



# Heading Towards Advancement

- Meezan Islamic Fund (MIF)
- Al Meezan Mutual Fund (AMMF)
- KSE-Meezan Index Fund (KMIF)
- Meezan Islamic Income Fund (MIIF)
- Meezan Sovereign Fund (MSF)
- Meezan Cash Fund (MCF)
- Meezan Capital Preservation Fund - II (MCPF-II)
- Meezan Capital Preservation Fund - III (MCPF-III)
- Meezan Financial Planning Fund of Funds (MFPPF)
- Meezan Balanced Fund (MBF)
- Meezan Tahaffuz Pension Fund (MTPF)

Half Yearly Report  
December 31, 2014

# CONTENTS

Vision Statement 04

Mission Statement 05

Report of the Directors of the Management Company 06



Fund Information	17	Trustee Report	18
Review Report	19	Condensed Interim Statement of Assets and Liabilities	20
Condensed Interim Income Statement	21	Condensed Interim Distribution Statement	22
Condensed Interim Statement of Movement in Unitholder' Fund	23	Condensed Interim Cash Flow Statement	24
Notes to the Condensed Interim Financial Information	25		



Fund Information	36	Trustee Report	37
Review Report	38	Condensed Interim Statement of Assets and Liabilities	39
Condensed Interim Income Statement	40	Condensed Interim Distribution Statement	41
Condensed Interim Statement of Movement in Unitholder' Fund	42	Condensed Interim Cash Flow Statement	43
Notes to the Condensed Interim Financial Information	44		



Fund Information	54	Trustee Report	55
Review Report	56	Condensed Interim Statement of Assets and Liabilities	57
Condensed Interim Income Statement	58	Condensed Interim Distribution Statement	59
Condensed Interim Statement of Movement in Unitholder' Fund	60	Condensed Interim Cash Flow Statement	61
Notes to the Condensed Interim Financial Information	62		



Fund Information	71	Trustee Report	72
Review Report	73	Condensed Interim Statement of Assets and Liabilities	74
Condensed Interim Income Statement	75	Condensed Interim Distribution Statement	76
Condensed Interim Statement of Movement in Unitholder' Fund	77	Condensed Interim Cash Flow Statement	78
Notes to the Condensed Interim Financial Information	79		



Fund Information	89	Trustee Report	90
Review Report	91	Condensed Interim Statement of Assets and Liabilities	92
Condensed Interim Income Statement	93	Condensed Interim Distribution Statement	94
Condensed Interim Statement of Movement in Unitholder' Fund	95	Condensed Interim Cash Flow Statement	96
Notes to the Condensed Interim Financial Information	97		



Fund Information	106	Trustee Report	107
Review Report	108	Condensed Interim Statement of Assets and Liabilities	109
Condensed Interim Income Statement	110	Condensed Interim Distribution Statement	111
Condensed Interim Statement of Movement in Unitholder' Fund	112	Condensed Interim Cash Flow Statement	113
Notes to the Condensed Interim Financial Information	114		



Fund Information	121	Trustee Report	122
Review Report	123	Condensed Interim Statement of Assets and Liabilities	124
Condensed Interim Income Statement	125	Condensed Interim Distribution Statement	126
Condensed Interim Statement of Movement in Unitholder' Fund	127	Condensed Interim Cash Flow Statement	128
Notes to the Condensed Interim Financial Information	129		



Fund Information	152	Trustee Report	153
Review Report	154	Condensed Interim Statement of Assets and Liabilities	155
Condensed Interim Income Statement	156	Condensed Interim Distribution Statement	157
Condensed Interim Statement of Movement in Unitholder' Fund	158	Condensed Interim Cash Flow Statement	159
Notes to the Condensed Interim Financial Information	160		



Fund Information	167	Trustee Report	168
Review Report	169	Condensed Interim Statement of Assets and Liabilities	170
Condensed Interim Income Statement	171	Condensed Interim Distribution Statement	173
Condensed Interim Statement of Movement in Unitholder' Fund	175	Condensed Interim Cash Flow Statement	177
Notes to the Condensed Interim Financial Information	179		



Fund Information	189	Trustee Report	190
Review Report	191	Condensed Interim Statement of Assets and Liabilities	192
Condensed Interim Income Statement	193	Condensed Interim Distribution Statement	194
Condensed Interim Statement of Movement in Unitholder' Fund	195	Condensed Interim Cash Flow Statement	196
Notes to the Condensed Interim Financial Information	197		



Fund Information	209	Review Report	210
Condensed Interim Statement of Assets and Liabilities	211		
Condensed Interim Income Statement	212	Condensed Interim Statement of Movement in Participants' Sub Funds	214
Condensed Interim Cash Flow Statement	216	Condensed Interim Contribution Table	218
Condensed Interim Number of Units in Issue	219	Notes to the Condensed Interim Financial Information	221

# Vision

To make Shariah compliant investing a first choice for investors

# Mission

To establish Al Meezan as a leading and trusted brand for savings and investments by offering innovative Shariah compliant investment solutions through ethical conduct, value added services and optimal returns, while protecting the interest of all stakeholders

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited is pleased to present the un-audited financial statements of the following open end funds and a voluntary pension scheme for the half year ended December 31, 2014.

### 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 Funds

- Meezan Financial Planning Fund of Funds
- Meezan Capital Preservation Fund - II
- Meezan Capital Preservation Fund - III

### Pension Fund

- Meezan Tahaffuz Pension Fund

### Economic Review

Economic performance during first half of FY15 remained encouraging with the most significant improvement witnessed in the form of falling inflation; the CPI receded to 4.3% YoY in Dec'14, taking average inflation for first half FY15 to 6.1%, down from 8.9% in the corresponding period last year. The notable decline in inflation, especially during the second quarter of FY15 can be attributed to massive downward revisions in prices of petroleum products, which slid by 20% owing to swift melting of global crude prices by more than 50%. Following lower inflation, the economy's real interest rate swelled to almost 4% providing SBP with the cushion to revise down the benchmark policy rate by 50bps to 9.50%.

On the flip side, the current account balance deteriorated with the deficit increasing by 18% to USD 2.36 billion during 1HFY15. This deficit worsened mainly due to a 2% decrease in exports and a 4.2% increase in imports (13% surge in non-oil imports). This also led to an 8% increase in trade deficit which rose to USD 10.9 billion in 1HFY15 as against USD 10.1 billion during the same period last year. However, this deficit was partially offset by a 15% YoY increase in foreign remittances which clocked in at USD 9 billion during the period under review. The situation has started to improve, as the month of dec'14 saw current account posting a surplus of USD 76 million, mainly on the back of higher exports (up 23% MoM) and reduced import bill on account of falling crude prices.

Fiscal front also remained challenging during the first half of FY15 primarily due to lower than estimated

accretion in tax revenues and rising expenditures. Despite registering a 12.4% growth in tax collection, FBR collected Rs. 1,159 billion as against the target of Rs. 1,285 billion representing a 90% realization of the target. Moreover, expenditure is likely to overshoot budgetary target on account of expected increase in defense spending coupled with rehabilitation cost of flood victims and IDPs.

However, the successful conclusion of fourth and fifth reviews with the IMF augmented the country's forex reserves by USD 1.05 billion, thus further strengthening balance of payment position. In addition, the Government also received an overwhelming investor interest in its recent sovereign global Sukuk offering, which helped it raise another USD 1 billion. These developments on the forex front immensely helped in taking the country's forex reserves above the USD 15 billion mark by December 31, 2015.

Going forward, we expect the headline inflation to remain suppressed during the 2HFY15 owing to continued correction in global crude oil prices coupled with a declining trend in global commodity prices as well; CPI for the month of January 2015 clocked in at 3.8% taking the 7MFY15 average to 5.8% and SBP went ahead with its much anticipated move of another 100bps discount rate cut post which the key rate was brought down to 8.50%. The inflation numbers for FY15 can be expected to settle down around 5.50% which shall provide the Central Bank enough cushion to go for further monetary easing.

### **Money Market Review**

The first half of FY'15 saw a volatile money market whereby the fiscal year had initially commenced with expectations of further monetary tightening but later, on the back of improving economic fundamentals and falling inflation, the expectations tilted towards a monetary easing stance and the same also materialized when the SBP slashed the discount rate by 50bps in November 2014, bringing it down in a single digit range to 9.50%. With the continuously falling oil prices having an impact in the form of falling inflation and the government taking up measures like a successful international Sukuks issue to augment the country's forex reserves, the market sentiments strongly switched to further reductions in the discount rate via the bi-monthly Monetary Policy Statements to come. Overall, in light of SBP's DR cut and market expectations of further monetary easing going forward, the interest rates and government paper yields in the secondary market underwent a downward adjustment whereby the KIBORs declined by 30-55bps, T-bills fell by 40-75bps and PIBs were reduced by 240-280bps. Later in January 2015, these expectations materialized in the form of a 100bps cut bringing the discount rate down to 8.50%. On the liquidity front, the market faced a relatively tight liquidity scenario during this period evidenced by Rs. 4,763 billion worth of OMO injections carried out by the SBP in comparison to Rs. 257 billion worth of OMO mop-ups.

Alongside, thirteen T-bill auctions and six PIB auctions were conducted during this period; cumulatively Rs. 1,584 billion was accepted against a participation of Rs. 1,655 billion in T-bills and Rs. 635 billion was accepted against a participation of Rs. 1,181 billion in PIBs. It is worth noting that participation and acceptance amounts in PIBs continued to remain heavy during the first half of FY'15 highlighting two important factors: the government is continuously shifting its debt profile from short-term to long-term and the market is confidently expecting further monetary easing.

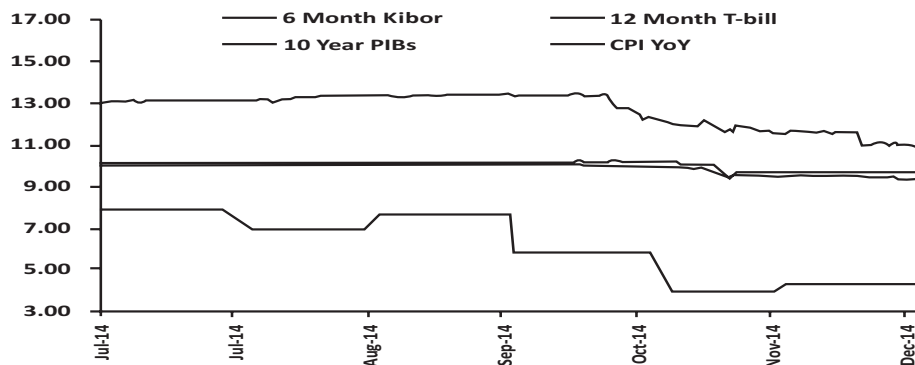
On the Ijarah front, the Shariah compliant end of the market underwent a few important developments. The government introduced an Islamic OMO facility to manage the excess liquidity of Islamic banks; the functional mechanism of these OMOs is based on BaiMua'jjal transactions by utilizing Ijarah as the underlying asset. The government effectively mopped up Rs. 181 billion worth of liquidity of the Islamic market via various Mop ups during the six months of FY'15. Alongside, the SBP changed the underlying asset of Ijarah IX through XIII from M-II motorway to Jinnah Terminal Karachi due to which the maturity of these five Ijarahs was also extended till November 21, 2015. This turned out to be positive for the



Shariah compliant players in the market where there is already a lack of investable assets. These liquidity management measures eased out the demand pressure on Ijarahsukuks resulting in falling prices which in turn caused mark to market losses to funds with Ijarah holdings.

On the forex front, the country's reserves position improved considerably towards the close of 6MFY15, mainly on the back of IMF's loan disbursements and a successful international sukuk issue by the government. However, the rupee slightly weakened during the first half as it stayed under pressure mainly due to the political turmoil in the country. In the interbank market, it closed 1.7% weaker at Rs. 100.50/\$ while in the open market, it closed 1.2% weaker at Rs. 100.60/\$.

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



### Equity Review

The first half of FY15 saw a reasonable performance of the benchmark index (KMI-30), which closed 6.4% up at 50,735 points. During the same period, the KSE 100 index also continued its rising trend and closed 8.35% up at 32,131 points. Despite a volatile law & order situation in the country, Pakistan emerged as the third best performing market in the region, trailing only China and Sri Lanka.

With the start of FY15, the KMI-30 index continued its upward momentum. Supportive news flow on macro-economic front, favorable development on the country's sovereign rating and continued momentum in foreign flows outweighed the drags caused by increased political noise and steep drop in volumes due to Ramadan. Post Ramadan, politics emerged as a key strain with PTI and PAT initiating a planned protest march in Islamabad on August 14, against alleged rigging in the country's latest general elections which resulted in increased volatility in the market and KMI-30 and KSE-100 index witnessed their largest single day drops of 1,730 pts (4.82%) and 1,209 pts (4.46%) respectively.

Subsequently, the equity market saw a gradual reduction in investors' sensitivity to the political overhang which prevailed for four months. The start of a monetary easing cycle in November 2014 significantly rejuvenated the investor sentiments in the market. The overwhelming interest both in the country's equity market (secondary public offerings of UBL, PPL and ABL) and fixed income instruments (International Sukuk) was reflective of the strengthening investors' confidence in the country, which was further buoyed by a more than 50% crude oil price decline allowing gradual recovery with KMI-30 and KSE-100 index crossing the psychological barriers of 50,000 pts and 32,000 pts.

However, the first half of FY15 ended with one of the worst terrorist attacks in the country's history which initially kept the stock market volatile as well since the strong response from the government and the armed forces in the form of targeted military operations and lifting the ban on capital punishment were

feared to hamper Pakistan's GSP plus status with the European Union. These fears did not materialize however and the stock market managed to close in the green zone for the half year ended December 31, 2014.

### Corporate profitability and major contributors to Index

Overall, autos turned out to be the best performing sector during the period under review, up 71% mainly on the back of weakening yen and launch of new models (Toyota). Electricity was also 37% up based on attractive yields due to falling oil prices. Pharmaceuticals (up 32%, price increase on products) and Cements (up 28%, improving dispatches and coupled with falling coal prices) also remained among the major gainers.

Top contributors to KMI-30 index growth during first half FY15 were primarily:

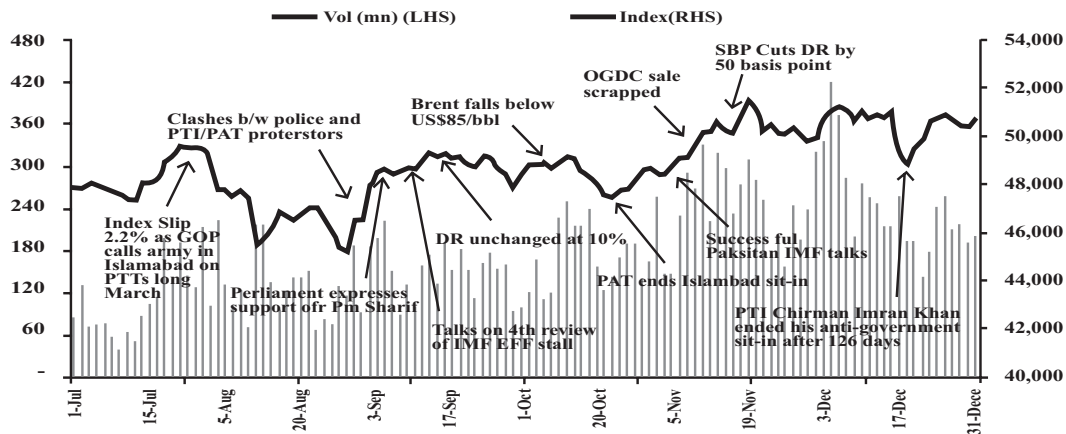
Company Name	KMI-30 Index Points	Total Return
Hub Power Company Limited	1,204	33.40%
Lucky Cement Limited	833	21.90%
Kot Addu Power Company	637	33.70%
DG Khan Cement Company Limited	390	25.60%
Packages Limited	367	35.20%

On the flip side, Oil and Gas (down 20% due to a relentless decline in oil prices), Telecoms (down 6% mainly due to removal of ICH and a decline in incoming international minutes) and Food producers (down 0.5% mainly on account of suppressed sales) emerged as the major underperformers.

Among stocks that pulled the KMI-30 index down were:

Company Name	KMI-30 Index Points	Total Return
Pakistan Oil Fields Limited	-1,454	-33.90%
Oil & Gas Development Company Limited	-1,290	-21.70%
Pakistan Petroleum Limited	-1,176	-21.30%
Pakistan State Oil Company Limited	-258	-7.90%
Pakistan Telecommunication Company	-91	-9.60%

A graphical summary of the performance of KMI-30 index is as follows:



## Equity Flows

Average daily trading volume during the period under review stood at 179 million shares as against 236 million recorded in corresponding period last year. This decline in trading activity is attributable to the political uncertainty during the period and sharp decline in oil prices as index heavy oil stocks remained under pressure.

Despite ambiguity on the political front, net Foreign Portfolio Investment (FIPI) in the market remained steady at USD 113 million in 1HFY15 with interest skewed towards Cements (USD 48.7 million) and Banks (USD 39.2 million) driven by strong profitability growth in the aforementioned sectors. On the other hand, the market witnessed a sizeable net outflow in Chemicals (USD 30.9 million) and Electricity (USD 16.2 million). The overall recovery in Net FIPI in the market was capped by a significant outflow in the last month of the period under review with a net outflow of USD 49.5 million.

## Mutual Fund Industry Review

During the first six months of FY15, AUMs of the mutual fund industry witnessed an increase of 8.20% to Rs. 435 billion. Islamic funds declined by 0.7% during the period under review to Rs. 84 billion. This brings share of Islamic funds at 19.30% in the mutual fund industry. Al Meezan's share in the Mutual Funds industry stands at 12.1% and 62.8% in the Islamic Funds industry as of December 31, 2014 compared to 12.3% and 66.6% in the corresponding period last year.

In terms of net assets, open end sovereign, money market and income funds showed a growth in size during the six months ended December 2014. The combined category showed a rise of 3.7% to reach Rs 245 billion at period end. While conventional funds in this category rose by 9.4%, Islamic funds declined by 14.9%. Open end Equity funds (including capital protected, balanced, index tracker, and asset allocation) increased by 19.6% to Rs. 160 billion as of December 31, 2014 compared to Rs. 134 billion on June 30, 2014. Conventional funds in this category rose by 15.64% while Islamic equity based funds showed a reasonable growth of 24.5% in the period under review and stood at Rs. 43 billion.

Pension Funds showed significant growth of 23.3% during the period under review with their cumulative fund size clocking in over Rs. 10 billion mark, as at December 31, 2014. Islamic Pension Funds also witnessed a decent growth of 20.0% in the period under review to clock in at Rs 5.9 billion as of December end. MeezanTahaffuz Pension Fund's (MTPF) continues to lead the pension fund market with a 34.1% market share while in the Islamic mutual funds industry, MTPF holds a 57.8% share compared to 57.3% in the corresponding period last year.

## Performance Review:

### Meezan Islamic Fund

During the half year ended December 31, 2014, the net assets of Meezan Islamic Fund (MIF) increased to Rs. 21,161 million as compared to Rs. 16,622 million at end June 2014, depicting a growth of 27%. The net asset value (NAV) per unit on December 31, 2014 was Rs. 55.20 in comparison to Rs. 50.24 per unit as on June 30, 2014 providing a return of 9.88% to its investors as compared to benchmark KSE Meezan Index (KMI 30) which appreciated by 6.39%.

MIF posted a total income of Rs. 1,559 million as compared to Rs. 1,067 million in the corresponding

period last year. Total income mainly comprised of Dividend Income and unrealized gain on investments of Rs. 496 million and Rs. 1,131 million respectively. Profit on saving accounts at banks amounted to Rs. 52 million. After deduction of expenses amounting to Rs. 3,181 million and element of income and capital gain included in prices of units issued less those in units redeemed of Rs. 81 million, the Fund posted a net profit of Rs. 1,322 million.

### **AI Meezan Mutual Fund**

During the half year ended December 31, 2014, the net assets of AI Meezan Mutual Fund (AMMF) were Rs. 3,316 million as compared to Rs. 2,847 million at end June 14, depicting a rise of 16%. The net asset value per unit on December 31, 2014 was Rs. 15.43 as compared to Rs. 13.90 per unit on June 30, 2014, providing a return of 11.00% to its investors as compared to benchmark KSE Meezan Index (KMI 30) which appreciated by 6.39%.

AMMF posted a total income of Rs. 211 million for the half year ended December 2014 as compared to Rs. 297 million in the corresponding period last year. Total income comprised mainly of dividend income which contributed Rs. 86 million and unrealized gain on investments of Rs. 140 million. After accounting for expenses of Rs. 52 million and element of income and capital gain included in prices of units sold less those in units redeemed of Rs. 3.4 million, the Fund posted a net profit of Rs. 162 million.

### **KSE Meezan Index Fund**

The net assets of the Fund as at December 31, 2014 were Rs. 1,257 million as compared to Rs. 1,176 million at June 30, 2014 depicting a rise of 7%. The net asset value per unit at December 31, 2014 was Rs. 65.93 in comparison to Rs. 62.83 per unit on June 30, 2014 providing a return of 4.94% to its investors as compared to benchmark KSE Meezan Index (KMI 30) which appreciated by 6.39%.

KMIF posted a total income of Rs. 70 million in the two quarters of FY15 as compared to Rs. 136 million in corresponding period last year. Total income comprised mainly of dividend income which has contributed Rs. 43 million and unrealized gain on investments of Rs. 53 million. After accounting for expenses of Rs. 14 million and element of income and capital gain included in prices of units issued less those in units redeemed of Rs. 3 million, the Fund posted a net income of Rs. 59 million.

### **Meezan Islamic Income Fund**

During the half year ended December 31, 2014, the net assets of Meezan Islamic Income Fund (MIIF) were Rs. 6,213 million as compared to Rs. 4,918 million at June 30, 2014, depicting an increase of 26%. The net asset value per unit at December 31, 2014 was Rs. 52.17 as compared to Rs. 50.17 per unit on June 30, 2014 providing an annualized return of 7.94% as compared to the benchmark return of 5.29%. As at December 2014, the fund was invested 20% in Islamic Corporate Sukuks, 22% in GoPjarah Sukuks while 56% of the net assets were placed with Islamic Banks or windows of Islamic banks. The Fund earned a gross income of Rs. 324 million, which was primarily due to profit worth Rs. 124 million on Sukuks certificates. Deposits in saving accounts at Islamic banks contributed Rs. 188 million while realized gain on sale of Sukuks certificates was Rs. 3.1 million. On the other hand, the fund had an unrealized gain worth Rs. 9 million in addition to a reversal of provision of Rs. 0.17 million incurred on the Sukuks of Security Leasing Corporation Limited. The fund incurred expenses totaling Rs. 75.6 million and element of loss and capital losses of Rs. 9.2 million, which brought the net income figure to Rs. 238.9 million.

### **Meezan Sovereign Fund**

The net assets of Meezan Sovereign Fund (MSF) at December 31, 2014 were Rs. 10,674 million as compared to Rs. 20,281 million at June 30, 2014. The net asset value per unit at December 31, 2014 was Rs. 51.79 as compared to Rs. 50.48 per unit on June 30, 2014, providing a return of 5.15% to the investors as compared to the benchmark return of 6.60%. Underperformance was due to revaluation losses of Rs. 109 million on GoPljarahSukuks as the excess liquidity scenario in the Islamic market reversed post the measures taken up by the SBP and hence, Ijarah prices adjusted downwards accordingly.

During the period, the Fund earned a gross income of Rs. 546 million. Profit on Sukuks certificates contributed Rs. 544 million and profit on saving accounts with banks was Rs. 178 million. After accounting for expenses of Rs. 123 million and element of loss and capital losses of Rs. 132 million, the net income of the Fund was Rs. 291 million.

### **Meezan Cash Fund**

The net assets of Meezan Cash Fund (MCF) at December 31, 2014 were Rs. 4,348 million as compared to Rs. 3,049 million at June 30, 2014 depicting a growth of 43%. The net asset value per unit at December 31, 2014 was Rs. 51.91 as compared to Rs. 50.07 on June 30, 2014 providing a competitive return of 7.29% as compared to the benchmark return of 6.60% for the half year.

The Fund earned a gross income of Rs. 173 million, which was primarily due to profit on bank deposits and placements amounting to Rs. 133 million and profit on Sukuks certificates amounting to Rs. 44 million. The fund also incurred expenses totaling to Rs. 33 million and element of income and capital gain included in prices of units issued less those in units redeemed of Rs. 14 million, which brought the net income figure to Rs. 154 million.

### **Meezan Balanced Fund**

The net assets of Meezan Balanced Fund (MBF) at December 31, 2014 were Rs. 2,385 million as compared to Rs. 1,930 million at June 30, 2014, depicting a rise of 24%. The net asset value per unit as at December 31, 2014 was Rs. 14.35 as compared to Rs.13.35 per unit on June 30, 2014 providing a return of 7.52% to its investors as compared to bench mark return of 4.52%.

MBF posted a total income of Rs. 177 million in the half year ended FY 15 as compared to Rs. 142 million in corresponding period last year. Total income comprised mainly of dividend income of Rs. 33 million and unrealized gain on investments of Rs. 70 million. Realized gain contributed Rs. 32 million to the income while profit on Sukuks certificates contributed Rs. 28 million. In addition to this, there was a provision reversal of Rs. 0.1 million on the Sukuks of Security Leasing Company Limited. After accounting for expenses of Rs. 36 million and an element of income and capital gain included in prices of units issued less those in units redeemed of Rs. 15 million, the Fund posted a net profit of Rs. 157 million.

### **Meezan Financial Planning Fund of Funds**

#### *Aggressive Allocation Plan*

The net assets of the Fund as at December 31, 2014 clocked in at Rs. 344 million as compared to Rs. 330 million at June 30, 2014. The plan provided a return of 7.28% during this period compared to the benchmark return of 4.93%.

Aggressive Allocation Plan posted a total income of Rs. 24 million during the period ended December 31, 2014 in comparison to an income of Rs. 29 million in corresponding period last year. Total income comprised of realized and unrealized gains on investments of Rs. 2 million and Rs. 22 million respectively. After accounting for expenses of Rs. 0.9 million and an element of income and capital gain included in prices of units issued less those in units redeemed of Rs. 0.7 million, the Fund posted a net profit of Rs. 23 million.

#### *Moderate Allocation Plan*

The net assets of the Fund were Rs. 334 million at December 31, 2014 as compared to Rs. 255 million at June 30, 2014. The plan provided a return of 5.79% during the period in comparison to a benchmark return of 4.30%.

Moderate Allocation Plan posted a total income of Rs. 17 million during period ended December 31, 2014 as compared to Rs. 14 million in corresponding period last year. Total income comprised of realized and unrealized gains on investments of Rs. 1.2 million and Rs. 15.2 million respectively. After accounting for expenses of Rs. 0.9 million and an element of income and capital gain included in prices of units issued less those in units redeemed of Rs. 3 million, the Fund posted a net profit of Rs. 18 million.

#### *Conservative Allocation Plan*

The net assets of the Fund as at December 31, 2014 were Rs. 430 million as compared to Rs. 341 million at June 30, 2014. The plan's return clocked in at 4.07% compared to a benchmark return of 3.04% during this period.

Conservative Allocation Plan posted a total income of Rs. 18 million during the period ended December 31, 2014 as compared to Rs. 21 million in corresponding period last year. Total income comprised of realized and unrealized gains on investments of Rs. 2.2 million and Rs. 15.3 million respectively. After accounting for expenses of Rs. 1.0 million and an element of income and capital gain included in prices of units issued less those in units redeemed of Rs. 0.2 million, the Fund posted a net profit of Rs. 17 million.

#### *Meezan Capital Preservation Plan-I*

This plan was launched in September 2014 and its net assets clocked in at Rs. 1,561 million at December 31, 2014. It provided a return of 4.49% since its inception till the half year end compared to its benchmark return of 3.21%.

Meezan Capital Preservation Plan-I (MCPPI) posted a total income of Rs. 65 million during the period under review. Total income comprised of unrealized and realized gains of Rs. 59 million and Rs. 6 million respectively. After accounting for expenses of Rs. 4.7 million and an element of income and capital gain included in prices of units issued less those in units redeemed of Rs. 6.5 million, the Fund posted a net profit of Rs. 67 million.

#### *Meezan Capital Preservation Plan-II*

This is a similar plan in continuation to MCPPI and was opened for subscription on December 15, 2014, just before the half year end. The net assets of the Fund as at December 31, 2014 were Rs. 66 million

and had accrued a return of 0.15%.

The objective of this plan is to earn a potentially high return through dynamic asset allocation between Shariah Compliant Equity and Income/Money Market based Collective Investment Schemes. It posted a total income of Rs. 0.04 million since its inception till the year ended December 31, 2014 which and this income was generated from bank profits. After accounting for expenses of Rs. 0.01 million and an element of income and capital gain included in prices of units issued less those in units redeemed of Rs. 0.06 million, the Fund posted a net profit of Rs. 0.09 million.

#### **Meezan Capital Preservation Fund-II**

The net assets of the Fund as at December 31, 2014 clocked in at Rs. 2,170 million and it provided a return of 6.20% compared to a benchmark return of 4.34%.

Meezan Capital Preservation Fund II posted a total income of Rs. 139 million during the period which mainly comprised of unrealized gain on investments of Rs. 139 million. After accounting for expenses of Rs. 10.5 million, the fund posted a net profit of Rs. 127 million.

#### **Meezan Capital Preservation Fund-III**

The net assets of the Fund clocked in at Rs. 3,288 million on December 31, 2014 as compared to Rs. 3,111 million at June 30, 2014. The fund provided a return of 6.71% compared to a benchmark return of 4.98% during the period under review.

MeezanCapital Preservation Fund III posted a total income of Rs. 218 million during the period ended December 31, 2014. Total income comprised mainly of unrealized gain on investments of Rs. 229 million. After accounting for expenses of Rs. 10.0 million, the fund posted a net profit of Rs. 207 million.

#### **MeezanTahaffuz Pension Fund (MTPF)**

MTPF comprises of three sub funds namely Equity sub fund, Debt sub fund and Money Market sub fund. For the period ended December 31, 2014, the equity sub-fund provided a return of 14.39%, while the debt and money market sub-funds provided annualized returns of 4.80% and 5.32% respectively. Performance review for each sub fund is given as under:

##### *Equity Sub Fund*

The net assets of this sub fund stood at Rs. 1,879 million at December 31, 2014, showing a growth of 22% during the period; the net asset value per unit increased from Rs. 329.21 to Rs. 376.56. For the period under review, the equity sub fund earned a gross income of Rs. 257 million, as compared to Rs. 139 million in corresponding period last year. The main contributors to the income were unrealized gains of Rs. 198 million and dividend income of Rs. 43 million. After accounting for expenses of Rs. 26 million, equity sub fund recorded a net profit of Rs. 236 million as compared to a net profit of Rs. 127 million in corresponding period last year.

##### *Debt Sub Fund*

The net assets of this sub fund appreciated by 15% during the period and stood at Rs. 1,207 million. The net asset value per unit clocked in at Rs. 188.32 on December 31, 2014.

During the half year ended December 31, 2014, the debt sub fund earned a gross income of Rs. 41 million, as compared to Rs. 35 million in corresponding period last year. The main contributor to this income was profit on Sukuks certificates worth Rs. 46 million. After accounting for expenses of Rs. 13 million, the debt sub fund recorded a net profit of Rs. 30 million.

#### *Money Market Sub Fund*

The net assets of the fund appreciated by 9% during the period and stood at Rs. 325 million while the net asset value per unit closed at Rs. 187.70 on December 31, 2014.

The money market sub fund recorded a gross income of Rs. 12 million for the period ended December 31, 2014 as compared to Rs. 13 million in corresponding period last year. Main contribution to the overall income was from profit worth Rs. 11 million on Sukuks certificates. The fund recorded a net profit of Rs. 8.5 million, after accounting for expenses worth Rs. 3.7 million.

#### **Outlook**

Going forward, we expect the stock market to continue performing as the investors' sentiment will be driven by i) half year/annual financial results ii) further monetary softening, and iii) continued improvement on the macro front. SBP was seen to have continued on its monetary easing stance whereby the Discount Rate was slashed by another 100bps in January 2015 and with the expectation of FY15 CPI to clock in around 5.5%, further monetary softening during the second half of FY15 appears to be a likely event. Resultantly, the stock market is also expected to gain, following a positive economic outlook, expectations of a stable government with a focus on good governance and attractive valuations of fundamentally strong scripts.

In addition to strengthening macros, attractive valuations coupled with steady earnings growth, will continue to attract foreign investment in the market. The continuation of reforms in the economy aimed at alleviating the energy crisis will further improve investors' sentiment in the market. We also foresee a considerable improvement in Current Account position primarily due to the massive decline in global crude oil prices mentioned earlier, which is expected to ultimately drag down the overall trade deficit.

