
| Printing charges | 38 | 38 |
| Total expenses | 3,559 | 2,931 |
| Net income from operating activities | 4,673 | 18,328 |
| Element of loss and capital losses included in prices of units issued less those in units redeemed (net) | (346) | (7) |
| Net income for the quarter | 4,327 | 18,321 |
| Other comprehensive income for the quarter | | |
| Items can be reclassified to income statement in subsequent periods: | | |
| Unrealised gain on 'available for sale' investments | 589 | - |
| Total comprehensive income for the quarter | 4,916 | 18,321 |

The annexed notes 1 to 9 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 quarter ended September 30, 2013 (Unaudited)

| | September 30 | |
|---|----------------------|---------------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Undistributed income at the beginning of the quarter | 70,760 | 52,771 |
| Final distribution in the form of bonus units @ 11.8% (Rs. 5.90 per unit) for the year ended June 30, 2013. (2012: 12.5%) | (51,292) | (48,809) |
| Net income for the quarter | 4,327 | 18,321 |
| Undistributed income carried forward | <u>23,795</u> | <u>22,283</u> |

The annexed notes 1 to 9 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 quarter ended September 30, 2013 (Unaudited)

| | September 30 | |
|--|------------------|----------|
| | 2013 | 2012 |
| | (Rupees in '000) | |
| Net assets at the beginning of the quarter | 505,896 | 443,245 |
| Redemption of 394,402 units (2012 : 11,762 units) | (20,379) | (600) |
| | (20,379) | (600) |
| Element of loss and capital losses included in prices of units issued less those in units redeemed (net) | 346 | 7 |
| Net income for the quarter | 4,327 | 18,321 |
| Issue of bonus units during the quarter | (51,292) | (48,809) |
| | (46,965) | (30,488) |
| Issue of 980,927 bonus units for the year ended June 30, 2013 (2012: 966,327 units) | 51,292 | 48,809 |
| Net assets at the end of the quarter | 490,190 | 460,973 |
| | -----Rupees----- | |
| Net asset value per unit at the beginning of the quarter | 58.19 | 56.76 |
| Net asset value per unit at the end of the quarter | 52.82 | 52.60 |

The annexed notes 1 to 9 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 quarter ended September 30, 2013 (Unaudited)

| | September 30 2013 | 2012 |
|--|----------------------|----------|
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the quarter | 4,327 | 18,321 |
| Adjustments for: | | |
| Unrealised loss / (gain) on re-measurement of investments 'at fair value through profit or loss' (net) | 3,775 | (6,819) |
| Amortisation of preliminary expenses and floatation costs | 182 | 182 |
| Amortization of Premium -GoP Ijara Sukuks | 217 | 211 |
| Element of loss and capital losses included in prices of units issued less those in units redeemed (net) | 346 | 7 |
| | 8,847 | 11,902 |
| Decrease / (Increase) in assets | | |
| Investments | 9,757 | (3,878) |
| Deposit and other receivables | (6,289) | (9,166) |
| Dividend receivable | (1,049) | (1,189) |
| Receivable against sale of Investment | 32 | - |
| | 2,451 | (14,233) |
| Decrease in liabilities | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company | 47 | 25 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | (260) | (217) |
| Payable against redemption of units | - | 28 |
| Payable against purchase of investments | - | (1,930) |
| Accrued expenses and other liabilities | 110 | 133 |
| | (103) | (1,961) |
| Net cash inflow / (outflow) from operating activities | 11,195 | (4,292) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments against redemption of units | (20,379) | (600) |
| Net cash outflow during the quarter | (9,184) | (4,892) |
| Cash and cash equivalents at the beginning of the quarter | 14,686 | 21,328 |
| Cash and cash equivalents at the end of the quarter | 5,502 | 16,436 |

The annexed notes 1 to 9 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 quarter ended September 30, 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 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 Finance and Trade Centre, 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.

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial 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 & 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 accounting policies and method of computation adopted in the preparation of this condensed interim financial information and the significant judgments made by management in applying those accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2012.

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

| | Note | (Unaudited) September 30, 2013 | Audited June 30, 2013 |
|------------------------------------|------|--------------------------------------|-----------------------------|
| | | (Rupees in '000) | |
| 5 INVESTMENTS | | | |
| Investments - 'available for sale' | 5.1 | 356,227 | 355,855 |
| Investments 'held for trading' | 5.2 | 116,743 | 130,863 |
| | | 472,970 | 486,718 |

5.1 INVESTMENTS - 'AVAILABLE-FOR-SALE

| Name of the investee company | Maturity date | Profit rate | As at July 1, 2013 | Purchases during the period | Sales during the period | Sale / redemptions during the period | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) | Percentage in relation to | |
|---------------------------------------|-------------------|---------------------------|--------------------|-----------------------------|-------------------------|--------------------------------------|--------------------------|---|---------------------------------------|--------------------------|-----------------------------------|------------------------|
| | | | | | | | | | | | Total market value of investments | Net assets of the fund |
| GoP Ijarah Sukuks Certificates - VIII | May 16, 2014 | Weighted average 6 months | 3,030 | - | - | - | 3,030 | 303,638 | 304,000 | 362 | 64 | 62 |
| GOP Ijara Sukuk Certificates - IX | December 26, 2014 | Weighted average 6 months | 220 | - | - | - | 220 | 22,000 | 22,077 | 77 | 5 | 5 |
| GoP Ijarah Sukuk Certificates - XII | June 28, 2015 | Weighted average 6 months | 300 | - | - | - | 300 | 30,000 | 30,150 | 150 | 6 | 6 |
| Total | | | | | | | | 355,638 | 356,227 | 589 | | |
| Total cost of investments | | | | | | | | | 355,638 | | | |

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

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

5.2 Investments 'HELD FOR TRADING'

5.2.1 (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 September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 value | Unrealised gain / (loss) as at September 30, 2013 | Percentage in relation to | | |
|--|--------------------|-----------------------------|----------------------|-------------------------|--------------------------|---|---|---|---------------------------|------|------|
| | | | | | | | | | Number of shares | | |
| Construction and Materials | | | | | | | | | | | |
| DG Khan Cement Company Limited | 401 | 11,000 | - | - | 11,401 | 985 | 785 | (200) | 0.16 | 0.00 | 0.17 |
| Fauji Cement Company Limited | - | 100,000 | - | 50,000 | 50,000 | 662 | 543 | (119) | 0.11 | 0.00 | 0.11 |
| Lucky Cement Limited | 42,048 | - | - | - | 42,048 | 8,818 | 9,725 | 907 | 1.98 | 0.01 | 2.06 |
| Electricity | | | | | | | | | | | |
| The Hub Power Company Limited | 29,870 | - | - | - | 29,870 | 1,842 | 1,904 | 62 | 0.39 | 0.00 | 0.40 |
| Oil and Gas | | | | | | | | | | | |
| Attock Petroleum Limited | 5,400 | - | 1,080 | - | 6,480 | 3,030 | 2,797 | (233) | 0.57 | 0.01 | 0.59 |
| Oil and Gas Development Company Limited | 41,100 | - | - | - | 41,100 | 9,402 | 9,659 | 257 | 1.97 | 0.00 | 2.04 |
| Pak Oilfields Limited | 20,000 | - | - | 20,000 | - | - | - | - | - | - | 0.00 |
| Pakistan Petroleum Limited | 38,550 | - | 6,110 | 8,000 | 36,660 | 6,464 | 6,987 | 523 | 1.43 | 0.00 | 1.48 |
| Pakistan State Oil Company Limited | 73,137 | - | - | - | 73,137 | 23,432 | 19,169 | (4,263) | 3.91 | 0.03 | 4.05 |
| Chemicals | | | | | | | | | | | |
| Fauji Fertilizer Bin Qasim Limited | 135,480 | - | - | 35,000 | 100,480 | 3,772 | 3,778 | 6 | 0.77 | 0.01 | 0.80 |
| Fauji Fertilizer Company Limited | 45,600 | - | - | - | 45,600 | 4,899 | 4,622 | (277) | 0.94 | 0.00 | 0.98 |
| ICI Pakistan Limited | 2,641 | 25,000 | - | - | 27,641 | 5,190 | 4,923 | (267) | 1.00 | 0.03 | 1.04 |
| Fixed Line Telecommunications | | | | | | | | | | | |
| Pakistan Telecommunication Company Limited "A" | 144,190 | - | - | - | 144,190 | 3,200 | 3,772 | 572 | 0.77 | 0.36 | 0.80 |
| Personal Goods | | | | | | | | | | | |
| Nishat Mills Limited | 32,000 | - | - | - | 32,000 | 3,015 | 2,965 | (50) | 0.60 | 0.01 | 0.63 |
| Food Producers | | | | | | | | | | | |
| Engro Foods Limited | 60,763 | 48,000 | - | 68,000 | 40,763 | 4,797 | 4,145 | (652) | 0.85 | 0.01 | 0.88 |
| General industrials | | | | | | | | | | | |
| Tri-Pack Films Limited | 5,000 | - | - | - | 5,000 | 1,010 | 969 | (41) | 0.20 | 0.02 | 0.20 |
| Total | | | | | | 80,518 | 76,743 | (3,775) | | | |
| Total cost of investments | | | | | | 66,627 | | | | | |

5.2.2 Sukuk Certificates

| Name of the issuer | Maturity date | Profit rate | As at July 1, 2013 | Purchases during the period | Sales during the period | Sale / redemptions during the period | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised loss | Percentage in relation to | |
|---------------------------------------|---------------|---------------------------|--------------------|-----------------------------|-------------------------|--------------------------------------|--------------------------|---|---------------------------------------|-----------------|------------------------------|---|
| | | | | | | | | | | | Number of sukuk certificates | |
| GoP Ijarah Sukuks Certificates - VIII | May 28, 2016 | Weighted average 6 months | - | 400 | - | - | 400 | 40,000 | 40,000 | - | 8 | 8 |
| Total | | | | | | 40,000 | | 40,000 | - | | | |
| Total cost of investments | | | | | | 40,020 | | | | | | |

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

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

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

6. CONTIGENCY

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.

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. Accordingly, the management has not recognised WWF charge upto December 31, 2012 amounting to Rs. 1.69 million. Had the same been made, the net assets value per unit of the Fund would have been lower by Rs. 0.18 (0.34%).

However, the management as a matter of abundant caution has recognised WWF charge from January 1, 2013 to September 30, 2013 amounting to Rs.0.75 million

7. OPERATING SEGMENTS

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

In accordance with the trust deed, the Fund consists of two segments, a capital protection segment and an investment segment. The capital protected segment includes that part of the fund which 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:

| | Quarter ended September 30, 2013 | | | Quarter ended September 30, 2012 | | |
|---------------------------------------|----------------------------------|---------------------------|--------------|----------------------------------|---------------------------|--------|
| | Investment Segment | Capital Protected Segment | Total | Investment Segment | Capital Protected Segment | Total |
| | ----- (Rupees in '000) ----- | | | | | |
| Total Segment Income | 199 | 7,095 | 7,294 | 11,745 | 8,995 | 20,740 |
| Total Segment Expense | 2,566 | 2,122 | 4,688 | 511 | 1,698 | 2,209 |
| Total net segment income | (2,367) | 4,973 | 2,606 | 11,234 | 7,297 | 18,531 |
| Unallocated (expenses) / income (net) | - | - | 1,721 | - | - | (210) |
| Total income | (2,367) | 4,973 | 4,327 | 11,234 | 7,297 | 18,321 |

| | As at September 30, 2013 | | | As at June 30, 2013 | | |
|----------------------------------|------------------------------|---------------------------|----------------|---------------------|---------------------------|---------|
| | Investment Segment | Capital Protected Segment | Total | Investment Segment | Capital Protected Segment | Total |
| | ----- (Rupees in '000) ----- | | | | | |
| Total segment assets | 108,565 | 377,594 | 486,159 | 120,891 | 370,499 | 491,390 |
| Unallocated Assets | - | - | 6,523 | - | - | 17,101 |
| Total Assets | 108,565 | 377,594 | 492,682 | 120,891 | 370,499 | 508,491 |
| Total segment liabilities | 249 | 622 | 871 | 401 | 588 | 989 |
| Unallocated Liabilities | - | - | 1,621 | - | - | 1,606 |
| Total Liabilities | 249 | 622 | 2,492 | 401 | 588 | 2,595 |

There were no transactions between reportable segments.

8. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

| | (Unaudited) September 30, 2013 | (Audited) June 30, 2013 |
|--|---|--|
| | (Rupees in '000) | |
| Al Meezan - management company of the Fund | | |
| Remuneration payable | 615 | 620 |
| SST and FED payable on management fee | 211 | 159 |
| Investment of 2,501,064 units (June 30, 2013: 2,247,476 units) | 132,109 | 130,781 |
| MBL | | |
| Balances with bank | 325 | 1,813 |
| Profit receivable | 96 | 75 |
| Investment of 2,501,064 units (June 30, 2013: 2,247,476 units) | 132,109 | 130,781 |
| CDC - trustee of the Fund | | |
| Trustee fee payable | 54 | 54 |
| Deposit with CDC | 100 | 100 |
| Executive of the management company | | |
| Investment of 1,251 units (June 30, 2013: 1,124 units) | 66 | 65 |

| | Quarter ended September 30 2013 | Quarter ended September 30 2012 |
|---|---------------------------------------|---------------------------------------|
| | (Rupees in '000) | |
| Al Meezan - management company of the Fund | | |
| Remuneration for the period | 1,919 | 1,703 |
| SST and FED on management fee | 612 | 273 |
| Bonus units issued: 253,588 units (2012: 247,476 units) | 13,260 | 12,500 |
| MBL | | |
| Profit on savings accounts | 21 | 7 |
| Bonus units issued: 253,588 units (2012: 247,476 units) | 13,260 | 12,500 |
| CDC - trustee of the Fund | | |
| Trustee fee | 166 | 176 |
| CDS charges | 3 | 3 |
| Executive of the management company | | |
| Bonus units issued: 127 units (2012: 124 units) | 7 | 6 |

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 25, 2013 by the Board of Directors of the management company.

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

Chief Executive

Director



Quarterly Report September 30, 2012

FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

| | |
|---------------------------|----------|
| Mr. Salman Sarwar Butt | Chairman |
| Mr. Tasnimul Haq Farooqui | Member |
| Mr. Mazhar Sharif | Member |
| Mr. Mohammad Shoail, 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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2013 (Unaudited)

| | September 30, 2013 | | | | Audited |
|---|------------------------------|------------------|------------------|----------------|----------------|
| | Aggressive | Moderate | Conservative | Total | June 30, 2013 |
| Note | ----- (Rupees in '000) ----- | | | | |
| Assets | | | | | |
| Balances with banks | 2,113 | 2,641 | 6,443 | 11,197 | 54,710 |
| Investments | 5 271,050 | 169,191 | 336,511 | 776,752 | 654,851 |
| Profit receivable on savings accounts with banks | 55 | 54 | 83 | 192 | 241 |
| Prepayments | 20 | 12 | 20 | 52 | - |
| Total assets | 273,238 | 171,898 | 343,057 | 788,193 | 709,802 |
| Liabilities | | | | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company | 804 | 159 | 196 | 1,159 | 3,305 |
| Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee | 27 | 15 | 33 | 75 | 60 |
| Payable to Meezan Bank Limited (MBL) | - | 16 | 1 | 17 | 94 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | 66 | 40 | 75 | 181 | 98 |
| Payable on redemption and conversion of units | 2,800 | 762 | 398 | 3,960 | 6,075 |
| Accrued expenses and other liabilities | 565 | 485 | 592 | 1,642 | 1,305 |
| Total liabilities | 4,262 | 1,477 | 1,295 | 7,034 | 10,937 |
| Net assets | 268,976 | 170,421 | 341,762 | 781,159 | 698,865 |
| Unitholders' fund (as per statement attached) | 268,976 | 170,421 | 341,762 | 781,159 | |
| -----Number of units----- | | | | | |
| Number of units in issue | 5,098,517 | 3,285,548 | 6,593,491 | | |
| -----Rupees----- | | | | | |
| Net assets value per unit | 52.76 | 51.87 | 51.83 | | |

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2013(Unaudited)

| | September 30, 2013 | | | |
|--|------------------------------|------------|--------------|--------------|
| | Aggressive | Moderate | Conservative | Total |
| | ----- (Rupees in '000) ----- | | | |
| Income | | | | |
| Net realised gain on sale of investments | 832 | 1,042 | 530 | 2,404 |
| Profit on saving accounts with banks | 185 | 264 | 264 | 713 |
| | 1,017 | 1,306 | 794 | 3,117 |
| Unrealised gain on re-measurement of investments at 'fair value through profit or loss' (net) | (1,495) | (497) | 2,358 | 366 |
| Total income | (478) | 809 | 3,152 | 3,483 |
| Expenses | | | | |
| Remuneration to Al Meezan Investment Management Limited - Management Company | 15 | 19 | 24 | 58 |
| Sindh Sales Tax and Federal Excise Duty on Management Fee | 4 | 6 | 8 | 18 |
| Remuneration to Central Depository Company of Pakistan Limited - Trustee | 69 | 42 | 79 | 190 |
| Annual fee to Securities and Exchange Commission of Pakistan | 66 | 40 | 75 | 181 |
| Auditors' remuneration | 27 | 16 | 31 | 74 |
| Formation cost | - | - | 50 | 50 |
| Bank and settlement charges | 101 | 70 | 70 | 241 |
| Printing charges | 2 | 1 | 3 | 6 |
| Fees and subscription | 5 | 3 | 5 | 13 |
| Provision for Workers' Welfare Fund | - | 17 | 73 | 90 |
| Total expenses | 289 | 214 | 418 | 921 |
| Net income from operating activities | (767) | 595 | 2,734 | 2,562 |
| Element of income and capital gains included in prices of units issued less those in units redeemed (net) | 576 | 258 | 908 | 1,742 |
| Net income for the quarter before taxation | (191) | 853 | 3,642 | 4,304 |
| Taxation | - | - | - | - |
| Net income for the quarter after taxation | (191) | 853 | 3,642 | 4,304 |
| Other comprehensive income for the quarter | - | - | - | - |
| Total comprehensive income for the quarter | (191) | 853 | 3,642 | 4,304 |

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

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2013(Unaudited)

| | September 30, 2013 | | | |
|---|-----------------------------|--------------|---------------|---------------|
| | Aggressive | Moderate | Conservative | Total |
| | ------(Rupees in '000)----- | | | |
| Undistributed income brought forward | 21,031 | 9,701 | 10,348 | 41,080 |
| Less: Final distribution in the form of bonus units @ 3.4%, 3.3% and 1.2% for the year ended June 30, 2013 from Aggressive, Moderate and Conservative plan respectively | (7,956) | (4,908) | (3,301) | (16,165) |
| Net income for the quarter | (191) | 853 | 3,642 | 4,304 |
| Undistributed income carried forward | <u>12,884</u> | <u>5,646</u> | <u>10,689</u> | <u>29,219</u> |

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For the quarter ended September 30, 2013(Unaudited)

| | September 30, 2013 | | | |
|---|-----------------------------|----------------|----------------|----------------|
| | Aggressive | Moderate | Conservative | Total |
| | ------(Rupees in '000)----- | | | |
| Net assets at beginning of the quarter | 255,034 | 158,438 | 285,393 | 698,865 |
| Issue of Units: (Aggressive: 1,259,663, Moderate: 1,269,332, Conservative: 2,056,124) | 69,245 | 67,742 | 107,477 | 244,464 |
| Redemption of Units: (Aggressive: 991,913, Moderate: 1,053,631 Conservative: 1,027,903) | (54,536) | (56,354) | (53,842) | (164,732) |
| | 14,709 | 11,388 | 53,635 | 79,732 |
| Element of income and capital gains included in prices of units issued less those in units redeemed (net) | (576) | (258) | (908) | (1,742) |
| Net income for the quarter | (191) | 853 | 3,642 | 4,304 |
| Issue of bonus units during the quarter | (7,956) | (4,908) | (3,301) | (16,165) |
| | (8,147) | (4,055) | 341 | (11,861) |
| Issue of bonus units (Aggressive: 150,712, Moderate: 95,104, Conservative: 64,363) during the quarter | 7,956 | 4,908 | 3,301 | 16,165 |
| Net assets at end of the quarter | <u>268,976</u> | <u>170,421</u> | <u>341,762</u> | <u>781,159</u> |
| Net asset value per unit at the beginning of the quarter | <u>54.49</u> | <u>53.26</u> | <u>51.88</u> | |
| Net assets value per unit at end of the quarter | <u>52.76</u> | <u>51.87</u> | <u>51.83</u> | |

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

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2013(Unaudited)

| | September 30, 2013 | | | |
|---|-----------------------------|----------|--------------|-----------|
| | Aggressive | Moderate | Conservative | Total |
| | ------(Rupees in '000)----- | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income for the quarter | (191) | 853 | 3,642 | 4,304 |
| Adjustments for: | | | | |
| Unrealised gain on re-measurement of investments at fair value through profit or loss (net) | 1,495 | 497 | (2,358) | (366) |
| Element of income and capital gains included in prices of units issued less those in units redeemed (net) | (576) | (258) | (908) | (1,742) |
| | 919 | 239 | (3,266) | (2,108) |
| Increase in assets | | | | |
| Investments (net) | (26,234) | (19,728) | (75,573) | (121,535) |
| Profit on saving accounts with banks | (185) | (264) | (264) | (713) |
| Prepaid listing fee | (20) | (12) | (20) | (52) |
| | (26,439) | (20,004) | (75,857) | (122,300) |
| Decrease in liabilities | | | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company | (202) | (1,187) | (757) | (2,146) |
| Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee | 3 | 3 | 9 | 15 |
| Payable to Meezan Bank Limited (MBL) | (21) | (25) | (31) | (77) |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | 28 | 21 | 34 | 83 |
| Accrued expenses and other liabilities | (78) | 168 | 247 | 337 |
| Cash generated from operations | (270) | (1,020) | (498) | (1,788) |
| Profit received on saving accounts with banks | 219 | 273 | 270 | 762 |
| Net cash used in operating activities | (25,762) | (19,659) | (75,709) | (121,130) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts from sale of units | 69,245 | 67,742 | 107,477 | 244,464 |
| Payment against redemption of units | (53,898) | (59,495) | (53,454) | (166,847) |
| Net cash inflow from financing activities | 15,347 | 8,247 | 54,023 | 77,617 |
| Net Decrease in cash and cash equivalents during the period | (10,415) | (11,412) | (21,686) | (43,513) |
| Cash and cash equivalents at beginning of the period | 12,528 | 14,053 | 28,129 | 54,710 |
| Cash and cash equivalents at end of the period | 2,113 | 2,641 | 6,443 | 11,197 |

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 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. The Management Company of the Fund is registered with SECP as a Non-Banking Finance Company under NBFC Rules.
- 1.3 The Fund is an open-end Shariah compliant fund applied for listing 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 Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund. 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.
- 1.5 The Management Company of the Fund has been given quality rating of AM2 by JCR-VIS Credit Rating Company Limited.