#### **Acknowledgement**

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

**For and on behalf of the Board**

**Date: February 20, 2015**

**Mohammad Shoaib, CFA  
Chief Executive**





**Half Yearly Report December 31, 2014**

## 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  
Website: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azim	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoaib, CFA	Chief Executive	

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	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 SultanTrust 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
Bank Al Habib Limited - Islamic Banking	Burj Bank Limited
Bankislami Pakistan Limited	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	National Bank of Pakistan - Islamic Banking
Standard Chartered Bank (Pakistan) Limited - Islamic Banking	UBL Ameen - Islamic Banking

### LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone: (9221) 35156191-94 Fax: (9221) 35156195  
E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited  
Standard Chartered Bank (Pakistan) Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ISLAMIC FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

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

**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 20, 2015





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

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

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

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Islamic Fund** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### *Other Matters*

The figures for the quarter ended 31 December 2014 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date: 20 February 2015**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Aryn Malik**

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2014

	Note	(Unaudited) December 31, 2014 (Rupees in '000)	(Audited) June 30, 2014
<b>Assets</b>			
Balances with banks		1,559,416	1,698,950
Investments	5	19,809,348	15,297,896
Receivable against sale of investments (net)		89,693	-
Dividend receivable		15,805	15,254
Deposits and other receivables	6	23,503	27,335
<b>Total assets</b>		<b>21,497,765</b>	<b>17,039,435</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		134,918	82,432
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		1,843	1,405
Payable to Meezan Bank Limited (MBL)		-	2,804
Payable to Securities and Exchange Commission of Pakistan (SECP)		8,838	11,563
Payable on redemption and conversion of units		35,916	20,228
Payable against purchase of investments (net)		-	178,972
Accrued expenses and other liabilities	9	155,216	120,266
<b>Total liabilities</b>		<b>336,731</b>	<b>417,670</b>
<b>Net assets</b>		<b>21,161,034</b>	<b>16,621,765</b>
Contingencies and commitments	8		
<b>Unitholders' funds (as per statement attached)</b>		<b>21,161,034</b>	<b>16,621,765</b>
(Number of units)			
<b>Number of units in issue</b>		<b>383,349,958</b>	<b>330,854,335</b>
(Rupees)			
<b>Net assets value per unit</b>		<b>55.20</b>	<b>50.24</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
<b>Income</b>				
Net realised (loss) / gain on sale of investments	(73,403)	23,240	(64,481)	(29,800)
Dividend income	495,830	331,898	211,532	115,965
Profit on saving accounts with banks	51,657	37,519	24,017	18,935
Other income	18,500	7,747	9,102	1,953
	<u>492,584</u>	<u>400,404</u>	<u>180,170</u>	<u>107,053</u>
Unrealised gain on re-measurement of investments - 'at fair value through profit or loss' (net)	5.1.1 & 5.1.5 1,130,727	666,193	1,047,690	754,861
Impairment loss on 'available for sale' investments	5.2.2 (63,864)	-	(63,864)	-
	<u>1,066,863</u>	<u>666,193</u>	<u>983,826</u>	<u>754,861</u>
<b>Total income</b>	<b>1,559,447</b>	<b>1,066,597</b>	<b>1,163,996</b>	<b>861,914</b>
<b>Expenses</b>				
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company	186,061	106,579	99,465	53,683
Sindh Sales Tax and Federal Excise Duty on management fee	7 62,145	35,924	33,222	18,554
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	9,807	5,833	5,225	2,936
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	8,838	5,063	4,725	2,550
Auditors' remuneration	362	357	191	184
Charity expense	9,167	5,377	5,425	1,753
Fees and subscription	20	20	10	10
Legal and professional charges	106	93	53	46
Brokerage	11,190	5,853	6,645	2,160
Bank and settlement charges	3,428	2,186	1,824	740
Provision for Workers' Welfare Fund (WWF)	9 26,979	18,294	21,610	15,347
Printing charges	51	353	1	177
<b>Total expenses</b>	<b>318,154</b>	<b>185,932</b>	<b>178,396</b>	<b>98,140</b>
<b>Net income from operating activities</b>	<b>1,241,293</b>	<b>880,665</b>	<b>985,600</b>	<b>763,774</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)	80,674	15,749	73,301	(14,717)
<b>Net income for the period before taxation</b>	<b>1,321,967</b>	<b>896,414</b>	<b>1,058,901</b>	<b>749,057</b>
Taxation	11 -	-	-	-
<b>Net income for the period after taxation</b>	<b>1,321,967</b>	<b>896,414</b>	<b>1,058,901</b>	<b>749,057</b>
<b>Other comprehensive income for the period</b>				
<b>Items that can be reclassified to income statements in subsequent periods</b>				
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	5.2.2 544,848	445,980	372,015	656,350
<b>Total comprehensive income for the period</b>	<b>1,866,815</b>	<b>1,342,394</b>	<b>1,430,916</b>	<b>1,405,407</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

Half Yearly Report 2014

**Director**

Half Yearly Report 2014

## CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Undistributed income / accumulated (loss) brought forward				
- Realised	89,236	1,838,271	1,368,849	(18,209)
- Unrealised	1,085,071	536,167	83,037	(88,668)
	<u>1,174,307</u>	<u>2,374,438</u>	<u>1,451,886</u>	<u>(106,877)</u>
Final distribution for the year ended June 30, 2014:				
- bonus units: Nil (June 30, 2013 @ 35%)	-	(2,655,025)	-	-
- cash dividend: Nil (June 30, 2013 @ 35%)	-	(1,859)	-	-
Total distribution	-	(2,656,884)	-	-
Net income for the period	1,321,967	896,414	1,058,901	749,057
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)	34,979	23,067	20,466	(5,145)
Undistributed income carried forward	<u>2,531,253</u>	<u>637,035</u>	<u>2,531,253</u>	<u>637,035</u>
Undistributed income carried forward				
- Realised	1,400,526	(29,158)	1,400,526	(29,158)
- Unrealised	1,130,727	666,193	1,130,727	666,193
	<u>2,531,253</u>	<u>637,035</u>	<u>2,531,253</u>	<u>637,035</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Net assets at beginning of the period	16,621,765	9,476,313	18,133,482	10,119,203
Issue of 149,746,982 units (2013: 68,523,627 units) and 67,244,792 units (2013: 17,042,655 units) for six months and quarter respectively	7,447,506	3,278,325	3,199,796	824,861
Redemption of 97,251,359 (2013: 59,170,513 units) and 35,871,442 units (2013: 22,817,591 units) for six months and quarter respectively	(4,694,378)	(2,818,005)	(1,529,859)	(1,102,769)
	2,753,128	460,320	1,669,937	(277,908)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(80,674)	(15,749)	(73,301)	14,717
Bonus units for the year ended: June 30, 2014: Nil (June 30, 2013: 59,105,633 units)	-	2,655,025	-	-
Net realised (loss) / gain on sale of investments	(73,403)	23,240	(64,481)	(29,800)
Unrealised appreciation in the value of investments (net of impairment)	1,611,711	1,112,173	1,355,841	1,411,211
Net other income for the period	328,507	206,981	139,556	23,996
Total comprehensive income for the period	1,866,815	1,342,394	1,430,916	1,405,407
Distribution for the year ended:				
- Bonus units June 30, 2014: Nil (June 30, 2013: 59,105,633)	-	(2,655,025)	-	-
- Cash dividend June 30, 2014: Nil (June 30, 2013: Rs. 17.5 per unit)	(1,859)	-	-	-
Total distribution	-	(2,656,884)	-	-
Net income less distribution	1,866,815	(1,314,490)	1,430,916	1,405,407
Net assets at end of the period	21,161,034	11,261,419	21,161,034	11,261,419
	----- (Rupees) -----			
Net assets value per unit at beginning of the period	50.24	62.42	51.52	44.76
Net assets value per unit at end of the period	55.20	51.12	55.20	51.12

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director



## CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	1,321,967	896,414	1,058,901	749,057
Adjustments for				
Unrealised gain on re-measurement of investments				
- 'at fair value through profit or loss' (net)	(1,130,727)	(666,193)	(1,047,690)	(754,861)
Impairment loss on 'available for sale' investments	63,864	-	63,864	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(80,674)	(15,749)	(73,301)	14,717
	<u>174,430</u>	<u>214,472</u>	<u>1,774</u>	<u>8,913</u>
<b>(Increase) / decrease in assets</b>				
Investments (net)	(2,899,741)	(202,559)	(1,325,892)	475,559
Receivable against sale of investments- (net)	(89,693)	-	(89,693)	-
Dividend receivable	(551)	(2,028)	215,709	158,922
Deposits and other receivables	3,832	(13,495)	3,712	(13,400)
	<u>(2,986,153)</u>	<u>(218,082)</u>	<u>(1,196,164)</u>	<u>621,081</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to Al Meezan Investment Management Limited - Management Company	52,486	12,601	26,573	13,119
Payable to Central Depository Company of Pakistan Limited - Trustee	438	175	298	89
Payable to Meezan Bank Limited	(2,804)	(329)	(630)	(1,328)
Payable to Securities and Exchange Commission of Pakistan	(2,725)	(1,623)	4,725	2,550
Payable against purchase of investments	(178,972)	(94,449)	(76,625)	(50,566)
Accrued expenses and other liabilities	34,950	20,424	25,116	16,551
	<u>(96,627)</u>	<u>(63,201)</u>	<u>(20,543)</u>	<u>(19,585)</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>(2,908,350)</u>	<u>(66,811)</u>	<u>(1,214,933)</u>	<u>610,409</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts against issuance of units	7,447,506	3,278,325	3,199,796	824,861
Dividend paid	-	(1,859)	-	-
Payment against redemption of units	(4,678,690)	(2,832,572)	(1,502,839)	(1,122,845)
<b>Net cash generated from / (used in) financing activities</b>	<u>2,768,816</u>	<u>443,894</u>	<u>1,696,957</u>	<u>(297,984)</u>
Net (decrease) / increase in cash and cash equivalents during the period	(139,534)	377,083	482,024	312,425
Cash and cash equivalents at beginning of the period	1,698,950	786,424	1,077,392	851,082
<b>Cash and cash equivalents at end of the period</b>	<u>1,559,416</u>	<u>1,163,507</u>	<u>1,559,416</u>	<u>1,163,507</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2014 (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. The fund is categorised as equity scheme.
- 1.4 The Management Company of the Fund has been given a quality rating of AM2+ and the Fund is ranked at 'MFR 3-Star' 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 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 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 NBFC Rules, the NBFC Regulations and directives issued by the SECP have been followed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

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, 2014.

The Fund's financial and unitholder's fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

	Note	(Unaudited) December 31, 2014 ------(Rupees in '000)-----	(Audited) June 30, 2014
<b>5. INVESTMENTS</b>			
Investments - 'at fair value through profit or loss'	5.1	<b>14,647,920</b>	10,611,206
Investments - 'available for sale'	5.2	<b>5,161,428</b>	4,686,690
		<b><u>19,809,348</u></b>	<u>15,297,896</u>
<b>5.1 Investments - 'at fair value through profit or loss'</b>			
Held for trading	5.1.1	<b>14,382,106</b>	10,366,703
Investments - 'at fair value through profit or loss upon initial recognition'	5.1.5	<b>265,814</b>	244,503
		<b><u>14,647,920</u></b>	<u>10,611,206</u>

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

Name of the investee company	As at July 01, 2014	Purchases during the period	Bonus / Right issue	Sales during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain / (loss) as at December 31, 2014	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 5.1.4)	Total market value of investments	Paid-up capital of investee company (with face value of investment)
	-----Number of shares-----				-----Rupees in '000-----						
<b>Sectors / Companies</b>											
<b>Automobile and parts</b>											
Agriauto Industries Limited (note 5.1.2)	341,700	-	-	-	341,700	32,974	51,255	18,281	0.24	0.26	1.19
Honda Atlas Cars Pakistan Limited	-	2,060,500	-	262,000	1,798,500	284,132	356,427	72,295	1.68	1.80	1.26
Gandhara Industries Limited	-	76,500	-	76,500	-	-	-	-	-	-	-
Indus Motor Company Limited	392,744	136,600	-	21,000	508,344	301,588	447,505	145,917	2.11	2.26	0.65
Pakistan Suzuki Motor Company Limited	288,622	47,700	-	-	336,322	92,254	124,816	32,562	0.59	0.63	0.41
											<b>3.50</b>
<b>Chemicals</b>											
Engro Corporation Limited	-	2,717,900	-	350,000	2,367,900	483,359	524,514	41,155	2.48	2.65	0.45
Fatima Fertilizer Company Limited	-	4,720,500	-	-	4,720,500	157,448	168,852	11,404	0.80	0.85	0.22
Fauji Fertilizer Bin Qasim Limited	1,924,749	-	-	-	1,924,749	76,547	87,018	10,471	0.41	0.44	0.21
Fauji Fertilizer Company Limited	2,958,959	2,260,000	-	2,330,000	2,888,959	330,713	338,326	7,613	1.60	1.71	0.23
ICI Pakistan Limited	473,200	319,200	-	10,300	782,100	325,675	361,690	36,015	1.71	1.83	0.85
Sitara Chemicals Industries Limited	500	-	-	-	500	148	158	10	0.00	0.00	0.00
											<b>1.96</b>
<b>Construction and Materials (Cement)</b>											
Attock Cement Pakistan Limited	1,037	-	-	-	1,037	164	202	38	0.00	0.00	0.00
Cherat Cement Company Limited	1,338,400	-	804,712	155,000	1,988,112	97,583	136,544	38,961	0.65	0.69	1.13
D.G Khan Cement Company Limited	2,770,222	3,521,000	-	2,872,500	3,418,722	298,761	377,871	79,110	1.79	1.91	0.78
Fauji Cement Company Limited	26,936,000	4,614,000	-	10,220,000	21,330,000	413,960	551,167	137,207	2.60	2.78	1.60
Kohat Cement Company Limited	4,400	1,722,100	-	-	1,726,500	240,990	329,537	88,547	1.56	1.66	1.12
Lucky Cement Limited	3,559,879	1,152,400	-	665,000	4,047,279	1,626,441	2,024,773	398,332	9.57	10.22	1.25
Maple Leaf Cement Company Limited	-	1,000,000	-	1,000,000	-	-	-	-	-	-	-
Pioneer Cement Limited	1,713,000	2,262,000	-	-	3,975,000	201,566	340,300	138,734	1.61	1.72	1.75
											<b>7.63</b>
<b>General industrials</b>											
Packages Limited	172,379	1,045,300	-	40,300	1,177,379	704,237	798,604	94,367	3.77	4.03	1.40
Thal Limited (note 5.1.2)	126,307	100,400	-	30,000	196,707	41,022	52,920	11,898	0.25	0.27	0.24
											<b>1.64</b>
<b>Fixed Line Telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	18,563,037	4,320,500	-	8,851,500	14,032,037	352,261	323,158	(29,103)	1.53	1.63	0.37
<b>Mutiutilities (Gas and Water)</b>											
Sui Northern Gas Pipelines Limited	3,951,000	3,642,500	-	1,350,000	6,243,500	157,559	179,251	21,692	0.85	0.90	0.98
<b>Health Care Equipment And Services</b>											
Shifa International Hospitals Limited	-	344,000	-	5,000	339,000	56,034	74,122	18,088	0.35	0.37	0.67
<b>Banks</b>											
Meezan Bank Limited (an associate of the Fund)	6,186,000	4,068,000	-	-	10,254,000	461,237	481,938	20,701	2.28	2.43	1.02
<b>Oil and gas</b>											
Attock Petroleum Limited	251,479	51,100	-	-	302,579	176,648	163,266	(13,382)	0.77	0.82	0.36
Attock Refinery Limited	69,500	70,000	-	139,500	-	-	-	-	-	-	-
Pakistan Oilfields Limited	2,394,047	159,300	-	613,550	1,939,797	1,083,806	735,881	(347,925)	3.48	3.71	0.82
Pakistan Petroleum Limited	3,753,650	2,003,000	-	2,253,800	3,502,850	788,550	618,323	(170,227)	2.92	3.12	0.18
Pakistan State Oil Company Limited	2,969,323	850,200	-	1,410,400	2,409,123	916,804	862,249	(54,555)	4.07	4.35	0.89
Mari Petroleum Company Limited	467,500	1,210,900	179,980	140,000	1,718,380	758,933	817,004	58,071	3.86	4.12	1.56
National Refinery Limited	331,605	-	-	328,700	2,905	626	537	(89)	0.00	0.00	0.00
Oil and Gas Development Company Limited (note 5.1.3)	2,323,794	1,142,600	-	1,756,000	1,710,394	447,653	352,119	(85,534)	1.66	1.78	0.04
Shell Pakistan Limited	76,500	-	-	76,500	76,500	21,135	19,804	(1,331)	0.09	0.10	0.07
											<b>3.92</b>
<b>Pharma and Bio Tech</b>											
Abbott Laboratories (Pakistan) Limited	415,100	18,500	-	5,000	428,600	244,972	304,597	59,625	1.44	1.54	0.44
Ferozsons Laboratories Limited	30,700	319,200	-	182,000	167,900	61,428	95,923	34,495	0.45	0.48	0.56
Glaxo Smithkline Pakistan Limited	58,520	-	-	55,000	3,520	584	772	188	0.00	0.00	0.00
The Searle Company Limited	-	819,600	-	-	819,600	212,958	198,212	(14,746)	0.94	1.00	0.95
											<b>1.95</b>
<b>Electricity</b>											
Hub Power Company Limited	4,549,716	3,895,000	-	125,000	8,319,716	528,186	651,933	123,747	3.08	3.29	0.72
K - Electric Limited (note 5.1.2)	8,757,000	12,465,500	-	6,638,000	14,584,500	116,205	134,469	18,264	0.64	0.68	0.05
Kohinoor Energy Limited	1,189,500	-	-	-	1,189,500	49,269	58,702	9,433	0.28	0.30	0.70
Lalpur Power Limited	-	5,596,000	-	1,220,000	4,376,000	96,226	130,842	34,616	0.62	0.66	-
Pakgen Power Limited	105,000	20,000	-	50,000	75,000	1,364	2,027	663	0.01	0.01	0.02
											<b>1.49</b>
<b>Engineering</b>											
Milat Tractors Limited	2,700	58,500	-	-	61,200	37,673	39,588	1,915	0.19	0.20	0.14
<b>Food producers</b>											
Engro Foods Limited	2,694,421	-	-	1,432,200	1,262,221	129,416	137,001	7,585	0.65	0.69	0.16
<b>Personal Goods</b>											
Nishat Mills Limited	6,995,300	1,259,000	-	585,000	7,669,300	863,601	927,909	64,308	4.38	4.68	2.18
<b>Grand total</b>						<b>13,272,690</b>	<b>14,382,106</b>	<b>1,109,416</b>			
<b>Total cost of investments</b>							<b>12,230,863</b>				

5.1.2 All shares have a nominal value of Rs 10 each except for the shares of Agriauto Industries Limited and Thal Limited which have a nominal value of Rs 5 each, and K Electric which has nominal value of Rs 3.5.

5.1.3 439,000 shares (June 2014: 439,000 shares) of Oil and Gas Development Company Limited, having market value of Rs 90.377 million as at December 31, 2014 (June 2014: Rs 114.833 million) have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

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

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

Name of the investee company	As at July 01, 2014	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain / (loss) as at December 31, 2014	Percentage in relation to		
									Net assets of the Fund on the basis of market value	Total market value of investments	Paid-up capital of investee company (with face value of investment)
					-----Number of shares-----	-----Rupees in '000-----					
<b>Sectors / Companies</b>											
<b>Banks</b>											
Meezan Bank Limited (an associate of the Fund)	5,650,206	-	-	-	5,650,206	244,315	265,560	21,245	1.25	1.34	0.56
<b>General industrials</b>											
Packages Limited	374	-	-	-	374	188	254	66	0.00	0.00	0.00
<b>Grand total</b>						<u>244,503</u>	<u>265,814</u>	<u>21,311</u>			
<b>Total cost of investments</b>							<u>57,329</u>				

**5.2 Investments categorised as 'available for sale'**

**5.2.1 Shares of listed companies**

Name of the investee company	As at July 01, 2014	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain / (loss) as at December 31, 2014	Percentage in relation to		
									Net assets of the Fund on the basis of market value	Total market value of investments	Paid-up capital of investee company (with face value of investment)
					-----Number of shares-----	-----Rupees in '000-----					
<b>Sectors / Companies</b>											
<b>Automobile and parts</b>											
Indus Motor Company Limited	53,068	-	-	-	53,068	12,165	46,717	34,552	0.22	0.24	0.07
Pakistan Suzuki Motor Company Limited	24,105	-	-	-	24,105	1,759	8,946	7,187	0.04	0.05	0.10
<b>Banks</b>											
Meezan Bank Limited (an associate of the Fund)	124,880	-	-	-	124,880	1,552	5,869	4,317	0.03	0.03	0.01
BankIslami Pakistan Limited	500	-	-	-	500	2	5	3	0.00	0.00	0.00
<b>Chemicals</b>											
ICI Pakistan Limited	59,975	-	-	-	59,975	7,795	27,736	19,941	0.13	0.14	0.06
<b>Construction and Materials (Cement)</b>											
D.G Khan Cement Company Limited	5,657,000	-	-	75,000	5,582,000	464,923	616,978	152,055	2.92	3.11	1.27
Lucky Cement Limited	179,000	-	-	-	179,000	68,002	89,550	21,548	0.42	0.45	0.06
<b>Electricity</b>											
Hub Power Company Limited	15,000,000	-	-	-	15,000,000	949,611	1,175,400	225,789	5.55	5.93	1.30
<b>General Industrials</b>											
Packages Limited	2,200,000	-	-	-	2,200,000	1,047,945	1,492,238	444,293	7.05	7.53	2.61
<b>Food Producers</b>											
Engro Foods Limited	3,600	-	-	-	3,600	377	391	14	0.00	0.00	0.00
<b>Oil and gas</b>											
National Refinery Limited (note 5.2.2)	151	-	-	-	151	37	28	(9)	0.00	0.00	0.00
Oil and Gas Development Company Limited (note 5.1.3)	3,786,700	-	-	-	3,786,700	928,601	779,568	(149,033)	3.68	3.94	0.09
Pakistan Oilfields Limited (note 5.2.2)	415,600	-	-	-	415,600	221,517	157,662	(63,855)	0.75	0.80	0.18
Pakistan Petroleum Limited	405,000	-	-	-	405,000	88,878	71,491	(17,387)	0.34	0.36	0.02
Pakistan State Oil Company Limited	1,914,500	-	-	0.99	1,914,500	519,035	685,219	166,184	3.24	3.46	0.70
<b>Personal Goods</b>											
Nishat Mills Limited	30,000	-	-	-	30,000	3,539	3,630	91	0.02	0.02	0.01
<b>Grand total</b>						<u>4,315,738</u>	<u>5,161,428</u>	<u>845,690</u>			
<b>Total cost of investments</b>							<u>4,315,738</u>				

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

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	------(Rupees in '000)-----	
Market value of investment	5,161,428	4,686,690
Less: Cost of investments	4,315,738	4,321,984
	<u>845,690</u>	<u>364,706</u>
Less: Net unrealised appreciation on re-measurement of investments classified as 'available for sale' at beginning of the period (net of impairment)	364,706	62,620
	<u>480,984</u>	<u>302,086</u>
Impairment loss on listed equity securities classified as 'available for sale' - transferred to income statement	63,864	-
	<u>544,848</u>	<u>302,086</u>

## 6. DEPOSITS AND OTHER RECEIVABLES

The Finance Act 2014 introduced amendments to Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. These shares will be released upon payments of tax by shareholders. The value of tax will be computed on the basis of day-end price on the first day of book closure.

In this regard, a constitution petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

In the current period, Mari Petroleum Company Limited issued bonus shares after withholding 5 percent of bonus shares. The Fund has also paid the tax amount aggregating to Rs. 4.14 million to Mari Petroleum, which has been classified as other receivable in the financial statements. Subsequent to the period end, Mari Petroleum has returned the pay order due to pending adjudication of the aforementioned constitution petition and the stay order, and shares against withholding tax held with Mari Petroleum have not been deposited with the Government Treasury.

## 7. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE

7.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15 percent (till June 30, 2014: 16 percent) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act 2011, effective from July 01, 2011.

7.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been

taken up collectively by the Mutual Fund Association of Pakistan and the Honourable High Court Sindh in a constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 72.27 million had the provision not being made, the Net Asset Value per unit of the Fund as at December 31, 2014 would have been higher by Rs. 0.19 per unit (0.34 percent).

## **8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014, except for the matter disclosed in note 6 of this condensed interim financial information.

## **9. WORKERS' WELFARE FUND (WWF)**

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their Trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In 2012, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013 a large bench of Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court. However, decisions of SHC ( in against) and LHC ( in favour) are pending before Supreme Court therefore, the Management Company as a matter of abundant caution, has recognised WWF charge effective from January 1, 2013 to December 31, 2014 amounting to Rs.132.43 million (included in accrued expenses and other liabilities) which includes Rs. 26.98 million pertaining to current period and Rs. 105.45 million pertaining to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.35 (0.63 percent).

The Board of Directors of the management Company in its meeting held on October 25, 2013 have resolved that unrecorded accumulated WWF provision in the fund from the date of its application till December 31, 2012, in case is required to be paid, shall be borne by Al Meezan Investment Management Limited (Management

Company of the fund). Therefore, the Fund not exposed to this unrecorded accumulated WWF provision. The unrecorded accumulated provision for WWF upto December 31, 2012 is Rs. 89.30 million.

## 10. 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, KSE Meezan Index Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Balanced Fund, Meezan Capital Preservation Fund – III, Meezan Capital Preservation Fund – II and Meezan Tahaffuz Pension 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 Unitholders holding 10 percent or more units of the Fund's net assets.

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

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

Details of transactions with connected persons and balances with them for the period ended December 31, 2014 and as of that date along with comparatives are as follows:

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	------(Rupees in '000)-----	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	35,192	26,449
Sindh Sales Tax and Federal Excise Duty on management fee payable	78,094	42,817
Sales load payable	8,700	4,718
Sindh Sales Tax and Federal Excise Duty on sales load payable	12,927	8,443
Certificate charges payable	5	5
Investment of 5,213,882 units (June 30, 2014: 200,089 units)	287,808	10,052
<b>Meezan Bank Limited</b>		
Bank balance	217,655	239,171
Sales load payable	-	2,804
Investment in 16,029,086 shares (June 30, 2014: 11,961,086 shares)	753,367	517,198
Investment of 15,675,049 units (June 30, 2014: 21,475,049 units)	865,267	1,078,883



	(Unaudited) December 31, 2014 ------(Rupees in '000)-----	(Audited) June 30, 2014
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	1,843	1,405
Deposits	100	100
<b>AI Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Investment of 120,519 units (June 30, 2014 : 120,519 units)	6,653	6,075
<b>Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan</b>		
Investment of 4,370,235 units (June 30, 2014: 4,553,883 units)	241,237	228,787
<b>Meezan Financial Planning Fund of Funds - Moderate Allocation Plan</b>		
Investment of 3,035,438 units (June 30, 2014: 2,501,604 units)	167,556	125,681
<b>Meezan Financial Planning Fund of Funds - Conservative Allocation Plan</b>		
Investment of 1,982,207 units (June 30, 2014: 1,689,514 units)	109,418	84,881
<b>Meezan Financial Planning Fund of Funds - MCPP - I</b>		
Investment of 18,617,950 units (June 30, 2014: Nil)	1,027,711	-
<b>Meezan Capital Preservation Fund-III</b>		
Investment of 39,726,836 units (June 30, 2014: 43,353,018 units)	2,192,921	2,178,056
<b>Meezan Capital Preservation Fund-II</b>		
Investment in 17,332,588 units (June 30, 2014: 19,855 units)	956,764	998
<b>Directors and executives of the Management Company</b>		
Investment of 5,015,706 units (June 30, 2014: 3,884,134 units)	276,868	195,139
	Six months period ended December 31, 2014	2014 ------(Rupees in '000)-----
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	186,061	106,579
Sindh Sales Tax and Federal Excise Duty on management fee	62,145	35,924
Units Issued: 5,013,793 units (December 31, 2013: 4,517,677 units)	239,860	204,488
Disposal of units: Nil (December 31, 2013: 4,517,677 units)	-	210,253
<b>Meezan Bank Limited</b>		
Profit on saving accounts	6,196	658
Bonus units issued: Nil (2013: 5,213,950 units)	-	234,211
Disposal of units: 5,800,000 (December 31, 2013: Nil)	318,791	-

	Six months period ended December 31, 2014 ------(Rupees in '000)-----	
Shares purchased during period:4,068,000 shares(December 31, 2013: Nil)	193,755	-
Dividend Income	18,092	11,825
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	9,807	5,833
CDS charges	461	504
<b>Al Meezan Investment Management Limited - Staff Gratuity Fund</b>		
Bonus units issued: Nil (2013: 29,261 units)	-	1,314
<b>Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan</b>		
Units Issued: 850,215 units (2013: 1,094,337 units)	44,811	52,169
Bonus units issued: Nil (2013: 1,152,762 units)	-	51,782
Disposal of units: 1,033,863 units (2013: 1,263,564 units)	53,466	61,355
Transaction Cost Received	112	131
<b>Meezan Financial Planning Fund of Funds - Moderate Allocation Plan</b>		
Units Issued: 1,105,933 units (2013: 727,166 units)	58,980	34,928
Bonus units issued: Nil (2013: 467,797 units)	-	21,013
Disposal of units: 572,099 units (2013: 874,221 units)	29,863	42,103
Transaction Cost Received	148	88
<b>Meezan Financial Planning Fund of Funds - Conservative Allocation Plan</b>		
Units Issued: 991,629 units (2013: 903,631 units)	51,056	43,429
Bonus units issued: Nil (2013: 403,232 units)	-	18,113
Disposal of units: 698,936 units (2013: 734,897 units)	36,618	36,032
Transaction Cost Received	128	109
<b>Meezan Financial Planning Fund of Funds - MCPP - I</b>		
Units Issued: 18,617,950 units (2013: Nil)	979,046	-
Transaction Cost Received	2,454	-
<b>Meezan Capital Preservation Fund-III</b>		
Units Issued: 11,023,825 units (2013: Nil)	558,001	-
Bonus units issued: Nil (2013: Nil)	-	-

	Six months period ended December 31,	
	2014	2014
	------(Rupees in '000)-----	
Disposal of units: 14,650,007 units (2013: Nil)	<u>718,700</u>	<u>-</u>
Transaction Cost Received	<u>1,398</u>	<u>-</u>
<b>Meezan Capital Preservation Fund-II</b>		
Units Issued: 24,184,961 units (2013: Nil)	<u>1,224,731</u>	<u>-</u>
Bonus units issued: Nil units (2013: Nil)	<u>-</u>	<u>-</u>
Disposal of units: 6,872,228 units (2013: Nil)	<u>345,480</u>	<u>-</u>
Transaction Cost Received	<u>3,072</u>	<u>-</u>
<b>Directors and executives of the Management Company</b>		
Units issued: 1,230,135 units (2013: 115,398 units)	<u>68,383</u>	<u>5,641</u>
Bonus units issued: Nil (2013: 1,070,951 units)	<u>-</u>	<u>48,107</u>
Disposal of units: 98,563 units (2013: 735,476 units)	<u>5,078</u>	<u>35,259</u>

#### 11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be taken into accounts. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than unrealized capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unitholders.

#### 12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 20, 2015 by the Board of Directors of the Management Company.

#### 13. GENERAL

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

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

**Chief Executive**

**Director**



**Half Yearly Report December 31, 2014**

## 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  
Website: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azim	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoaib, CFA	Chief Executive	

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	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
Askari Bank Limited - Islamic Banking	MCB Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking	Meezan Bank Limited
BankIslami Pakistan Limited	National Bank of Pakistan - Islamic Banking
Burj Bank Limited	UBL Ameen - Islamic Banking
Dubai Islamic Bank	

### LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone: (9221) 35156191-94 Fax: (9221) 35156195  
E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**AL MEEZAN MUTUAL FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Al Meezan Mutual Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

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

**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 20, 2015





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

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

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

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Al Meezan Mutual Fund** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### *Other Matters*

The figures for the quarter ended 31 December 2014 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date: 20 February 2015**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Aryn Malik

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2014

	Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
<b>Assets</b>			
Balances with banks		196,553	84,389
Investments	5	3,164,737	2,792,828
Receivable against sale of investments (net)		7,402	36,122
Dividend receivable		2,242	2,515
Deposits, prepayments and other receivables	6	5,502	6,075
<b>Total assets</b>		<b>3,376,436</b>	<b>2,921,929</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		21,633	14,339
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		365	310
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,481	2,346
Payable on redemption and conversion of units		492	24,656
Accrued expenses and other liabilities	9	32,154	28,404
Unclaimed dividend		4,765	4,824
<b>Total liabilities</b>		<b>60,890</b>	<b>74,879</b>
<b>Net assets</b>		<b>3,315,546</b>	<b>2,847,050</b>
<b>Contingencies and commitments</b>	8		
<b>Unitholders' fund (as per statement attached)</b>		<b>3,315,546</b>	<b>2,847,050</b>
(Number of units)			
<b>Number of units in issue</b>		<b>214,837,725</b>	<b>204,777,286</b>
(Rupees)			
<b>Net assets value per unit</b>		<b>15.43</b>	<b>13.90</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director



## CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,			
	2014	2013	2014	2013		
	----- (Rupees in '000) -----					
<b>Income</b>						
	Net realised (loss) / gain on sale of investments	(20,526)	28,993	(28,552)	9,194	
	Dividend income	86,093	72,317	34,681	26,490	
	Profit on saving accounts with banks	4,043	8,324	1,427	4,333	
	Other income	1,550	1,493	451	351	
		<u>71,160</u>	<u>111,127</u>	<u>8,007</u>	<u>40,368</u>	
	Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	5.2	140,232	186,330	118,283	179,428
	<b>Total income</b>	<b>211,392</b>	<b>297,457</b>	<b>126,290</b>	<b>219,796</b>	
<b>Expenses</b>						
	Remuneration to AI Meezan Investment Management Limited (AI Meezan) - Management Company	31,186	23,339	16,155	11,825	
	Sindh Sales Tax and Federal Excise Duty on management fee	7	10,416	7,866	5,395	4,087
	Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	2,063	1,679	1,059	843	
	Annual fee to Securities and Exchange Commission of Pakistan (SECP)	1,481	1,109	767	562	
	Auditors' remuneration	428	611	217	461	
	Charity expense	1,543	1,301	925	463	
	Fees and subscription	76	76	38	76	
	Brokerage	1,265	1,529	617	575	
	Bank and settlement charges	670	539	443	281	
	Printing charges	-	176	-	89	
	Provision for Workers' Welfare Fund (WWF)	9	3,313	5,080	2,044	3,987
	<b>Total expenses</b>	<b>52,441</b>	<b>43,305</b>	<b>27,660</b>	<b>23,249</b>	
	<b>Net income from operating activities</b>	<b>158,951</b>	<b>254,152</b>	<b>98,630</b>	<b>196,547</b>	
	Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)	3,375	(5,220)	1,523	(2,290)	
	<b>Net income for the period before taxation</b>	<b>162,326</b>	<b>248,932</b>	<b>100,153</b>	<b>194,257</b>	
	Taxation	11	-	-	-	
	<b>Net income for the period after taxation</b>	<b>162,326</b>	<b>248,932</b>	<b>100,153</b>	<b>194,257</b>	
	Other comprehensive income for the period					
	<b>Items can be reclassified to income statement in subsequent periods</b>					
	Net unrealised appreciation on re-measurement of investments classified as 'available for sale' (net)	5.1.2	163,059	45,482	126,209	101,157
	<b>Total comprehensive income for the period</b>	<b>325,385</b>	<b>294,414</b>	<b>226,362</b>	<b>295,414</b>	

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

## CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Undistributed income brought forward				
- Realised	<b>240,888</b>	451,455	<b>481,767</b>	253,422
- Unrealised	<b>198,627</b>	230,105	<b>21,949</b>	6,902
	<b>439,515</b>	681,560	<b>503,716</b>	260,324
Less : Final distribution for the year ended:				
- Bonus units June 30, 2014: Nil (June 30 2013 @ Rs. 3.5 per unit)	-	476,445	-	-
- Cash dividend June 30, 2014: Nil (June 30, 2013 @ Rs. 3.5 per unit)	-	10	-	-
Total distribution	-	476,455	-	-
Net income for the period	<b>162,326</b>	248,932	<b>100,153</b>	194,257
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)	<b>3,269</b>	55	<b>1,241</b>	(489)
Undistributed income carried forward	<b>605,110</b>	454,092	<b>605,110</b>	454,092
Undistributed income carried forward				
- Realised	<b>464,878</b>	267,762	<b>464,878</b>	267,762
- Unrealised	<b>140,232</b>	186,330	<b>140,232</b>	186,330
	<b>605,110</b>	454,092	<b>605,110</b>	454,092

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the six months and quarter ended December 31, 2014 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Net assets at beginning of the period	2,847,050	2,190,127	3,052,059	2,206,836
Issue of 49,492,324 units (2013: 48,470,887 units) and 11,893,640 units (2013: 12,274,334 units) for six months and quarter respectively	714,845	646,862	180,044	167,967
Redemption of 39,431,885 units (2013: 48,420,709 units) and 9,312,183 units (2013: 13,631,846 units) for six months and quarter respectively	(568,359)	(651,400)	(141,396)	(187,837)
	146,486	(4,538)	38,648	(19,870)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(3,375)	5,220	(1,523)	2,290
Final Bonus units for the year ended: June 30, 2014: Nil (June 30, 2013: 37,842,839)	-	476,445	-	-
Net realised (loss) / gain on sale of investments	(20,526)	28,993	(28,552)	9,194
Unrealised appreciation in the value of investments (net)	303,291	231,812	244,492	280,585
Net other income for the period	42,620	33,609	10,422	5,635
Total other comprehensive income for the period	325,385	294,414	226,362	295,414
Less : Final distribution for the year ended:				
- Bonus units June 30, 2014: Nil (June 30 2013 @ Rs. 3.5 per unit)	-	(476,445)	-	-
- Cash dividend June 30, 2014: Nil (June 30, 2013 @ Rs. 3.5 per unit)	-	(10)	-	-
	-	(476,455)	-	-
Total income less distribution	325,385	(182,041)	226,362	295,414
Net assets at end of the period	3,315,546	2,485,213	3,315,546	2,484,670

----- (Rupees) -----

Net assets value per unit at beginning of the period	13.90	16.09	14.38	12.58
Net assets value per unit at end of the period	15.43	14.28	15.43	14.28

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

## CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	162,326	248,932	100,153	194,257
<b>Adjustments for:</b>				
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	(140,232)	(186,330)	(118,283)	(179,428)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(3,375)	5,220	(1,523)	2,290
	18,719	67,822	(19,653)	17,119
<b>(Increase) / decrease in assets</b>				
Investments (net)	(68,618)	4,698	66,096	53,013
Receivable against sale of investments (net)	28,720	15	(10,038)	-
Dividend receivable	273	(323)	40,777	34,131
Deposits, prepayments and other receivables	573	(2,032)	7,371	(633)
	(39,052)	2,358	104,206	86,511
<b>Increase / (decrease) in liabilities</b>				
Payable to Al Meezan Investment Management Limited - Management Company	7,294	3,088	3,659	2,701
Payable to Central Depository Company of Pakistan Limited - Trustee	55	38	31	21
Payable to Securities and Exchange Commission of Pakistan	(865)	(633)	767	562
Payable against purchase of investments	-	(19,081)	-	(12,656)
Accrued expenses and other liabilities	3,750	5,597	2,443	2,336
	10,234	(10,991)	6,900	(7,036)
<b>Net cash (used in) / generated from operating activities</b>	<b>(10,099)</b>	<b>59,189</b>	<b>91,453</b>	<b>96,594</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts against issuance of units	714,845	646,862	180,044	167,967
Dividend paid	(59)	(10)	-	-
Payment against redemption and conversion of units	(592,523)	(647,264)	(141,697)	(184,303)
<b>Net cash generated from / (used in) financing activities</b>	<b>122,263</b>	<b>(412)</b>	<b>38,347</b>	<b>(16,336)</b>
Net increase in cash and cash equivalents during the period	112,164	58,777	129,800	80,258
Cash and cash equivalents at beginning of the period	84,389	199,155	66,753	177,674
Cash and cash equivalents at end of the period	196,553	257,932	196,553	257,932

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2014 (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. The Fund is categorised as an equity scheme.
- 1.4 The Management Company of the Fund has been given quality rating of AM2+ whereas the fund has a ranking of MFR 3-Star by JCR-VIS Credit Rating Company Limited.
- 1.5 Title of the assets of the Fund is held in the name of CDC as a Trustee of the Fund.

### 2. BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and 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 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 NBFC Rules, the NBFC Regulations and directives issued by the SECP have been followed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

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, 2014.

The Fund's financial and unitholder's fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

#### 5. INVESTMENTS

	Note	(Unaudited) December 31, 2014 (Rupees in '000)	(Audited) June 30, 2014
Investments - 'available for sale'	5.1	1,254,024	1,134,694
Investments - 'at fair value through profit or loss' - Held for trading	5.2	<u>1,910,713</u> <u>3,164,737</u>	<u>1,658,134</u> <u>2,792,828</u>

## 5.1 Investments - available for sale

Name of the investee company	As at July 01, 2014	Purchases during the period	Bonus shares	Sales during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain as at December 31, 2014	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 5.3)	Market value of total investment	Paid-up capital of investee company (with face value of investment)
					-----Number of shares-----	----Rupees in '000----			-----%-----		
<b>Sector / Companies</b>											
<b>Commercial Banks</b>											
Meezan Bank Limited (an associate of the Fund)	299,706	-	-	-	299,706	4,130	14,086	9,956	0.42	0.45	0.03
BankIslami Pakistan Limited	500	-	-	-	500	2	5	3	0.00	0.00	0.00
<b>Construction and materials (Cement)</b>											
Lucky Cement Company Limited	680,127	-	-	60,000	620,127	217,162	310,237	93,075	9.36	9.80	0.19
D.G. Khan Cement Company Limited	1,177,500	-	-	206,000	971,500	80,145	107,380	27,235	3.24	3.39	0.22
<b>Electricity</b>											
Hub Power Company Limited	2,580,500	-	-	-	2,580,500	157,902	202,208	44,306	6.10	6.39	0.22
<b>Oil and gas</b>											
Pakistan State Oil Company Limited	371,147	-	-	-	371,147	101,077	132,837	31,760	4.01	4.20	0.14
Oil & Gas Development Company Limited	571,663	-	-	40,000	531,663	76,085	109,454	33,369	3.30	3.46	0.01
Pakistan Oilfields Limited	31,340	-	-	-	31,340	8,089	11,889	3,800	0.36	0.38	0.01
Pakistan Petroleum Limited	43,112	-	-	-	43,112	4,271	7,610	3,339	0.23	0.24	0.00
Attock Petroleum Limited	240	-	-	-	240	83	130	47	0.00	0.00	0.00
<b>Automobile and parts</b>											
Agriaautos Industries Limited (note 5.1.1)	158,000	-	-	-	158,000	10,539	23,700	13,161	0.71	0.75	1.10
Indus Motor Company Limited	16,200	-	-	-	16,200	3,961	14,261	10,300	0.43	0.45	0.02
<b>Chemicals</b>											
Fauji Fertilizer Company Limited	5,457	-	-	-	5,457	428	639	211	0.02	0.02	0.00
Fauji Fertilizer Bin Qasim Limited	110,500	-	-	-	110,500	4,148	4,997	849	0.15	0.16	0.01
ICI Pakistan Limited	91,557	-	-	-	91,557	34,618	42,341	7,723	1.28	1.34	0.10
<b>General Industries</b>											
Packages Limited	401,378	-	-	-	401,378	206,029	272,250	66,221	8.21	8.60	0.48
<b>Total</b>						<b>908,669</b>	<b>1,254,024</b>	<b>345,355</b>			
<b>Total cost of investments - 'available for sale'</b>						<b>908,669</b>					

5.1.1 All shares have a nominal value of Rs.10 each except for the shares of Agriaautos Industries Limited which has a nominal value of Rs. 5 each.

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

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Market value of investment	1,254,024	1,134,694
Less: Cost of investments	<u>908,669</u>	<u>952,398</u>
	<b>345,355</b>	<b>182,296</b>
Less: Net unrealised appreciation on re-measurement of investments classified as 'available for sale' at beginning of the period	<u>182,296</u>	<u>147,610</u>
	<b>163,059</b>	<b>34,686</b>

## 5.2 Held for trading - shares of listed companies

Name of the investee company	As at July 01, 2014	Purchases during the period	Bonus/ right shares	Sales during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain / (loss) as at December 31, 2014	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 5.3)	Market value of total investment	Paid-up capital of investee company (with face value of investment)
	-----Number of shares-----					-----Rupees in '000-----		-----%-----			
<b>Sector / Companies</b>											
<b>Commercial Banks</b>											
Meezan Bank Limited (an associate of the Fund)	1,820,713	-	-	-	1,820,713	78,728	85,574	6,846	2.58	2.70	0.18
<b>Construction and materials(Cement)</b>											
Attock Cement Pakistan Limited	1,121	-	-	-	1,121	177	219	42	0.01	0.01	0.00
DG Khan Cement Company Limited	332,805	212,500	-	374,000	171,305	15,344	18,934	3,590	0.57	0.60	0.04
Fauji Cement Company Limited	3,046,000	650,000	-	546,500	3,149,500	61,008	81,383	20,375	2.45	2.57	0.24
Kohat Cement Company Limited	-	291,000	-	-	291,000	38,463	55,543	17,080	1.68	1.76	0.19
Cheral Cement Company Limited	358,000	-	243,440	-	601,440	29,521	41,307	11,786	1.25	1.31	0.34
Lucky Cement Company Limited	41,890	129,500	-	106,000	65,390	23,890	32,713	8,823	0.99	1.03	0.02
Pioneer Cement Limited	232,000	300,000	-	-	532,000	27,134	45,545	18,411	1.37	1.44	0.23
<b>Oil &amp; gas</b>											
Attock Refinery Limited	500	10,000	-	10,500	-	-	-	-	-	-	-
Attock Petroleum Limited	12,000	34,500	-	-	46,500	26,410	25,090	(1,320)	0.76	0.79	0.06
National Refinery Limited	68,100	-	-	66,300	1,800	388	333	(55)	0.01	0.01	0.00
Pakistan State Oil Company Limited	447,120	105,000	-	180,000	372,120	143,257	133,186	(10,071)	4.02	4.21	0.14
Pakistan Oilfields Limited	445,751	-	-	121,600	324,151	186,160	122,970	(63,190)	3.71	3.89	0.14
Pakistan Petroleum Limited	893,421	240,000	-	456,300	677,121	152,856	119,525	(33,331)	3.60	3.78	0.03
Oil and Gas Development Company Limited (note 5.2.2)	409,700	266,600	-	434,000	242,300	63,314	49,882	(13,432)	1.50	1.58	0.01
Mari Petroleum Company Limited (note 6)	75,000	86,700	28,000	15,000	174,700	67,648	83,061	15,413	2.51	2.62	0.16
<b>Automobile and Parts</b>											
Indus Motor Company Limited	72,264	-	-	-	72,264	38,872	63,615	24,743	1.92	2.01	0.09
Honda Atlas Cars Pakistan Limited	-	308,500	-	41,000	267,500	37,889	53,013	15,124	1.60	1.68	0.19
Pak Suzuki Motor Company Limited	65,689	10,000	-	-	75,689	20,811	28,090	7,279	0.85	0.89	0.09
Agriautos Industries Limited (note 5.2.1)	6,460	-	-	-	6,460	623	969	346	0.03	0.03	0.02
<b>Fixed Line and telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	2,956,670	-	-	1,275,000	1,681,670	42,832	38,729	(4,103)	1.17	1.22	0.04
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	381,185	-	-	-	381,185	15,160	17,233	2,073	0.52	0.54	0.04
Fauji Fertilizer Company Limited	307,401	319,000	-	130,000	496,401	56,832	58,134	1,302	1.75	1.84	0.04
Sitara Chemical Industries Limited	500	-	-	500	500	148	158	10	0.00	0.00	0.00
Engro Corporation Limited	-	460,000	-	50,000	410,000	83,075	90,819	7,744	2.74	2.87	0.08
Fatima Fertilizer Company Limited	-	600,000	-	-	600,000	19,695	21,462	1,767	0.65	0.68	0.03
ICI Pakistan Limited	1,122	60,000	-	11,100	50,022	22,801	23,133	332	0.70	0.73	0.05
<b>General Industrials</b>											
Packages Limited	152,700	-	-	-	152,700	76,590	103,575	26,985	3.12	3.27	0.18
Thal Limited (note 5.2.1)	55,613	-	-	-	55,613	11,534	14,962	3,428	0.45	0.47	0.07
<b>Food producers</b>											
Engro Foods Limited	432,500	-	-	300,000	132,500	13,585	14,382	797	0.43	0.45	0.02
<b>Electricity</b>											
Hub Power Company Limited	1,933,500	186,500	-	-	2,120,000	126,289	166,123	39,834	5.01	5.25	0.18
Pakgen Power Limited	105,000	-	-	25,000	80,000	1,443	2,162	719	0.07	0.07	0.02
Kohinoor Energy Limited	144,000	-	-	144,000	5,964	7,106	1,142	0.21	0.22	0.08	
Lalpur Power Limited	-	837,000	-	250,000	587,000	12,876	17,551	4,675	0.53	0.55	0.15
K-Electric Limited (note 5.2.1)	3,453,500	941,500	-	500,000	3,895,000	32,022	35,912	3,890	1.08	1.13	0.01
<b>Pharma and Bio Tech</b>											
Abbott Laboratories Limited	96,200	-	-	45,000	51,200	29,303	36,387	7,084	1.10	1.15	0.05
The Searle Company	-	186,000	-	-	186,000	48,401	44,982	(3,419)	1.36	1.42	0.22
Ferozsons Laboratories Limited	5,500	25,000	-	11,000	19,500	7,194	11,141	3,947	0.34	0.35	0.06
<b>Multilities (Gas and Water)</b>											
Sui Northern Gas Pipeline Limited	600,000	400,000	-	50,000	950,000	24,168	27,275	3,107	0.82	0.86	0.15
<b>Personal Goods</b>											
Nishat Mills Limited	1,041,200	25,000	-	9,400	1,056,800	118,052	127,862	9,810	3.86	4.04	0.30
<b>Engineering</b>											
Milat Tractors Co. Ltd.	-	16,500	-	-	16,500	10,024	10,673	649	0.32	0.34	0.04
<b>Total</b>						<b>1,770,481</b>	<b>1,910,713</b>	<b>140,232</b>			
<b>Total cost of investments - 'held for trading'</b>							<b>1,554,124</b>				

5.2.1 All shares have a nominal value of Rs. 10 each except for the shares of Agriautos Industries Limited and Thal Limited which have a nominal value of Rs. 5 each and K-electric having nominal value of Rs.3.5.



5.2.2 200,000 shares (June 2014: 280,000 shares) of Oil and Gas Development Company Limited, having market value of Rs 41.17 million (June 2014: Rs 52.25 million) as at December 31, 2014, have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

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

## **6. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

The Finance Act 2014 introduced amendments to Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. These shares will be released upon payments of tax by shareholders. The value of tax will be computed on the basis of day-end price on the first day of book closure.

In this regard, a constitution petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

In the current period, Mari Petroleum Company Limited issued bonus shares after withholding 5 percent of bonus shares. The Fund has also paid the tax amount aggregating to Rs. 0.64 million to Mari Petroleum, which has been classified as other receivable in the financial statements. Subsequent to the period end, Mari Petroleum has returned the pay order due to pending adjudication of the aforementioned constitution petition and the stay order. Furthermore, shares against withholding tax held with Mari Petroleum have not been deposited with the Government Treasury

## **7. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE**

7.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15 percent (till June 30, 2014: 16 percent) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from July 01, 2011.

7.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honourable High Court Sindh in a constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 12.44 million. Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2014 would have been higher by 0.06 per unit.

## **8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014, except for the matter disclosed in note 6 of this condensed interim financial information.

## **9. WORKERS' WELFARE FUND (WWF)**

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes /

mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their Trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In 2012, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013 a large bench of Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court. However, decisions of SHC ( in against) and LHC ( in favour) are pending before Supreme Court therefore, the Management Company, as a matter of abundant caution, has recognised WWF charge for the period from January 1, 2013 to December 31, 2014 amounting to Rs. 26.68 million (included in accrued expenses and other liabilities) which includes Rs. 3.31 million pertaining to the current period and Rs. 23.37 million pertaining to prior years. . Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.12 (0.80 percent).

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

#### **10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers (executives) of the Management Company, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Islamic Income Fund, Meezan Balanced Fund, KSE Meezan Index Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund - III and Meezan Capital Preservation Fund - II 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 unit holders holding 10 percent or more of the Fund's net assets.

Transactions with connected persons / related parties 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, 2003, NBFC Regulations, 2008 and the Trust Deed respectively.

Transactions and balances with related parties other than those disclosed elsewhere are as follows:

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
<b>AI Meezan Investment Management Limited-Management Company</b>		
Remuneration payable	5,601	4,563
Sindh Sales Tax and Federal Excise Duty on management fee payable	14,321	8,472
Sales load payable	416	306
Sindh Sales Tax and Federal Excise Duty on sales load payable	1,295	998
Investment of 34,052,779 units (June 30, 2014: 34,052,779 units)	525,434	473,334
<b>Meezan Bank Limited</b>		
Balances with banks	45,106	60,089
Profit receivable on saving accounts	29	364
Investment in 2,120,419 shares (June 30, 2014: 2,120,419 shares)	99,660	91,687
Investment of 9,921,033 units (June 30, 2014: 9,921,033 units)	153,082	137,902
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	365	310
Deposit	238	238
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Investment of 16,895,690 units (June 30, 2014 : 16,895,690 units)	260,700	234,850
<b>AI Meezan Investment Management Limited - Staff Gratuity Fund</b>		
Investment of 517,741 units (June 30, 2014 : 517,741 units)	7,988	7,197
<b>Meezan Capital Preservation Fund - II</b>		
Investment of 10,986,095 units (June 30, 2014 : 2,870,504)	169,515	39,900
<b>Meezan Capital Preservation Fund - III</b>		
Investment of 4,130,435 units (June 30, 2014 : Nil units)	63,733	-
<b>Directors and Executives of the Management Company</b>		
Investment of 7,740,414 units (June 30, 2014 : 7,657,744 units)	119,435	106,443
<b>Unitholders holding 10 percent or more units of the Fund's net assets</b>	881,610	320,859
	<b>Six months period ended December 31,</b>	
	2014	2013
	(Rupees in '000)	
<b>AI Meezan Investment Management Limited-Management Company</b>		
Remuneration for the period	31,186	23,339
Sindh Sales Tax and Federal Excise Duty on management fee	10,416	7,866

	Six months period ended December 31,	
	2014	2013
	(Rupees in '000)	
Bonus units issued: Nil (2013: 7,883,190 units)	-	99,249
Units issued: Nil (2013: 6,264,393 units)	-	84,022
Redemption / conversion of units: Nil (2013: 8,166,492 units)	-	108,141
<b>Al Meezan Investment Management Limited - Staff Gratuity Fund</b>		
Bonus units issued: Nil (2013: 95,782 units)	-	1,206
<b>Meezan Bank Limited</b>		
Profit on saving accounts with banks	1,112	126
Dividend income	3,180	1,639
Gain on sale of investments	-	1,998
Purchase of shares: Nil (2013: 900,000 shares)	-	35,079
Sale of shares: Nil (2013: 400,000 shares)	-	15,720
Bonus units issued: Nil (2013: 1,835,382 units)	-	23,107
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	2,063	1,679
CDS charges	116	98
<b>Meezan Capital Preservation Fund - II</b>		
Units issued: 12,650,738 units (2013: Nil units)	178,000	-
Redemption / conversion of units: 4,535,147 units (2013: Nil units)	60,000	-
<b>Meezan Capital Preservation Fund - III</b>		
Units issued: 4,130,435 units (2013: Nil units)	60,000	-
<b>Directors and Executives of the Management Company</b>		
Units issued: 105,762 units (2013: 3,781,232 units)	1,531	48,179
Bonus units issued: Nil (2013: 584,733 units)	-	7,362
Redemption / conversion of units: 23,092 units (2013: 44,137 units)	349	85

## 11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders.

Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to

distribute 90 percent of the net accounting income other than unrealized capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unitholders.

**12. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on February 20, 2015 by the Board of Directors of the Management Company.

**13. GENERAL**

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

13.2 Corresponding figures of receivable and payable against sale and purchase of investments have been netted off for better presentation.

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

**Chief Executive**

**Director**



**Half Yearly Report December 31, 2014**

## 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  
Website: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azim	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoaib, CFA	Chief Executive	

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	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 SultanTrust 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  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone: (9221) 35156191-94 Fax: (9221) 35156195  
E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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




**TRUSTEE REPORT TO THE UNIT HOLDERS**

**KSE MEEZAN INDEX FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of KSE Meezan Index Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

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

  
**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 20, 2015







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

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

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **KSE Meezan Index Fund** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

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

### Conclusion

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

### Other Matters

The figures for the quarter ended 31 December 2014 in the condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date: 20 February 2015**

**Karachi**

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Amyr Malik

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2014

	Note	(Unaudited) December 31, 2014 (Rupees in '000)	(Audited) June 30, 2014
<b>Assets</b>			
Balances with banks		12,465	248,684
Investments	5	1,257,618	1,175,875
Receivable against sale of investments - (net)		945	-
Dividend receivable		1,447	1,078
Deposits, prepayments and other receivables	6	2,853	2,655
Preliminary expenses and floatation costs		964	1,167
<b>Total assets</b>		<b>1,276,292</b>	<b>1,429,459</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		4,272	2,738
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		192	150
Payable to Securities and Exchange Commission of Pakistan (SECP)		597	925
Payable to Meezan Bank Limited (MBL)		-	14
Payable against purchase of investments (net)		-	238,282
Payable on redemption and conversion of units		630	164
Accrued expenses and other liabilities	9	13,679	11,159
<b>Total liabilities</b>		<b>19,370</b>	<b>253,432</b>
<b>Net assets</b>		<b>1,256,922</b>	<b>1,176,027</b>
<b>Contingencies and commitments</b>	8		
<b>Unitholders' fund (as per statement attached)</b>		<b>1,256,922</b>	<b>1,176,027</b>
(Number of units)			
<b>Number of units in issue</b>		<b>19,064,031</b>	<b>18,716,122</b>
(Rupees)			
<b>Net assets value per unit</b>		<b>65.93</b>	<b>62.83</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
<b>Income</b>					
Net realised (loss) / gain on sale of investments		(26,991)	16,548	(25,694)	12,860
Dividend income		43,138	33,130	21,192	10,132
Profit on saving accounts with banks		441	376	98	145
Other income		436	279	37	129
		<u>17,024</u>	<u>50,333</u>	<u>(4,367)</u>	<u>23,266</u>
Unrealised gain on re-measurement of investments at 'fair value through profit or loss' (net)	5.1	52,910	85,598	61,382	107,307
<b>Total income</b>		<b>69,934</b>	<b>135,931</b>	<b>57,015</b>	<b>130,573</b>
<b>Expenses</b>					
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		6,284	4,821	3,180	2,389
Sindh Sales Tax and Federal Excise Duty on management fee	7	2,098	1,623	1,061	826
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		1,133	962	571	476
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		597	458	302	227
Auditors' remuneration		215	276	117	201
Charity expense		954	601	632	184
Fees and subscription		63	63	31	57
Brokerage		818	507	581	376
Bank and settlement charges		353	237	189	137
Amortisation of preliminary expenses and floatation costs		203	203	102	102
Provision for Workers' Welfare Fund (WWF)	9	1,205	2,545	959	2,545
Printing charges		20	27	10	27
<b>Total expenses</b>		<b>13,943</b>	<b>12,323</b>	<b>7,735</b>	<b>7,547</b>
<b>Net income from operating activities</b>		<b>55,991</b>	<b>123,608</b>	<b>49,280</b>	<b>123,026</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		3,045	1,104	(2,289)	1,907
<b>Net income for the period before taxation</b>		<b>59,036</b>	<b>124,712</b>	<b>46,991</b>	<b>124,933</b>
Taxation	11	-	-	-	-
<b>Net income for the period after taxation</b>		<b>59,036</b>	<b>124,712</b>	<b>46,991</b>	<b>124,933</b>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>59,036</b>	<b>124,712</b>	<b>46,991</b>	<b>124,933</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

## CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Undistributed income / accumulated (loss) brought forward				
- Realised	77,379	184,682	220,010	122,269
- Unrealised	122,114	107,332	(8,472)	(21,709)
	199,493	292,014	211,538	100,560
Less: Final distribution for the year ended: Bonus Units June 30, 2014: Nil (June 30, 2013: @ 31% (Rs. 15.50 per unit)	-	(191,240)	-	(7)
Net income for the period	59,036	124,712	46,991	124,933
Undistributed income carried forward	258,529	225,486	258,529	225,486
Undistributed income carried forward				
- Realised	205,619	139,888	205,619	139,888
- Unrealised	52,910	85,598	52,910	85,598
5.1	258,529	225,486	258,529	225,486

The annexed notes 1 to 13 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' FUND

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
Net assets at beginning of the period	1,176,027	901,404	1,255,653	884,776
Issue of 2,728,713 units (2013: 1,768,272 units) and 227,398 units (2013: 802,916 units) for six months and quarter respectively	177,712	110,683	14,716	50,976
Redemption of 2,380,804 (2013: 1,880,386 units) and 955,098 units (2013: 629,970 units) for six months and quarter respectively	(152,808)	(116,032)	(62,727)	(39,115)
	24,904	(5,349)	(48,011)	11,861
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(3,045)	(1,104)	2,289	(1,907)
Bonus units for the year ended: June 30, 2014: Nil (June 30, 2013: 3,322,448)	-	191,240	-	7
Net realised (loss) / gain on sale of investments	(26,991)	16,548	(25,694)	12,860
Unrealised appreciation in the value of investments (net)	52,910	85,598	61,382	107,307
Net other income for the period	33,117	22,566	11,303	4,766
Total comprehensive income for the period	59,036	124,712	46,991	124,933
Distribution for the year ended Bonus units: June, 30 2014: Nil (June 30, 2013: 3,322,448)	-	(191,240)	-	(7)
Net assets at end of the period	1,256,922	1,019,663	1,256,922	1,019,663
----- (Rupees) -----				
Net asset value per unit at beginning of the period	62.83	73.06	63.44	57.55
Net asset value per unit at end of the period	65.93	65.58	65.93	65.58

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	59,036	124,712	46,991	124,933
<b>Adjustments for:</b>				
Unrealised gain on re-measurement of investments at 'fair value through profit or loss' (net)	(52,910)	(85,598)	(61,382)	(107,307)
Amortisation of preliminary expenses and floatation costs	203	203	102	102
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(3,045)	(1,104)	2,289	(1,907)
	3,284	38,213	(12,000)	15,821
<b>(Increase) / decrease in assets</b>				
Investments (net)	(28,833)	(37,551)	50,282	(48,300)
Receivable against sale of investments (net)	(945)	(2,780)	(813)	(2,780)
Dividend receivable	(369)	(124)	14,724	16,709
Deposits, prepayments and other receivables	(198)	364	2,336	(178)
	(30,345)	(40,091)	66,529	(34,549)
<b>(Decrease) / increase in liabilities</b>				
Payable to Al Meezan Investment Management Limited - Management Company	1,534	(224)	656	484
Payable to Central Depository Company of Pakistan Limited - Trustee	42	23	7	17
Payable to Meezan Bank Limited	(14)	-	-	-
Payable to Securities and Exchange Commission of Pakistan	(328)	73	302	227
Payable against purchase of investments (net)	(238,282)	(4,488)	-	(1,089)
Accrued expenses and other liabilities	2,520	2,658	1,995	2,695
	(234,528)	(1,958)	2,960	2,334
<b>Net cash (used in) / generated from operating activities</b>	<b>(261,589)</b>	<b>(3,836)</b>	<b>57,489</b>	<b>(16,394)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts against issuance of units	177,712	110,683	14,716	50,976
Payments against redemption of units	(152,342)	(117,605)	(62,112)	(37,484)
<b>Net cash generated from / (used in) financing activities</b>	<b>25,370</b>	<b>(6,922)</b>	<b>(47,396)</b>	<b>13,492</b>
Net (decrease) / increase in cash and cash equivalents during the period	(236,219)	(10,758)	10,093	(2,902)
Cash and cash equivalents at beginning of the period	248,684	15,240	2,372	7,384
Cash and cash equivalents at end of the period	12,465	4,482	12,465	4,482

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2014 (Unaudited)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 KSE Meezan Index Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan 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. The Fund is categorized as an Equity Scheme.
- 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 provisions and 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). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and directives issued by the SECP have been followed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

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, 2014.

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, 2014.

	Note	(Unaudited) December 31, 2014 (Rupees in '000)	(Audited) June 30, 2014
<b>5. INVESTMENTS</b>			
Investments at 'fair value through profit or loss'			
- Held for trading	5.1	<u>1,257,618</u>	<u>1,175,875</u>



## 5.1 Held for trading - shares of listed companies

Name of the investee company	As at July 1, 2014	Purchases during the period	Bonus/right issue	Sales during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain / (loss) as at December 31, 2014	Percentage in relation to		
									Net assets of the Fund on the basis of market value (note 5.1.1)	Paid-up capital of investee company (with face value of investment)	Market value of total investments
----- Number of shares -----						---- (Rupees in '000) ----					
<b>Sectors/ Companies</b>											
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	549,920	126,000	-	57,000	618,920	24,822	27,981	3,159	2.23	0.07	2.22
Fauji Fertilizer Company Limited	1,177,401	220,100	-	127,000	1,270,501	143,090	148,788	5,698	11.84	0.10	11.83
ICI Pakistan Limited	23,300	3,400	-	26,700	-	-	-	-	-	-	-
									<b>14.06</b>	<b>0.17</b>	<b>14.06</b>
<b>Construction and Materials (Cement)</b>											
Cherat Cement Company Limited	127,040	26,500	91,487	115,000	130,027	6,697	8,930	2,233	0.71	0.07	0.71
D.G. Khan Cement Company Limited	405,653	110,200	-	59,484	456,369	41,205	50,442	9,237	4.01	0.10	4.01
Fauji Cement Company Limited	1,231,694	283,500	-	128,000	1,387,194	27,467	35,845	8,378	2.85	0.10	2.85
Kohat Cement Company Limited	77,940	20,200	-	10,300	87,840	11,785	16,766	4,981	1.33	0.06	1.33
Lafarge Pakistan Cement Limited	-	691,500	-	5,500	686,000	11,893	11,902	9	0.95	0.05	0.95
Lucky Cement Limited	212,690	53,700	-	21,800	244,590	101,800	122,363	20,563	9.74	0.08	9.73
Maple Leaf Cement Factory Limited	310,700	172,500	-	34,000	449,200	15,050	19,877	4,827	1.58	0.09	1.58
Pioneer Cement Limited	114,500	90,000	-	32,000	172,500	10,508	14,768	4,260	1.17	0.08	1.17
									<b>22.35</b>	<b>0.62</b>	<b>22.34</b>
<b>Electricity</b>											
Hub Power Company Limited	1,460,462	476,000	-	294,000	1,642,462	101,639	128,703	27,064	10.24	0.14	10.23
Kot Addu Power Company Limited	763,753	244,500	-	150,000	858,253	53,452	67,750	14,298	5.39	0.10	5.39
K-Electric Limited (note 5.1.3)	4,646,653	1,168,000	-	591,500	5,223,153	44,001	48,157	4,156	3.83	0.02	3.83
									<b>19.46</b>	<b>0.37</b>	<b>19.45</b>
<b>Engineering</b>											
Millat Tractors Limited	29,806	8,900	-	5,200	33,506	17,463	21,674	4,211	1.72	0.08	1.72
<b>Fixed Line Telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	989,323	259,000	-	134,500	1,113,823	27,984	25,651	(2,333)	2.04	0.03	2.04
<b>Food Producers</b>											
Engro Foods Limited	193,181	27,500	-	220,681	-	-	-	-	-	-	-
National Foods Limited (note 5.1.3)	-	81,650	-	37,600	44,050	15,484	17,453	1,969	1.39	0.04	1.39
									<b>1.39</b>	<b>0.04</b>	<b>1.39</b>
<b>General Industrials</b>											
Packages Limited	49,700	20,700	-	13,950	56,450	30,418	38,289	7,871	3.05	0.07	3.04
<b>Multitiilities (Gas and Water)</b>											
Sui Northern Gas Pipeline Limited	266,837	39,500	-	306,337	-	-	-	-	-	-	-
<b>Oil and Gas</b>											
Attock Petroleum Limited	27,889	6,500	-	3,000	31,389	18,314	16,937	(1,377)	1.35	0.04	1.35
Attock Refinery Limited	50,185	13,300	-	7,000	56,485	11,820	10,606	(1,214)	0.84	0.07	0.84
Mari Petroleum Company Limited - (note 6)	30,895	7,400	6,599	3,300	41,594	13,767	19,776	6,009	1.57	0.04	1.57
National Refinery Limited	42,951	14,100	-	8,900	48,151	10,187	8,901	(1,286)	0.71	0.06	0.71
Oil and Gas Development Company Limited (note 5.1.2)	553,694	79,600	-	633,294	-	-	-	-	-	-	-
Pakistan Oilfields Limited	181,964	43,900	-	21,300	204,564	113,836	77,603	(36,233)	6.17	0.09	6.17
Pakistan Petroleum Limited (note 5.1.2)	596,678	105,300	-	63,900	638,078	142,597	112,634	(29,963)	8.96	0.03	8.96
Pakistan State Oil Company Limited	211,988	62,500	-	35,200	239,288	92,266	85,644	(6,622)	6.81	0.09	6.81
Shell Pakistan Limited	36,022	15,100	-	10,500	40,622	11,026	10,516	(510)	0.84	0.04	0.84
									<b>27.26</b>	<b>0.45</b>	<b>27.24</b>
<b>Personal Goods (Textile)</b>											
Nishat Mills Limited	295,850	75,200	-	37,900	333,150	37,732	40,308	2,576	3.21	0.09	3.21
Treet Corporation Limited	-	20,600	-	-	20,600	2,744	2,718	(26)	0.22	0.04	0.22
									<b>3.42</b>	<b>0.13</b>	<b>3.42</b>
<b>Pharma and Bio Tech</b>											
Abbott Laboratories (Pakistan) Limited	-	39,500	-	-	39,500	29,623	28,072	(1,551)	2.23	0.04	2.23
Glaxo Smithkline Pakistan Limited	84,432	32,600	-	21,700	95,332	17,094	20,907	3,813	1.66	0.03	1.66
The Searle Company Limited	-	95,300	-	22,300	73,000	18,944	17,657	(1,287)	1.40	0.09	1.40
									<b>5.30</b>	<b>0.16</b>	<b>5.30</b>
<b>Software and Computer Services</b>											
Netsol Technologies Limited	52,189	7,500	-	59,689	-	-	-	-	-	-	-
<b>Grand total</b>						<b>1,204,708</b>	<b>1,257,618</b>	<b>52,910</b>			
<b>Total cost of investments - 'held for trading'</b>							<b>1,062,348</b>				

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

5.1.2 267,000 shares of Pakistan Petroleum Limited, having market value of Rs 47.13 million as at December 31, 2014 (June 30, 2014: 140,100 shares of Oil and Gas Development Company Limited, having market value of Rs. 36.605 million), have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

- 5.1.3 All shares have a nominal value of Rs.10 each except for the shares of K-Electric Limited and National Foods Limited which have nominal value of Rs. 3.50 and Rs. 5 each respectively.