2. BASIS OF MEASUREMENT

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

3 STATEMENT OF COMPLIANCE

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

4 SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 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 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 | September 30, 2013 | | | Total | Audited June 30, 2013 | |
|--|--------------------|----------|--------------|---------|-----------------------|---------|
| | Aggressive | Moderate | Conservative | | | |
| ------(Rupees in '000)----- | | | | | | |
| Investments - 'at fair value through profit or loss' | 5.1 | 271,050 | 169,191 | 336,511 | 776,752 | 654,851 |

5.1 Held for Trading - Units of mutual funds

| Name of the investee company | As at July 01, 2013 | Purchases during the period | Bonus / rights issue | Redemption during the period | As at September 30, 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 | 810,867 | 1,152,763 | 414,465 | 4,508,132 | 204,473 | 201,784 | (2,689) | 74.45 |
| Meezan Sovereign Fund | 1,206,429 | 255,382 | 48,271 | 128,079 | 1,382,003 | 68,072 | 69,266 | 1,194 | 25.55 |
| Total cost of investments | | | | | | 272,545 | 271,050 | (1,495) | 100 |
| Moderate Allocation Plan | | | | | | | | | |
| Meezan Islamic Fund | 1,200,768 | 556,823 | 467,797 | 364,778 | 1,826,610 | 85,174 | 83,281 | (1,893) | 49.22 |
| Meezan Sovereign Fund | 1,468,730 | 533,701 | 58,842 | 347,191 | 1,714,082 | 84,514 | 85,910 | 1,396 | 50.78 |
| Total cost of investments | | | | | | 169,688 | 169,191 | (497) | 100 |
| Conservative Allocation Plan | | | | | | | | | |
| Meezan Islamic Fund | 1,035,037 | 550,984 | 403,232 | 162,715 | 1,826,538 | 83,646 | 81,756 | (1,890) | 24.30 |
| Meezan Sovereign Fund | 3,798,177 | 1,576,762 | 167,981 | 460,021 | 5,082,899 | 250,507 | 254,755 | 4,248 | 75.70 |
| Total cost of investments | | | | | | 334,153 | 336,511 | 2,358 | 100 |

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 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 quarter ended 30 September 2013. The Fund has recognised WWF charge upto September 30, 2013 amounting to Rs. 0.421 million Rs. 0.267 million and Rs. 0.224 million in Aggressive, Conservative and Moderate plans respectively. Had the WWF not been provided, the NAV per unit of Aggressive, Conservative and Moderate plans would have been higher by Rs 0.08 per unit, Rs 0.04 and Rs 0.07 per unit respectively.

7. 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 Limited, 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, 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 and NBFC Regulations and the Trust Deed respectively.

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

| | September 30, 2013 | | | | Audited June 30, 2013 |
|---|------------------------------|----------|--------------|---------|-----------------------------|
| | Aggressive | Moderate | Conservative | Total | |
| | ----- (Rupees in '000) ----- | | | | |
| Al Meezan Investment Management Limited | | | | | |
| - Management Company | | | | | |
| Management Fee payable | 4 | 4 | 5 | 13 | 74 |
| Sindh Sales Tax and Federal Excise Duty on Management Fee | 1 | 1 | 1 | 3 | 528 |
| Sales load payable | 589 | 110 | 141 | 840 | 2,576 |
| Investment of 2,023,401 units-Conservative Allocation Fund | - | - | 104,873 | 104,873 | 103,760 |

| | September 30, 2013 | | | Total | June 30, 2013 |
|--|--------------------|----------|--------------|---------|---------------|
| | Aggressive | Moderate | Conservative | | |
| ------(Rupees in '000)----- | | | | | |
| Meezan Bank Limited | | | | | |
| Bank balance | 215 | 23 | 3,351 | 3,589 | 35,419 |
| Sales load payable | - | 16 | 1 | 17 | 94 |
| Profit Receivable | 7 | 1 | 4 | 12 | 93 |
| Central Depository Company of Pakistan Limited | | | | | |
| Trustee Fee payable | 27 | 15 | 33 | 75 | 60 |
| Directors and executives of the Management Company | | | | | |
| Issuance of 12,650 units of Aggressive Allocation Plan | 667 | - | - | 667 | 668 |
| Issuance of 12,058 units of Moderate Allocation Plan | - | 625 | - | 625 | 618 |
| Issuance of 33,720 units of Conservative Allocation Plan | - | - | 1,748 | 1,748 | 529 |
| Meezan Islamic Fund | | | | | |
| Investment of 4,508,132 units - Aggressive Allocation Plan | 201,784 | - | - | 201,784 | 184,699 |
| Investment of 1,860,610 units - Moderate Allocation Plan | - | 83,281 | - | 83,281 | 74,952 |
| Investment of 1,826,538 units - Conservative Allocation Plan | - | - | 81,756 | 81,756 | 64,607 |
| Meezan Sovereign Fund | | | | | |
| Investment of 1,382,003 units - Aggressive Allocation Plan | 69,266 | - | - | 69,266 | 61,612 |
| Investment of 1,714,082 units - Moderate Allocation Plan | - | 85,910 | - | 85,910 | 75,008 |
| Investment of 5,082,899 units - Conservative Allocation Plan | - | - | 254,755 | 254,755 | 193,973 |

For the quarter ended September 30, 2013

| | Aggressive | Moderate | Conservative | Total |
|---|-----------------------------|----------|--------------|-------|
| | ------(Rupees in '000)----- | | | |
| AI Meezan Investment Management Limited | | | | |
| - Management Company | | | | |
| Remuneration for the period | 15 | 19 | 24 | 58 |
| Sindh Sales Tax and Federal Excise Duty on Management Fee | 4 | 6 | 8 | 18 |
| Units issued: 23,401 units | - | - | 1,200 | 1,200 |
| Meezan Bank Limited | | | | |
| Profit on saving account | 135 | 208 | 181 | 524 |
| Central Depository Company of Pakistan Limited | | | | |
| Trustee fee | 69 | 42 | 79 | 190 |

For the quarter ended September 30, 2013

| | Aggressive | Moderate | Conservative | Total |
|--|-----------------------------|----------|--------------|--------|
| | ------(Rupees in '000)----- | | | |
| Directors and Executive of the Management Company | | | | |
| Issuance of 395 units of Aggressive Allocation Plan | 21 | - | - | 21 |
| Issuance of 453 units of Moderate Allocation Plan | - | 24 | - | 24 |
| Issuance of 23,520 units of Conservative Allocation Plan | - | - | 1,206 | 1,206 |
| Disposal of units: 224 units | - | 12 | - | 12 |
| Meezan Islamic Fund | | | | |
| Purchase of 810,867 units - Aggressive Allocation Plan | 38,527 | - | - | 38,527 |
| Purchase of 556,823 units - Moderate Allocation Plan | - | 26,809 | - | 26,809 |
| Purchase of 550,984 units - Conservative Allocation Plan | - | - | 26,461 | 26,461 |
| Sales of 414,465 units - Aggressive Allocation Plan | 19,500 | - | - | 19,500 |
| Sales of 364,778 units - Moderate Allocation Plan | - | 17,500 | - | 17,500 |
| Sales of 162,715 units - Conservative Allocation Plan | - | - | 7,750 | 7,750 |
| Bonus of 1,152,763 units - Aggressive Allocation Plan | 60,854 | - | - | 60,854 |
| Bonus of 467,797 units - Moderate Allocation Plan | - | 24,143 | - | 24,143 |
| Bonus of 403,232 units - Conservative Allocation Plan | - | - | 20,678 | 20,678 |
| Meezan Sovereign Fund | | | | |
| Purchase of 255,382 units - Aggressive Allocation Plan | 12,874 | - | - | 12,874 |
| Purchase of 533,701 units - Moderate Allocation Plan | - | 26,877 | - | 26,877 |
| Purchase of 1,576,762 units - Conservative Allocation Plan | - | - | 79,582 | 79,582 |
| Sales of 128,079 units - Aggressive Allocation Plan | 6,500 | - | - | 6,500 |
| Sales of 347,191 units - Moderate Allocation Plan | - | 17,500 | - | 17,500 |
| Sales of 460,021 units - Conservative Allocation Plan | - | - | 23,250 | 23,250 |
| Bonus of 48,271 units - Aggressive Allocation Plan | 2,548 | - | - | 2,548 |
| Bonus of 58,842 units - Moderate Allocation Plan | - | 3,037 | - | 3,037 |
| Bonus of 167,981 units - Conservative Allocation Plan | - | - | 8,614 | 8,614 |

8. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 25, 2013 by the board of directors of the Management Company.

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

Chief Executive

Director





Quarterly Report September 30, 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 | Chairman |
| Mr. P. Ahmed | Director |
| Mr. Salman Sarwar Butt | Director |
| Mr. Tasnimul Haq Farooqui | Director |
| Mr. Mazhar Sharif | Director |
| Syed Amir Ali | Director |
| Syed Amir Ali Zaidi | Director |
| Mr. Mohammad Shoaib, CFA | Chief Executive |

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

TRUSTEE

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2013 (Unaudited)

| | Note | September 30, 2013 (Rupees in '000) |
|--|------|---|
| Assets | | |
| Bank Balances | | 217,059 |
| Investment | 5 | 1,383,902 |
| Dividend receivable | | 17,702 |
| Advances, Deposits, prepayments and other receivables | | 21,435 |
| Total assets | | 1,640,098 |
| Liabilities | | |
| Payable to Al Meezan Investment Management Limited - (Al Meezan) - Management Company | | 3,577 |
| Payable to Central Depository Company of Pakistan Limited - (CDC) - Trustee | | 215 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | | 350 |
| Payable on redemption and conversion of units | | 7,599 |
| Payable against purchase of investments | | 1,305 |
| Brokerage Payable | | 268 |
| Accrued expenses and other liabilities | | 26,925 |
| Unclaimed dividend | | 24,116 |
| Total liabilities | | 64,355 |
| Net assets | | 1,575,743 |
| Unitholders' funds (as per statement attached) | | 1,575,743 |
| | | Number of units |
| Number of units in issue | | 120,550,715 |
| | | (Rupees) |
| Net assets value per unit | | 13.07 |

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, 2013 (Rupees in '000) |
|--|---|
| Income | |
| Net realised gain on sale of investments | 12,867 |
| Dividend Income | 21,290 |
| Profit on savings accounts with banks | 5,133 |
| Profit on sukuk certificates | 12,124 |
| Back end load | 1,024 |
| | <hr/> 52,438 |
| Unrealised loss on re-measurement of investments 'at fair value through profit or loss' | <hr/> (17,031) |
| Total income | <hr/> 35,407 |
| Expenses | |
| Remuneration of Al Meezan Investment Management Limited - Management Company | 8,235 |
| Sindh Sales Tax and Federal Excise Duty on management fee | 2,701 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | 664 |
| Annual fee to Securities and Exchange Commission of Pakistan | 350 |
| Auditors' remuneration | 136 |
| Fees and subscription | 100 |
| Securities transaction costs | 261 |
| Printing charges | 359 |
| Charity expense | 369 |
| Bank and settlement charges | 92 |
| Provision for Workers' Welfare Fund (WWF) | 359 |
| Conversion Cost payable | 3,840 |
| Total expenses | <hr/> 17,466 |
| Net Income from operating activities | <hr/> 17,941 |
| Element of gain and capital gains included in prices of units sold less those in units redeemed (net) | <hr/> 8 |
| Net income for the quarter | <hr/> 17,949 <hr/> |
| Other comprehensive loss for the quarter | |
| Items can be reclassified to income statement in subsequent periods | |
| Net unrealised diminution on re-measurement of investments classified as 'available for sale' (net) | <hr/> (16,888) |
| Total comprehensive income for the quarter | <hr/> 1,061 <hr/> |

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

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

Chief Executive

Director



CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, 2013 (Rupees in '000) |
|---|--|
| Undistributed income brought forward from closed end fund | 374,850 |
| Less: Final distribution @ 15% per certificate in the form of cash dividend the year ended June 30, 2013 | (180,000) |
| Net income for the quarter | 17,949 |
| Element of gain and capital gains included in prices of units sold less those in units redeemed pertaining to available for sale investment (net) | 8 |
| Undistributed income carried forward | <u>212,807</u> |

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the quarter ended September 30, 2013 (Unaudited)

| | September 30, 2013 (Rupees in '000) |
|--|--|
| Issue of 120,000,000 units against cancellation of 120,000,000 certificates of Meezan Balanced Fund upon conversion from closed end fund to an open end scheme | 1,747,480 |
| Issue of 2,146,230 units for quarter ended September 30, 2013 | 29,227 |
| Redemption of 1,595,515 units for quarter ended September 30, 2013 | (22,018) |
| | 7,209 |
| Element of (gain) and capital (gains) included in prices of units sold less those in units redeemed (net) | (8) |
| Total comprehensive loss for the period less distribution | (178,938) |
| Net assets at the end of the quarter | 1,575,743 |
| Net asset value per unit as at the beginning of the quarter | 14.56 |
| Net asset value per unit as at the end of the quarter | 13.07 |

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

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2013 (Unaudited)

September
30, 2013
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the quarter

17,949

Adjustments for:

Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)

17,031

Element of (gain) and capital (gains) included in prices of units sold less those in units redeemed (net)

(8)

17,023

(Increase) / decrease in assets

Investments - net

68,524

Dividend receivable

(16,728)

Deposit and other receivables

(8,327)

43,469

Increase / (decrease) in liabilities

Payable to Al Meezan Investment Management Limited - Management Company

(78)

Payable to Central Depository Company of Pakistan Limited - Trustee

59

Payable to Securities and Exchange Commission of Pakistan

(1,006)

Brokerage payable

(1)

Accrued expenses and other liabilities

1,444

418

Net cash inflow from operating activities

78,859

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from sale of units

29,227

Payments against redemption of units

(14,419)

Dividend paid

(173,301)

Net cash used in financing activities

(158,493)

Net increase in cash and cash equivalents

(79,634)

Cash and cash equivalents at beginning of the quarter

296,693

Cash and cash equivalents at end of the quarter

217,059

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2013 (Unaudited)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Balanced Fund (the Fund) was constituted by virtue of a conversion from closed end fund into an open 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 Limited (CDC) as the Trustee. The Trust Deed was executed on June 13, 2013 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 7, 2013 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The investment objective of the Fund is to generate long-term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and Islamic income instruments such as certificates of Islamic investment, musharaka certificates, Islamic sukuk certificates and other Shariah compliant instruments. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Islamic Shariah.
- 1.3 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.
- 1.4 Title to the assets of the Fund are held in the name of CDC as a Trustee and an application for listing of the units of the open end scheme has been made to the Islamabad Stock Exchange.
- 1.5 The effective date of conversion of meezan balanced fund from a closed end fund into an open end scheme was July 1, 2013, hence, no corresponding figures as a closed end fund are given in these financial statements.
- 1.6 Face value per unit is Rs. 10. As per the Regulation 65 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, Meezan Balanced Fund was converted from a closed end fund into an open end scheme and a swap ratio of 1:1 (i.e. for each certificate of the par value of Rs. 10, one unit of the open end scheme of the par value 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 vide their special resolution dated January 31, 2013. 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).

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (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 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 except the followings:

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) September 30, 2013 (Rupees in '000) | (Audited) June 30, 2012 |
|--|---------|--|-------------------------------|
| 5. INVESTMENTS | | | |
| Investments 'fair value through profit or loss' | 5.1 | 1,004,235 | 1,095,632 |
| Investments - 'available for sale' | 5.2 | 379,667 | 398,328 |
| | | 1,383,902 | 1,493,960 |
| 5.1 Investments 'fair value through profit or loss' | | | |
| Held for trading | 5.1.1 | 820,566 | 911,413 |
| Investments at fair value through profit or loss - upon initial recognition | 5.1.2 | 183,669 | 184,219 |
| | | 1,004,235 | 1,095,632 |
| 5.1.1 Held for trading | | | |
| Shares of listed companies | 5.1.1.1 | 462,129 | 554,413 |
| Sukuk certificates | 5.1.1.4 | 358,437 | 357,000 |
| | | 820,566 | 911,413 |
| 5.1.2 Investments at fair value through profit or loss upon initial recognition | | | |
| Shares of listed companies | 5.1.2.1 | 27,225 | 24,169 |
| Sukuk Certificates | 5.1.2.2 | 156,444 | 160,050 |
| | | 183,669 | 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 September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) as at September 30, 2013 | Percentage in relation to | | |
|---|-----------------------|-----------------------------------|----------------|-------------------------------|--------------------------------|--|--|--|---|--|---|
| | | | | | | | | | Net Assets of the Fund on the basis of investments (note 5.1.1.3) | Paid-up Capital of the investee company (with face value of investments) | Total market value of investments |
| ----- Number of shares ----- | | | | | ----- Rupees in '000 ----- | | | ----- % ----- | | | |
| Automobile and parts | | | | | | | | | | | |
| Pakistan Suzuki Motor Company Limited | 7,800 | 10,000 | - | - | 17,800 | 2,670 | 2,492 | (178) | 0.16 | 0.02 | 0.18 |
| Chemicals | | | | | | | | | | | |
| Fauji Fertilizer Bin Qasim Limited | 350,000 | - | - | 25,000 | 325,000 | 12,200 | 12,220 | 20 | 0.78 | 0.03 | 0.88 |
| Fauji Fertilizer Company Limited | 501,800 | - | - | 142,500 | 359,300 | 38,600 | 36,422 | (2,178) | 2.31 | 0.02 | 2.63 |
| ICI Pakistan Limited | 2,195 | - | - | - | 2,195 | 365 | 391 | 26 | 0.02 | 0.00 | 0.03 |
| | | | | | | | | | 3.11 | 0.05 | 3.54 |
| Construction and materials | | | | | | | | | | | |
| Attock Cement Pakistan Limited | 55,350 | - | 52 | 55,000 | 402 | 46 | 53 | 7 | - | 0.00 | - |
| Fauji Cement Company Limited | - | 600,000 | - | 400,000 | 200,000 | 2,630 | 2,170 | (460) | - | 0.00 | - |
| Lucky Cement Limited | 269,000 | - | - | 55,000 | 214,000 | 44,880 | 49,496 | 4,616 | 3.14 | 0.07 | 3.58 |
| DG Khan Cement Company Limited | 459,160 | 90,000 | - | 89,000 | 460,160 | 38,810 | 31,691 | (7,119) | 2.01 | 0.11 | 2.29 |
| | | | | | | | | | 5.15 | 0.17 | 5.87 |
| Fixed line telecommunication | | | | | | | | | | | |
| Pakistan Telecommunication Company Limited "A" | 706,510 | 50,000 | - | - | 756,510 | 16,983 | 19,790 | 2,807 | 1.26 | 0.02 | 1.43 |
| General industrials | | | | | | | | | | | |
| Thal Limited (note 5.1.1.2) | 61,000 | - | - | - | 61,000 | 7,777 | 7,338 | (439) | 0.47 | 0.08 | 0.53 |
| Tri-Pack Films Limited | 55,000 | - | - | - | 55,000 | 11,110 | 10,654 | (456) | 0.68 | 0.18 | 0.77 |
| Packages Limited | 178,000 | - | - | - | 178,000 | 39,760 | 45,408 | 5,648 | 2.88 | 0.21 | 3.28 |
| | | | | | | | | | 4.03 | 0.47 | 4.58 |
| Oil and gas | | | | | | | | | | | |
| Attock Refinery Limited | - | 25,000 | - | - | 25,000 | 5,858 | 5,061 | (797) | 0.32 | 0.03 | 0.37 |
| Pakistan Oilfields Limited | 110,475 | - | - | 31,000 | 79,475 | 39,529 | 34,073 | (5,456) | 2.16 | 0.03 | 2.46 |
| Pakistan Petroleum Limited | 302,330 | - | 50,066 | 52,000 | 300,396 | 52,965 | 57,255 | 4,290 | 3.63 | 0.02 | 4.14 |
| National Refinery Limited | 900 | - | - | - | 900 | 217 | 186 | (31) | 0.01 | 0.00 | 0.01 |
| Pakistan State Oil Company Limited | 103,200 | 20,000 | - | 9,000 | 114,200 | 37,180 | 29,932 | (7,248) | 1.90 | 0.05 | 2.16 |
| Oil and Gas Development Company Limited | 160,800 | - | - | 34,000 | 126,800 | 29,006 | 29,801 | 795 | 1.89 | 0.00 | 2.15 |
| | | | | | | | | | 9.91 | 0.13 | 11.29 |
| Personal Goods | | | | | | | | | | | |
| Nishat Mills Limited | 333,000 | 25,000 | - | - | 358,000 | 33,889 | 33,176 | (713) | 2.11 | 0.10 | 2.40 |
| Electricity | | | | | | | | | | | |
| Hub Power Company Limited | 389,097 | - | - | 293,000 | 96,097 | 5,924 | 6,124 | 200 | 0.39 | 0.01 | 0.44 |
| Kohinoor Energy | 75,000 | - | - | 10,000 | 65,000 | 2,437 | 2,432 | (5) | - | - | - |
| Food producers | | | | | | | | | | | |
| Engro Foods Limited | 442,000 | 206,000 | - | 196,000 | 452,000 | 58,289 | 45,964 | (12,325) | 2.92 | 0.01 | 3.32 |
| Total | | | | | | 481,125 | 462,129 | (18,996) | | | |
| Total cost of investments | | | | | | | 373,052 | | | | |