## 6. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Finance Act 2014 introduced amendments to Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. These shares will be released upon payments of tax by shareholders. The value of tax will be computed on the basis of day-end price on the first day of book closure.

In this regard, a constitution petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

In the current period, Mari Petroleum Company Limited issued bonus shares after withholding 5 percent of bonus shares. The Fund has also paid the tax amount aggregating to Rs. 0.15 million to Mari Petroleum, which has been classified as other receivable in the financial statements. Subsequent to the period end, Mari Petroleum has returned the pay order due to pending adjudication of the aforementioned constitution petition and the stay order. Furthermore, shares against withholding tax held with Mari Petroleum have not been deposited with the Government Treasury.

## 7. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE

- 7.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15 percent (till June 30, 2014: 16 percent) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act 2011, effective from July 01, 2011.

- 7.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honourable High Court Sindh in a Constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 2.44 million. Had the provision not being made, the Net Asset Value per unit of the Fund as at December 31, 2014 would have been higher by 0.13 per unit.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014, except for the matter disclosed in note 6 of this condensed interim financial information.

## 9. WORKERS' WELFARE FUND (WWF)

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their Trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In 2012, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013, a large bench of Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court. However, decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court therefore, the Management Company, as a matter of abundant caution, has recognised WWF charge for the period from January 1, 2013 to December 31, 2014 amounting to Rs. 10.65 million (balance included in accrued expenses and other liabilities which includes Rs. 1.20 million pertaining to the current period and Rs. 9.45 million pertaining to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.56 (0.85 percent).

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

## 10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, Directors and Officers of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Balanced Fund, Meezan Capital Preservation Fund – III, Meezan Capital Preservation Fund – II and Meezan Tahaffuz

Pension 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 Unitholders holding 10 percent or more of the Fund's net assets.

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

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

Details of transactions with connected persons and balances with them for the period ended December 31, 2014 and as of that date along with comparatives are as follows:

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	1,069	754
Sindh Sales Tax and Federal Excise Duty on management fee payable	2,814	1,618
Sales load payable	119	135
Sindh Sales Tax and Federal Excise Duty on sales load payable	270	231
Investment of 5,120,366 units (June 30, 2014 : 5,120,366 units)	337,586	321,713
<b>Meezan Bank Limited</b>		
Sales load payable	-	14
Bank balance	238	243,284
Investment of 2,113,224 units (June 30, 2014: 2,113,224 units)	139,325	132,774
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	192	150
Deposit	103	103
<b>Meezan Capital Preservation Fund - III</b>		
Investments of 1,532,729 units (June 30, 2014: nil units)	101,053	-
<b>Meezan Capital Preservation Fund - II</b>		
Investments of 4,041,197 units (June 30, 2014: 3,826,158 units)	266,436	240,398
<b>Directors and Executives of the Management Company</b>		
Investment of 1,279,591 units (June 30, 2014: 1,283,972 units)	84,363	80,672

	(Unaudited) Six months period ended December 31,	
	2014	2013
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	6,284	4,821
Sindh Sales Tax and Federal Excise Duty on management fee	2,098	1,623
Units issued: Nil (2013: 85,476 units)	-	5,000
Bonus units issued: Nil (2013: 866,556 units)	-	49,879
Redemption of units: Nil (2013: 86,987 units)	-	5,200
<b>Meezan Bank Limited</b>		
Profit on savings account	85	96
Bonus units issued: Nil (2013: 386,880 units)	-	22,269
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	1,133	962
CDS charges	38	23
<b>Meezan Capital Preservation Fund - III</b>		
Units issued: 1,532,729 units (2013: Nil)	99,750	-
Transaction Cost received	250	-
<b>Meezan Capital Preservation Fund - II</b>		
Units issued: 215,039 units (2013: Nil)	13,540	-
Transaction Cost received	34	-
<b>Directors and Executives of the Management Company</b>		
Units issued: 64 units (2013: 16 units)	4	1
Bonus units issued: nil units (2013: 245,681 units)	-	14,141
Redemption of units: 4,445 units (2013: 50,761 units)	293	3,000

## 11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than unrealized capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unitholders.

**12. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on February 20, 2015 by the Board of Directors of the Management Company.

**13. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

**Chief Executive**

**Director**



**Half Yearly Report December 31, 2014**

## 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  
Website: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azim	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoab, CFA	Chief Executive	

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoab, CFA	Member

### TRUSTEE

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

### AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh SultanTrust 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	BankIslami Pakistan Limited
Burj Bank Limited	Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking	Habib Metropolitan Bank Limited - Islamic Banking
Habib Bank Limited - Islamic Banking	Meezan Bank Limited
MCB Bank Limited - Islamic Banking	National Bank of Pakistan - Islamic Banking
Standard Chartered Bank (Pakistan) Limited - Islamic Banking	UBL Ameen

### LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone: (9221) 35156191-94 Fax: (9221) 35156195  
E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ISLAMIC INCOME FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Income Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

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

**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 20, 2015





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

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

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

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Islamic Income Fund** ("the Fund") as at 31 December 2014, and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*


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

### *Other Matters*

The figures for the quarter ended 31 December 2014 in the condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date: 20 February 2015**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Aryn Malik

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2014

	Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
<b>Assets</b>			
Balances with banks	5	3,527,633	3,298,683
Investments	6	2,638,210	1,616,111
Deposits, prepayments and other receivables		126,917	70,975
<b>Total assets</b>		<b>6,292,760</b>	<b>4,985,769</b>
<b>Liabilities</b>			
Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company		28,410	15,890
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		536	399
Payable to Securities and Exchange Commission of Pakistan (SECP)		2,417	2,701
Payable to Meezan Bank Limited (MBL)		-	112
Payable on redemption and conversion of units		3,745	7,139
Dividend payable		-	983
Accrued expenses and other liabilities	9	44,675	40,190
<b>Total liabilities</b>		<b>79,783</b>	<b>67,414</b>
<b>Net assets</b>		<b>6,212,977</b>	<b>4,918,355</b>
<b>Contingencies and commitments</b>	8		
<b>Unitholders' fund (as per statement attached)</b>		<b>6,212,977</b>	<b>4,918,355</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>119,085,342</b>	<b>98,043,044</b>
<b>(Rupees)</b>			
<b>Net asset value per unit</b>		<b>52.17</b>	<b>50.17</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
<b>Income</b>				
Profit on saving accounts with banks	187,849	66,977	94,177	37,578
Profit on sukuk certificates	123,501	95,968	64,261	51,354
Realised gain / (loss) on sale of sukuk certificates (net)	3,056	184,231	(3,107)	176,005
Other income	206	1,191	132	596
	<u>314,612</u>	<u>348,367</u>	<u>155,463</u>	<u>265,533</u>
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	6.1.1 & 6.1.3 8,972	1,270	3,354	3,167
Reversal / (provision) against sukuk certificates (net)	6.1.6 169	(168,968)	-	(168,194)
	<u>9,141</u>	<u>(167,698)</u>	<u>3,354</u>	<u>(165,027)</u>
<b>Total income</b>	<b>323,753</b>	<b>180,669</b>	<b>158,817</b>	<b>100,506</b>
<b>Expenses</b>				
Remuneration to Al Meezan Investment Management Limited - Management Company	48,345	21,783	24,513	11,152
Sindh Sales Tax and Federal Excise Duty on management fee	7 16,147	7,345	8,187	3,854
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	3,063	1,663	1,548	846
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	2,417	1,089	1,225	557
Auditors' remuneration	347	298	192	142
Fees and subscription	151	133	73	68
Amortisation of premium on 'available for sale' investments	-	18	-	-
Brokerage	239	51	149	51
Bank and settlement charges	43	67	20	49
Provision for Workers' Welfare Fund	9 4,876	2,970	2,311	1,670
Printing expense	-	113	-	56
<b>Total expenses</b>	<b>75,628</b>	<b>35,530</b>	<b>38,218</b>	<b>18,445</b>
<b>Net income from operating activities</b>	<b>248,125</b>	<b>145,139</b>	<b>120,599</b>	<b>82,061</b>
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed (net)	(9,195)	369	(7,353)	(1,555)
<b>Net income for the period before taxation</b>	<b>238,930</b>	<b>145,508</b>	<b>113,246</b>	<b>80,506</b>
Taxation	11 -	-	-	-
<b>Net income for the period after taxation</b>	<b>238,930</b>	<b>145,508</b>	<b>113,246</b>	<b>80,506</b>
<b>Other comprehensive income for the period</b>				
<b>Items that can be reclassified to income statement in subsequent periods</b>				
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	-	278	-	126
<b>Total comprehensive income for the period</b>	<b>238,930</b>	<b>145,786</b>	<b>113,246</b>	<b>80,632</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

Half Yearly Report 2014

## CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Undistributed income / accumulated (loss) brought forward				
- Realised	<b>88,966</b>	181,397	<b>129,684</b>	80,926
- Unrealised	<b>(79,179)</b>	15,680	<b>5,787</b>	(2,671)
	<b>9,787</b>	197,077	<b>135,471</b>	78,255
Final distribution for the year ended:				
Bonus units June 30, 2014: Nil (June 30, 2013 @ 7.5% Rs. 3.75 per unit)	-	(178,637)	-	-
Cash dividend June 30, 2014: Nil (June 30, 2013: @ 7.5% Rs. 3.75 per unit)	-	(5,187)	-	-
Interim distribution for the period ended:				
Bonus units December 31, 2014: Nil (December 31, 2013 @ 4% Rs. 2.00 per unit)	-	(110,267)	-	(110,267)
Cash dividend December 31, 2014: Nil (December 31, 2013 @ 4% Rs. 2.00 per unit)	-	(2,775)	-	(2,775)
Total distribution	-	(296,866)	-	(113,042)
Net income for the period	<b>238,930</b>	145,508	<b>113,246</b>	80,506
Undistributed income carried forward	<b>248,717</b>	45,719	<b>248,717</b>	45,719
Undistributed income / accumulated (loss) carried forward				
- Realised	<b>239,576</b>	213,417	<b>239,576</b>	213,417
- Unrealised	<b>9,141</b>	(167,698)	<b>9,141</b>	(167,698)
	<b>248,717</b>	45,719	<b>248,717</b>	45,719

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the six months and quarter ended December 31, 2014 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Net assets at beginning of the period	4,918,355	2,644,680	6,149,916	2,936,901
Issue of 96,669,695 units (2013: 18,010,131 units) and 23,933,960 units (2013: 5,254,860 units) for the six months and quarter respectively	4,913,886	919,178	1,236,395	272,642
Redemption of 75,627,397 units (2013: 16,258,277 units) and 24,934,254 units (2013: 8,129,598 units) for the six months and quarter respectively	(3,867,389)	(831,650)	(1,293,933)	(419,292)
	1,046,497	87,528	(57,538)	(146,650)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed (net)	9,195	(369)	7,353	1,555
Bonus units for the year ended:				
June 30, 2014: Nil (June 30, 2013: 5,739,443 units)	-	288,904	-	110,267
Realised gain / (loss) on sale of sukuk certificates	3,056	184,231	(3,107)	176,005
Unrealised appreciation / (diminution) in the value of investments (net)	9,141	(167,698)	3,354	(165,027)
Net other income for the period	226,733	129,253	112,999	69,654
Total comprehensive income for the period	238,930	145,786	113,246	80,632
Distribution for the year ended				
- Bonus units June 30, 2014: Nil (June 30, 2013: 3,558,522)	-	(178,637)	-	-
- Cash dividend June 30, 2014: Nil (June 30, 2013: Rs. 3.75 per unit)	-	(5,187)	-	-
Distribution for the period ended				
- Bonus units December 31, 2014: Nil (December 31, 2013: 2,180,921)	-	(110,267)	-	(110,267)
- Cash dividend December 31, 2014: Nil (December 31, 2013: Rs. 2.00 per unit)	-	(2,775)	-	(2,775)
Total distribution	-	(296,866)	-	(113,042)
Net income for the period less distribution	238,930	(151,080)	113,246	(32,410)
Net assets at end of the period	6,212,977	2,869,663	6,212,977	2,869,663
	----- (Rupees) -----			
Net asset value per unit at beginning of the period	50.17	53.95	51.21	51.34
Net asset value per unit at end of the period	52.17	50.78	52.17	50.78

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

Half Yearly Report 2014

## CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	238,930	145,508	113,246	80,506
<b>Adjustments for:</b>				
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	(8,972)	(1,270)	(3,354)	(3,167)
(Reversal) / provision against sukuk certificates (net)	(169)	168,968	-	168,194
Amortisation of premium on 'available for sale' investments	-	18	-	-
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed (net)	9,195	(369)	7,353	1,555
	<u>238,984</u>	<u>312,855</u>	<u>117,245</u>	<u>247,088</u>
<b>(Increase) / decrease in assets</b>				
Investments (net)	(1,012,958)	232,227	(109,533)	212,241
Deposits, prepayments and other receivables	(55,942)	(18,191)	(1,943)	(20,804)
	<u>(1,068,900)</u>	<u>214,036</u>	<u>(111,476)</u>	<u>191,437</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to Al Meezan Investment Management Limited - Management Company	12,520	(584)	5,293	1,964
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	137	45	43	13
Payable to Securities and Exchange Commission of Pakistan (SECP)	(284)	(197)	1,225	557
Payable to Meezan Bank Limited	(112)	(97)	-	-
Accrued expenses and other liabilities	4,485	3,104	1,751	1,505
	<u>16,746</u>	<u>2,271</u>	<u>8,312</u>	<u>4,039</u>
<b>Net cash (used in) / generated from operating activities</b>	<b>(813,170)</b>	<b>529,162</b>	<b>14,081</b>	<b>442,564</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts against issuance of units	4,913,886	919,178	1,236,395	272,642
Payments against redemption of units	(3,870,783)	(845,105)	(1,290,966)	(411,978)
Dividend paid	(983)	(5,211)	-	(24)
<b>Net cash generated from / (used in) financing activities</b>	<b>1,042,120</b>	<b>68,862</b>	<b>(54,571)</b>	<b>(139,360)</b>
Net increase / (decrease) in cash and cash equivalents during the period	228,950	598,024	(40,490)	303,204
Cash and cash equivalents at the beginning of the period	3,298,683	1,158,459	3,568,123	1,453,279
Cash and cash equivalents at the end of the period 5	<u>3,527,633</u>	<u>1,756,483</u>	<u>3,527,633</u>	<u>1,756,483</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2014 (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. The Fund is categorized as an Income Scheme.
- 1.4 The Fund has been given a stability rating of A-(f) and the Management Company of the Fund has been given quality rating of AM2+ by JCR - VIS Credit Rating Company Limited.
- 1.5 Title to the assets of the Fund are in the name of CDC as a trustee of the Fund.

### 2. BASIS OF PRESENTATION

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

### 3. STATEMENT OF COMPLIANCE

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



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

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, 2014.

The Fund's financial and unitholders' fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

	Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
<b>5. BALANCES WITH BANKS</b>			
On saving accounts	5.1	3,522,211	3,293,438
On current accounts		<u>5,422</u>	<u>5,245</u>
		<u>3,527,633</u>	<u>3,298,683</u>

5.1 The balance in saving accounts bears expected profit which ranges from 3.75% to 9.50% per annum (June 30, 2014: 3.72% to 9.20% per annum).

	Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
<b>6. INVESTMENTS</b>			
Investments at 'fair value through profit or loss'	6.1	2,638,210	1,616,111
6.1 Investments at 'fair value through profit or loss'			
- Held for trading	6.1.1	1,382,372	1,249,006
- Investments at 'fair value through profit or loss upon initial recognition'	6.1.3	<u>1,255,838</u>	<u>367,105</u>
		<u>2,638,210</u>	<u>1,616,111</u>

### 6.1.1 Held for trading - Sukuk certificates

Name of the Security	Maturity date	Profit rate	As at July 1, 2014	Purchases during the period	Sales / redemptions during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised (loss) / gain	Percentage in relation to	
										Net assets of the Fund on the basis of market value	Total market value of investments
										-----Number of certificates-----	
GoP Ijarah Sukuk Certificates - IX (note 6.1.2 & 6.1.2.1)	November 21, 2015	Weighted average 6 months T-Bills	1,700	7,200	-	8,900	892,446	891,157	(1,289)	14.34	33.78
GoP Ijarah Sukuk Certificates - XI (note 6.1.2 & 6.1.2.1)	November 21, 2015	Weighted average 6 month T-Bills	-	3,900	-	3,900	390,390	390,975	585	6.29	14.82
GoP Ijarah Sukuk Certificates - XII (note 6.1.2 & 6.1.2.1)	November 21, 2015	Weighted average 6 months T-Bills	1,000	-	-	1,000	102,830	100,240	(2,590)	1.61	3.80
GoP Ijarah Sukuk Certificates - XV (note 6.1.2)	June 25, 2017	Weighted average 6 months T-Bills	9,740	-	9,740	-	-	-	-	-	-
<b>Grand Total</b>							<b>1,385,666</b>	<b>1,382,372</b>	<b>(3,294)</b>		
<b>Total cost of investments</b>								<b>1,380,660</b>			

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

6.1.2.1 On December 12, 2014, the GoP extended the maturity of these sukuks to November 21, 2015 through a resolution passed in the Extra Ordinary General Meeting of Sukuk holders held on 10 November 2014.

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

Name of the Security	Maturity date	Profit rate	As at July 1, 2014	Purchases during the period	Sales / redemptions during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain / (loss)	Percentage in relation to		
										Net assets of the Fund on the basis of market value	Paid-up capital of investee company (with face value of investment)	Total market value of investments
										-----Number of certificates-----		
Arzoo Textile Mills Limited (note 6.1.4 & 6.1.5)	April 15, 2014	6 months Kibor plus base rate of 2%	14,000	-	-	14,000	-	-	-	9.46	-	
Eden Housing Limited (note 6.1.4.4 & 6.1.5)	September 29, 2014	6 months Kibor plus base rate of 2.5%	59,400	-	-	59,400	-	-	-	12.32	-	
Engro Fertilizer Limited (note 6.1.4) (A, PACRA, non-traded)	September 1, 2015	6 months Kibor plus base rate of 1.5%	35,500	-	-	35,500	177,348	178,196	848	2.87	6.75	
Engro Fertilizer Limited (note 6.1.4) (A+, PACRA)	July 09, 2019	6 months Kibor plus base rate of 1.75%	-	80,000	-	80,000	400,000	407,121	7,121	6.55	15.43	
K-Electric Limited (SUKUK 1) (note 6.1.4) (AA, JCR-VIS, traded)	April 19, 2015	1 month Kibor plus base rate of 1.00%	-	14,500	-	14,500	72,871	72,642	(229)	1.17	2.75	
K-Electric Limited (SUKUK 2) (note 6.1.4) (AA, JCR-VIS, traded)	March 19, 2017	3 months Kibor plus base rate of 2.25%	-	35,600	-	35,600	181,560	184,230	2,670	2.97	6.98	
Lalpir Power Limited CP Sukuk (note 6.1.4 & 6.1.4.1) - at cost	February 18, 2015	6 months Kibor plus base rate of 0.30%	-	53,400	-	53,400	267,000	267,000	-	4.30	10.12	
Maple Leaf Cement Factory Limited (note 6.1.4 & 6.1.4.3) (BBB, PACRA)	December 3, 2018	3 months Kibor plus base rate of 1.7%	51,064	-	12,100	38,964	144,793	146,649	1,856	2.36	5.56	
Security Leasing Corporation Limited II (note 6.1.4, 6.1.4.4 & 6.1.5)	January 19, 2022	Nil	3,115	-	34	3,081	-	-	-	6.67	-	
<b>Grand Total</b>							<b>1,243,572</b>	<b>1,255,838</b>	<b>12,266</b>			
<b>Total cost of investments</b>								<b>1,413,201</b>				

- 6.1.4 The nominal value of the sukuk certificates is Rs 5,000 each.
- 6.1.4.1 The securities are carried at face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.
- 6.1.4.2 The nominal value of the sukuk certificate of Eden Housing Limited is Rs. 984. 375 each.
- 6.1.4.3 The sukuku of Maple Leaf Cement Factory Limited (MLCF) have been regular on its payments as per the restructuring agreement and meet all conditions of Circular 33 of 2012 for reclassification. Consequently, MUFAP has reclassified MLFC Sukuk from non performing to performing on June 23, 2014 and assigned it a value of Rs 77.5200 after applying a discretionary discount of 500 bps. However, the security has been reclassified but the issuer class risk still remains as "BBB" which is the lowest cadre in investment grade category. Additionally, MLCF's plans to go for an expansion in line with some other industry players are still not clear and if, in order to capture an increased share of the increasing demand going forward, the company goes for the expansion strategy which may result in stressed cash flows once again. Accordingly, management has applied additional 200 bps discretionary discount which brought down the price of MLFC Sukuk to Rs. 75.2741.
- 6.1.4.4 Eden Housing Limited and Security Leasing Corporation Sukuk Certificates have been classified as non-performing by MUFAP. Details are given inther amount financial statements for the year ended June 30, 2014.
- 6.1.5 The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (Management Company) classified Meezan Islamic Income Fund (the Fund) as ' Income Scheme' in accordance with the said circular. As at December 31, 2014, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade.

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

Name of Non-Compliant Investment	Type of investments	Value of investment before provision	Provision held	Value of investment after provision	Percentage of net assets	Percentage of total assets
		-----Rupees in '000-----			----- % -----	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	70,000	70,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	58,472	58,472	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	15,403	15,403	-	-	-
		<b>143,875</b>	<b>143,875</b>	-	-	-

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
<b>6.1.6 Provision on sukuk certificates</b>		
Opening	144,044	125,755
(Reversal) / Provision for the period (net)	(169)	18,289
Closing	<u>143,875</u>	<u>144,044</u>

## 7. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE

7.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15 percent (till June 30, 2014: 16 percent) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act 2011 effective from July 01, 2011.

7.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honourable High Court Sindh in a constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 15.68 million. Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2014 would have been higher by 0.13 per unit.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014.

## 9. 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 2 percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their Trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In 2012, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013 a large bench of Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

However, decisions of SHC ( in against) and LHC ( in favour) are pending before Supreme Court therefore the management company as a matter of abundant caution recognised WWF amounting to Rs. 43.782 million (included in the balances of accrued expenses and other liabilities) which includes Rs. 4.876 million pertaining to the current period and Rs. 38.906 million pertaining to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.37 (0.70 percent).

#### 10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, Directors and Officers of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Balanced Fund, Meezan Capital Preservation Fund – III, Meezan Capital Preservation Fund – II and Meezan Tahaffuz Pension 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 unit holders holding 10 percent or more of the Funds net assets.

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

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

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

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	<u>8,578</u>	<u>5,801</u>
Sales load payable	<u>460</u>	<u>277</u>
Certificate charges payable	<u>1</u>	<u>1</u>

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Sindh Sales Tax and Federal Excise Duty on management fee	18,902	9,648
Sindh Sales Tax and Federal Excise Duty on sales load	469	163
Investments as at December 31, 2014: 10,969,539 units (June 30, 2014: 16,183,639 units)	572,281	811,933
<b>Meezan Bank Limited</b>		
Sales load payable	-	112
Balances with bank	17,603	63,581
Profit receivable on saving account	2,429	336
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Trustee fee payable	536	399
Deposit	100	100
<b>Meezan Capital Preservation Fund - III</b>		
Investments as at December 31, 2014: 18,153,700 units (June 30, 2014: 18,713,377 units)	947,079	938,850
<b>Meezan Capital Preservation Fund - II</b>		
Investments as at December 31, 2014: 15,024,038 units (June 30, 2014: nil units)	783,804	-
<b>Al Meezan Investment Management Limited - Staff Gratuity Fund</b>		
Investments as at December 31, 2014: 38,330 units (June 30, 2014: 38,330 units)	2,000	1,923
<b>Directors and Executives of the Management Company</b>		
Investments as at December 31, 2014: 3,029,173 units (June 30, 2014: 4,092,708 units)	158,032	205,331
<b>Unit holders holding 10 percent or more of the Funds net assets</b>		
Investments as at December 31, 2014: 14,544,836 units (June 30, 2014: nil units)	758,804	-

**(Unaudited)**  
**Six months period ended**  
**December 31,**  
**2014**                      **2013**  
(Rupees in '000)

<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	<u>48,345</u>	<u>21,783</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>16,147</u>	<u>7,345</u>
Units issued: 1,945,694 units (December 31, 2013: 986,388 units)	<u>100,000</u>	<u>50,000</u>
Redemptions: 7,159,794 units (December 31, 2013: nil units)	<u>366,104</u>	<u>-</u>
Bonus units issued: nil units (December 31, 2013: 548,652 units)	<u>-</u>	<u>27,623</u>
<b>Meezan Bank Limited</b>		
Profit on saving account	<u>2,429</u>	<u>598</u>
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Remuneration for the period	<u>3,063</u>	<u>1,663</u>
CDS Charges for the period	<u>13</u>	<u>3</u>
<b>Meezan Capital Preservation Fund - III</b>		
Units issued: 14,121,392 units (December 31, 2013: nil units)	<u>718,000</u>	<u>-</u>
Redemptions: 14,681,069 units (December 31, 2013: nil units)	<u>744,900</u>	<u>-</u>
<b>Meezan Capital Preservation Fund - II</b>		
Units issued: 40,355,018 units (December 31, 2013: nil units)	<u>2,033,035</u>	<u>-</u>
Redemptions: 25,330,980 units (December 31, 2013: nil units)	<u>1,283,979</u>	<u>-</u>
<b>Al Meezan Investment Management Limited - Staff Gratuity Fund</b>		
Bonus units issued: nil units (December 31, 2013: 3,733 units)	<u>-</u>	<u>188</u>
<b>Directors and Executives of the Management Company</b>		
Units issued: 149,442 units (December 31, 2013: 543,167 units)	<u>7,641</u>	<u>27,680</u>
Redemptions: 1,212,977 units (December 31, 2013: 6,966 units)	<u>62,679</u>	<u>356</u>
Bonus units issued: nil units (December 31, 2013: 140,489 units)	<u>-</u>	<u>5,124</u>

## 11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income,

the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than unrealized capital gains to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unit holders.

**12. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on February 20, 2015 by the Board of Directors of the Management Company.