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

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

5.1.1.4 Held for trading - Sukuk certificates

| Name of the investee company | Maturity | Profit rate | As at July 01, 2013 | Purchases during the period | Sales during the period | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain as at September 30, 2013 | Percentage in relation to | |
|---|-------------------|-----------------------------------|----------------------------------|-----------------------------|-------------------------|------------------------------|---|---------------------------------------|---|-----------------------------------|---------------|
| | | | -----Number of certificates----- | | | ----- (Rupees in '000) ----- | | | Net Assets of the Fund on the basis of investments (note 5.1.1.3) | Total market value of investments | ----- % ----- |
| Secured | | | | | | | | | | | |
| GoP Ijarah Sukuk Certificates - V (Note 5.1.1.5) | November 15, 2013 | Weighted Average 6 months T-Bills | 20 | - | - | 20 | 2,000 | 2,002 | 2 | 0.13 | 0.14 |
| GoP Ijarah Sukuk Certificates - IX (Note 5.1.1.5) | December 26, 2014 | -----do----- | 950 | - | - | 950 | 95,000 | 95,332 | 332 | 6.05 | 6.89 |
| GoP Ijarah Sukuk Certificates - XI (Note 5.1.1.5) | April 30, 2015 | -----do----- | 600 | - | - | 600 | 60,000 | 60,228 | 228 | 3.82 | 4.35 |
| GoP Ijarah Sukuk Certificates - XII (Note 5.1.1.5) | June 28, 2015 | -----do----- | 1,750 | - | - | 1,750 | 175,000 | 175,875 | 875 | 11.16 | 12.71 |
| GoP Ijarah Sukuk Certificates - XIV (Note 5.1.1.5) | March 28, 2016 | -----do----- | 250 | - | - | 250 | 25,000 | 25,000 | - | 1.59 | 1.81 |
| Total | | | | | | | 357,000 | 358,437 | 1,437 | | |
| Total cost of investments | | | | | | | 357,000 | | | | |

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

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

| Name of the investee company | As at July 1, 2013 | Purchases during the period | Bonus issue | Sales during the period | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain as at September 30, 2013 | Percentage in relation to | | |
|---|----------------------------|-----------------------------|-------------|-------------------------|----------------------------|---|---------------------------------------|---|--|-----------------------------------|---------------|
| | -----Number of shares----- | | | | ----- Rupees in '000 ----- | | | Net Assets of the Fund on the basis of investments (note 5.1.1.3) | Paid-up Capital of the investee company (with face value of investments) | Total market value of investments | ----- % ----- |
| Automobile and parts | | | | | | | | | | | |
| Indus Motor Company Limited | 50,055 | - | - | - | 50,055 | 15,567 | 16,293 | 726 | 1.03 | 0.06 | 1.18 |
| Banks | | | | | | | | | | | |
| Meezan Bank Limited (an associate company of the Fund) | 277,593 | - | - | - | 277,593 | 8,050 | 10,301 | 2,251 | 0.65 | 0.03 | 0.74 |
| General industrials | | | | | | | | | | | |
| Packages Limited | 2,473 | - | - | - | 2,473 | 552 | 631 | 79 | 0.04 | 0.00 | 0.05 |
| Total | | | | | | 24,169 | 27,225 | 3,056 | | | |
| Total cost of investments | | | | | | 12,894 | | | | | |

5.1.2.2 Sukuk certificates

| Name of the investee company | Maturity | Profit rate | As at July 1, 2013 | Purchases during the period | Sales / redemptions during the period | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised loss as at September 30, 2013 | Percentage in relation to | | |
|--|--------------------|--|--------------------|-----------------------------|---------------------------------------|--------------------------|---|---------------------------------------|--|---|--|-----------------------------------|
| | | | | | | | | | | Net Assets of the Fund on the basis of investments (note 5.1.1.3) | Paid-up Capital of the investee company (with face value of investments) | Total market value of investments |
| | | | | | | Number of certificates | Rupees in '000 | | | % | | |
| Secured | | | | | | | | | | | | |
| Engro Fertilizer Pakistan Limited (note 5.1.2.3) | September 1, 2015 | 6 months KIBOR plus base rate of 1.5% | 10,000 | - | - | 10,000 | 50,051 | 49,216 | (835) | 3.12 | 1.53 | 3.56 |
| Security Leasing Corporation Limited II (note 5.1.2.3) | January 19, 2022 | Nil | 1,743 | - | 50 | 1,693 | 3,385 | 1,693 | (1,692) | 0.11 | 2.33 | 0.12 |
| Eden Housing Limited (note 5.1.2.3) | September 29, 2014 | 6 months KIBOR plus base rate of 2.5% | 5,000 | - | - | 5,000 | 5,535 | 5,535 | - | 0.35 | 0.32 | 0.40 |
| Arzoo Textile Mills Limited (note 5.1.2.3) | April 15, 2014 | 6 months KIBOR plus base rate of 2% | 5,000 | - | - | 5,000 | - | - | - | - | - | - |
| Hub Power Company Limited - Sukuk (note 5.1.2.3) | September 12, 2013 | 6 months Kibor plus base rate of 1.25% | 20,000 | - | 20,000 | - | - | - | - | - | - | - |
| Kot Addu Power Company Limited - Sukuk (note 5.1.2.3) | January 22, 2014 | 6 months Kibor plus base rate of 1.1% | - | 20,000 | - | 20,000 | 100,000 | 100,000 | - | 6.35 | - | 7.23 |
| Total | | | | | | | 158,971 | 156,444 | (2,527) | | | |
| Total cost of investments | | | | | | | 188,432 | | | | | |

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. 1,107.

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

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

| Name of the investee company | Type of investments | Value of investments before provision | Provision held as at September 30, 2013 | Value of investments after provision | Percentage of net assets | Percentage of total assets |
|---|-------------------------------|---------------------------------------|---|--------------------------------------|--------------------------|----------------------------|
| | | -----Rupees----- | | | -----%----- | |
| Arzoo Textile Mills Limited | Non-traded sukuk certificates | - | - | - | - | - |
| Eden Housing Limited | Non-traded sukuk certificates | 5,535 | - | 5,535 | 0.35 | 0.34 |
| Security Leasing Corporation Limited II | Non-traded sukuk certificates | 5,961 | (4,268) | 1,693 | 0.11 | 0.10 |

5.2 Investments - 'available for sale'

5.2.1 Shares of listed companies- 'available for sale'

| Name of the investee company | As at July 1, 2013 | Purchases during the period | Bonus issue | Sales during the period | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain as at September 30, 2013 | Percentage in relation to | | |
|---|--------------------|-----------------------------|-------------|-------------------------|--------------------------|---|---------------------------------------|--|---|--|-----------------------------------|
| | | | | | | | | | Net Assets of the Fund on the basis of investments (note 5.1.1.3) | Paid-up Capital of the investee company (with face value of investments) | Total market value of investments |
| | | | | | | | | | ----- % ----- | | |
| ----- Number of shares ----- | | | | | | ----- Rupees in '000 ----- | | | ----- % ----- | | |
| Automobile and parts | | | | | | | | | | | |
| Indus Motor Company Limited | 16,075 | - | - | - | 16,075 | 3,515 | 5,232 | 1,717 | 0.33 | 0.02 | 0.38 |
| Pakistan Suzuki Motor Company Limited | 11,260 | - | - | - | 11,260 | 833 | 1,576 | 743 | 0.10 | 0.01 | 0.11 |
| | | | | | | | | | 0.43 | 0.03 | 0.49 |
| Banks | | | | | | | | | | | |
| Meezan Bank Limited (an associate company of the Fund) | 101,207 | - | - | - | 101,207 | 1,415 | 3,756 | 2,341 | 0.24 | 0.01 | 0.27 |
| Bank Islami Pakistan Limited | 500 | - | - | - | 500 | 2 | 3 | 1 | - | 0.00 | - |
| | | | | | | | | | 0.24 | 0.01 | 0.27 |
| Chemicals | | | | | | | | | | | |
| Fauji Fertilizer Bin Qasim Company Limited | 3,377 | - | - | - | 3,377 | 120 | 127 | 7 | 0.01 | 0.00 | 0.01 |
| Fauji Fertilizer Company Limited | 30,599 | - | - | - | 30,599 | 2,465 | 3,102 | 637 | 0.20 | 0.00 | 0.22 |
| ICI Pakistan Limited | 7,921 | - | - | - | 7,921 | 999 | 1,411 | 412 | 0.09 | 0.01 | 0.10 |
| | | | | | | | | | 0.30 | 0.01 | 0.33 |
| Construction and materials | | | | | | | | | | | |
| Attock Cement Pakistan Limited | 40,250 | - | 37 | 40,000 | 287 | 11 | 38 | 27 | - | - | - |
| Lucky Cement Limited | 57,451 | - | - | - | 57,451 | 6,840 | 13,288 | 6,448 | 0.84 | 0.02 | 0.96 |
| DG Khan Cement Company Limited | 383,249 | - | - | - | 383,249 | 15,092 | 26,394 | 11,302 | 1.68 | 0.09 | 1.91 |
| | | | | | | | | | 2.52 | 0.11 | 2.87 |
| Electricity | | | | | | | | | | | |
| Hub Power Company Limited | 1,554,050 | - | - | - | 1,554,050 | 57,446 | 99,040 | 41,594 | 6.29 | 0.13 | 7.16 |
| Oil and gas | | | | | | | | | | | |
| Oil and Gas Development Company Limited (note 5.2.2) | 395,666 | - | - | - | 395,666 | 54,070 | 92,989 | 38,919 | 5.90 | 0.01 | 6.72 |
| Pakistan Oilfields Limited | 132,250 | - | - | - | 132,250 | 32,942 | 56,700 | 23,758 | 3.60 | 0.06 | 4.10 |
| Pakistan Petroleum Limited | 153,790 | - | 30,758 | - | 184,548 | 22,658 | 35,175 | 12,517 | 2.23 | 0.01 | 2.54 |
| Pakistan State Oil Company Limited | 155,804 | - | - | - | 155,804 | 25,517 | 40,836 | 15,319 | 2.59 | 0.06 | 2.95 |
| | | | | | | | | | 14.32 | 0.14 | 16.31 |
| Total | | | | | | 223,925 | 379,667 | 155,742 | | | |
| Total cost of investments | | | | | | | 223,925 | | | | |

5.2.2 100,000 shares of Oil and Gas Development Company Limited, having market value of Rs 23.502 million as at September 30, 2013 have been pledged as collateral in favour of National Clearing Company of Pakistan.

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 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 September 30, 2013. The Fund has recognised WWF charge upto September 30, 2013 amounting to Rs 21.094 million which includes Rs 0.359 million pertaining to the current period and Rs 20.735 million pertained to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.17 (1.33%).