**13. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

**Chief Executive**

**Director**





**Half Yearly Report December 31, 2014**

## 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  
Website: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azim	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoaib, CFA	Chief Executive	

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	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	MCB Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking	Meezan Bank Limited
Bank Al Habib Limited - Islamic Banking	National Bank of Pakistan - Islamic Banking
Faysal Bank Limited - Islamic Banking	UBL Ameen
Habib Metropolitan Bank Limited - Islamic Banking	Standard Chartered Bank (Pakistan) Limited - Islamic Banking
Habib Bank Limited - Islamic Banking	

### LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone: (9221) 35156191-94 Fax: (9221) 35156195  
E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN SOVEREIGN FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Sovereign Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

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

**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 20, 2015





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

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

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Sovereign Fund** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*


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

### *Other Matters*

The figures for the quarter ended 31 December 2014 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date: 20 February 2015**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Amyn Malik

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2014

	Note	(Unaudited) December 31, 2014 ------(Rupees in '000)-----	(Audited) June 30, 2014
<b>Assets</b>			
Balances with banks	5	2,733,604	6,690,140
Investments	6	7,955,401	13,724,316
Deposits, prepayments and other receivables		230,056	285,931
Preliminary expenses and floatation costs		55	312
<b>Total assets</b>		<b>10,919,116</b>	<b>20,700,699</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		60,487	54,698
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		1,606	1,225
Payable to Securities and Exchange Commission of Pakistan (SECP)		5,821	15,287
Payable to Meezan Bank Limited (MBL)		-	270
Payable on redemption and conversion of units		44,515	225,016
Accrued expenses and other liabilities	9	132,687	123,518
<b>Total liabilities</b>		<b>245,116</b>	<b>420,014</b>
<b>Net assets</b>		<b>10,674,000</b>	<b>20,280,685</b>
<b>Contingencies and commitments</b>	8		
<b>Unitholders' fund (as per statement attached)</b>		<b>10,674,000</b>	<b>20,280,685</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>206,091,671</b>	<b>401,746,086</b>
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<b>51.79</b>	<b>50.48</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
<b>Income</b>					
Profit on saving accounts with banks		177,848	226,506	69,771	116,210
Profit on sukuk certificates		544,156	660,743	239,487	327,033
Net realised loss on sale of sukuk certificates		(66,362)	(4,282)	(48,528)	(7,782)
		<u>655,642</u>	<u>882,967</u>	<u>260,730</u>	<u>435,461</u>
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss (net)	6.1	(109,318)	81,800	(17,503)	62,147
<b>Total income</b>		<u>546,324</u>	<u>964,767</u>	<u>243,227</u>	<u>497,608</u>
<b>Expenses</b>					
Remuneration to AI Meezan Investment Management Limited - Management Company		77,610	98,715	32,579	49,738
Sindh Sales Tax and Federal Excise Duty on management fee	7	25,922	33,269	10,882	17,192
Remuneration to Central Depository Company of Pakistan Limited - Trustee		5,791	7,058	2,522	3,552
Annual fee to Securities and Exchange Commission of Pakistan		5,821	7,404	2,444	3,731
Auditors' remuneration		320	338	174	212
Fees and subscription		128	123	64	63
Amortisation of premium on investments held as 'available for sale'		-	2,999	-	-
Amortisation of preliminary expenses and floatation costs		257	258	128	129
Brokerage		717	1,224	317	962
Bank and settlement charges		100	113	64	82
Provision for Workers' Welfare Fund (WWF)	9	5,939	16,159	1,958	8,452
Printing expenses		378	768	189	703
<b>Total expenses</b>		<u>122,983</u>	<u>168,428</u>	<u>51,321</u>	<u>84,816</u>
<b>Net income from operating activities</b>		<u>423,341</u>	<u>796,339</u>	<u>191,906</u>	<u>412,792</u>
Element of loss and capital losses included in prices of units sold less those in units redeemed (net)		(132,347)	(4,555)	(95,974)	(6,356)
<b>Net income for the period before taxation</b>		<u>290,994</u>	<u>791,784</u>	<u>95,932</u>	<u>406,436</u>
<b>Taxation</b>	11	-	-	-	-
<b>Net income for the period after taxation</b>		<u>290,994</u>	<u>791,784</u>	<u>95,932</u>	<u>406,436</u>
<b>Other comprehensive income for the period</b>					
<b>Items that can be reclassified to income statement in subsequent periods</b>					
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	6.2.3	(30,049)	21,271	(10,990)	26,273
<b>Total comprehensive income for the period</b>		<u>260,945</u>	<u>813,055</u>	<u>84,942</u>	<u>432,709</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

Half Yearly Report 2014

**Director**

Half Yearly Report 2014

## CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
Undistributed income / accumulated (loss) brought forward				
- Realised	15,835	410,650	452,785	29,509
- Unrealised	147,842	(1,919)	(91,815)	19,653
	<u>163,677</u>	<u>408,731</u>	<u>360,970</u>	<u>49,162</u>
Final distribution for the year ended June 30, 2014: Nil				
- Bonus units June 30, 2013 @ 2.06% (Rs. 1.03 per unit)	-	(396,261)	-	-
- Cash dividend June 30, 2013 @ 2.06% (Rs. 1.03 per unit)	-	(181)	-	-
Interim distribution on September 30, 2014: Nil				
- Bonus units September 23, 2013 @ 1.80% (Rs. 0.9 per unit)	-	(348,279)	-	-
- Cash dividend September 23, 2013 @ 1.80% (Rs. 0.9 per unit)	-	(152)	-	-
Interim distribution on December 31, 2014: Nil				
- Bonus units December 24, 2013 @ 1.68% (Rs. 0.84 per unit)	-	(322,143)	-	(322,143)
- Cash dividend December 24, 2013 @ 1.68% (Rs. 0.84 per unit)	-	(80)	-	(80)
Total distribution	-	(1,067,096)	-	(322,223)
Net income for the period	290,994	791,784	95,932	406,436
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments	9,004	(291)	6,773	(247)
Undistributed income carried forward	<u>463,675</u>	<u>133,128</u>	<u>463,675</u>	<u>133,128</u>
Undistributed income / accumulated (loss) carried forward				
- Realised	572,993	51,328	572,993	51,328
- Unrealised	6.1 (109,318)	81,800	(109,318)	81,800
	<u>463,675</u>	<u>133,128</u>	<u>463,675</u>	<u>133,128</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the six months and quarter ended December 31, 2014 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Net assets at beginning of the period	20,280,685	19,654,233	15,229,096	19,703,368
Issue of 174,594,878 units (2013: 199,338,937) and 139,716,277 units (2013: 131,132,295) for the period	8,921,070	10,114,640	1,813,221	6,669,350
Redemption of 370,249,293 units (2013: 218,621,174) and 243,318,195 units (2013: 143,803,128) for the period	(18,921,047) (9,999,977)	(11,085,843) (971,203)	(6,549,233) (4,736,012)	(7,311,476) (642,126)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net) for the period	132,347	4,555	95,974	6,356
Bonus units for the period ended:				
- December 31, 2014: Nil (December 31, 2013: 21,287,162)	-	1,066,683	-	322,143
Realised loss on sale of sukuk certificates	(66,362)	(4,282)	(48,528)	(7,782)
Unrealised (diminution) / appreciation in the value of investments (net)	(139,367)	103,071	(47,552)	88,420
Net other income for the period	466,674	714,266	181,022	352,071
Total other comprehensive income for the period	260,945	813,055	84,942	432,709
Distribution for the period ended:				
- Bonus units December 31, 2014: Nil (December 31, 2013: 21,287,162)	-	(1,066,683)	-	(322,143)
- Cash dividend December 31, 2014: Nil (December 31, 2013: @ 5.54 %)	-	(413)	-	(80)
Total distribution for the period	-	(1,067,096)	-	(322,223)
Net income for the period less distribution	260,945	(254,041)	84,942	110,486
Net assets at the end of period	<u>10,674,000</u>	<u>19,500,227</u>	<u>10,674,000</u>	<u>19,500,227</u>
	----- (Rupees) -----			
Net assets value per unit at beginning of the period	<u>50.48</u>	<u>51.07</u>	<u>51.08</u>	<u>50.12</u>
Net assets value per unit at end of the period	<u>51.79</u>	<u>50.40</u>	<u>51.79</u>	<u>50.40</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**



## CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	290,994	791,784	95,932	406,436
<b>Adjustments for :</b>				
Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss (net)	109,318	(81,800)	17,503	(62,147)
Amortisation of preliminary expenses and floatation costs	257	258	128	129
Amortisation of premium on investments held as 'available for sale'	-	(2,999)	-	(2,999)
Element of loss and capital losses included in prices of units issued less those in units redeemed	132,347	4,555	95,974	6,356
	<u>532,916</u>	<u>711,798</u>	<u>209,537</u>	<u>347,775</u>
<b>Decrease in assets</b>				
Investments (net)	5,629,548	382,535	3,057,935	1,000,588
Deposits, prepayments and other receivables	55,875	37,122	103,136	146,617
	<u>5,685,423</u>	<u>419,657</u>	<u>3,161,071</u>	<u>1,147,205</u>
<b>Increase / (Decrease) in liabilities</b>				
Payable to Al Meezan Investment Management Limited - Management Company	5,789	10,820	2,121	10,107
Payable to Central Depository Company of Pakistan Limited - Trustee	381	32	633	64
Payable to Securities and Exchange Commission of Pakistan	(9,466)	(7,316)	2,443	3,731
Payable to Meezan Bank Limited	(270)	(307)	-	-
Accrued expenses and other liabilities	9,169	13,933	3,993	8,679
	<u>5,603</u>	<u>17,162</u>	<u>9,190</u>	<u>22,581</u>
<b>Net cash generated from operating activities</b>	<b>6,223,942</b>	<b>1,148,617</b>	<b>3,379,798</b>	<b>1,517,561</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts against issuance of units	8,921,070	10,114,640	1,813,221	6,669,350
Payments against redemption of units	(19,101,548)	(11,223,080)	(6,536,962)	(7,343,444)
Dividend paid	-	(379)	-	(82)
<b>Net cash used in financing activities</b>	<b>(10,180,478)</b>	<b>(1,108,819)</b>	<b>(4,723,741)</b>	<b>(674,176)</b>
Net (decrease) / increase in cash and cash equivalents during the period	(3,956,536)	39,798	(1,343,943)	843,385
Cash and cash equivalents at beginning of the period	6,690,140	5,259,781	4,077,547	4,456,194
Cash and cash equivalents at end of the period	<u>2,733,604</u>	<u>5,299,579</u>	<u>2,733,604</u>	<u>5,299,579</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended December 31, 2014 (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 unit holders maximum possible preservation of capital along with Halal and reasonable returns by investing primarily in a portfolio of Shariah compliant government securities thus minimising the credit risk of investments. The Fund shall also keep an exposure in short-term near cash instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the Trust Deed all conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open end Shariah Compliant (Islamic) Income Scheme, listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The Management Company of the Fund has been given quality rating of AM2+ and the stability rating of the Fund is AA(f) given by JCR-VIS Credit Rating Company Limited.
- 1.5 Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund.

### 2. BASIS OF PRESENTATION

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

### 3. STATEMENT OF COMPLIANCE

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2014.

The Fund's financial and unit holders' fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

#### 5 BALANCES WITH BANKS

	Note	(Unaudited) December 31, 2014 (Rupees in '000)	(Audited) June 30, 2014
On saving accounts	5.1	2,726,702	6,679,679
On current accounts		6,902	10,461
		<u>2,733,604</u>	<u>6,690,140</u>

5.1 The balance in saving accounts bears expected profit which ranges from 3.75% to 9.27% per annum (June 30, 2014: 5% to 8.25% per annum).

	Note	(Unaudited) December 31, 2014 (Rupees in '000)	(Audited) June 30, 2014
Investments at - 'fair value through profit or loss'	6.1	6,379,549	12,040,264
Investments - 'available for sale'	6.2	1,575,852	1,684,052
		<u>7,955,401</u>	<u>13,724,316</u>

#### 6 INVESTMENTS

## 6.1 Investments - 'At Fair Value through Profit & Loss'

Name of the Security	Maturity date	Profit rate	As at July 1, 2014	Purchases during the period	Sales / redemptions during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised (loss)	Percentage in relation to	
										Net assets of the Fund on the basis of market value	Total market value of investments
-----Number of certificates-----						-----Rupees in '000-----					
GoP Ijarah Sukuk Certificates - IX (note 6.2.1 & 6.2.2)	November 21, 2015	Weighted average 6 months T-Bills	46,450	-	18,030	28,420	2,878,378	2,845,695	(32,683)	26.66	35.77
GoP Ijarah Sukuk Certificates - X (note 6.2.1 & 6.2.2)	November 21, 2015	..... do .....	35,530	-	20,000	15,530	1,583,439	1,555,641	(27,798)	14.57	19.55
GoP Ijarah Sukuk Certificates - XII (note 6.2.1 & 6.2.2)	November 21, 2015	..... do .....	17,604	1,381	-	18,985	1,949,838	1,903,056	(46,782)	17.83	23.92
GoP Ijarah Sukuk Certificates - XIII (note 6.2.1 & 6.2.2)	November 21, 2015	..... do .....	1,000	-	250	750	77,212	75,157	(2,055)	0.70	0.94
GoP Ijarah Sukuk Certificates - XIV (note 6.2.1)	March 28, 2016	..... do .....	-	2,900	2,900	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XV (note 6.2.1)	June 25 2017	Weighted average 6 months T-Bills less 2 basis point	18,000	6,350	24,350	-	-	-	-	-	-
<b>Total cost of investments</b>							<b>6,488,867</b>	<b>6,379,549</b>	<b>(109,318)</b>		
								<b>6,391,675</b>			

## 6.2 Investments - 'Available for Sale'

Name of the Security	Maturity date	Profit rate	As at July 1, 2014	Purchases during the period	Sales / redemptions during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised (loss) / gain	Percentage in relation to	
										Net assets of the Fund on the basis of market value	Total market value of investments
-----Number of certificates-----						-----Rupees in '000-----					
GoP Ijarah Sukuk Certificates - X (note 6.2.1 & 6.2.2)	November 21, 2015	Weighted average 6 months T-Bills	13,500	-	-	13,500	1,354,629	1,352,295	(2,334)	12.67	17.00
GoP Ijarah Sukuk Certificates - XI (note 6.2.1 & 6.2.2)	November 21, 2015	..... do .....	3,010	-	780	2,230	223,430	223,557	127	2.09	2.81
<b>Total cost of investments</b>							<b>1,578,059</b>	<b>1,575,852</b>	<b>(2,207)</b>		
								<b>1,578,060</b>			

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

6.2.2 On December 12, 2014, the GoP has extended the maturity of these sukuk to November 21, 2015 through a resolution passed in the Extra Ordinary General Meeting of Sukuk holders held on 10 November 2014.

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
<b>6.2.3 Net unrealised appreciation on re-measurement of investment classified as 'available for sale'</b>		
Market value of investment	1,575,852	1,684,052
Less: Cost of investments	<u>(1,578,059)</u>	<u>(1,656,210)</u>
	(2,207)	27,842
Less: Net unrealised appreciation on re-measurement of investments classified as 'available for sale' at beginning of the period	<u>(27,842)</u>	-
	<u><u>(30,049)</u></u>	<u><u>27,842</u></u>

## 7 SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE

7.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15 percent (till June 30, 2014: 16 percent) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act 2011 effective from July 01, 2011.

7.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honourable High Court Sindh in a constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 40.92 million. Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2014 would have been higher by 0.2 per unit.

## 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014.

## 9 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 2 percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis

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

In 2012, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013 a large bench of Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. However, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF. As at December 31, 2014, the Fund has recognised WWF amounting to Rs.128.40 million (included in the balance of accrued expenses and other liabilities) which includes Rs. 5.94 million pertaining to the current year and Rs. 122.47 million pertaining to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.62 (1.20 percent).

#### **10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers (executives) of the Management Company, Al Meezan Mutual Fund, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Islamic Income Fund, Meezan Balanced Fund, KSE Meezan Index Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund - II and Meezan Capital Preservation Fund - III 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 unit holders holding 10 percent or more of the Funds net assets.

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

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

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

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	10,090	17,298
Sindh Sales Tax and Federal Excise Duty payable on management fee	47,467	34,440
Sales load payable	1,275	1,535
Sindh Sales Tax and Federal Excise Duty payable on sales load	1,655	1,425
Investments as at December 31, 2014: nil (June 30, 2014: 619,702 units)	-	31,283
<b>Meezan Bank Limited</b>		
Sales load payable	-	270
Balances with bank	165,847	167,608
Profit receivable on savings account	932	18,464
Investments as at December 31, 2014: 61,005,561 units (June 30, 2014: 129,875,189 units)	3,159,478	6,556,100
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	1,606	1,225
Deposits	100	100
<b>AI Meezan Investment Management Limited - Staff Gratuity Fund</b>		
Investments as at December 31, 2014: 44,826 units (June 30, 2014: 44,826 units)	2,322	2,263
<b>Meezan Financial Planning Fund of Funds</b>		
Investments as at December 31, 2014: 1,996,279 units - Aggressive Allocation Plan (June 30, 2014: 1,942,386 units)	103,387	98,052
Investments as at December 31, 2014: 6,338,161 units - Conservative Allocation Plan (June 30, 2014: 5,044,442 units)	328,253	254,644
Investments as at December 31, 2014: 3,235,300 units - Moderate Allocation Plan (June 30, 2014: 2,489,711 units)	167,556	125,681
<b>Meezan Capital Preservation Fund II</b>		
Investments as at December 31, 2014: 99 units (June 30, 2014: 99 Units)	5	5
<b>Directors and officers (key executives) of the Management Company</b>		
Investments as at December 31, 2014: 347,176 units (June 30, 2014: 1,419,337 units)	17,980	71,648

	<b>Six months period ended</b>	
	<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Rupees in '000)</b>	
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	<u>77,610</u>	<u>98,715</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>25,922</u>	<u>33,269</u>
Units issued: nil (December 31, 2013: 11,536,838 units)	<u>-</u>	<u>584,563</u>
Units redeemed: 619,702 units (December 31, 2013: 11,137,015 units)	<u>31,481</u>	<u>563,018</u>
Bonus units issued: nil (December 31, 2013: 779,916 units)	<u>-</u>	<u>39,083</u>
<b>Meezan Bank Limited</b>		
Profit on saving accounts	<u>2,511</u>	<u>22,293</u>
Units issued nil (December 31, 2013: 78,400,627 units)	<u>-</u>	<u>4,000,000</u>
Units redeemed: 68,869,628 units (December 31, 2013: 107,199,435 units)	<u>3,516,189</u>	<u>5,455,439</u>
Bonus units issued: nil (December 31, 2013: 7,592,235 units)	<u>-</u>	<u>380,411</u>
<b>Central Depository Company of Pakistan Limited- Trustee</b>		
Remuneration for the period	<u>5,791</u>	<u>7,058</u>
<b>AI Meezan Investment Management Limited - Staff Gratuity Fund</b>		
Bonus units issued nil units (December 31, 2013: 2,299 units)	<u>-</u>	<u>115</u>
<b>Meezan Financial Planning Fund of Funds</b>		
Units issued 464,521 units - Aggressive Allocation Plan (December 31, 2013: 737,687 units)	<u>23,824</u>	<u>37,212</u>
Units issued 3,116,571 units - Conservative Allocation Plan (December 31, 2013: 2,588,223 units)	<u>159,170</u>	<u>130,855</u>
Units issued 1,241,898 units - Moderate Allocation Plan (December 31, 2013: 760,083 units)	<u>63,641</u>	<u>38,304</u>
Units redeemed 410,628 units - Aggressive Allocation Plan (December 31, 2013: 300,239 units)	<u>20,955</u>	<u>15,203</u>
Units redeemed 1,822,852 units - Conservative Allocation Plan (December 31, 2013: 1,744,305 units)	<u>93,000</u>	<u>88,397</u>
Units redeemed 496,309 units - Moderate Allocation Plan (December 31, 2013: 767,849 units)	<u>25,350</u>	<u>89,918</u>
Bonus units issued nil - Aggressive Allocation Plan (December 31, 2013: 69,906 units)	<u>-</u>	<u>3,503</u>



	(Unaudited)	
	Six months period ended	
	December 31,	
	2014	2013
	(Rupees in '000)	
Bonus units issued nil - Conservative Allocation Plan (December 31, 2013: 247,785 units)	-	12,418
Bonus units issued nil - Moderate Allocation Plan (December 31, 2013: 82,282 units)	-	4,123
<b>Directors and officers (key executives) of the Management Company</b>		
Units issued 78,763 units (December 31, 2013: 474,411 units)	<b>3,420</b>	24,030
Units redeemed 1,150,924 units ( December 31, 2013: 1,206,429 units)	<b>58,763</b>	61,135
Bonus units issued nil ( December 31, 2013: 221,750 units)	-	11,111

#### 11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than unrealized capital gains to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unit holders.

#### 12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 20, 2015 by the Board of Directors of the Management Company.

#### 13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director



**Half Yearly Report December 31, 2014**

## 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  
Website: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azim	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoaib, CFA	Chief Executive	

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	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 Metropolitan Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking	MCB Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking	Meezan Bank Limited
Faysal Bank Limited - Islamic Banking	National Bank of Pakistan - Islamic Banking
Habib Bank Limited - Islamic Banking	UBL Ameen

### LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone: (9221) 35156191-94 Fax: (9221) 35156195  
E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN CASH FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Cash Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

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

**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 20, 2015





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

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

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

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Cash Fund** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

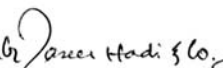
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### *Other Matters*

The figures for the quarter ended 31 December 2014 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date: 20 February 2015**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Aryn Malik

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2014

	Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
<b>Assets</b>			
Balances with banks	5	3,119,254	2,544,117
Investments	6	1,245,220	-
Receivable against Bai Muajjal		-	530,078
Profit receivable		65,528	63,959
Deposits and prepayments		409	318
<b>Total assets</b>		<b>4,430,411</b>	<b>3,138,472</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		16,062	11,668
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		340	282
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,449	4,199
Payable on redemption and conversion of units		6,829	18,367
Accrued expenses and other liabilities	9	58,209	54,590
<b>Total liabilities</b>		<b>82,889</b>	<b>89,106</b>
<b>Net assets</b>		<b>4,347,522</b>	<b>3,049,366</b>
<b>Contingencies and commitments</b>	8		
<b>Unitholders' fund (as per statement attached)</b>		<b>4,347,522</b>	<b>3,049,366</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>83,757,812</b>	<b>60,905,742</b>
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<b>51.91</b>	<b>50.07</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
<b>Income</b>					
Profit on saving accounts with banks		107,929	148,142	65,299	90,669
Profit on placements		25,213	26,205	9,316	3,512
Profit on sukuk certificates		43,460	111,009	28,665	42,666
Net realised loss on sale of sukuk certificates		-	(562)	-	(562)
		<u>176,602</u>	<u>284,794</u>	<u>103,280</u>	<u>136,285</u>
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' (net)	6.2	(4,133)	-	(618)	(1,906)
<b>Total income</b>		<u>172,469</u>	<u>284,794</u>	<u>102,662</u>	<u>134,379</u>
<b>Expenses</b>					
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		19,322	32,430	11,071	15,717
Sindh Sales Tax and Federal Excise Duty on management fee	7	6,453	10,910	3,697	5,432
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		1,827	2,810	1,019	1,368
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		1,449	2,432	830	1,179
Auditors' remuneration		249	310	112	187
Fees and subscription		134	133	68	73
Amortisation of preliminary expenses and floatation costs		-	303	-	152
Amortisation of premium on investments held as 'available for sale'		-	698	-	-
Bank and settlement charges		92	72	29	71
Provision for Workers' Welfare Fund (WWF)	9	3,142	4,641	1,686	2,232
Printing expense		-	95	-	36
<b>Total expenses</b>		<u>32,668</u>	<u>54,834</u>	<u>18,512</u>	<u>26,447</u>
<b>Net income from operating activities</b>		<u>139,801</u>	<u>229,960</u>	<u>84,150</u>	<u>107,932</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		14,152	(2,557)	(1,546)	(988)
<b>Net income for the period before taxation</b>		<u>153,953</u>	<u>227,403</u>	<u>82,604</u>	<u>106,944</u>
Taxation	11	-	-	-	-
<b>Net income for the period after taxation</b>		<u>153,953</u>	<u>227,403</u>	<u>82,604</u>	<u>106,944</u>
Other comprehensive income for the period					
<b>Items that can be reclassified to income statements in subsequent periods</b>					
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'		-	-	-	22
<b>Total comprehensive income for the period</b>		<u>153,953</u>	<u>227,403</u>	<u>82,604</u>	<u>106,966</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

## CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Undistributed income / accumulated (loss) brought forward				
- Realised	8,803	10,169	83,667	12,593
- Unrealised	-	(1,982)	(3,515)	1,906
	<u>8,803</u>	<u>8,187</u>	<u>80,152</u>	<u>14,499</u>
Distribution for the period ended December 31, 2014:				
- Bonus units: Nil	-	-	-	-
- Cash dividend: Nil	-	-	-	-
Interim Distribution for the period ended on July 23, 2013				
- Bonus units @ 0.54% (Rs.0.27 per unit)	-	(35,505)	-	-
- Cash dividend @ 0.54% (Rs.0.27 per unit)	-	(15)	-	-
Interim Distribution on August 22, 2013				
- Bonus units @ 0.60% (Rs.0.30 per unit)	-	(40,046)	-	-
- Cash dividend @ 0.60% (Rs.0.30 per unit)	-	(17)	-	-
Interim Distribution on September 20, 2013				
- Bonus units @ 0.60% (Rs.0.30 per unit)	-	(38,550)	-	-
- Cash dividend @ 0.60% (Rs.0.30 per unit)	-	(14)	-	-
Interim Distribution on October 23, 2013				
- Bonus units @ 0.60% (Rs.0.32 per unit)	-	(40,276)	-	(40,276)
- Cash dividend @ 0.60% (Rs.0.32 per unit)	-	(13)	-	(13)
Interim Distribution on November 21, 2013				
- Bonus units @ 0.54% (Rs.0.27 per unit)	-	(34,727)	-	(34,727)
- Cash dividend @ 0.54% (Rs.0.27 per unit)	-	(11)	-	(11)
Interim Distribution December 24, 2013 for the period				
- Bonus units @ 0.60% (Rs.0.30 per unit)	-	(34,751)	-	(34,751)
- Cash dividend @ 0.60% (Rs.0.30 per unit)	-	(13)	-	(13)
Total distribution	-	(223,938)	-	(109,791)
Net income for the period	<u>153,953</u>	<u>227,403</u>	<u>82,604</u>	<u>106,944</u>
Undistributed income carried forward	<u>162,756</u>	<u>11,652</u>	<u>162,756</u>	<u>11,652</u>
Undistributed income / accumulated (loss) carried forward				
- Realised	166,889	11,652	166,889	11,652
- Unrealised	6.2 (4,133)	-	(4,133)	-
	<u>162,756</u>	<u>11,652</u>	<u>162,756</u>	<u>11,652</u>

The annexed notes 1 to 13 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' FUND

For the six months and quarter ended December 31, 2014 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
Net assets at beginning of the period	3,049,366	6,510,774	4,269,426	6,161,989
Issue of 109,464,356 units (2013: 92,053,612 units) and 5,5876,912 units (2013: 22,722,950 units) for the six months and quarter respectively	5,582,948	4,618,037	2,870,053	1,140,463
Redemption of 86,612,286 units (2013: 110,387,500 units) and 55,966,945 units (2013: 31,681,280 units) for the six months and quarter respectively	(4,424,593)	(5,538,050)	(2,876,107)	(1,589,731)
	1,158,355	(920,013)	(6,054)	(449,268)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed (net)	(14,152)	2,557	1,546	988
Bonus units for the year ended June 30, 2014 : Nil (June 30, 2013: 4,478,508)	-	223,855	-	109,754
Realised loss on sale of sukuk certificates	-	(562)	-	(562)
Unrealised diminution in the value of investments (net)	(4,133)	-	(618)	(1,884)
Net other income for the period	158,086	227,965	83,222	109,412
<b>Total comprehensive income for the period</b>	<b>153,953</b>	<b>227,403</b>	<b>82,604</b>	<b>106,966</b>
Distribution for the period ended December 31, 2014 Bonus units and cash distribution: Nil	-	-	-	-
Issue of 709,882 bonus units and cash distribution on July 23, 2013	-	(35,520)	-	-
Issue of 800,874 bonus units and cash distribution on August 22, 2013	-	(40,063)	-	-
Issue of 771,881 bonus units and cash distribution on September 20, 2013	-	(38,564)	-	-
Issue of 806,314 bonus units and cash distribution on October 23, 2013	-	(40,289)	-	(40,289)
Issue of 694,674 bonus units and cash distribution on November 21, 2013	-	(34,738)	-	(34,738)
Issue of 694,883 bonus units and cash distribution on December 24, 2013	-	(34,764)	-	(34,764)
Total distribution for the period	-	(223,938)	-	(109,791)
Net income for the period less distribution	153,953	3,465	82,604	(2,825)
Net assets at end of the period	4,347,522	5,820,638	4,347,522	5,820,638
<b>(Rupees)</b>				
Net assets value per unit at beginning of the period	50.07	50.06	50.92	50.11
Net assets value per unit at end of the period	51.91	50.09	51.91	50.09

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	153,953	227,403	82,604	106,944
<b>Adjustments for :</b>				
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	4,133	-	618	1,906
Amortisation of preliminary expenses and floatation costs	-	303	-	152
Amortisation of premium on investments held as 'available for sale'	-	698	-	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(14,152)	2,557	1,546	988
	<b>143,934</b>	<b>230,961</b>	<b>84,768</b>	<b>109,990</b>
<b>(Increase) / Decrease in assets</b>				
Deposits and prepayments	(91)	109	67	73
Profit receivable	(1,569)	10,932	161	109,183
Receivable against Bai Muajjal	530,078	-	542,868	-
Investments (net)	(1,249,353)	3,391,802	3,047	3,493,062
	<b>(720,935)</b>	<b>3,402,843</b>	<b>546,143</b>	<b>3,602,318</b>
<b>Increase / (Decrease) in liabilities</b>				
Payable to Al Meezan Investment Management Limited - Management Company	4,394	2,959	2,842	2,680
Payable to Central Depository Company of Pakistan Limited - Trustee	58	(25)	54	(13)
Payable to Securities and Exchange Commission of Pakistan Brokerage payable	(2,750)	(2,592)	830	1,179
Accrued expenses and other liabilities	-	(129)	-	(60)
	<b>3,619</b>	<b>3,118</b>	<b>1,743</b>	<b>(159)</b>
	<b>5,321</b>	<b>3,331</b>	<b>5,469</b>	<b>3,627</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(571,680)</b>	<b>3,637,135</b>	<b>636,380</b>	<b>3,715,935</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts against issuance of units	5,582,948	4,618,037	2,870,053	1,140,463
Payments against redemption of units	(4,436,131)	(5,550,023)	(2,881,206)	(1,602,540)
Dividend paid	-	(96)	-	(57)
<b>Net cash generated from / (used in) financing activities</b>	<b>1,146,817</b>	<b>(932,082)</b>	<b>(11,153)</b>	<b>(462,134)</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>575,137</b>	<b>2,705,053</b>	<b>625,227</b>	<b>3,253,801</b>
Cash and cash equivalents at beginning of the period	2,544,117	2,620,449	2,494,027	2,071,701
Cash and cash equivalents at end of the period	5	3,119,254	5,325,502	3,119,254
	<b>3,119,254</b>	<b>5,325,502</b>	<b>3,119,254</b>	<b>5,325,502</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

Half Yearly Report 2014

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2014 (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 unit holders' safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point in time. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end Shariah compliant (Islamic) Money Market Scheme listed on 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 Credit Rating Company Limited.
- 1.5 Title to the assets of the Fund are held in the name of CDC as a Trustee.

### 2. BASIS OF PRESENTATION

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

### 3. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting

Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the 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 NBFC Rules, the NBFC Regulations and directives issued by the SECP have been followed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures require 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, 2014.

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, 2014.

The Fund's financial unit holders' fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

	Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
<b>5. BALANCES WITH BANKS</b>			
On saving accounts	5.1	3,112,510	2,541,500
On current accounts		6,744	2,617
		<u>3,119,254</u>	<u>2,544,117</u>

5.1 The balances in saving accounts have an expected profit ranging from 3.75% to 9.27% per annum (June 30, 2014 : 3.72% to 8.25% per annum).

	Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
<b>6. INVESTMENTS</b>			
Investments - 'loans and receivables' - Placements	6.1	-	-
Investments - 'fair value through profit or loss'			
Held for trading	6.2	978,220	-
Fair value through profit or loss upon initial recognition	6.2	267,000	-
		<u>1,245,220</u>	<u>-</u>
		<u>1,245,220</u>	<u>-</u>

## 6.1 Held to maturity - Fund placements

Name of the bank	Maturity date	Profit range	As at July 1, 2014	Placements made during the period	Matured during the period	As at December 31, 2014	Percentage in relation to	
							Net assets of the Fund on the basis of market value	Total market value of investments
		%	-----Rupees in '000-----				-----%-----	
MCB Bank Limited	November 17, 2014	9.00	-	300,000	(300,000)	-	-	-

## 6.2 Fair Value through profit or loss upon initial recognition (Held for trading & Fair Value Initial Recognition)

Name of the Issuer / Security	Maturity date	Profit rate	As at July 1, 2014	Purchases during the period	Sales / redemptions during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised loss	Percentage in relation to	
										Net assets of the Fund on the basis of market value	Total market value of investments
			-----Number of certificates-----				-----Rupees in '000-----			-----%-----	
GoP Ijara Sukuk - IX ) (Note 6.2.1 & 6.2.2)	November 21, 2015	Weighted Average 6 months T-Bills	-	9,770	-	9,770	982,353	978,220	(4,133)	22.50	78.56
Lalpir Power Limited - Sukuk (Note 6.2.3)	February 18, 2015	6 months KIBOR plus base rate of 0.30%	-	53,400	-	53,400	267,000	267,000	-	6.14	21.44
<b>Total</b>							<b>1,249,353</b>	<b>1,245,220</b>	<b>(4,133)</b>		
<b>Total cost of investment</b>								<b>1,249,353</b>			

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

6.2.2 On December 12, 2014, the GoP extended the maturity of these sukuk to November 21, 2015 through a resolution passed in the Extra Ordinary General Meeting of Sukuk holders held on 10 November 2014.

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

## 7. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE

7.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15 percent (till June 30, 2014: 16 percent) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act 2011 effective from July 01, 2011.

7.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honourable High Court Sindh in a Constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 10.19 million. Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2014 would have been higher by 0.12 per unit.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014.

## 9. 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 2 percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their Trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In 2012, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013, a large bench of Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. However, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF. As at December 31, 2014, the Fund has recognised WWF amounting to Rs. 56.91 million (included in the balance of accrued and other liabilities) which includes Rs. 3.14 million pertaining to the current year and Rs. 53.77 million pertaining to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.68 (1.31 percent).

## 10. 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, KSE Meezan Index Fund, Meezan Sovereign Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund - III and Meezan Capital Preservation Fund - II 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 unit holders holding 10 percent or more of the Funds net assets .

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

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

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

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	3,691	2,935
Sindh Sales Tax and Federal Excise Duty payable on management fee	12,371	8,733
<b>Meezan Bank Limited</b>		
Balances with bank	29,231	23,240
Profit receivable on saving accounts	503	9,781
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Trustee fee payable	340	282
Deposits	100	100
<b>AI Meezan Investment Management Limited - Staff Gratuity Fund</b>		
Investments as at December 31, 2014: 43,913 units (June 30, 2014: 43,913 units)	2,280	2,199
<b>Meezan Financial Planning Fund of Funds - Meezan Capital Preservation Plan-I</b>		
Investments as at December 31, 2014: 10,140,142 units (June 30, 2014: nil units)	526,375	-
<b>Directors and officers of the Management Company</b>		
Investments as at December 31, 2014: 22,339 units (June 30, 2014: 25,694 units)	1,160	1,286
	Six months period ended December 31,	
	2014	2013
	(Rupees in '000)	
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	19,322	32,430
Sindh Sales Tax and Federal Excise Duty on management fee	6,453	10,910
Units issued: 1,577,909 units (2013 : nil units)	80,000	-
Units redeemed: 1,577,909 units (2013: nil units)	80,679	-
<b>Meezan Bank Limited</b>		
Profit on saving accounts	3,140	23,206

	Six months period ended December 31,	
	2014	2013
	(Rupees in '000)	
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Trustee fee for the period	1,827	2,810
CDS Charges	3	3
<b>Al Meezan Investment Management Limited - Staff Gratuity Fund</b>		
Bonus units issued : nil (2013: 1,465 units)	-	73
<b>Meezan Financial Planning Fund of Funds - Meezan Capital Preservation Plan-I</b>		
Units issued: 29,294,459 units (2013 : nil units)	1,492,000	-
Units redeemed 19,154,317 units (2013: nil units)	981,500	-
<b>Directors and officers of the Management Company</b>		
Units issued: 55,160 units (2013 : 88,027 units)	2,830	4,412
Units redeemed 58,515 units (2013: 344,497 units)	3,009	17,303
Bonus units issued: nil units (2013: 10,463 units)	-	523

#### 11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than unrealized capital gains to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unit holders.

#### 12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 20, 2015 by the Board of Directors of the Management Company.