7. SEGMENT REPORTING

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

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

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

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

| | For the quarter ended September 30, 2013 -----Rupees in (000)----- | | |
|----------------------------------|---|--------------------|------------------|
| | Equity sub-portfolio | Debt sub-portfolio | Total |
| Total net segment income | 17,956 | 11,034 | 28,990 |
| Unallocated expenses | - | - | (11,041) |
| Total net income | 17,956 | 11,034 | 17,949 |
| | As at September 30, 2013 -----Rupees in (000)----- | | |
| | Equity sub-portfolio | Debt sub-portfolio | Total |
| Total segment assets | 886,723 | 526,065 | 1,412,788 |
| Unallocated assets | - | - | 227,310 |
| Total assets | 886,723 | 526,065 | 1,640,098 |
| Total segment liabilities | 6,004 | - | 6,004 |
| Unallocated liabilities | - | - | 58,351 |
| Total liabilities | 6,004 | - | 64,355 |

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 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, 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 at period end are as follows:

| | September 30, 2013 (Rupees in '000) |
|---|---|
| Al-Meezan Investment Management Limited - Management Company | |
| Remuneration payable | <u>2,660</u> |
| Sindh Sales Tax and Federal Excise Duty payable on management fee | <u>917</u> |
| Investments as at September 30, 2013: 4,596,824 units | <u>60,080</u> |
| Meezan Bank Limited - Shariah Advisor | |
| Balances with bank | <u>28,645</u> |
| Investments as at September 30, 2013: 16,134,468 units | <u>210,877</u> |
| Central Depository Company of Pakistan Limited - Trustee | |
| Trustee fee payable | <u>215</u> |
| Deposits | <u>300</u> |
| Pakistan Kuwait Investment Company (Private) Limited | |
| Investments as at September 30, 2013: 11,057,791 units | <u>144,525</u> |
| Al Meezan Investment Management Limited - Staff Provident Fund | |
| Investments as at September 30, 2013: 335,569 units | <u>4,386</u> |
| Al Meezan Investment Management Limited - Staff Gratuity Fund | |
| Investments as at September 30, 2013: 91,575 units | <u>1,197</u> |
| Directors and Executives of the Management Company | |
| Investments as at September 30, 2012: 184,975 units | <u>2,418</u> |

| | For the Quarter ended September 30, 2013 (Rupees in '000) |
|---|---|
| Al-Meezan Investment Management Limited - Management Company | |
| Remuneration for the quarter | <u>8,235</u> |
| Sindh Sales Tax and Federal Excise Duty on management fee | <u>2,701</u> |
| Dividend for the quarter | <u>6,895</u> |
| Meezan Bank Limited - Shariah Advisor | |
| Dividend paid during the quarter | <u>24,202</u> |
| Dividend income during the quarter | <u>568</u> |
| Central Depository Company of Pakistan Limited - Trustee | |
| Remuneration for the quarter | <u>664</u> |
| Charges for the quarter | <u>44</u> |
| Pakistan Kuwait Investment Company (Private) Limited | |
| Dividend for the quarter | <u>16,587</u> |
| Al Meezan Investment Management Limited - Staff Provident Fund | |
| Dividend for the quarter | <u>503</u> |
| Al Meezan Investment Management Limited - Staff Gratuity Fund | |
| Dividend for the quarter | <u>137</u> |
| Directors and Executives of the Management Company | |
| Dividend for the quarter | <u>277</u> |

9. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 25, 2013 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 2013

FUND INFORMATION

BOARD OF DIRECTORS OF THE PENSION FUND MANAGER

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

CFO & COMPANY SECRETARY OF THE PENSION FUND MANAGER

Syed Owais Wasti

AUDIT COMMITTEE

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2013 (Unaudited)

| | Unaudited | | | | Audited |
|---|------------------------------|------------------|-----------------------|------------------|------------------|
| | September 30, 2013 | | | | June 30, 2013 |
| | Equity Sub Fund | Debt Sub Fund | Money Market Sub Fund | Total | |
| Note | ----- (Rupees in '000) ----- | | | | |
| Assets | | | | | |
| Balances with Bank | 72,065 | 65,721 | 25,372 | 163,158 | 204,974 |
| Investments at fair value | | | | | |
| through profit or loss | 5 758,606 | 621,336 | 217,848 | 1,597,790 | 1,544,742 |
| Dividend receivable | 16,162 | - | - | 16,162 | 465 |
| Profit receivable | 2,427 | 9,457 | 7,636 | 19,520 | 21,197 |
| Deposit with Central Depository Company of Pakistan Limited (CDC) | 100 | 100 | 100 | 300 | 300 |
| Total assets | 849,360 | 696,614 | 250,956 | 1,796,930 | 1,771,678 |
| Liabilities | | | | | |
| Payable against purchase of investment | 6,388 | - | 7 | 6,395 | 14,985 |
| Payable to AI Meezan Investment Management Limited (AI Meezan) - Pension Fund Manager | 1,474 | 1,185 | 464 | 3,123 | 2,545 |
| Payable to CDC - trustee of the Fund | 102 | 72 | 28 | 202 | 186 |
| Payable to auditors | 94 | 93 | 94 | 281 | 185 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | 74 | 56 | 25 | 155 | 394 |
| Provision for Workers welfares fund (WWF) | 4,063 | 821 | 308 | 5,192 | 4,978 |
| Accrued expenses and other liabilities | 498 | 920 | 858 | 2,276 | 1,069 |
| Total liabilities | 12,693 | 3,147 | 1,784 | 17,624 | 24,342 |
| Net assets | 836,667 | 693,467 | 249,172 | 1,779,306 | 1,747,336 |
| Contingencies | 6 | | | | |
| Participants' Sub-Funds (as per statement attached) | 836,667 | 693,467 | 249,172 | 1,779,306 | 1,747,336 |
| Number of units in issue | 3,388,146 | 3,992,325 | 1,432,263 | | |
| Net assets value per unit (Rupees) | 246.94 | 173.70 | 173.97 | | |

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

For the quarter ended September 30, 2013

| | September 30, 2013 | | | | For the quarter ended September 30, 2012 |
|--|---------------------------------|---------------|-----------------------|---------------|--|
| | Equity Sub Fund | Debt Sub Fund | Money Market Sub Fund | Total | |
| | Note -----(Rupees in '000)----- | | | | |
| Income | | | | | |
| Profit on sukuk certificates | - | 13,909 | 6,311 | 20,220 | 14,225 |
| Profit on savings accounts with banks | 2,398 | 945 | 278 | 3,621 | 1,782 |
| Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss (net) | (23,864) | 702 | 158 | (23,004) | 33,260 |
| Net realised gain on sale of investments | 2,134 | 60 | 64 | 2,258 | 2,183 |
| Other Income | 112 | - | - | 112 | - |
| Dividend income -net of charity | 16,164 | - | - | 16,164 | 6,680 |
| Total (loss) / income | (3,056) | 15,616 | 6,811 | 19,371 | 58,130 |
| Expenses | | | | | |
| Remuneration of Al Meezan -pension fund manager | 3,292 | 2,497 | 1,112 | 6,901 | 3,449 |
| Sales Tax and Federal Excise Duty on management fee | 1,095 | 843 | 375 | 2,313 | 554 |
| Remuneration to Central Depository Company - Trustee | 281 | 213 | 95 | 589 | 349 |
| Annual fee to Securities and Exchange Commission of Pakistan | 74 | 56 | 25 | 155 | 77 |
| Provisions for Workers Welfares Fund | - | 241 | 85 | 326 | - |
| Auditors' remuneration | 32 | 32 | 32 | 96 | 72 |
| Securities' transaction cost | 346 | 40 | 33 | 419 | 200 |
| Bank charges | 7 | 2 | 2 | 11 | 6 |
| Total expenses | 5,127 | 3,924 | 1,759 | 10,810 | 4,707 |
| Net (loss) / income from operating activities | (8,183) | 11,692 | 5,052 | 8,561 | 53,423 |
| Element of income /(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed | 2,586 | 373 | (803) | 2,156 | 3,239 |
| Net (loss) / income for the quarter | (5,597) | 12,065 | 4,249 | 10,717 | 56,662 |
| Other comprehensive income for the quarter | | | | | |
| Items to be reclassified to income statement in subsequent periods: | | | | | |
| Unrealised gain on available for sale investments | - | 50 | 3 | 53 | - |
| Total comprehensive (loss) / income for the quarter | (5,597) | 12,115 | 4,252 | 10,770 | 56,662 |
| (Loss) / Earnings per unit outstanding - basic (Rupees) | <u>(1.65)</u> | <u>3.02</u> | <u>2.97</u> | | |

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

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

For the quarter ended September 30, 2013

| | September 30, 2013 | | | | September 30, 2012 |
|---|--------------------|---------------|-----------------------|-----------|--------------------|
| | Equity Sub Fund | Debt Sub Fund | Money Market Sub Fund | Total | |
| ------(Rupees in '000)----- | | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Net (loss) / income for the quarter | (5,597) | 12,065 | 4,249 | 10,717 | 56,662 |
| Adjustments for: | | | | | |
| Dividend income | (16,164) | - | - | (16,164) | (6,680) |
| Profit on sukuk certificates | - | (13,909) | (6,311) | (20,220) | (14,225) |
| Profit on savings accounts with banks | (2,398) | (945) | (278) | (3,621) | (1,782) |
| Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss | 23,864 | (702) | (158) | 23,004 | (33,260) |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net | (2,586) | (373) | 803 | (2,156) | (3,239) |
| | (2,881) | (3,864) | (1,695) | (8,440) | (2,524) |
| (Increase) / decrease in assets | | | | | |
| Receivable against sale of investments | - | - | - | - | (3,372) |
| Investments at 'fair value through profit or loss' | (48,565) | (77,469) | 49,982 | (76,052) | (23,659) |
| | (48,565) | (77,469) | 49,982 | (76,052) | (27,031) |
| (Decrease) / increase in liabilities | | | | | |
| Payable against purchase of investments | (8,584) | (9) | 3 | (8,590) | (5,134) |
| Payable to Al Meezan - Pension Fund Manager | 292 | 270 | 16 | 578 | (8) |
| Payable to CDC - trustee of the Fund | 9 | 10 | (3) | 16 | 29 |
| Payable to SECP | (88) | (92) | (59) | (239) | (98) |
| Payable to auditors | 32 | 31 | 33 | 96 | 70 |
| Provision for workers welfares fund (WWF) | (111) | 241 | 84 | 214 | - |
| Accrued expenses and other liabilities | (292) | 772 | 727 | 1,207 | (1,826) |
| | (8,742) | 1,223 | 801 | (6,718) | (6,967) |
| Dividend received | 467 | - | - | 467 | 4,036 |
| Profit received on savings accounts with banks | 1,827 | 1,141 | 1,319 | 4,287 | 197 |
| Profit received on sukuk certificates | - | 16,768 | 4,463 | 21,231 | 12,277 |
| Net cash (outflow) / inflow from operating activities | (57,894) | (62,201) | 54,870 | (65,225) | (20,012) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Receipts of contribution | 66,514 | 64,132 | 30,309 | 160,955 | 65,233 |
| Payment on withdrawal | (26,104) | (22,617) | (88,825) | (137,546) | (20,745) |
| Net cash inflow /(outflow) from financing activities | 40,410 | 41,515 | (58,516) | 23,409 | 44,488 |
| Net cash (outflow) / inflow during the quarter | (17,484) | (20,686) | (3,646) | (41,816) | 24,476 |
| Cash and cash equivalents at the beginning of the quarter | 89,549 | 86,407 | 29,018 | 204,974 | 118,341 |
| Cash and cash equivalents at the end of the quarter | 72,065 | 65,721 | 25,372 | 163,158 | 142,817 |

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS (UNAUDITED)

For the quarter ended September 30, 2013

| | September 30, 2013 | | | | September 30, 2012 |
|--|-----------------------------|--------------------|--------------------------|---------------------|-----------------------|
| | Equity Sub Fund | Debt Sub Fund | Money Market Sub Fund | Total | |
| | ------(Rupees in '000)----- | | | | |
| Net assets at the beginning of the quarter | 804,440 | 640,260 | 302,636 | 1,747,336 | 867,550 |
| Amount received on issue of units (2013: Equity sub fund: 252,382 units; Debt sub fund: 372,001 units; Money market sub fund: 175,500 units) (2012: Equity sub fund: 168,408 units; Debt sub fund: 150,453 units; Money market sub fund: 13,459 units) | 66,514 | 64,132 | 30,309 | 160,955 | 65,233 |
| Amount paid on redemption of units (2013: Equity sub fund: 100,593 units; Debt sub fund: 131,271 units; Money market sub fund: 512,945 units) (2012: Equity sub fund: 9,902 units; Debt sub fund: 6,906 units; Money market sub fund: 112,109 units) | (26,104) 40,410 | (22,617) 41,515 | (88,825) (58,516) | (137,546) 23,409 | (20,745) 44,488 |
| Element of income and capital gains included in prices of units issued less those in units redeemed | (2,586) | (373) | 803 | (2,156) | (3,239) |
| Net income for the quarter | (5,597) | 12,065 | 4,249 | 10,717 | 56,662 |
| Net assets at the end of the quarter | <u>836,667</u> | <u>693,467</u> | <u>249,172</u> | <u>1,779,306</u> | <u>965,461</u> |

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

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

Chief Executive

Director



CONDENSED INTERIM CONTRIBUTION TABLE (UNAUDITED)

For the quarter ended September 30, 2013

| Contributions net of front end fee received during the year | September 30, 2013 | | | | | | | September 30, 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 | 252,382 | 66,514 | 372,001 | 64,132 | 175,500 | 30,309 | 160,955 | 65,233 |
| Total | <u>252,382</u> | <u>66,514</u> | <u>372,001</u> | <u>64,132</u> | <u>175,500</u> | <u>30,309</u> | <u>160,955</u> | <u>65,233</u> |

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

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

Chief Executive

Director

CONDENSED INTERIM NUMBER OF UNITS IN ISSUE (UNAUDITED)

For the quarter ended September 30, 2013

| | For the quarter ended September 30, 2013 | | |
|--|--|------------------|-----------------------|
| | Equity Sub Fund | Debt Sub Fund | Money Market Sub Fund |
| | -----Number of units----- | | |
| Total units outstanding at the beginning of the period | 3,236,357 | 3,751,595 | 1,769,708 |
| Add: Units issued | 252,382 | 372,001 | 175,500 |
| Less: Units redeemed | (100,593) | (131,271) | (512,945) |
| Total units in issue | <u>3,388,146</u> | <u>3,992,325</u> | <u>1,432,263</u> |

| | For the quarter ended September 30, 2012 | | |
|--|--|------------------|-----------------------|
| | Equity Sub Fund | Debt Sub Fund | Money Market Sub Fund |
| | -----Number of units----- | | |
| Total units outstanding at the beginning of the period | 1,303,988 | 999,506 | 652,463 |
| Add: Units issued | 69,859 | 39,266 | 13,459 |
| Less: Units redeemed | (11,117) | (3,786) | (851) |
| Total units in issue | <u>1,362,730</u> | <u>1,034,986</u> | <u>665,071</u> |

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

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

Chief Executive

Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the quarter ended September 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

These interim condensed financial statements of the Fund for the nine months period ended September 30, 2013 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, the Trust Deed, the VPS Rules and the directives issued by the SECP.

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

These condensed interim financial statements comprise of the condensed interim balance sheet as at September 30, 2013 and the condensed interim income statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of cash flows, condensed interim contribution table, condensed interim number of units in issue and notes thereto for the quarter ended September 30, 2013. They do not include all the disclosures required for annual financial statements, and should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2013.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2013.

5. INVESTMENTS

| | | September 30, 2013 | | | | June 30, 2013 |
|--|-----|--------------------|------------------|--------------------------|------------------|------------------|
| | | Equity Sub Fund | Debt Sub Fund | Money Market Sub Fund | Total | |
| ----- (Rupees in '000) ----- | | | | | | |
| Held-for-trading | | | | | | |
| - shares of listed companies | 5.1 | 758,606 | - | - | 758,606 | 733,905 |
| - sukuk certificates | 5.2 | - | 415,318 | 189,651 | 604,969 | 776,470 |
| | | 758,606 | 415,318 | 189,651 | 1,363,575 | 1,510,375 |
| Investments designated at fair value through profit or loss upon initial recognition | | | | | | |
| | 5.3 | - | 722 | 168 | 890 | 1,349 |
| Available-for-sale | | | | | | |
| - sukuk certificates | 5.4 | - | 205,296 | 28,029 | 233,325 | 33,018 |
| | | <u>758,606</u> | <u>621,336</u> | <u>217,848</u> | <u>1,597,790</u> | <u>1,544,742</u> |

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

| Name of the investee company | As at July 1, 2013 | Purchases during the Quarter | Cost of purchase | Bonus / rights issue | Sales during the Quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) | Percentage of net assets on the basis of market value | Percentage of paid-up capital of investee company |
|--|--------------------|------------------------------|------------------|----------------------|--------------------------|--------------------------|---|---------------------------------------|--------------------------|---|---|
| | Number of shares | | Rs in '000 | | Number of shares | | | | | | |
| Equity sub fund | | | | | | | | | | | |
| Automobile and parts | | | | | | | | | | | |
| Indus Motor Company Limited | - | 20,655 | - | 4,161 | - | - | 20,655 | 6,424 | 6,723 | 299 | 0.03 |
| Pak Suzuki Motor Company Limited | 60,733 | 40,000 | 11,870 | - | - | 100,733 | 15,207 | 14,103 | (1,104) | 1.69 | 0.12 |
| Agriauto Industries Limited (note 5.1.1) | 45,000 | - | 3,586 | - | - | 45,000 | 3,381 | 3,735 | 354 | 0.45 | 0.16 |
| Chemicals | | | | | | | | | | | |
| Fauji Fertilizer Bin Qasim Limited | 603,951 | - | 16,336 | - | 200,000 | 403,951 | 15,164 | 15,189 | 24 | 1.82 | 0.04 |
| Fauji Fertilizer Company Limited | 408,198 | 75,000 | 23,459 | - | 254,000 | 229,198 | 24,665 | 23,234 | (1,431) | 2.78 | 0.02 |
| ICI Pakistan Limited | 1,970 | 33,500 | 6,371 | - | - | 35,470 | 6,426 | 6,317 | (109) | 0.76 | 0.04 |
| Construction and materials | | | | | | | | | | | |
| DG Khan Cement Company Limited | 796,397 | 41,000 | 37,611 | - | 50,000 | 787,397 | 66,025 | 54,228 | (11,797) | 6.48 | 0.18 |
| Fauji Cement Co. Ltd. | - | 500,000 | 3,281 | - | 250,000 | 250,000 | 3,281 | 2,713 | (568) | 0.32 | 0.19 |
| Lucky Cement Limited | 254,006 | 45,000 | 35,412 | - | 25,000 | 274,006 | 58,176 | 63,375 | 5,198 | 7.57 | 0.08 |
| Electricity | | | | | | | | | | | |
| The Hub Power Company Limited | 1,153,745 | 160,000 | 63,272 | - | - | 1,313,745 | 81,832 | 83,725 | 1,893 | 10.01 | 0.11 |
| Kohinoor Energy Ltd. | 75,000 | 60,000 | 4,257 | - | 10,000 | 125,000 | 4,485 | 4,678 | 193 | 0.56 | 0.07 |
| Fixed line telecommunication | | | | | | | | | | | |
| Pakistan Telecommunication Company Limited "A" | | | | | | | | | | | |
| Food producers | | | | | | | | | | | |
| Engro Foods Limited | 439,300 | 196,000 | 48,594 | - | 210,000 | 425,300 | 54,458 | 43,249 | (11,209) | 5.17 | 0.28 |
| General industrials | | | | | | | | | | | |
| Packages Limited | 197,851 | 7,700 | 33,367 | - | - | 205,551 | 46,003 | 52,436 | 6,433 | 6.27 | 0.24 |
| Thal Limited (note 5.1.1) | 43,645 | - | 3,873 | - | - | 43,645 | 5,564 | 5,250 | (314) | 0.63 | 0.06 |
| Tri-Pack Films Limited | 26,187 | - | 3,430 | - | 400 | 25,787 | 5,209 | 4,995 | (214) | 0.60 | 0.09 |
| Oil and gas | | | | | | | | | | | |
| Attock Petroleum | 19,100 | - | 8,864 | 3,820 | - | 22,920 | 10,717 | 9,891 | (826) | - | - |
| Oil and Gas Development Company Limited | 312,716 | - | 54,134 | - | - | 312,716 | 71,534 | 73,495 | 1,961 | 8.78 | 0.01 |
| Pakistan Oilfields Limited | 107,050 | - | 37,474 | - | - | 107,050 | 53,243 | 45,896 | (7,348) | 5.49 | 0.05 |
| Pakistan Petroleum Limited | 331,381 | 9,000 | 56,453 | 68,076 | - | 408,457 | 72,265 | 77,852 | 5,587 | 9.31 | 0.02 |
| Pakistan State Oil Company Limited | 197,467 | 50,000 | 55,800 | - | - | 247,467 | 79,884 | 64,861 | (15,023) | 7.75 | 0.12 |
| Personal goods | | | | | | | | | | | |
| Nishat Mills limited | 488,000 | 140,000 | 54,375 | - | - | 628,000 | 59,394 | 58,197 | (1,197) | 6.96 | 0.18 |
| Pharma and bio tech | | | | | | | | | | | |
| Abbott Laboratories | 6,600 | - | 1,563 | - | - | 6,600 | 2,165 | 2,828 | 663 | 0.34 | 0.00 |
| Total | | | <u>601,991</u> | | | | <u>782,470</u> | <u>758,606</u> | <u>(23,864)</u> | | |