#### 13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director





**Half Yearly Report December 31, 2014**

## 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  
 Website: www.almeezangroup.com  
 E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azim	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoaib, CFA	Chief Executive	

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	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

Meezan Bank Limited

### LEGAL ADVISER

Bawaney & Partners  
 3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
 Phase VI, DHA, Karachi.  
 Phone: (9221) 35156191-94 Fax: (9221) 35156195  
 E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

Meezan Bank Limited  
 Meezan House  
 C-25, Estate Avenue, SITE, Karachi.  
 Phone: 38103538 Fax: 36406017  
 Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
 Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN CAPITAL PRESERVATION FUND – II**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Capital Preservation Fund – II (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from June 28, 2014 to December 31, 2014 in accordance with the provisions of the following:

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

**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 20, 2015





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

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

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Capital Preservation Fund II** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes thereto for the period from 28 June 2014 till 31 December 2014 (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### *Other Matters*

The figures for the quarter ended 31 December 2014 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date: 20 February 2015**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Ameen Malik

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2014

	Note	(Unaudited) December 31, 2014 (Rupees in '000)
<b>Assets</b>		
Balances with banks	5	4,136
Investments	6	2,176,520
Prepayment and other receivables	7	221
Preliminary expenses and floatation costs	8	<u>3,719</u>
<b>Total assets</b>		<b>2,184,596</b>
<b>Liabilities</b>		
Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company	9	11,189
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	10	159
Payable to Securities and Exchange Commission of Pakistan (SECP)	11	807
Accrued expenses and other liabilities	12	<u>2,767</u>
<b>Total liabilities</b>		<b>14,922</b>
<b>Net assets</b>		<u><b>2,169,674</b></u>
Contingencies & Commitments	13	
<b>Unit holders' fund (as per statement attached)</b>		<u><b>2,169,674</b></u>
		<b>Number of units</b>
<b>Number of units in issue</b>	14	<u><b>40,853,807</b></u>
		<b>(Rupees)</b>
<b>Net assets value per unit</b>		<u><b>53.11</b></u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT

For the period from June 28, 2014 to December 31, 2014 (Unaudited)



	Note	For the period	
		from June 28, 2014 to December 31, 2014	Quarter ended December 31, 2014
------(Rupees in '000)-----			
<b>Income</b>			
Net realised (loss) / gain on sale of investments		(3,454)	4,713
Profit on saving accounts with banks		1,590	168
Other income		1,141	379
		(723)	5,260
Unrealised gain on re-measurement of investments - 'fair value through profit or loss' (net)	6.1	139,272	98,308
<b>Total income</b>		138,549	103,568
<b>Expenses</b>			
Remuneration to Al Meezan Investment Management Limited - Management Company	9.1	264	19
Sindh Sales Tax and Federal Excise Duty on management fee	9.2 & 9.3	90	6
Remuneration to Central Depository Company - Trustee	10	935	468
Annual fee to Securities and Exchange Commission of Pakistan	11	807	405
Auditors' remuneration		176	88
Fees and subscription		66	33
Amortisation of preliminary expenses and floatation costs	8	1,281	630
Bank and settlement charges		4,260	5
Provision for Workers' Welfare Fund (WWF)	15	2,591	2,016
<b>Total expenses</b>		10,470	3,670
<b>Net income from operating activities</b>		128,079	99,898
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)		(1,095)	(1,073)
<b>Net income for the period before taxation</b>		126,984	98,825
Taxation	22	-	-
<b>Net income for the period after taxation</b>		126,984	98,825
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income for the period</b>		126,984	98,825

The annexed notes 1 to 23 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 period from June 28, 2014 to December 31, 2014 (Unaudited)

	Note	For the period from June 28, 2014 to December 31, 2014	Quarter ended December 31, 2014
----- (Rupees in '000) -----			
Undistributed income / accumulated (loss) brought forward			
- Realised		-	(12,805)
- Unrealised		-	40,964
		-	28,159
Net income for the period		<b>126,984</b>	98,825
Undistributed income carried forward		<u><b>126,984</b></u>	<u>126,984</u>
Accumulated (loss) / undistributed income carried forward			
- Realised		<b>(12,288)</b>	(12,288)
- Unrealised	6.1	<b>139,272</b>	139,272
		<u><b>126,984</b></u>	<u>126,984</u>

The annexed notes 1 to 23 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' FUND

For the period from June 28, 2014 to December 31, 2014 (Unaudited)

	For the period from June 28, 2014 to December 31, 2014	Quarter ended December 31, 2014
	----- (Rupees in '000) -----	
Net assets at beginning of the period	-	2,090,380
Issue of 41,295,834 units and Nil units for six months and quarter respectively	2,064,792	-
Redemption of 442,027 units and 390,602 units for six months and quarter respectively	(23,197) 2,041,595	(20,604) (20,604)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	1,095	1,073
Net realised (loss) / gain on sale of investments	(3,454)	4,713
Unrealised appreciation in value of investments	139,272	98,308
Net other loss for the period	(8,834)	(4,196)
Total comprehensive income for the period	126,984	98,825
Net assets at end of the period	2,169,674	2,169,674

The annexed notes 1 to 23 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 period from June 28, 2014 to December 31, 2014 (Unaudited)

	Note	For the period from June 28, 2014 to December 31, 2014	Quarter ended December 31, 2014
------(Rupees in '000)-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period		126,984	98,825
Adjustments for:			
Unrealised gain on re-measurement of investments - 'at fair value through profit or loss' (net)		(139,272)	(98,308)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)		1,095	1,073
		(11,193)	1,590
<b>(Increase) / Decrease in assets</b>			
Investments - net		(2,037,248)	9,837
Prepayment and other receivables		(221)	705
Preliminary expenses and floatation cost		(3,719)	630
		(2,041,188)	11,172
<b>Increase in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		11,189	1
Payable to Central Depository Company - Trustee		159	10
Payable to Securities and Exchange Commission of Pakistan		807	405
Accrued expenses and other liabilities		2,767	2,095
		14,922	2,511
<b>Net cash (used in) / generated from operating activities</b>		(2,037,459)	15,273
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt against issuance of units		2,064,792	-
Payments against redemption of units		(23,197)	(20,604)
<b>Net cash generated from / (used in) financing activities</b>		2,041,595	(20,604)
Net increase / (decrease) in cash and cash equivalents during the period		4,136	(5,331)
Cash and cash equivalents at beginning of the period		-	9,467
<b>Cash and cash equivalents at end of the period</b>	5	4,136	4,136

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period from June 28, 2014 to December 31, 2014 (Unaudited)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Capital Preservation Fund - II (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 March 28, 2014 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 Fund commenced its operations from June 28, 2014. SECP granted exemption for preparation of financial statements as at June 30, 2014 vide their letter no. SCD/AMCW/MCPF-II/004/2014. 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. The Management Company has been licensed by the Securities and Exchange Commission of Pakistan to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP.
- 1.2 The Fund is an open ended mutual fund listed on Islamabad Stock Exchange. Units were offered for public subscription up to the end of the public offering period. After initial offering period, the offer of units was discontinued. However the subscription in the units may be re-opened for fresh issuance by the management company with prior approval of the Commission under intimation to the Trustee and by providing notice to investors in order to protect the interests of the Unitholders of the Fund. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unitholders subject to the applicability of back end load @ 5 percent if transferred / redeemed before maturity of the Fund. The units of the Fund were initially offered to the public (IPO) in June 2014. The initial maturity of the Fund shall be two (2) years from the commencement of the life of the Fund.
- 1.3 The Fund is categorized as fund of fund scheme in accordance with Circular No.7 issued by Securities and Exchange Commission of Pakistan.
- 1.4 The objective of the Fund is to earn a potentially high return through dynamic asset allocation between Shariah Compliant Equities and Shariah Compliant Income / Money Market based Collective Investment Schemes, while providing capital preservation of the principal investment at completion of the duration of fund.
- 1.5 The Management Company has been given a quality rating of AM2+ by JCR - VIS Credit Rating Company Limited.
- 1.6 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 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. BASIS OF PREPARATION**

#### **3.1 Statement of Compliance**

This condensed interim financial information has 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 (IASB) as are notified 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 2008) and directives issued by the SECP. Wherever, the requirements of the Trust Deed, the NBFC Rules, 2003, the NBFC Regulations, 2008 and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules, 2003, the NBFC Regulations, 2008 and the said directives shall prevail.

#### **3.2 Basis of measurement**

This condensed interim financial information has been prepared on the basis of historical cost convention except that investments classified as 'at fair value through profit or loss' and 'available for sale' are measured at fair value.

#### **3.3 Functional and presentation currency**

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

#### **3.4 Critical accounting estimates and judgements**

The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the Management Company to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable in the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- (a) Classification and valuation of financial instruments (note 4.1 and note 6)
- (b) Impairment of financial instruments (note 4.1.6)
- (c) Amortisation of preliminary expenses and floatation costs (notes 4.5 and 8)
- (d) Recognition of provision for Workers' Welfare Fund (note 15)

#### **3.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be

effective for accounting periods beginning on or after January 01, 2015.

- Amendments to IAS 19 'Employee Benefits' Employee contributions – a practical approach (effective for annual periods beginning on or after July 01, 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.
- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Fund's financial statements.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after January 01, 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after January 01, 2016. The amendments are not likely to have an impact on Fund's financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after January 01, 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets / operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after January 01, 2016. The adoption of this standard is not like to have an impact on Fund's financial statements.
- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after January 01, 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and / or unconsolidated structured

entities, into one place. The adoption of this standard is not likely to have an impact on Fund's financial statements.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after January 01, 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard may have an impact on disclosures in the Funds's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after January 01, 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after January 01, 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after January 01, 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of this standard is not likely to have an impact on Fund's financial statements.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after July 01, 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.
- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. The adoption of this standard may have an impact on disclosures in the Funds's financial statements.
- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after January 01, 2016). The new cycle of improvements contain amendments to the following standards:
- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods. The adoption of this standard may have an impact on disclosures in the Funds's financial statements.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred. The adoption of this standard may have an impact on disclosures in the Funds's financial statements.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below:

### **4.1 Financial instruments**

#### **4.1.1 Classification**

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets in accordance with the requirement of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement', at the time of initial recognition and re-evaluates this classification on a regular basis.

##### **(a) Financial instruments as 'at fair value through profit or loss'**

An instrument is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated as 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial instruments as 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in Income Statement.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

##### **(b) Held to maturity**

These are securities acquired by the Fund with the intention and ability to hold them upto maturity.

##### **(c) Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as fair value through profit or loss or available for sale.

##### **(d) Available for sale**

These are non-derivative financial assets that are either designated in this category or are not classified in any of the other categories mentioned in (a) to (c) above.

#### **4.1.2 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

#### **4.1.3 Recognition**

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

#### **4.1.4 Measurement**

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not 'at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liability 'at fair value through profit or loss' are charged to the Income Statement immediately.

Subsequent to initial recognition, instruments classified as financial assets at 'fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the Income Statement. The changes in the fair value of instruments classified as 'available for sale' are recognised in other comprehensive income until derecognised or impaired when the accumulated fair value adjustments recognised in other comprehensive income are transferred to Income Statement through other comprehensive income.

Financial assets classified as loans and receivables and held-to-maturity are carried at amortised cost using the effective yield method, less impairment losses, if any.

Financial liabilities, other than those at 'fair value through profit or loss', are measured at amortised cost using the effective yield method.

#### **4.1.5 Fair value measurement principles**

The fair value of financial instruments, derivatives and financial instruments sold on deferred settlement basis is based on their price quoted on the Karachi Stock Exchange at the reporting date without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their fair value.

#### **4.1.6 Impairment**

Impairment loss on investments other than 'available for sale' is recognised in the income statement whenever the carrying amount of investment exceeds its recoverable amount. If in a subsequent period, the amount of an impairment loss recognised decreases the impairment is reversed through the Income Statement.



In case of investment classified as 'available for sale' equity instruments, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. Impairment loss on investment is recognised in the Income Statement whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the income statement are not reversed subsequently in the Income Statement.

Impairment loss on investment classified as 'available for sale' debt securities is recognised in the Income Statement whenever the acquisition cost of investment exceeds its recoverable amount. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed in the Income Statement.

#### **4.1.7 Derecognition**

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### **4.1.8 Offsetting of financial instruments**

Financial assets and financial liabilities are set off and the net amount is reported in the Statement of Assets and Liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **4.2 Issuance and redemption of units**

Units issued are recorded at the offer price, prevalent on the day on which the applications for purchase of units are received (however units are issued upon realisation of cheque). The offer price represents the net asset value per unit as of the close of the business day plus the allowable front-end sales load. The sales load is payable to the distributor and the Management Company. Issuance of units has been discontinued since June 28, 2014.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, provision of duties and charges and transaction cost if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.3 Element of income / (loss) and capital gain / (loss) included in prices of units sold less those in units redeemed (Net)**

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 unit holder'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 unit holders. 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 Provisions**

A provision is recognised when the Fund has a legal or constructive obligation as result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of that obligation can be made. Provisions are regularly reviewed and are adjusted to reflect the current best estimate.

#### **4.5 Preliminary expenses and floatation costs**

Preliminary expenses represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of two years commencing from June 28, 2014 in accordance with the Trust Deed of the Fund & the NBFC Regulations 2008.

#### **4.6 Net assets value per unit**

The net assets value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the period end.

#### **4.7 Taxation**

##### **Current**

The income of the Fund is exempt from income tax under clause 99 of part I to the second schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be taken into account. Accordingly, the Fund has not recorded a tax liability in respect of income relating to the current year as the Fund intends to avail this exemption.

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

## **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates. The Fund has not recorded a tax liability and deferred tax in respect of income relating to the current year as the Fund intends to avail this exemption.

### **4.8 Revenue recognition**

- i) Gains / (losses) arising on sale of investments are included in the Income Statement currently on the date at which the transaction takes place.
- ii) Dividend income is recognised when the Fund's right to receive the dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- iii) Profit on bank deposit is recognised on time proportion basis using effective yield method.

### **4.9 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances including term deposits with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investment for other purposes.

### **4.10 Expenses**

All expenses including Management fee, Trustee fee and Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement as and when incurred.

### **4.11 Distribution**

Distribution including bonus units / Cash dividend are recognised in the period in which they are approved.

### **4.12 Unitholders' fund**

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

### **4.13 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.

	<b>Note</b>	<b>(Unaudited) December 31, 2014 (Rupees in '000)</b>
<b>5. BALANCES WITH BANKS</b>		
On saving account	5.1	<u><u>4,136</u></u>

5.1 The balances in saving account bear expected profit of 6.05% per annum.

## 6. INVESTMENTS

Investments 'at fair value through profit or loss - Held for trading'	6.1	<u><u>2,176,520</u></u>
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### 6.1 Held for trading - Units of mutual funds

Name of the investee funds	Opening balance	Purchases during the period	Bonus issue	Sales during the period	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain as at September 30, 2014	Percentage in relation to	
									Net assets of the Fund on the basis of market value	Total market value of total investments
	-----Number of Units-----					-----Rupees in '000-----			%	
Al-Meezan Mutual Fund	-	15,521,242	-	4,535,147	10,986,095	153,224	169,516	16,292	7.81	7.79
Meezan Islamic Fund	-	24,204,816	-	6,872,228	17,332,588	872,096	956,759	84,663	44.10	43.96
Meezan Islamic Income Fund	-	40,354,334	-	25,330,296	15,024,038	757,986	783,804	25,818	36.13	36.01
Meezan Sovereign Fund	-	99	-	-	99	5	5	-	-	-
KSE Meezan Index Fund	-	4,041,197	-	-	4,041,197	253,937	266,436	12,499	12.28	12.24
<b>Grand total</b>						<u><u>2,037,248</u></u>	<u><u>2,176,520</u></u>	<u><u>139,272</u></u>	<u><u>100.32</u></u>	<u><u>100.00</u></u>
<b>Total cost of investments</b>							<u><u>2,037,248</u></u>			

## 7. PREPAYMENT AND OTHER RECEIVABLES

	<b>Note</b>	<b>(Unaudited) December 31, 2014 (Rupees in '000)</b>
Profit receivable on saving accounts		<u>52</u>
Prepaid Listing fee		<u>169</u>
		<u><u>221</u></u>

## 8. PRELIMINARY EXPENSES AND FLOATATION COSTS

Cost incurred		<u>5,000</u>
Less: Amortisation during the period	8.1	<u>1,281</u>
Closing balance		<u><u>3,719</u></u>

8.1 Preliminary expenses and floatation costs represent expenditures incurred prior to the commencement of the operations of the Fund, restricted to one percent of Pre-IPO capital, and are being amortised over a period of two years commencing from the end of the initial offering period in accordance with the requirements of the Trust Deed of the Fund and NBFC Regulation, 2008.

	Note	(Unaudited) December 31, 2014 (Rupees in '000)
<b>9. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED (Al Meezan) - Management Company</b>		
Management fee	9.1	5
Sindh Sales Tax and Federal Excise Duty on management fee	9.2 & 9.3	50
Sales load		11
Sindh Sales Tax and Federal Excise Duty on sales load	9.2 & 9.3	6,123
Preliminary expenses and floatation cost		5,000
		<u>11,189</u>

9.1 Under the provisions of NBFC Regulations, 2008 the Management Company is entitled to a remuneration of an amount not exceeding 3 percent of the average annual net assets of the Fund during the first five years of the Fund's existence, and thereafter, of an amount equal to 2 percent of such assets of the Fund. The remuneration of the Management Company has been charged at the rate of 1 percent per annum on cash and cash equivalent for the period.

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15 percent (2014: 16 percent) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act 2011 effective from July 01, 2011.

9.3 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honourable High Court Sindh in a constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management Company has made a provision aggregating to Rs. 5.32 million. Had the provision not being made, the Net Assets Value per unit of the Fund as at December 31, 2014 would have been higher by Rs. 0.13 per unit.

**10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) - Trustee**

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed in accordance with the tariff specified.

The remuneration of the Trustee for the period ended December 31, 2014 has been calculated as per the following applicable tariff:

Net assets	Tariff
Up to 1 billion	0.10% per annum
Over 1 billion	Rs. 1 million plus 0.075% p.a. of Net Assets exceeding Rs.1 billion

**11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)**

This represents annual fee at the rate of 0.095 percent of the average annual net assets of the Fund payable to SECP under regulation 62 read with Schedule II of NBFC Regulations, 2008.

**12. ACCRUED EXPENSES AND OTHER LIABILITIES**

	Note	(Unaudited) December 31, 2014 (Rupees in '000)
Auditors' remuneration		176
Workers' Welfare Fund (WWF) payable	15	<u>2,591</u>
		<u>2,767</u>

**13. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2014.

**14. NUMBER OF UNITS IN ISSUE**

(Unaudited)  
December 31,  
2014  
(Number of Units)

**14.1 The movement in number of units in issue during the period is as follows:**

Total units in issue at beginning of the period	-
Units issued during the period	41,295,834
Less: units redeemed during the period	<u>(442,027)</u>
Total units in issue at end of the period	<u>40,853,807</u>

**14.2 The Fund may issue the following classes of units:**

Class	Description
A	Units shall be issued to the Pre-IPO Investors and may be charged a Front-end Load, at the discretion of the Management Company.
B	Units that shall be issued to investors at the Offer Price, during the Initial Offering Period, and is also subject to a Back-end Load / Contingent Load.
C	These are the Bonus Units, which may be issued to the Unit Holders in case of stock dividend from time to time. These units shall not be charged with any Front-end Load.

**15. WORKERS' WELFARE FUND**

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of

the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In 2012, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013 a large bench of Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. However, the Management Company as a matter of abundant caution recognised WWF amounting to Rs. 2.59 million pertaining to the current period. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.12 (0.23 percent).

## **16. 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 Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Balanced Fund, Meezan Capital Preservation Fund – III and Meezan Tahaffuz Pension 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 Unit holders holding 10 percent or more units of the fund's net assets.

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

Remuneration payable to the management company and the trustee is determined in accordance with the provisions of NBFC Rules, NBFC Regulations, 2008 and the Trust Deed respectively.

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

	(Unaudited) December 31, 2014 (Rupees in '000)
<b>AI Meezan Investment Management Limited - Management Company</b>	
Remuneration payable	5
Sindh Sales Tax and Federal Excise Duty payable on management fee	50
Sindh Sales Tax and Federal Excise Duty payable on sales load	6,123
Sales Load	11
Formation cost payable	5,000
Investments as at December 31, 2014: 3,259,889 units	173,133
<b>Meezan Bank Limited</b>	
Balances with bank	4,136
Profit receivable on savings account	52
<b>Unit holders holding 10 percent or more of the Fund's net assets</b>	
Investments as at December 31, 2014: 5,308,575 units	281,938
<b>Meezan Bank Limited - Staff Gratuity Fund</b>	
Investments as at December 31, 2014: 4,408,035 units	234,111
<b>Central Depository Company of Pakistan Limited- Trustee</b>	
Trustee fee payable	159
<b>Meezan Islamic Fund</b>	
Investment of 17,332,588 units	956,759
<b>AI-Meezan Mutual Fund</b>	
Investment of 10,986,095 units	169,516
<b>KSE Meezan Index Fund</b>	
Investment of 4,041,197 units	266,436
<b>Meezan Islamic Income Fund</b>	
Investment of 15,024,037 units	783,804
<b>Meezan Sovereign Fund</b>	
Investment of 99 units	5
<b>Directors and Executive of the Management Company</b>	
Investments as at December 31, 2014: 200,284 units	10,637



	For the period from June 28, 2014 to December 31, 2014 (Rupees in '000)
<b>Al Meezan Investment Management Limited - Management Company</b>	
Remuneration for the period	<u>264</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>90</u>
Units issued 3,259,889	<u>162,994</u>
<b>Meezan Bank Limited</b>	
Profit on saving accounts	<u>1,590</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>	
Remuneration for the period	<u>935</u>
<b>Unit holders holding 10 percent or more of the Fund's net assets</b>	
Units issued 5,308,575	<u>265,429</u>
<b>Meezan Bank Limited - Staff Gratuity Fund</b>	
Purchase of 4,408,035 units	<u>220,402</u>
<b>Meezan Islamic Fund</b>	
Purchase of 24,204,816 units	<u>1,225,728</u>
Sales of 6,872,228 units	<u>345,480</u>
Transaction cost paid	<u>3,072</u>
<b>Al-Meezan Mutual Fund</b>	
Purchase of 15,521,242 units	<u>217,455</u>
Sales of 4,535,147 units	<u>60,000</u>
Transaction cost paid	<u>545</u>
<b>KSE Meezan Index Fund</b>	
Purchase of 4,041,197 units	<u>253,937</u>
Transaction cost paid	<u>636</u>
<b>Meezan Islamic Income Fund</b>	
Purchase of 40,354,333 units	<u>2,033,000</u>
Sales of 25,330,296 units	<u>1,283,944</u>
<b>Meezan Sovereign Fund</b>	
Purchase of 99 units	<u>5</u>
<b>Directors and Executive of the Management Company</b>	
Units issued 200,284	<u>10,014</u>

## 17. FINANCIAL INSTRUMENTS BY CATEGORY

December 31, 2014 (Unaudited)				
Loans and receivables	Financial assets 'at fair value through profit or loss'	Financial asset categorised as 'available for sale'	Financial liabilities measured at amortosed cost	Total
(Rupees in '000)				
<b>On balance sheet - financial assets</b>				
Balances with banks	4,136	-	-	4,136
Investments	-	2,176,520	-	2,176,520
Profit receivable on savings accounts with banks	52	-	-	52
	4,188	2,176,520	-	2,180,708
<b>On balance sheet - financial liabilities</b>				
Payable to Al Meezan - Management Company of the Fund	-	-	11,189	11,189
Payable to CDC - Trustee of the Fund	-	-	159	159
Accrued expenses and other liabilities	-	-	176	176
	-	-	11,524	11,524

## 18. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies:

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risk of the Funds are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008, and the directives issued by Securities and Exchange Commission of Pakistan.

Risks managed and measured by the Fund are explained as follows:

### 18.1. Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted.

Credit risk arises from deposits with banks, profit receivable on bank deposits, credit exposure arising as a result, dividends receivable on mutual fund units (if any) and receivable against sale of investments and investments in mutual funds.

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. All transactions in fund are executed only in underlying funds, thus the risk of default is considered to be minimal. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors on a quarterly basis.

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The maximum exposure to credit risk as at December 31, 2014 is tabulated below:

	Note	(Unaudited) December 31, 2014 (Rupees in '000)
<b>Financial Assets</b>		
Balances with banks		4,136
Profit receivable on saving accounts		52
Investments in mutual funds		2,176,520
		<u>2,180,708</u>

**18.1.1 The percentage of bank balances along with credit ratings are tabulated below:**

	Note	(Unaudited) December 31, 2014 %
AA+		<u>100</u>

The fund does not have any collateral against any of the aforementioned assets.

None of the financial assets were considered to be past due or impaired as on December 31, 2014.

**18.2 Liquidity risk**

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's investments are considered to be readily realisable as they are all listed on stock exchanges of the country. The Fund manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

In accordance with regulation 58(1)(k) of the NBFC Regulations, 2008 the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding three months to the extent of fifteen percent of the net assets. However, no such borrowing has been obtained during the period.

Further, the Fund is also allowed in accordance with regulation 57 (10) of the NBFC Regulations, 2008 to defer redemption requests to the next dealing day, had such requests exceed ten percent of the total number of units in issue. However, no such defer redemption request has been exercised by the Fund during the period. For issuance and redemption of units refer note 1.2.

In addition to Unit holders' Fund, analysis of the Fund's liabilities into relevant maturity grouping as at December 31, 2014 is tabulated below:

December 31, 2014 (Unaudited)				
Maturity upto				Total
Three months	Six months	One year	More than one year	
----- (Rupees in '000) -----				
Payable to Al Meezan Investment Management Limited				
- Management Company	11,189	-	-	11,189
Payable to Central Depository Company - Trustee	159	-	-	159
Accrued expenses and other liabilities	176	-	-	176
	<u>11,524</u>	<u>-</u>	<u>-</u>	<u>11,524</u>

### 18.3 Market risk

#### 18.3.1 Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, industry, environment and / or the economy in general. The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the unitholders from investment in Shariah compliant investments for the given level of risks. The Fund's market risk is managed on a daily basis by the investment committee in accordance with the policies and procedures laid down by the SECP. The funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio. The market risk is managed by monitoring exposure to marketable securities and by complying with the internal risk management policies and regulations laid down in NBFC Regulations, 2008.

Details of the Fund's investment portfolio exposed to price risk, at the reporting date are disclosed in note 6 to these financial statements. At December 31, the Fund's overall exposure to price risk is limited to the fair value of the respective debt and equity fund. The Fund manages its exposure to price risk by investing in equity and debt funds as per the Trust Deed and benchmarking the sector weighting to that of the KSE Meezan Index 30 index (KMI). The Fund's policy is to concentrate the investment portfolio in sectors where management believe the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

#### 18.3.2 Interest rate risk

The interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates which affect cash flows pertaining to debt instruments and their fair values. However, the Fund invest in Income Fund which are exposed to interest rate risk and which indirectly affect the interest rate risk of the Fund.

#### Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in savings accounts and investment in debt securities. As at December 31, 2014, if there had been increase / (decrease) of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the period would have been higher / (lower) by Rs 0.0414 million mainly as a result of finance income.

#### Fair value interest rate risk

Since the Fund does not have investment in fixed rate security, therefore, is not exposed to fair value interest rate risk.

### **18.3.3 Currency risk**

Currency risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

## **19. UNITHOLDERS' FUND RISK MANAGEMNT**

The unitholders' fund is represented by redeemable units. These units are entitled to distribution and payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown in the Statement of Movement in Unitholders' Fund.

The Fund's objective when managing unitholders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unitholders and to maintain a strong base of assets under management.

The issuance of units has been discontinued since June 28, 2014. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund meets the requirements of sub-regulation 54(3a) which requires that the minimum size of an Open Ended Scheme shall be one hundred million rupees at all times during the life of the scheme.

In accordance with the risk management policies stated in the note 19, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

## **20. FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between the carrying value and fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction or adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Investments on the Statement of Assets and Liabilities are carried at fair value. The Management Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 : Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table presents the assets that are measured at fair value as at December 31, 2014:

	December 31, 2014 (Unaudited)			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
<b>Assets</b>				
Financial assets - 'at fair value through profit or loss'	2,176,520	-	-	2,176,520
	<u>2,176,520</u>	<u>-</u>	<u>-</u>	<u>2,176,520</u>

## 21. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than unrealized capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the period ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unit holders.

**22. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on February 20, 2015 by the Board of Directors of the Management company.

**23. GENERAL**

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

23.2 There are no corresponding figures as the Fund commenced its operations from June 28, 2014.

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

**Chief Executive**

**Director**



**Half Yearly Report December 31, 2014**



## 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  
Website: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azim	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoaib, CFA	Chief Executive	

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	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 SultanTrust Building No.2, Beaumont Road, Karachi - 75530.

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

Bank Alfalah - Islamic Banking Branch  
Meezan Bank Limited

### LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone: (9221) 35156191-94 Fax: (9221) 35156195  
E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN CAPITAL PRESERVATION FUND – III**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Capital Preservation Fund – III (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

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

  
**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 20, 2015





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
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## Report on review of Condensed Interim Financial Information to the Unitholders'

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Capital Preservation Fund III** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*


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

### *Other Matters*

The figures for the quarter ended 31 December 2014 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date: 20 February 2015**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Amyn Malik**

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2014

	Note	(Unaudited) December 31, 2014 ------(Rupees in '000)-----	(Audited) June 30, 2014 -----
<b>Assets</b>			
Balances with banks		2,103	5,877
Investments	5	3,304,785	3,116,906
Prepayments and other receivables		155	220
Preliminary expenses and floatation costs		2,719	3,973
<b>Total assets</b>		<b>3,309,762</b>	<b>3,126,976</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		10,920	10,924
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		231	210
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,200	928
Payable on redemption of units		1,383	145
Accrued expenses and other liabilities	8	7,745	3,492
<b>Total liabilities</b>		<b>21,479</b>	<b>15,699</b>
<b>Net assets</b>		<b>3,288,283</b>	<b>3,111,277</b>
<b>Contingencies and commitments</b>	7		
<b>Unitholders' fund (as per statement attached)</b>		<b>3,288,283</b>	<b>3,111,277</b>
----- (Number of units)-----			
<b>Number of units in issue</b>		<b>58,958,359</b>	<b>59,526,458</b>
------(Rupees)-----			
<b>Net assets value per unit</b>		<b>55.77</b>	<b>52.27</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

	Note	Six months period ended December 31, 2014	Quarter ended December 31, 2014
------(Rupees in '000)-----			
<b>Income</b>			
Net Net realised (loss) / gain on sale of investments		(12,765)	3,991
Profit on saving accounts with banks		80	31
Other income		1,521	920
		<u>(11,164)</u>	<u>4,942</u>
Unrealised gain on re-measurement of investments - at 'fair value through profit or loss' (net)	5.1	<u>228,643</u>	<u>167,599</u>
<b>Total income</b>		<b>217,479</b>	<b>172,541</b>
<b>Expenses</b>			
Remuneration to Al Meezan Investment Management Limited - Management Company		11	3
Sindh Sales Tax and Federal Excise Duty on Management Fee	6	4	1
Remuneration to Central Depository Company of Pakistan Limited - Trustee		1,326	674
Annual fee to Securities and Exchange Commission of Pakistan		1,200	611
Auditors' remuneration		135	72
Fees and subscription		65	32
Amortisation of preliminary expenses and floatation costs		1,254	624
Bank and settlement charges		1,813	14
Printing expenses		12	-
Provision for Workers Welfare Fund (WWF)	8	4,218	3,394
<b>Total expenses</b>		<u>10,038</u>	<u>5,425</u>
<b>Net income from operating activities</b>		<b>207,441</b>	<b>167,116</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)		(741)	(787)
<b>Net income for the period before taxation</b>		<u>206,700</u>	<u>166,329</u>
Taxation	10	-	-
<b>Net income for the period after taxation</b>		<b>206,700</b>	<b>166,329</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<u><u>206,700</u></u>	<u><u>166,329</u></u>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

	Note	Six months period ended December 31, 2014	Quarter ended December 31, 2014
------(Rupees in '000)-----			
<b>Accumulated (loss) / Undistributed income brought forward</b>			
- Realised		(906)	114,281
- Unrealised		<u>135,860</u>	<u>61,044</u>
		<b>134,954</b>	<b>175,325</b>
<b>Net income for the period</b>		<b>206,700</b>	<b>166,329</b>
Undistributed income carried forward		<u>341,654</u>	<u>341,654</u>
Undistributed income carried forward			
- Realised		113,011	113,011
- Unrealised	5.1	<u>228,643</u>	<u>228,643</u>
		<b>341,654</b>	<b>341,654</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the six months and quarter ended December 31, 2014 (Unaudited)

	Six months period ended December 31, 2014	Quarter ended December 31, 2014
	------(Rupees in '000)-----	
<b>Net assets at beginning of the period</b>	3,111,277	3,139,575
Redemption of 568,099 units and 337,109 units for six months and quarter respectively	(30,435)	(18,408)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	741	787
Unrealised appreciation in the value of investments (net)	228,643	167,599
Net realised (loss) / gain on sale of investments	(12,765)	3,991
Net other income for the period	(9,178)	(5,261)
Total comprehensive income for the period	206,700	166,329
<b>Net assets at end of the period</b>	3,288,283	3,288,283
	------(Rupees)-----	
Net assets value per unit at beginning of the period	52.27	52.95
<b>Net assets value per unit at end of the period</b>	55.77	55.77

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

	Six months period ended December 31, 2014	Quarter ended December 31, 2014
	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	206,700	166,329
<b>Adjustments for</b>		
Unrealised gain on re-measurement of investments - 'at fair value through profit or loss' (net)	(228,643)	167,599
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	741	787
Preliminary expenses and floatation costs	1,254	624
	(19,948)	141
<b>Decrease in assets</b>		
Investments - net	40,764	11,709
Prepayments and other receivables	65	38
	40,829	11,747
<b>(Decrease) / increase in liabilities</b>		
Payable to Al Meezan Investment Management Limited - Management Company	(4)	(3)
Payable to Central Depository Company of Pakistan Limited - Trustee	21	16
Payable to Securities and Exchange Commission of Pakistan	272	611
Accrued expenses and other liabilities	4,253	3,357
	4,542	3,981
<b>Net cash generated from operating activities</b>	25,423	15,869
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments against redemption of units	(29,197)	(17,024)
<b>Net cash used in financing activities</b>	(29,197)	(17,024)
Net decrease in cash and cash equivalents during the period	(3,774)	(1,155)
Cash and cash equivalents at beginning of the period	5,877	3,258
Cash and cash equivalents at end of the period	2,103	2,103

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

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

**Chief Executive**

**Director**



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2014 (Unaudited)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Capital Preservation Fund III (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 November 12, 2013 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 11, 2013 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(l)/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. The Management Company has been licensed by the Securities and Exchange Commission of Pakistan to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP.
- 1.2 The Fund is an open end mutual fund listed on Islamabad Stock Exchange. Units were offered for public subscription up to the end of the public offering period. After initial offering period, the offer of units was discontinued. However the subscription in the units may be re-opened for fresh issuance by the management company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interests of the unitholders of the Fund. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unitholders subject to the applicability of back end load at the rate of 5 percent if transferred / redeemed before maturity of the Fund. The units of the Fund were initially offered to the public (IPO) on January 31, 2014. The duration of the Fund is twenty four (24) months after which it shall stand automatically dissolved after thirty (30) business days of the life of the Fund.
- 1.3 The objective of the Fund is to earn a potentially high return through dynamic asset allocation between Shariah compliant equities and Shariah compliant income/money market based Collective Investment Schemes, while providing capital preservation of the principal investment at completion of the duration of fund. 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 Fund is categorized as fund of funds scheme.
- 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 Central Depository Company Limited of Pakistan as a Trustee.