5.1.1 All shares have a nominal value of Rs.10 each except Thal Limited and Agriauto Industries Limited of Rs.5 each.

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

5.2 'Held-for-trading' - sukuk certificates

| Name of the investee company | Maturity date | Profit rate per annum | As at July 1, 2013 | Purchases during the Quarter | Cost of purchase | Sales during the Quarter | Maturity during the quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) | Percentage of net assets on the basis of market value |
|-------------------------------------|--------------------|-----------------------------------|------------------------|------------------------------|------------------|--------------------------|-----------------------------|--------------------------|---|---------------------------------------|--------------------------|---|
| | | | Number of certificates | | Rupees in '000 | | Number of certificates | | Rupees in '000 | | Rupees in '000 | |
| Debt Sub Fund | | | | | | | | | | | | |
| GoP - Ijara sukuk V (note 5.2.1) | November 15, 2013 | weighted average 6 months T-Bills | 135 | - | - | - | - | 135 | 13,500 | 13,512 | 12 | 1.95 |
| GoP - Ijara sukuk VI (note 5.2.1) | December 20, 2013 | weighted average 6 months T-Bills | 30 | - | - | - | - | 30 | 3,000 | 3,004 | 4 | 0.43 |
| GoP - Ijara sukuk VII (note 5.2.1) | March 07, 2014 | weighted average 6 months T-Bills | 50 | - | - | - | - | 50 | 5,000 | 5,010 | 10 | 0.72 |
| GoP - Ijara sukuk VIII (note 5.2.1) | May 16, 2014 | weighted average 6 months T-Bills | 130 | - | - | - | 130 | 13,000 | 13,043 | 43 | 1.88 | |
| GoP - Ijara sukuk IX (note 5.2.1) | December 26, 2014 | weighted average 6 months T-Bills | 290 | - | - | - | - | 290 | 29,000 | 29,102 | 102 | 4.20 |
| GoP - Ijara sukuk X (note 5.2.1) | March 02, 2015 | weighted average 6 months T-Bills | 740 | - | - | - | - | 740 | 74,000 | 74,222 | 222 | 10.70 |
| GoP - Ijara sukuk XI (note 5.2.1) | April 30, 2015 | weighted average 6 months T-Bills | 600 | - | - | - | - | 600 | 60,000 | 60,228 | 228 | 8.69 |
| GoP - Ijara sukuk XII (note 5.2.1) | June 28, 2015 | weighted average 6 months T-Bills | 500 | - | - | - | - | 500 | 50,000 | 50,250 | 250 | 7.25 |
| GoP - Ijara sukuk XIII (note 5.2.1) | September 18, 2015 | weighted average 6 months T-Bills | 1,306 | - | - | 1,000 | - | 306 | 30,647 | 30,647 | - | 4.42 |
| GoP - Ijara sukuk XIV (note 6.2.1) | March 28, 2016 | weighted average 6 months T-Bills | 1,390 | - | - | 27 | - | 1,363 | 136,300 | 136,300 | - | 19.65 |
| | | | 5,171 | - | - | 1,000 | - | 2,781 | 414,447 | 415,318 | 871 | |
| Money Market Sub Fund | | | | | | | | | | | | |
| GoP - Ijara sukuk V (note 5.2.1) | November 15, 2013 | weighted average 6 months T-Bills | 1,760 | - | - | 700 | - | 1,060 | 106,000 | 106,095 | 95 | 42.58 |
| GoP - Ijara sukuk VII (note 5.2.1) | March 07, 2014 | weighted average 6 months T-Bills | 300 | - | - | - | - | 300 | 30,000 | 30,060 | 60 | 12.06 |
| GoP - Ijara sukuk X (note 5.2.1) | March 02, 2015 | weighted average 6 months T-Bills | 180 | - | - | - | - | 180 | 18,000 | 18,054 | 54 | 7.25 |
| GoP - Ijara sukuk XI (note 5.2.1) | April 30, 2015 | weighted average 6 months T-Bills | 120 | - | - | - | - | 120 | 12,000 | 12,046 | 46 | 4.83 |
| GoP - Ijara sukuk XII (note 5.2.1) | June 28, 2015 | weighted average 6 months T-Bills | 145 | - | - | - | - | 145 | 14,500 | 14,573 | 73 | 5.85 |
| GoP - Ijara sukuk XIII (note 5.2.1) | September 18, 2015 | weighted average 6 months T-Bills | 88 | - | - | - | - | 88 | 8,823 | 8,823 | - | 3.54 |
| | | | 2,593 | - | - | 700 | - | 1,893 | 189,323 | 189,651 | 328 | |

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

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

| Name of the investee company | Maturity date | Profit rate per annum | As at July 1, 2013 | Purchases during the Quarter | Cost of purchase | Sales during the Quarter | Redemptions during the Quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) | Percentage of net assets on the basis of market value |
|--|--------------------|---------------------------------------|------------------------|------------------------------|------------------------|--------------------------|--------------------------------|--------------------------|---|---------------------------------------|--------------------------|---|
| | | | 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 5.3.1) | September 29, 2014 | 6 months Kibor plus base rate of 2.5% | 500 | - | - | 500 | - | - | 554 | 553 | - | 0.08 |
| Security Leasing Corporation Limited II (note 5.3.2) | January 19, 2022 | - | 195 | - | - | 2 | 24 | 169 | 338 | 169 | (169) | 0.02 |
| | | | 695 | - | - | 502 | 24 | 169 | 892 | 722 | (169) | |
| Money Market Sub Fund Security Leasing Corporation Limited II (note 5.3.2) | January 19, 2022 | - | 195 | - | - | 2 | 24 | 169 | 338 | 168 | (170) | 0.07 |
| | | | 195 | - | - | 2 | 24 | 169 | 338 | 168 | (170) | |

5.3.1 The principal buy out reduces the face value per certificate instead of number of certificates. The face value of the sukuk certificates is Rs.1,875 each.

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

5.4 'Available-for-sale' - sukuk certificates

| Name of the investee company | Maturity date | Profit rate per annum | As at July 1, 2013 | Purchases during the Quarter | Cost of purchase | Sales during the Quarter | Redemptions during the Quarter | As at September 30, 2013 | Carrying value as at September 30, 2013 | Market value as at September 30, 2013 | Unrealised gain / (loss) | Percentage of net assets on the basis of market value |
|---|--------------------|-----------------------------------|------------------------|------------------------------|------------------------|--------------------------|--------------------------------|--------------------------|---|---------------------------------------|--------------------------|---|
| | | | Number of certificates | Rupees in '000 | Number of certificates | Rupees in '000 | | | | | | |
| Debt Sub Fund GoP - Ijara sukuk VI (note 5.2.1) | December 20, 2013 | weighted average 6 months T-Bills | 80 | - | - | - | - | 80 | 8,000 | 8,011 | 11 | 1.16 |
| GoP - Ijara sukuk VIII (note 5.2.1) | May 16, 2014 | weighted average 6 months T-Bills | 170 | - | - | - | - | 170 | 17,011 | 17,056 | 45 | 2.46 |
| GoP - Ijara sukuk V (note 5.2.1) | November 15, 2013 | weighted average 6 months T-Bills | | 50 | 5,000 | 50 | - | - | 5,006 | 5,004 | (2) | 0.72 |
| GoP - Ijara sukuk VIII (note 5.2.1) | May 16, 2014 | weighted average 6 months T-Bills | 170 | 17,000 | 170 | - | - | - | - | - | - | |
| GoP - Ijara sukuk X (note 5.2.1) | March 02, 2015 | weighted average 6 months T-Bills | | 750 | 75,000 | 750 | - | - | 75,243 | 75,225 | (18) | 10.85 |
| GoP - Ijara sukuk XIII (note 5.2.1) | September 18, 2015 | weighted average 6 months T-Bills | | 1,000 | 99,985 | | | 1,000 | 99,985 | 100,000 | 15 | 14.42 |
| | | | 250 | 1,970 | 196,985 | 970 | - | 1,250 | 205,245 | 205,296 | 51 | |
| Money Market Sub Fund GoP - Ijara sukuk V (note 5.2.1) | November 15, 2013 | weighted average 6 months T-Bills | 80 | - | - | - | - | 80 | 20,026 | 20,018 | (8) | 8.03 |
| GoP - Ijara sukuk VI (note 5.2.1) | December 20, 2013 | weighted average 6 months T-Bills | | 400 | - | 200 | - | 200 | 8,000 | 8,011 | 11 | 3.22 |
| | | | 80 | 400 | - | 200 | - | 280 | 28,026 | 28,029 | 3 | |

6. CONTINGENCIES

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

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. Accordingly, the management has not recognised WWF charge upto December 31, 2012 amounting to Rs. 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. Had the same been made, the net assets value per unit of the Fund would have been lower by Rs. 1.10 (0.45%), Rs. 0.40 (0.23%), Rs. 0.68 (0.39%) per unit for Equity sub fund, Debt sub fund and Money market sub fund respectively.

However, the management as a matter of abundant caution has recognised WWF charge from January 1, 2013 to September 30, 2013 amounting to Rs.4.063 million, Rs. 0.821 million and Rs.0.309 million for Equity sub fund, Debt sub fund and Money market sub fund respectively..”

7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

| | September 30, 2013 | | | June 30, 2013 | |
|---|--------------------|---------------|-----------------------|---------------|---------|
| | Equity Sub Fund | Debt Sub Fund | Money Market Sub Fund | | Total |
| ------(Rupees in '000)----- | | | | | |
| Investment by: | | | | | |
| Al Meezan - pension fund manager | | | | | |
| (Equity sub fund: 260,077 units; debt sub fund: 208,442 units; money market sub fund: 500,000 units) | 64,223 | - | - | 64,223 | 140,142 |
| Directors and executives of the Pension Fund Manager | | | | | |
| As at September 30, 2013 (Equity sub fund: 411,672 units; debt sub fund: 302,769 units, money market sub fund: 60,621 units) | | | | | |
| (June 30, 2013: Equity sub fund: 389,182 units; debt sub fund: 289,108 units Money market sub fund: 59,595 units) | 101,658 | 52,591 | 10,546 | 164,795 | 156,278 |

| | September 30, 2013 | | | | June 30, 2013 |
|---|-----------------------------|---------------|-----------------------|--------|---------------|
| | Equity Sub Fund | Debt Sub Fund | Money Market Sub Fund | Total | |
| | ------(Rupees in '000)----- | | | | |
| Units issued during the period (Equity sub fund: 26,515 units; debt sub fund: 19,918 units, money market sub fund: 3,105 units) | 6,651 | 3,439 | 537 | 10,627 | 138,153 |
| Units redeemed / reallocated during the period (Equity sub fund: 6,567 units; debt sub fund: 5,236 units, money market sub fund: 1,016 units) | 1,722 | 904 | 176 | 2,802 | 57,052 |

| | September 30, 2013 | | | | September 30, 2012 |
|--|-----------------------------|---------------|-----------------------|-------|--------------------|
| | 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 | 1,278 |
| Remuneration for the period | 3,292 | 2,497 | 1,112 | 6,901 | 3,449 |
| | 6,606 | 5,354 | 2,275 | 14,235 | 5,277 |
| Amount paid during the period | (5,536) | (4,487) | (1,942) | (11,965) | (3,497) |
| Remuneration payable at the end of the period | 1,060 | 828 | 327 | 2,215 | 701 |

Sales tax on management fee

| | | | | | |
|--|-------|-------|-------|---------|-------|
| Sales tax and federal excise duty payable at the beginning of the period | 238 | 204 | 93 | 535 | 147 |
| Sales tax and federal excise duty for the period | 1,095 | 843 | 375 | 2,313 | 554 |
| | 1,333 | 1,047 | 468 | 2,848 | 701 |
| Amount paid during the period | (957) | (719) | (342) | (2,018) | (367) |
| Balance at the end of the period | 376 | 328 | 126 | 830 | 187 |
| Total payable at the end of the period | 1,446 | 1,195 | 459 | 3,100 | 1,417 |

Meezan Bank Limited

| | | | | | |
|-------------------------|-----|-------|-------|--------|-------|
| Bank balances | 295 | 7,572 | 2,762 | 10,629 | 8,520 |
| Profit on bank balances | 23 | 27 | 9 | 59 | 11 |

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

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Balance at the beginning of the period | 93 | 62 | 31 | 186 | 88 |
| Remuneration for the period | 281 | 213 | 95 | 589 | 349 |
| CDS charges for the period | 7 | 2 | 2 | 11 | 7 |
| | 381 | 277 | 128 | 786 | 444 |
| Amount paid during the period / year | (279) | (205) | (100) | (584) | (327) |
| Balance at the end of the period / year | 102 | 72 | 28 | 202 | 117 |

8 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 25, 2013 by the Board of Directors of the Pension Fund Manager.

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

Chief Executive

Director