### 2. BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the 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 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 NBFC Rules, the NBFC Regulations and directives issued by the SECP have been followed.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

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, 2014.

The Fund's financial and unitholder's fund risk management objective and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

### 5. INVESTMENTS

Investments 'at fair value through profit or loss' - Held for trading

Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	-----Rupees in '000-----	
5.1	<u>3,304,785</u>	<u>3,116,906</u>

#### 5.1 Held for trading - units of mutual funds

Name of the investee funds	As at July 01, 2014	Purchases during the period	Bonus issue	Redemption during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain as at December 31, 2014	Percentage in relation to	
									Net assets of the Fund on the basis of market value (see note 5.2 below)	Total market value of investments
	----- Number of Units -----					----Rupees in '000----			-----%-----	
Meezan Islamic Fund	43,353,018	11,023,825	-	14,650,007	39,726,836	1,998,485	2,192,921	194,436	66.69	66.36
Meezan Islamic Income Fund	18,713,377	14,121,392	-	14,681,069	18,153,700	918,057	947,079	29,022	28.80	28.66
KSE Meezan Index Fund	-	1,532,729	-	-	1,532,729	99,750	101,053	1,303	3.07	3.06
Al Meezan Mutual Fund	-	4,130,435	-	-	4,130,435	59,850	63,732	3,882	1.94	1.93
<b>Total</b>						<u>3,076,142</u>	<u>3,304,785</u>	<u>228,643</u>		
<b>Total cost of investments</b>							<u>2,991,977</u>			

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

## **6. SINDH SALES TAX AND FEDERAL EXERCISE DUTY ON MANAGEMENT FEE**

The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15 percent (till June 30, 2014: 16 percent) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act 2011 effective from July 01, 2011.

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already the subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honourable High Court constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to 0.059 million. Had the provision not being made, the Net Asset Value per unit of the Fund as at December 31, 2014 would have been higher by 0.001 per unit.

## **7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014.

## **8. WORKERS' WELFARE FUND**

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their Trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In 2012, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013 a large bench of Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. However, the Management Company as a matter of abundant caution has decided to continue to maintain the provision for WWF. As at December 31, 2014, the Fund has recognised WWF amounting to Rs. 7.61 million (included in the balance of accrued expenses and other liabilities) which includes Rs. 4.22 million pertaining to the current year and Rs. 3.39 million pertaining to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.13 (0.23%).

## 9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, directors and officers of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Balanced Fund, Meezan Capital Preservation Fund II and Meezan Tahaffuz Pension Fund being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Staff Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

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

Remuneration payable to the management company and the trustee is determined in accordance with the provisions of NBFC Rules, NBFC Regulations, 2008 and the Trust Deed respectively.

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

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	----- (Rupees in '000) -----	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	<u>1</u>	<u>5</u>
Sindh Sales Tax and Federal Excise Duty payable on management fee	<u>59</u>	<u>59</u>
Sindh Sales Tax and Federal Excise Duty payable on sales load	<u>10,860</u>	<u>10,860</u>
<b>Investments as at December 31, 2014: 2,101,382 units</b> (June 30, 2014: 2,101,382 units)	<u>117,194</u>	<u>109,839</u>
<b>Meezan Bank Limited</b>		
Balances with bank	<u>2,092</u>	<u>5,867</u>
Profit receivable on savings account	<u>8</u>	<u>34</u>
<b>Central Depository Company of Pakistan Limited- Trustee</b>		
Trustee fee payable	<u>231</u>	<u>210</u>

Note	(Unaudited) December 31, 2014 ------(Rupees in '000)-----	(Audited) June 30, 2014
<b>Meezan Islamic Fund</b> Investments as at December 31, 2014: 39,726,836 units (June 30, 2014: 43,353,018 units)	<u><u>2,192,921</u></u>	<u><u>2,178,056</u></u>
<b>Meezan Islamic Income Fund</b> Investments as at December 31, 2014: 18,153,700 units (June 30, 2014: 18,713,377 units)	<u><u>947,079</u></u>	<u><u>938,850</u></u>
<b>KSE Meezan Index Fund</b> Investments as at December 31, 2014: 1,532,729 units (June 30, 2014: Nil)	<u><u>101,053</u></u>	<u><u>-</u></u>
<b>AI Meezan Mutual Fund</b> Investments as at December 31, 2014: 4,130,435 units (June 30, 2014: Nil)	<u><u>63,732</u></u>	<u><u>-</u></u>
<b>Directors and officers of the Management Company</b> Investments as at December 31, 2014: 16,939 units (June 30, 2014: 6,835 units)	<u><u>945</u></u>	<u><u>357</u></u>
	<b>Six months period ended December 31, 2014 (Rupees in '000)</b>	
<b>AI Meezan Investment Management Limited - Management Company</b> Remuneration for the period		<u><u>11</u></u>
Sindh Sales Tax and Federal Excise Duty on management fee		<u><u>4</u></u>
<b>Meezan Bank Limited</b> Profit on saving accounts		<u><u>80</u></u>
<b>Central Depository Company of Pakistan Limited- Trustee</b> Remuneration for the period		<u><u>1,326</u></u>
<b>Meezan Islamic Fund</b> Issuance of 11,023,825 units		<u><u>558,001</u></u>
Redemption of 14,650,007 units		<u><u>718,700</u></u>
Transaction cost		<u><u>1,398</u></u>
<b>Meezan Islamic Income Fund</b> Issuance of 14,121,392 units		<u><u>718,000</u></u>
Redemption of 14,681,069 units		<u><u>744,900</u></u>
<b>KSE Meezan Index Fund</b> Issuance of 1,532,729 units		<u><u>99,750</u></u>
Transaction cost		<u><u>250</u></u>

Six months period ended  
December 31, 2014  
(Rupees in '000)

**AI Meezan Mutual Fund**  
Issuance of 4,130,435 units

59,850

Transaction cost

150

## 10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders.

Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than unrealized capital gains to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unitholders.

## 11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 20, 2015 by the Board of Directors of the Management Company.

## 12. GENERAL

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

12.2 Corresponding figures have been rearranged and reclassified, where necessary, for better presentation and disclosure.

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

**Chief Executive**

**Director**



**Half Yearly Report December 31, 2014**

## 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  
Website: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azim	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoaib, CFA	Chief Executive	

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	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 SultanTrust Building No.2, Beaumont Road, Karachi - 75530.

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

Habib Metropolitan Bank Limited - Islamic Banking  
Meezan Bank Limited

### LEGAL ADVISER

Bawaney & Partners  
3rd & 4th floor, 58-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone: (9221) 3515619-94 Fax: (9221) 35156195  
E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House,  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 3810 3538 Fax: 3640 6017  
Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN FINANCIAL PLANNING FUND OF FUNDS**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Financial Planning Fund of Funds (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

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

**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 20, 2015





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

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

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Financial Planning Fund of Funds** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### *Other Matters*

The figures for the quarter ended 31 December 2014 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date: 20 February 2015**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Aryn Malik

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2014 (Unaudited)

	Note	Unaudited As at December 31, 2014					Total	Audited June 30, 2014
		Aggressive	Moderate	Conservative	MCPPI-I	MCPPI-II		
----- Rupees in '000 -----								
<b>Assets</b>								
Balances with banks		2,718	4,123	4,191	13,193	67,568	91,793	16,477
Investments	5	344,624	335,112	437,671	1,554,086	-	2,671,493	917,725
Prepayment and other receivables		30	21	23	79	47	200	53
Preliminary expenses and floatation costs		-	-	656	-	-	656	757
<b>Total assets</b>		<b>347,372</b>	<b>339,256</b>	<b>442,541</b>	<b>1,567,358</b>	<b>67,615</b>	<b>2,764,142</b>	<b>935,012</b>
<b>Liabilities</b>								
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		379	324	441	4,538	1,414	7,096	991
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		28	24	40	112	1	205	87
Payable to Meezan Bank Limited (MBL)		-	-	-	-	-	-	2
Payable to Securities and Exchange Commission of Pakistan (SECP)		157	136	189	368	1	851	761
Payable on redemption and conversion of units		259	3,241	10,280	-	-	13,780	2,565
Accrued expenses and other liabilities	7	2,256	1,409	1,439	1,436	2	6,542	3,941
<b>Total liabilities</b>		<b>3,079</b>	<b>5,134</b>	<b>12,389</b>	<b>6,454</b>	<b>1,418</b>	<b>28,474</b>	<b>8,347</b>
Net assets		<u>344,293</u>	<u>334,122</u>	<u>430,152</u>	<u>1,560,904</u>	<u>66,197</u>	<u>2,735,668</u>	<u>926,665</u>
Contingencies and commitments	8							
Unitholders' fund (as per statement attached)		<u>344,293</u>	<u>334,122</u>	<u>430,152</u>	<u>1,560,904</u>	<u>66,197</u>	<u>2,735,668</u>	<u>926,665</u>
----- (Number of units) -----								
Number of units in issue		<u>5,334,862</u>	<u>5,578,750</u>	<u>7,423,620</u>	<u>29,875,239</u>	<u>1,322,004</u>		
----- (Rupees) -----								
Net assets value per unit		<u>64.54</u>	<u>59.89</u>	<u>57.94</u>	<u>52.25</u>	<u>50.07</u>		

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

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

## CONDENSED INTERIM INCOME STATEMENT

For the six months ended December 31, 2014 (Unaudited)

	Note	Unaudited Six months period ended December 31, 2014					Total	Six months period ended December 31, 2013
		Aggressive	Moderate	Conservative	M CPP-I	M CPP-II		
Rupees in '000								
<b>Income</b>								
Net realised gain on sale of investments		1,672	1,172	2,241	6,064	-	11,149	11,439
Profit on saving accounts with banks		133	108	179	738	47	1,205	923
Other income		-	-	-	19	-	19	-
		<u>1,805</u>	<u>1,280</u>	<u>2,420</u>	<u>6,821</u>	<u>47</u>	<u>12,373</u>	<u>12,362</u>
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	5.1	<u>21,899</u>	<u>15,171</u>	<u>15,297</u>	<u>58,475</u>	<u>-</u>	<u>110,842</u>	<u>50,792</u>
<b>Total income</b>		<u>23,704</u>	<u>16,451</u>	<u>17,717</u>	<u>65,296</u>	<u>47</u>	<u>123,215</u>	<u>63,154</u>
<b>Expenses</b>								
Remuneration to AI Meezan Investment Management Limited - Management Company		27	21	24	79	8	159	104
Sindh Sales Tax and Federal Excise Duty on Management Fee	6.1 & 6.2	9	7	8	28	3	55	36
Remuneration to Central Depository Company of Pakistan Limited		151	130	181	331	1	794	388
Annual fee to Securities and Exchange Commission of Pakistan		157	136	189	368	1	851	368
Auditors' remuneration		45	38	53	64	-	200	220
Fees and subscription		4	3	5	-	-	12	26
Formation cost		-	-	101	-	-	101	100
Bank and settlement charges		115	150	130	2,454	-	2,849	349
Printing charges		11	11	11	4	-	37	13
Provision for Workers' Welfare Fund	7	477	373	343	1,370	2	2,565	1,206
<b>Total expenses</b>		<u>996</u>	<u>869</u>	<u>1,045</u>	<u>4,698</u>	<u>15</u>	<u>7,623</u>	<u>2,810</u>
Net income from operating activities		<u>22,708</u>	<u>15,582</u>	<u>16,672</u>	<u>60,598</u>	<u>32</u>	<u>115,592</u>	<u>60,344</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		<u>659</u>	<u>2,693</u>	<u>158</u>	<u>6,543</u>	<u>65</u>	<u>10,118</u>	<u>(1,251)</u>
<b>Net income for the period before taxation</b>		<u>23,367</u>	<u>18,275</u>	<u>16,830</u>	<u>67,141</u>	<u>97</u>	<u>125,710</u>	<u>59,093</u>
Taxation	10	-	-	-	-	-	-	-
<b>Net income for the period after taxation</b>		<u>23,367</u>	<u>18,275</u>	<u>16,830</u>	<u>67,141</u>	<u>97</u>	<u>125,710</u>	<u>59,093</u>
Other comprehensive income for the period		-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<u>23,367</u>	<u>18,275</u>	<u>16,830</u>	<u>67,141</u>	<u>97</u>	<u>125,710</u>	<u>59,093</u>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT

For the quarter ended December 31, 2014 (Unaudited)

	Unaudited Quarter ended December 31, 2014					Total	Quarter ended December 31, 2013
	Aggressive	Moderate	Conservative	MCPPI-I	MCPPI-II		
Note ----- Rupees in '000 -----							
<b>Income</b>							
Net realised gain on sale of investments	1,603	983	1,334	6,064	-	9,984	9,035
Profit on saving accounts with banks	64	63	65	504	47	743	210
Other income	-	-	-	19	-	19	-
	<u>1,667</u>	<u>1,046</u>	<u>1,399</u>	<u>6,587</u>	<u>47</u>	<u>10,746</u>	<u>9,245</u>
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	5.1	15,296	10,696	10,096	57,134	-	93,222
<b>Total income</b>		<u>16,963</u>	<u>11,742</u>	<u>11,495</u>	<u>63,721</u>	<u>47</u>	<u>103,968</u>
<b>Expenses</b>							
Remuneration to Al Meezan Investment Management Limited - Management Company	13	12	11	62	8	106	46
Sindh Sales Tax and Federal Excise Duty on Management Fee	6.1 & 6.2	5	4	4	22	3	38
Remuneration to Central Depository Company of Pakistan Limited	70	64	89	311	1	535	198
Annual fee to Securities and Exchange Commission of Pakistan	78	73	100	347	1	599	187
Auditors' remuneration	13	12	17	58	-	100	146
Fees and subscription	2	1	3	-	-	6	13
Formation cost	-	-	51	-	-	51	50
Bank and settlement charges	59	100	54	2,454	-	2,667	108
Printing charges	9	9	9	4	-	31	7
Provision for Workers' Welfare Fund	7	347	281	236	1,290	2	2,156
<b>Total expenses</b>		<u>596</u>	<u>556</u>	<u>574</u>	<u>4,548</u>	<u>15</u>	<u>6,289</u>
Net income from operating activities		<u>16,367</u>	<u>11,186</u>	<u>10,921</u>	<u>59,173</u>	<u>32</u>	<u>97,679</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		<u>612</u>	<u>2,562</u>	<u>689</u>	<u>4,049</u>	<u>65</u>	<u>7,977</u>
<b>Net income for the period before taxation</b>		<u>16,979</u>	<u>13,748</u>	<u>11,610</u>	<u>63,222</u>	<u>97</u>	<u>105,656</u>
Taxation	10	-	-	-	-	-	-
<b>Net income for the period after taxation</b>		<u>16,979</u>	<u>13,748</u>	<u>11,610</u>	<u>63,222</u>	<u>97</u>	<u>105,656</u>
Other comprehensive income for the period		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<u>16,979</u>	<u>13,748</u>	<u>11,610</u>	<u>63,222</u>	<u>97</u>	<u>105,656</u>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months ended December 31, 2014 (Unaudited)

	Unaudited Six months period ended December 31, 2014					Total	Six months period ended December 31, 2013
	Aggressive	Moderate	Conservative	MCPPI	MCPPII		
Note ----- Rupees in '000 -----							
<b>Undistributed income / accumulated (loss) brought forward</b>							
- Realised	5,850	3,638	2,433	-	-	11,921	17,670
- Unrealised	47,622	23,730	31,555	-	-	102,907	23,410
	<u>53,472</u>	<u>27,368</u>	<u>33,988</u>	<u>-</u>	<u>-</u>	<u>114,828</u>	<u>41,080</u>
Final distribution for the year ended: Bonus units June 30, 2014: Nil (June 30, 2013: Aggressive @ 3.4%; Moderate @ 3.3%; Conservative @ 1.2%)	-	-	-	-	-	-	(16,165)
<b>Net income for the period</b>	<u>23,367</u>	<u>18,275</u>	<u>16,830</u>	<u>67,141</u>	<u>97</u>	<u>125,710</u>	<u>59,093</u>
<b>Undistributed income carried forward</b>	<u>76,839</u>	<u>45,643</u>	<u>50,818</u>	<u>67,141</u>	<u>97</u>	<u>240,538</u>	<u>84,008</u>
<b>Undistributed income carried forward</b>							
- Realised	54,940	30,472	35,521	8,666	97	129,696	33,216
- Unrealised	21,899	15,171	15,297	58,475	-	110,842	50,792
	<u>76,839</u>	<u>45,643</u>	<u>50,818</u>	<u>67,141</u>	<u>97</u>	<u>240,538</u>	<u>84,008</u>

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

For AI Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

## CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended December 31, 2014 (Unaudited)

	Unaudited Quarter ended December 31, 2014					Total	Quarter ended December 31, 2013
	Aggressive	Moderate	Conservative	MCPPI-I	MCPPI-II		
Note	----- Rupees in '000 -----						
<b>Undistributed income / accumulated (loss) brought forward</b>							
- Realised	55,385	26,694	37,867	(13,701)	-	106,245	28,853
- Unrealised	4,475	5,201	1,341	17,620	-	28,637	366
	<u>59,860</u>	<u>31,895</u>	<u>39,208</u>	<u>3,919</u>	<u>-</u>	<u>134,882</u>	<u>29,219</u>
Final distribution for the year ended: Bonus units June 30, 2014: Nil (June 30, 2013: Aggressive @ 3.4%; Moderate @ 3.3%; Conservative @ 1.2%)	-	-	-	-	-	-	-
<b>Net income for the period</b>	16,979	13,748	11,610	63,222	97	105,656	54,789
<b>Undistributed income carried forward</b>	<u>76,839</u>	<u>45,643</u>	<u>50,818</u>	<u>67,141</u>	<u>97</u>	<u>240,538</u>	<u>84,008</u>
<b>Undistributed income carried forward</b>							
- Realised	54,940	30,472	35,521	8,666	97	129,696	33,216
- Unrealised	21,899	15,171	15,297	58,475	-	110,842	50,792
5.1	<u>76,839</u>	<u>45,643</u>	<u>50,818</u>	<u>67,141</u>	<u>97</u>	<u>240,538</u>	<u>84,008</u>

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

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the six months ended December 31, 2014 (Unaudited)

Note	Unaudited Six months period ended December 31, 2014					Six months period ended December 31, 2013	
	Aggressive	Moderate	Conservative	MCPPI	MCPPII	Total	
	----- Rupees in '000 -----						
<b>Net assets at beginning of the period</b>	330,020	255,369	341,276	-	-	926,665	698,865
Issue of units:							
Aggressive: 1,550,806 (2013 : 1,812,456), Moderate: 2,496,520 (2013 : 1,916,446), Conservative: 4,483,492 (2013 : 3,426,780), MCPPI-I: 29,882,561 (2013 : Nil), MCPPI-II: 1,322,004 (2013 : Nil)	96,663	145,829	252,861	1,500,693	66,165	2,062,211	382,765
Redemption of units:							
Aggressive: 1,701,985 (2013 : 1,740,661), Moderate: 1,428,392 (2013 : 2,146,899), Conservative: 3,189,580 (2013 : 2,999,452), MCPPI-I: 7,322 (2013 : Nil), MCPPI-II: Nil (2013 : Nil)	(105,098)	(82,658)	(180,657)	(387)	-	(368,800)	(370,213)
	(8,435)	63,171	72,204	1,500,306	66,165	1,693,411	12,552
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(659)	(2,693)	(158)	(6,543)	(65)	(10,118)	1,251
Issue of bonus units during the period	-	-	-	-	-	-	16,165
<b>Net realised gain on sale of investments</b>	1,672	1,172	2,241	6,064	-	11,149	11,439
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	21,899	15,171	15,297	58,475	-	110,842	50,792
<b>Net other income for the period</b>	(204)	1,932	(708)	2,602	97	3,719	(3,138)
<b>Total comprehensive income for the period</b>	23,367	18,275	16,830	67,141	97	125,710	59,093
Distribution for the year ended: Bonus units June 30, 2014: Nil (June 30, 2013: Aggressive 150,712, Moderate 95,104, Conservative 64,363)	-	-	-	-	-	-	(16,165)
<b>Net income for the period less distribution</b>	23,367	18,275	16,830	67,141	97	125,710	42,928
<b>Net assets at end of the period</b>	<u>344,293</u>	<u>334,122</u>	<u>430,152</u>	<u>1,560,904</u>	<u>66,197</u>	<u>2,735,668</u>	<u>771,761</u>
	----- (Rupees) -----						
<b>Net assets value per unit at beginning of the period</b>	<u>60.16</u>	<u>56.62</u>	<u>55.68</u>				
<b>Net assets value per unit at end of the period</b>	<u>64.54</u>	<u>59.89</u>	<u>57.94</u>	<u>52.25</u>	<u>50.07</u>		

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

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

**Chief Executive**

**Director**  
Half Yearly Report 2014



## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the quarter ended December 31, 2014 (Unaudited)

	Unaudited Quarter ended December 31, 2014					Total	Quarter ended December 31, 2013
	Aggressive	Moderate	Conservative	MCPPI-I	MCPPI-II		
Note	----- Rupees in '000 -----						
<b>Net assets at beginning of the period</b>	324,260	262,301	375,283	832,644	-	1,794,488	781,159
Issue of units: Aggressive: 1,550,806 (2013 : 1,812,456), Moderate: 2,496,520 (2013 : 1,916,446), Conservative: 4,483,492 (2013 : 3,426,780), MCPPI-I: 29,882,561 (2013 : Nil), MCPPI-II: 1,322,004 (2013 : Nil)	45,689	94,476	103,451	669,474	66,165	979,255	138,301
Redemption of units: Aggressive: 1,701,985 (2013 : 1,740,661), Moderate: 1,428,392 (2013 : 2,146,899), Conservative: 3,189,580 (2013 : 2,999,452), MCPPI-I: 7,322 (2013 : Nil), MCPPI-II: Nil (2013 : Nil)	(42,023)	(33,841)	(59,503)	(387)	-	(135,754)	(205,481)
	3,666	60,635	43,948	669,087	66,165	843,501	(67,180)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(612)	(2,562)	(689)	(4,049)	(65)	(7,977)	2,993
Issue of bonus units during the period	-	-	-	-	-	-	-
<b>Net realised gain on sale of investments</b>	1,603	983	1,334	6,064	-	9,984	9,035
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	15,296	10,696	10,096	57,134	-	93,222	50,426
<b>Net other income for the period</b>	80	2,069	180	24	97	2,450	(4,672)
<b>Total comprehensive income for the period</b>	16,979	13,748	11,610	63,222	97	105,656	54,789
Distribution for the year ended: Bonus units June 30, 2014: Nil (June 30, 2013: Aggressive 150,712, Moderate 95,104, Conservative 64,363)	-	-	-	-	-	-	-
Net income for the period less distribution	16,979	13,748	11,610	63,222	97	105,656	54,789
<b>Net assets at end of the period</b>	<u>344,293</u>	<u>334,122</u>	<u>430,152</u>	<u>1,560,904</u>	<u>66,197</u>	<u>2,735,668</u>	<u>771,761</u>
	----- (Rupees) -----						
<b>Net assets value per unit at beginning of the period</b>	<u>61.37</u>	<u>57.61</u>	<u>56.46</u>	<u>50.24</u>			
<b>Net assets value per unit at end of the period</b>	<u>64.54</u>	<u>59.89</u>	<u>57.94</u>	<u>52.25</u>	<u>50.07</u>		

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

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

## CONDENSED INTERIM CASH FLOW STATEMENT

For the six months ended December 31, 2014 (Unaudited)

Note	Unaudited Six months period ended December 31, 2014						Six months period ended December 31, 2013
	Aggressive	Moderate	Conservative	MCPPI	MCPPI-II	Total	
	----- Rupees in '000 -----						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Net income for the period	23,367	18,275	16,830	67,141	97	125,710	59,093
<b>Adjustments for</b>							
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	(21,899)	(15,171)	(15,297)	(58,475)	-	(110,842)	(50,792)
Element of (income) /loss and capital (gains) /losses included in prices of units issued less those in units redeemed (net)	(659)	(2,693)	(158)	(6,543)	(65)	(10,118)	1,251
	809	411	1,375	2,123	32	4,750	9,552
<b>Decrease / (increase) in assets</b>							
Investments (net)	4,114	(68,580)	(82,849)	(1,495,611)	-	(1,642,926)	(66,431)
Preliminary expenses and floatation costs	-	-	101	-	-	101	(855)
Prepayment and other receivables	(2)	(7)	(12)	(79)	(47)	(147)	(129)
	4,112	(68,587)	(82,760)	(1,495,690)	(47)	(1,642,972)	(67,415)
<b>(Decrease) / Increase in liabilities</b>							
Payable to AI Meezan Investment Management Limited - Management Company	(77)	36	194	4,538	1,414	6,105	(1,599)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(3)	4	4	112	1	118	24
Payable to Meezan Bank Limited	-	(2)	-	-	-	(2)	(94)
Payable to Securities and Exchange Commission of Pakistan	(118)	(37)	(124)	368	1	90	270
Accrued expenses and other liabilities	460	371	332	1,436	2	2,601	1,474
	262	372	406	6,454	1,418	8,912	75
<b>Net cash generated from / (used in) operating activities</b>	<b>5,183</b>	<b>(67,804)</b>	<b>(80,979)</b>	<b>(1,487,113)</b>	<b>1,403</b>	<b>(1,629,310)</b>	<b>(57,788)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Receipts against issuance of units	96,663	145,829	252,861	1,500,693	66,165	2,062,211	382,765
Payments against redemption of units	(105,098)	(80,554)	(171,546)	(387)	-	(357,585)	(371,681)
<b>Net cash (used in) / generated from financing activities</b>	<b>(8,435)</b>	<b>65,275</b>	<b>81,315</b>	<b>1,500,306</b>	<b>66,165</b>	<b>1,704,626</b>	<b>11,084</b>
<b>Net (decrease)/ increase in cash and cash equivalents during the period</b>	<b>(3,252)</b>	<b>(2,529)</b>	<b>336</b>	<b>13,193</b>	<b>67,568</b>	<b>75,316</b>	<b>(46,704)</b>
Cash and cash equivalents at beginning of the period	5,970	6,652	3,855	-	-	16,477	54,710
<b>Cash and cash equivalents at end of the period</b>	<b>2,718</b>	<b>4,123</b>	<b>4,191</b>	<b>13,193</b>	<b>67,568</b>	<b>91,793</b>	<b>8,006</b>

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

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

Chief Executive

Director

## CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended December 31, 2014 (Unaudited)

Note	Unaudited Quarter ended December 31, 2014					Total	Quarter ended December 31, 2013
	Aggressive	Moderate	Conservative	MCPPI-I	MCPPI-II		
----- Rupees in '000 -----							
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Net income for the period	16,979	13,748	11,610	63,222	97	105,656	54,789
<b>Adjustments for</b>							
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	(15,296)	(10,696)	(10,096)	(57,134)	-	(93,222)	(50,426)
Element of (income) /loss and capital (gains) /losses included in prices of units issued less those in units redeemed (net)	(612)	(2,562)	(689)	(4,049)	(65)	(7,977)	2,993
	1,071	490	825	2,039	32	4,457	7,356
<b>Decrease / (increase) in assets</b>							
Investments (net)	(7,063)	(62,859)	(51,797)	(698,611)	-	(820,330)	55,104
Preliminary expenses and floatation costs	-	-	50	-	-	50	(855)
Prepayment and other receivables	15	(1)	14	154	(47)	135	(126)
	(7,048)	(62,860)	(51,733)	(698,457)	(47)	(820,145)	54,123
<b>(Decrease) / Increase in liabilities</b>							
Payable to Al Meezan Investment Management Limited - Management Company	(97)	(125)	(116)	(11,317)	1,414	(10,241)	547
Payable to the Central Depository Company of Pakistan Limited - Trustee	(2)	3	1	91	1	94	9
Payable to Meezan Bank Limited	-	-	-	-	-	-	(17)
Payable to Securities and Exchange Commission of Pakistan	78	73	100	347	1	599	187
Accrued expenses and other liabilities	223	212	140	1,350	2	1,927	1,137
	202	163	125	(9,529)	1,418	(7,621)	1,863
<b>Net cash generated from / (used in) operating activities</b>	(5,775)	(62,207)	(50,783)	(705,947)	1,403	(823,309)	63,342
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Receipts against issuance of units	45,689	94,476	103,451	669,474	66,165	979,255	138,301
Payments against redemption of units	(42,660)	(32,056)	(50,004)	(387)	-	(125,107)	(204,834)
<b>Net cash (used in) / generated from financing activities</b>	3,029	62,420	53,447	669,087	66,165	854,148	(66,533)
<b>Net (decrease)/ increase in cash and cash equivalents during the period</b>	(2,746)	213	2,664	(36,860)	67,568	30,839	(3,191)
Cash and cash equivalents at beginning of the period	5,464	3,910	1,527	50,053	-	60,954	11,197
<b>Cash and cash equivalents at end of the period</b>	2,718	4,123	4,191	13,193	67,568	91,793	8,006

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

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

Chief Executive

Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2014 (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 guidelines. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end Shariah compliant fund of fund scheme listed on Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis except for two new plans Meezan Capital Preservation Plan-I (MCPP-I) and Meezan Capital Preservation Plan-II (MCPP-II) in which the offer of units is discontinued after the end of the subscription period, however the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund .
- 1.4 The Fund is an open-end Shariah compliant fund of funds scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Aggressive Plan, Moderate Plan, Conservative Plan, Meezan Capital Preservation Plan-I (MCPP-I) and Meezan Capital Preservation Plan-II (MCPP-II) by investing in Shariah compliant income, money market and equity mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.
- 1.5 Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund. The Fund's property of different types of allocation plans shall be accounted for and maintained separately in books of accounts, which shall collectively constitute the Fund property of the Scheme.
- 1.6 The Management Company of the Fund has been given quality rating of AM2+ by JCR-VIS Credit Rating Company Limited.
- 1.7 In the current period two new plans (i.e. Meezan Capital Preservation Plan-I and Meezan Capital Preservation Plan-II) were introduced.

Brief description of plans is as follows:

Aggressive Allocation Plan	High risk - Long term investor This plan invests at least 65 percent of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.
Moderate Allocation Plan	Moderate risk - Medium and long term investor This plan invests at least 45 percent of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.
Conservative Allocation Plan	Low risk - Medium and short term investor This plan invests at least 20 percent of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.
Meezan Capital Preservation Plan I	Low risk - High return along with capital preservation upon maturity This plan is based on the Constant Proportion Portfolio Insurance (CPPI) methodology and may invest up to 100 percent in equity or fixed income, depending on the market conditions. The initial maturity of this plan shall be two years from the close of the subscription period (i.e. October 27, 2014). Units shall be subject to front end load and back end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.
Meezan Capital Preservation Plan II	Low risk - High return along with capital preservation upon maturity This plan is based on the Constant Proportion Portfolio Insurance (CPPI) methodology and may invest up to 100 percent in equity or fixed income, depending on the market conditions. The initial maturity of this plan shall be two years after the close of the subscription period which is not determined till date. Units shall be subject to front end load and back end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.

## 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 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 NBFC Rules, the NBFC Regulations and directives issued by the SECP have been followed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

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, 2014.

The Fund's financial and unitholders' fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

#### 5. INVESTMENTS

		Unaudited As at December 31, 2014					Audited June 30, 2014
		Aggressive	Moderate	Conservative	MCPPI	MCPPII	Total
		Rupees in '000					
	Note						
Investments - 'at fair value through profit or loss' - held for trading	5.1	344,624	335,112	437,671	1,554,086	-	2,671,493
		<u>344,624</u>	<u>335,112</u>	<u>437,671</u>	<u>1,554,086</u>	<u>-</u>	<u>2,671,493</u>
							<u>917,725</u>

## 5.1 Held for Trading - Units of mutual funds

Name of investee funds	As at July 01, 2014	Purchases during the period	Bonus	Redemption during the period	As at December 31, 2014	Unaudited As at December 31, 2014				
						Carrying value	Market value	Unrealised gain	Percentage of market value of total investments	Percentage of net assets of the Fund on the basis of market value
						-----Number of Units-----				
<b>Aggressive Allocation Plan</b>										
Meezan Islamic Fund	4,553,883	850,215	-	1,033,863	4,370,235	221,588	241,237	19,649	70.00	70.07
Meezan Sovereign Fund	1,942,386	464,521	-	410,628	1,996,279	101,137	103,387	2,250	30.00	30.03
<b>Total</b>						<b>322,725</b>	<b>344,624</b>	<b>21,899</b>		
<b>Total cost of investments</b>							<b>279,041</b>			
<b>Moderate Allocation Plan</b>										
Meezan Islamic Fund	2,501,604	1,105,933	-	572,099	3,035,438	155,711	167,556	11,845	50.00	50.15
Meezan Sovereign Fund	2,489,711	1,241,898	-	496,309	3,235,300	164,230	167,556	3,326	50.00	50.15
<b>Total</b>						<b>319,941</b>	<b>335,112</b>	<b>15,171</b>		
<b>Total cost of investments</b>							<b>298,816</b>			
<b>Conservative Allocation Plan</b>										
Meezan Islamic Fund	1,689,514	991,629	-	698,936	1,982,207	100,749	109,418	8,669	25.00	25.44
Meezan Sovereign Fund	5,044,442	3,116,571	-	1,822,852	6,338,161	321,625	328,253	6,628	75.00	76.31
<b>Total</b>						<b>422,374</b>	<b>437,671</b>	<b>15,297</b>		
<b>Total cost of investments</b>							<b>397,391</b>			
<b>Meezan Capital Preservation Plan-I</b>										
Meezan Islamic Fund	-	18,617,950	-	-	18,617,950	979,047	1,027,711	48,664	66.13	65.84
Meezan Cash Fund	-	29,294,459	-	19,154,317	10,140,142	516,564	526,375	9,811	33.87	33.72
<b>Total</b>						<b>1,495,611</b>	<b>1,554,086</b>	<b>58,475</b>		
<b>Total cost of investments</b>							<b>1,495,610</b>			
<b>Total investments in units of mutual funds</b>										
Meezan Islamic Fund	8,745,001	21,565,727	-	2,304,898	28,005,830	1,457,095	1,545,922	88,827	57.87	56.51
Meezan Sovereign Fund	9,476,539	4,822,990	-	2,729,789	11,569,740	586,992	599,196	12,204	22.43	21.90
Meezan Cash Fund	-	29,294,459	-	19,154,317	10,140,142	516,564	526,375	9,811	19.70	19.24
<b>Total</b>						<b>2,560,651</b>	<b>2,671,493</b>	<b>110,842</b>		
<b>Total cost of investments</b>							<b>2,470,858</b>			

## 6. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE

- 6.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15 percent (till June 30, 2014: 16 percent) on the remuneration of the Management Company and sales load through Sindh Tax on Services Act 2011 effective from July 01, 2011.
- 6.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by Mutual Fund Association of Pakistan and the Honourable High Court Sindh in a constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management

Company has made a provision with effect from June 13, 2013, aggregating to Rs. 0.01 million, Rs. 0.01 million, Rs. 0.01 million, Rs. 0.01 million and 0.001 million in Aggressive Plan, Moderate Plan, Conservative Plan, Meezan Capital Preservation Plan-I and Meezan Capital Preservation Plan-II respectively.

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

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 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.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In 2012, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013 a large bench of Sindh High Court (SHC) in various constitutional petition declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. However, the Management Company as a matter of abundant caution has decided to continue to maintain the provision for WWF. As at December 31, 2014, the Fund has recognised WWF amounting to Rs. 2.14 million, Rs. 1.33 million, Rs. 1.35 million, Rs. 1.37 million and Rs. 0.002 million in Aggressive, Moderate, Conservative, Meezan Capital Preservation Plan-I and Meezan Capital Preservation Plan-II respectively (included in the balance of accrued expenses and other liabilities), which includes Rs. 0.47 million, Rs. 0.37 million, Rs. 0.34 million, Rs. 1.37 million and Rs 0.002 million pertaining to the current period in Aggressive, Moderate, Conservative, Meezan Capital Preservation Plan-I and Meezan Capital Preservation Plan-II respectively. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.40 (0.62 percent), Rs. 0.24 (0.40 percent), Rs. 0.18 (0.31 percent), Rs. 0.04 (0.08 percent) in Aggressive, Moderate, Conservative and Meezan Capital Preservation Plan-I respectively.

## **8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014.



## 9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers (executives) of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Balanced Fund, Meezan Capital Preservation Fund -III, Meezan Capital Preservation Fund - II and Meezan Tahaffuz Pension Fund being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Employees Gratuity Fund and Unit holders holding 10 percent or more of the Fund's net assets.

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

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

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

	Unaudited As at December 31, 2014					Total	Audited June 30, 2014
	Aggressive	Moderate	Conservative	MCPPI-I	MCPPI-II		
----- Rupees in '000 -----							
<b>Al Meezan Investment Management Limited</b>							
<b>- Management Company</b>							
Management fee payable	4	3	3	12	8	30	10
Sindh Sales Tax and Federal Excise Duty on Management Fee	11	11	12	18	3	55	20
Sales load payable	55	51	99	-	1,048	1,253	328
Sindh Sales Tax and Federal Excise Duty on Sales load payable	309	259	327	4,508	350	5,753	633
Other payable	-	-	-	-	5	5	-
Investment of 2,098,437 units (June 30, 2014: 2,098,437 units) - Conservative Allocation Plan	-	-	121,583	-	-	121,583	116,832
Investment of 2,651,209 units (June 30, 2014: Nil units) - Meezan Capital Preservation Plan-I	-	-	-	138,526	-	138,526	-
<b>Meezan Bank Limited</b>							
Balances with bank	2,520	3,981	3,870	13,193	67,568	91,132	16,094
Sales load payable	-	-	-	-	-	-	2
Profit receivable on savings accounts with bank	23	16	14	79	47	179	31
<b>Central Depository Company of Pakistan Limited - Trustee</b>							
Trustee Fee payable	28	24	40	112	1	205	87
<b>Directors and executives of the Management Company</b>							
Investment of 14,885 units (June 30, 2014: 13,333 units) of Aggressive Allocation Plan	961	-	-	-	-	961	802
Investment of 15,380 units (June 30, 2014: 11,037 units) of Moderate Allocation Plan	-	921	-	-	-	921	625
Investment of 10,492 units (June 30, 2014: 10,492 units) of Conservative Allocation Plan	-	-	608	-	-	608	584

	Unaudited As at December 31, 2014					Total	Audited June 30, 2014
	Aggressive	Moderate	Conservative	MCPPI-I	MCPPI-II		
----- Rupees in '000 -----							
Investment of 21,315 units (June 30, 2014: Nil units) of Meezan Capital Preservation Plan-I	-	-	-	1,114	-	1,114	-
<b>Meezan Islamic Fund</b>							
Investment of 4,370,235 units (June 30, 2014: 4,553,883 units) - Aggressive Allocation Plan	241,237	-	-	-	-	241,237	228,787
Investment of 3,035,438 units (June 30, 2014: 2,501,604 units) - Moderate Allocation Plan	-	167,556	-	-	-	167,556	125,680
Investment of 1,982,207 units (June 30, 2014: 1,689,514 units) - Conservative Allocation Plan	-	-	109,418	-	-	109,418	84,881
Investment of 18,617,950 units (June 30, 2014: Nil units) - Meezan Capital Preservation Plan-I	-	-	-	1,027,711	-	1,027,711	-
<b>Meezan Sovereign Fund</b>							
Investment of 1,996,279 units (June 30, 2014: 1,942,386 units) - Aggressive Allocation Plan	103,387	-	-	-	-	103,387	98,052
Investment of 3,235,300 units (June 30, 2014: 2,489,711 units) - Moderate Allocation Plan	-	167,556	-	-	-	167,556	125,681
Investment of 6,338,161 units (June 30, 2014: 5,044,442 units) - Conservative Allocation Plan	-	-	328,253	-	-	328,253	254,644
<b>Meezan Cash Fund</b>							
Investment of 10,140,142 units Meezan Capital Preservation Plan-I	-	-	-	526,375	-	526,375	-
Unit holders holding 10 percent or more units of the Fund's net assets	111,023	39,038	121,583	-	34,527	306,171	-

	Unaudited Six months period ended December 31, 2014					Total	Six months period ended December 31, 2013
	Aggressive	Moderate	Conservative	MCPPI-I	MCPPI-II		
----- Rupees in '000 -----							
<b>Al Meezan Investment Management Limited</b>							
- Management Company							
Remuneration for the period	27	21	24	79	8	159	104
Sindh Sales Tax and Federal Excise Duty on Management Fee	9	7	8	28	3	55	36
Preliminary expenses and floatation costs paid	-	-	101	-	-	101	-
Issuance of Nil bonus units (2013 : 23,401) - Conservative Allocation Plan	-	-	-	-	-	-	1,200
Issuance of 2,651,209 units (2013 : Nil) - Meezan Capital Preservation Plan I)	-	-	-	133,000	-	133,000	-
<b>Meezan Bank Limited</b>							
Profit on savings accounts with bank	125	98	167	738	47	1,175	590
<b>Central Depository Company of Pakistan Limited - Trustee</b>							
Trustee fee	151	130	181	331	1	794	388
<b>Directors and executives of the Management Company</b>							
Issuance of 1,645 units (2013: Nil) of Aggressive Allocation Plan	106	-	-	-	-	106	-
Redemption of 93 units (2013: Nil) of Aggressive Allocation Plan	6	-	-	-	-	6	-
Issuance of 4,343 units (2013: 93) of Moderate Allocation Plan	-	250	-	-	-	250	5
Redemption of Nil units (2013: 224) of Moderate Allocation Plan	-	-	-	-	-	-	12
Issuance of 21,315 units (2013: Nil) of Meezan Capital Preservation Plan-I	-	-	-	1,073	-	1,073	-

	Unaudited Six months period ended December 31, 2014					Total	Six months period ended December 31, 2013
	Aggressive	Moderate	Conservative	MCPPI	MCPPII		
----- Rupees in '000 -----							
Issuance of Nil Bonus Units (2013: 395) of Aggressive Allocation Plan	-	-	-	-	-	-	21
Issuance of Nil Bonus Units (2013: 359) of Moderate Allocation Plan	-	-	-	-	-	-	19
Issuance of Nil Bonus Units (2013: 119) of Conservative Allocation Plan	-	-	-	-	-	-	6
<b>Meezan Islamic Fund</b>							
Purchase of 850,215 units (2013: 1,094,337) - Aggressive Allocation Plan	44,811	-	-	-	-	44,811	52,169
Purchase of 1,105,933 units (2013: 727,166) - Moderate Allocation Plan	-	58,980	-	-	-	58,980	34,928
Purchase of 991,629 units (2013: 903,631) - Conservative Allocation Plan	-	-	51,056	-	-	51,056	43,429
Purchase of 18,617,950 units (2013: Nil) - Meezan Capital Preservation Plan-I	-	-	-	979,046	-	979,046	-
Issuance of Nil Bonus units (2013: 1,152,762) - Aggressive Allocation Plan	-	-	-	-	-	-	60,854
Issuance of Nil Bonus units (2013: 467,797) - Moderate Allocation Plan	-	-	-	-	-	-	24,143
Issuance of Nil Bonus units (2013: 403,232) - Conservative Allocation Plan	-	-	-	-	-	-	20,678
Sales of 1,033,863 units (2013: 1,263,564) - Aggressive Allocation Plan	53,466	-	-	-	-	53,466	61,355
Sales of 572,099 units (2013: 874,221) - Moderate Allocation Plan	-	29,863	-	-	-	29,863	42,103
Sales of 698,936 units (2013: 734,897) - Conservative Allocation Plan	-	-	36,618	-	-	36,618	36,032
Transaction cost paid - Aggressive Allocation Plan	112	-	-	-	-	112	131
Transaction cost paid - Moderate Allocation Plan	-	148	-	-	-	148	88
Transaction cost paid - Conservative Allocation Plan	-	-	128	-	-	128	109
Transaction cost paid - Meezan Capital Preservation Plan-I	-	-	-	2,454	-	2,454	-
<b>Meezan Sovereign Fund</b>							
Purchase of 464,521 units (2013: 737,687) - Aggressive Allocation Plan	23,824	-	-	-	-	23,824	37,212
Purchase of 1,241,898 units (2013: 760,083) - Moderate Allocation Plan	-	63,641	-	-	-	63,641	38,304
Purchase of 3,116,571 units (2013: 2,588,223) - Conservative Allocation Plan	-	-	159,170	-	-	159,170	130,855
Issuance of Nil Bonus units (2013: 69,906) - Aggressive Allocation Plan	-	-	-	-	-	-	3,503
Issuance of Nil Bonus units (2013: 82,282) - Moderate Allocation Plan	-	-	-	-	-	-	4,123
Issuance of Nil Bonus units (2013: 247,785) - Conservative Allocation Plan	-	-	-	-	-	-	12,418
Sales of 410,628 units (2013: 300,239) - Aggressive Allocation Plan	20,955	-	-	-	-	20,955	15,203
Sales of 496,309 units (2013: 767,849) - Moderate Allocation Plan	-	25,350	-	-	-	25,350	89,918

	Unaudited					Total	Six months period ended December 31, 2013
	Six months period ended December 31, 2014						
	Aggressive	Moderate	Conservative	MCPPI	MCPPII		
----- Rupees in '000 -----							
Sales of 1,822,852 units (2013: 1,744,305) - Conservative Allocation Plan	-	-	93,000	-	-	93,000	88,397
<b>Meezan Cash Fund</b>							
Investment of 29,294,459 units Meezan Capital Preservation Plan-I	-	-	-	1,492,000	-	1,492,000	-
Sales of 19,154,317 units Meezan Capital Preservation Plan-I	-	-	-	981,500	-	981,500	-

## 10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than unrealized capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unitholders.

## 11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 20, 2015 by the Board of Directors of the Management Company.

## 12. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

**Chief Executive**

**Director**



**Half Yearly Report December 31, 2014**

## 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  
Website: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azim	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoaib, CFA	Chief Executive	

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	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 SultanTrust 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
Askari Bank Limited - Islamic Banking	MCB Bank Limited - Islamic Banking
BankIslami Pakistan Limited	Meezan Bank Limited
Bank Alfalah - Islamic Banking Branch	National Bank of Pakistan - Islamic Banking
Burj Bank Limited	UBL Ameen - Islamic Banking
Dubai Islamic Bank	

### LEGAL ADVISER

Bawaney & Partners  
3rd & 4th floor, 58-C, Lane-13, Bokhari Commercial Area, Phase VI, DHA, Karachi.  
Phone: (9221) 3515619-94 Fax: (9221) 35156195  
E-mail: bawaney@cyber.net.pk

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House,  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 3810 3538 Fax: 3640 6017  
Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN BALANCED FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Balanced Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

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

**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 20, 2015





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

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

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

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Balanced Fund** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*


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

### *Other Matters*

The figures for the quarter ended 31 December 2014 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date: 20 February 2015**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Aryn Malik

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



## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2014

	Note	(Unaudited) December 31, 2014 (Rupees in '000)	(Audited) June 30, 2014
<b>Assets</b>			
Balances with banks		424,412	470,857
Investments	5	1,982,870	1,499,193
Dividend receivable		81	1,153
Receivables against investments (net)		11,000	13
Deposits and other receivables	6	27,003	11,797
<b>Total assets</b>		<b>2,445,366</b>	<b>1,983,013</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		16,011	9,557
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		282	239
Payable to Securities and Exchange Commission of Pakistan (SECP)		884	1,465
Payable on redemption and conversion of units		1,202	2,074
Accrued expenses and other liabilities	9	34,708	31,826
Unclaimed dividend		7,337	7,366
<b>Total liabilities</b>		<b>60,424</b>	<b>52,527</b>
<b>Net assets</b>		<b>2,384,942</b>	<b>1,930,486</b>
<b>Contingencies and commitments</b>	8		
<b>Unitholders' fund (as per statement attached)</b>		<b>2,384,942</b>	<b>1,930,486</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>166,164,959</b>	<b>144,610,111</b>
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<b>14.35</b>	<b>13.35</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
<b>Income</b>					
Net realised gain on sale of investments		31,698	28,259	25,100	15,392
Dividend income		32,490	31,723	11,446	10,433
Profit on saving accounts with banks		14,898	9,088	8,764	3,955
Profit on sukuk certificates		28,054	25,975	15,490	13,851
Other income		(49)	1,360	-	336
		<u>107,091</u>	<u>96,405</u>	<u>60,800</u>	<u>43,967</u>
Unrealised gain on re-measurement of investments - 'at fair value through profit or loss' (net)		70,217	59,233	65,003	76,264
Reversal / (provision) against non-performing debt securities (net)	5.1.2.7	85	(13,810)	-	(13,810)
		<u>70,302</u>	<u>45,423</u>	<u>65,003</u>	<u>62,454</u>
<b>Total income</b>		<b>177,393</b>	<b>141,828</b>	<b>125,803</b>	<b>106,421</b>
<b>Expenses</b>					
Remuneration to AI Meezan Investment Management Limited - Management Company		20,795	16,528	11,007	8,293
Sindh Sales Tax and Federal Excise Duty on management fee	7.1 & 7.2	6,946	5,567	3,677	2,866
Remuneration to Central Depository Company of Pakistan Limited - Trustee		1,544	1,330	803	666
Annual fee to Securities and Exchange Commission of Pakistan		884	702	468	352
Auditors' remuneration		288	382	152	246
Charity expense		520	552	240	183
Fees and subscription		110	267	2	167
Brokerage		857	434	536	173
Bank and settlement charges		416	247	212	155
Provision for Workers' Welfare Fund (WWF)	9	3,207	2,247	2,464	1,888
Printing charges		-	435	-	76
Conversion cost		-	3,840	-	-
<b>Total expenses</b>		<b>35,567</b>	<b>32,531</b>	<b>19,561</b>	<b>15,065</b>
Net income from operating activities		141,826	109,297	106,242	91,356
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		15,312	825	14,423	817
<b>Net income for the period before taxation</b>		<b>157,138</b>	<b>110,122</b>	<b>120,665</b>	<b>92,173</b>
Taxation	12	-	-	-	-
<b>Net income for the period after taxation</b>		<b>157,138</b>	<b>110,122</b>	<b>120,665</b>	<b>92,173</b>
<b>Other comprehensive income for the period</b>					
Items that can be reclassified to income statements in subsequent periods					
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'	5.2.1	8,744	28,460	(2,082)	45,348
<b>Total comprehensive income for the period</b>		<b>165,882</b>	<b>138,582</b>	<b>118,583</b>	<b>137,521</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

Half Yearly Report 2014

## CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Undistributed income brought forward				
- Realised	<b>209,274</b>	238,809	<b>342,346</b>	229,838
- Unrealised	<b>101,271</b>	136,041	<b>5,214</b>	(17,031)
	<b>310,545</b>	374,850	<b>347,560</b>	212,807
Final distribution for the year ended:				
Cash dividend June 30, 2014 : Nil (June 30, 2013 @ 15% per certificate)	-	(180,000)	-	-
Net income for the period	<b>157,138</b>	110,122	<b>120,665</b>	92,173
Element of income and capital gains included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)	<b>817</b>	208	<b>275</b>	200
Undistributed income carried forward	<b>468,500</b>	305,180	<b>468,500</b>	305,180
Undistributed income carried forward				
- Realised	<b>398,283</b>	245,947	<b>398,283</b>	245,947
- Unrealised	<b>70,217</b>	59,233	<b>70,217</b>	59,233
	<b>468,500</b>	305,180	<b>468,500</b>	305,180

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For AI Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For the six months and quarter ended December 31, 2014 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	(Rupees in '000)			
Net assets at beginning of the period	1,930,486	-	2,018,869	1,575,743
Issue of 120,000,000 units against cancellation of 120,000,000 certificates upon conversion from close end fund to an open end scheme	-	1,747,480	-	-
Issue of 41,594,737 units (2013: 3,881,319 units) and 24,039,232 units (2013: 1,735,089 units) for the six months and quarter respectively	578,145	53,281	339,863	24,054
Redemption of 20,039,889 units (2013: 2,311,491 units) and 5,521,287 units (2013: 715,976 units) for the six months and quarter respectively	(274,259)	(31,746)	(77,950)	(9,728)
	303,886	21,535	261,913	14,326
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(15,312)	(825)	(14,423)	(817)
Net realised gain on sale of investments	31,698	28,259	25,100	15,392
Unrealised appreciation in the value of investments (net)	70,302	45,423	65,003	62,454
Net other income for the period	63,882	64,901	28,480	59,675
Total comprehensive income for the period	165,882	138,583	118,583	137,521
Final distribution for the year ended: Cash dividend June 30, 2014: Nil (June 30, 2013 @ 15% per certificate)	-	(180,000)	-	-
Net income for the period less distribution	165,882	(41,417)	118,583	137,521
Net assets at end of the period	2,384,942	1,726,773	2,384,942	1,726,773
	(Rupees)			
Net assets value per unit at beginning of the period	13.35	14.56	13.67	13.07
Net assets value per unit at end of the period	14.35	14.20	14.35	14.20

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

For the six months and quarter ended December 31, 2014 (Unaudited)

	Six months period ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	157,138	110,122	120,665	92,173
<b>Adjustments for:</b>				
Unrealised gain on re-measurement of investments - 'at fair value through profit or loss' (net)	(70,217)	(59,233)	(65,003)	(76,264)
(Reversal) / provision against non-performing debt securities (net)	(85)	13,810	-	13,810
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(15,312)	(825)	(14,423)	(817)
	71,524	63,874	41,239	28,902
<b>(Increase) / decrease in assets</b>				
Investments (net)	(404,631)	68,001	(187,956)	7,093
Dividend receivable	1,072	(71)	17,249	16,657
Deposits and other receivables	(26,193)	(5,148)	(16,932)	3,179
	(429,752)	62,782	(187,639)	26,929
<b>Increase / (decrease) in liabilities</b>				
Payable to Al Meezan Investment Management Limited - Management Company	6,454	2,226	3,212	2,304
Payable to Central Depository Company of Pakistan Limited - Trustee	43	74	36	15
Payable to Securities and Exchange Commission of Pakistan	(581)	(654)	468	352
Payable against purchase of investments	-	(7,496)	-	(15,112)
Accrued expenses and other liabilities	2,882	(736)	2,149	(2,179)
	8,798	(6,586)	5,865	(14,620)
<b>Net cash (used in) / generated from operating activities</b>	<b>(349,430)</b>	<b>120,070</b>	<b>(140,535)</b>	<b>41,211</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts against issuance of units	578,145	53,281	339,862	24,054
Dividend paid	(29)	(189,280)	-	(15,979)
Payments against redemption of units	(275,131)	(30,223)	(77,182)	(15,804)
<b>Net cash generated from / (used in) financing activities</b>	<b>302,985</b>	<b>(166,222)</b>	<b>262,680</b>	<b>(7,729)</b>
Net (decrease) / increase in cash and cash equivalents during the period	(46,445)	(46,152)	122,145	33,482
Cash and cash equivalents at beginning of the period	470,857	296,693	302,267	217,059
<b>Cash and cash equivalents at end of the period</b>	<b>424,412</b>	<b>250,541</b>	<b>424,412</b>	<b>250,541</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2014 (Unaudited)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Balanced Fund (the Fund) was initially established as a closed-end scheme under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 15, 2004 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 8, 2004 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The registered office of the Management Company is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

Subsequently, on May 3, 2013, SECP vide its letter No. SCD/AMCW/MBF /512/2013 has approved the conversion of the closed end structure into an open end scheme through the establishment of the Unit Trust Scheme under the name of Meezan Balanced Fund (MBF). On June 27, 2013, SECP vide its letter No SCD/AMCW/MBF/613/2013 registered MBF (the open-end scheme) as a notified entity and has withdrawn the registration of MBF as close end scheme with effect from the effective date i.e. 1 July 2013 and therefore from July 1, 2013, the Fund has been converted into an open end scheme and accordingly the certificate holders of closed end scheme at June 30, 2013, were converted to unitholders of open end scheme from July 1, 2013.

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 the listing of the units of the open end scheme has been made to the Islamabad Stock Exchange.

### 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 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 NBFC Rules, the NBFC Regulations and directives issued by the SECP have been followed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

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, 2014.

The Fund's financial and unitholders' fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

	Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
<b>5. INVESTMENTS</b>			
Investments 'at fair value through profit or loss'	5.1	<b>1,735,845</b>	1,205,799
Investments - 'available for sale'	5.2	<b>247,025</b>	293,394
		<u><b>1,982,870</b></u>	<u>1,499,193</u>
5.1 Investments 'at fair value through profit or loss'			
Held for trading	5.1.1	<b>1,384,649</b>	1,115,673
Investments at fair value through profit or loss upon initial recognition	5.1.2	<b>351,196</b>	90,126
		<u><b>1,735,845</b></u>	<u>1,205,799</u>
5.1.1 Held for trading			
Shares of listed companies	5.1.1.1	<b>993,890</b>	816,464
Sukuk certificates	5.1.1.5	<b>390,759</b>	299,209
		<u><b>1,384,649</b></u>	<u>1,115,673</u>

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

Name of the investee company	As at July 01, 2014	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain / (loss) as at December 31, 2014	Percentage in relation to		
									Net assets of the Fund on the basis of market value (note 5.1.1.3)	Paid-up capital of the investee company (with face value of investment)	Total market value of investments
-----Number of shares-----						-----Rupees in '000-----			%		
<b>Sector / Companies</b>											
<b>Banks</b>											
Meezan Bank Limited (an associate company of the Fund)	673,500	400,000	-	-	1,073,500	48,122	50,455	2,333	2.12	0.11	2.54
<b>Automobile and parts</b>											
Pakistan Suzuki Motor Company Limited	17,800	5,000	-	-	22,800	6,284	8,462	2,178	0.35	0.03	0.43
Honda Atlas Cars (Pakistan) Limited	-	192,500	-	46,000	146,500	20,315	29,033	8,718	1.22	0.10	1.46
									1.57		1.89
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	275,000	-	-	-	275,000	10,937	12,433	1,496	0.52	0.03	0.63
Fauji Fertilizer Company Limited	284,700	170,000	-	251,000	203,700	23,297	23,855	558	1.00	0.02	1.20
ICI Pakistan Limited	17,195	-	-	-	17,195	6,712	7,952	1,240	0.33	0.02	0.40
Engro Chemical Pakistan Limited	-	497,500	-	241,000	256,500	54,918	56,817	1,899	2.38	0.04	2.87
Fatima Fertilizer Company Limited	-	50,000	-	-	50,000	1,785	1,789	4	0.08	0.00	0.09
									4.31		5.19
<b>Construction and materials (Cement)</b>											
Attock Cement Pakistan Limited	403	-	-	-	403	63	79	16	-	-	-
DG Khan Cement Company Limited	277,660	287,500	-	253,000	312,160	27,964	34,503	6,539	1.45	0.07	1.74
Fauji Cement Company Limited	771,000	150,000	-	115,000	806,000	15,471	20,827	5,356	0.87	0.06	1.05
Lucky Cement Limited	264,000	80,000	-	80,000	264,000	103,695	132,074	28,379	5.54	0.08	6.66
Pioneer Cement Limited	116,000	100,000	-	-	216,000	10,912	18,492	7,580	0.78	0.10	0.93
Kohat Cement Limited	-	155,000	-	-	155,000	22,063	29,680	7,617	1.24	0.10	1.50
Lafarge Pakistan Cement	-	2,500,000	-	-	2,500,000	37,847	43,375	5,528	1.82	0.17	2.19
									11.70		14.07
<b>Fixed line telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	772,510	-	-	50,000	722,510	18,402	16,639	(1,763)	0.70	0.02	0.84
<b>General industrials</b>											
Thal Limited (note 5.1.1.2)	41,000	-	-	-	41,000	8,503	11,030	2,527	0.46	0.05	0.56
Packages Limited	38,000	100,000	-	-	138,000	81,560	93,604	12,044	3.92	0.16	4.72
									4.38		5.28
<b>Oil and gas</b>											
Attock Refinery Limited	5,000	10,000	-	15,000	-	-	-	-	-	-	-
Oil and Gas Development Company Limited (note 5.1.1.4)	101,800	10,000	-	79,334	32,466	8,482	6,684	(1,798)	0.28	0.00	0.34
Pakistan Oilfields Limited	276,725	-	-	75,000	201,725	115,850	76,526	(39,324)	3.21	0.09	3.86
Pakistan Petroleum Limited (note 5.1.1.4)	344,396	-	-	90,000	254,396	57,071	44,906	(12,165)	1.88	0.01	2.26
National Refinery Limited	42,500	-	-	40,000	2,500	538	462	(76)	0.02	0.00	0.02
Pakistan State Oil Company Limited	353,604	22,500	-	119,000	257,104	99,635	92,020	(7,615)	3.86	0.09	4.64
Mari Petroleum Company Limited (note 6)	30,000	-	6,000	3,000	33,000	10,269	15,690	5,421	0.66	0.03	0.79
									9.91		11.91
<b>Pharma and Bio Tech</b>											
Abbott Laboratories (Pakistan) Limited	31,000	-	-	-	31,000	17,742	22,031	4,289	0.92	0.03	1.11
Ferozsons Laboratories Limited	-	5,000	-	5,000	-	-	-	-	-	-	-
The Searle Company Limited	-	100,000	-	-	100,000	26,417	24,184	(2,233)	1.01	0.12	1.22
<b>Food producers</b>											
Engro Foods Limited	185,100	-	-	150,000	35,100	3,599	3,810	211	0.16	0.00	0.19
<b>Personal Goods (Textile)</b>											
Nishat Mills Limited	278,000	-	-	-	278,000	31,114	33,635	2,521	1.41	0.08	1.70
<b>Electricity</b>											
Hub Power Company Limited	294,097	225,000	-	-	519,097	32,790	40,676	7,886	1.71	0.04	2.05
K-Electric Limited (note 5.1.1.2)	1,650,000	-	-	500,000	1,150,000	9,764	10,603	839	0.44	0.00	0.53
Kohinoor Energy Limited	65,000	-	-	-	65,000	2,692	3,208	516	0.13	0.04	0.16
Lalpir Power Limited	-	387,000	-	150,000	237,000	5,125	7,086	1,961	0.30	0.06	0.36
									2.58		3.10
<b>Engineering</b>											
Milat Tractors Company Limited	-	11,800	-	-	11,800	7,169	7,633	464	0.32	0.03	0.38
<b>Multitiilities (Gas and water)</b>											
Sui Northern Gas Pipeline Limited	400,000	200,000	-	125,000	475,000	12,081	13,637	1,556	0.57	0.07	0.69
<b>Total</b>						<b>939,188</b>	<b>993,890</b>	<b>54,702</b>			
<b>Total cost of investments</b>							<b>851,076</b>				

5.1.1.2 All shares have a nominal value of Rs 10 each except for the shares of Thal Limited and K-Electric Limited which have a nominal value of Rs 5 and Rs.3.5 each respectively.

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

5.1.1.4 100,000 shares of Pakistan Petroleum Limited, having market value of Rs 17.652 million as at December 31, 2014 (June 30, 2014: Oil and Gas Development Company Limited Rs. 26.128 million) have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark-to-market losses.



### 5.1.1.5 Held for trading - Sukuk certificates

Name of the Security	Maturity date	Profit rate per annum	As at July 01, 2014	Purchases during the period	Sales / Matured during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised loss as at December 31, 2014	Percentage in relation to	
										Net assets of the Fund on the basis of investment (note 5.1.1.3)	Total market value of investments
			-----Number of certificates-----			-----Rupees in '000-----			%		
GoP Ijarah Sukuk Certificates - IX (Note 5.1.1.6 & 5.1.1.7)	November 21, 2015	Weighted Average 6 months T-Bills	500	1,200	-	1,700	170,700	170,221	(479)	7.14	8.58
GoP Ijarah Sukuk Certificates - XI (Note 5.1.1.6 & 5.1.1.7)*	November 21, 2015	..... do .....	600	450	-	1,050	106,358	105,262	(1,096)	4.41	5.31
GoP Ijarah Sukuk Certificates - XII (Note 5.1.1.6 & 5.1.1.7)	November 21, 2015	..... do .....	1,150	-	-	1,150	118,255	115,276	(2,979)	4.83	5.81
GoP Ijarah Sukuk Certificates - XV (Note 5.1.1.6)	June 25, 2017	..... do .....	690	-	690	-	-	-	-	-	-
<b>Total</b>						<b>395,313</b>	<b>390,759</b>	<b>(4,554)</b>			
<b>Total cost of investments</b>						<b>395,313</b>					

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

5.1.1.7 On December 12, 2014, the GoP has extended the maturity of these sukuk to November 21, 2015 through a resolution passed in the Extra Ordinary General Meeting of Sukuk holders held on 10 November 2014.

### 5.1.2. Investments - 'at fair value through profit or loss upon initial recognition'

	Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
Shares of listed companies	5.1.2.1	58,789	40,169
Sukuk certificates	5.1.2.2	292,407	49,957
		<b>351,196</b>	<b>90,126</b>

### 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 01, 2014	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain as at December 31, 2014	Percentage in relation to		
									Net assets of the Fund on the basis of investments (note 5.1.1.3)	Paid-up capital of the investee company (with face value of investments)	Total market value of investments
			-----Number of shares-----			-----Rupees in '000-----			%		
<b>Sector / Companies</b>											
<b>Automobile and parts</b>											
Indus Motor Company Limited	50,055	-	-	-	50,055	26,926	44,065	17,139	1.85	0.06	2.22
<b>Banks</b>											
Meezan Bank Limited (an associate company of the Fund)	277,593	-	-	-	277,593	12,003	13,047	1,044	0.55	0.03	0.66
<b>General industrials</b>											
Packages Limited	2,473	-	-	-	2,473	1,241	1,677	436	0.07	0.00	0.08
<b>Total</b>						<b>40,170</b>	<b>58,789</b>	<b>18,619</b>			
<b>Total cost of investments</b>						<b>12,894</b>					

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

Name of the security	Maturity date	Profit rate per annum	As at July 01, 2014	Purchases during the period	Sales / redemptions during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain as at December 31, 2014	Percentage in relation to		
										Net assets of the Fund on the basis of market value (note 5.1.1.3)	Paid-up capital of the investee company (with face value of investment)	Total market value of investments
-----Number of certificates-----							----Rupees in '000----			%		
<b>Secured</b>												
Engro Fertilizer Pakistan Limited (note 5.1.2.3)	September 1, 2015	6 months KIBOR plus base rate of 1.5%	10,000	-	-	10,000	49,957	50,196	239	2.10	0.00	2.90
Security Leasing Corporation Limited II * (note 5.1.2.3, 5.1.2.4 & 5.1.2.5)	January 19, 2022	Nil	1,557	-	17	1,540	-	-	-	-	-	-
Eden Housing Limited * (note 5.1.2.3.1, 5.1.2.4 & 5.1.2.5)	September 29, 2014	6 months KIBOR plus base rate of 2.5%	5,000	-	-	5,000	-	-	-	-	-	-
Arzoo Textile Mills Limited * (note 5.1.2.3 & 5.1.2.5)	April 15, 2014	6 months KIBOR plus base rate of 2%	5,000	-	-	5,000	-	-	-	-	-	-
Engro Fertilizer Pakistan Limited - II (note 5.1.2.3)	July 9, 2019	6 months KIBOR plus base rate of 1.75%	-	13,600	-	13,600	68,000	69,211	1,211	2.90	0.00	4.00
Lalpir Power Limited (note 5.1.2.3)	February 18, 2015	6 months KIBOR plus base rate of 0.30%	-	34,600	-	34,600	173,000	173,000	-	7.25	0.01	9.99
Total							290,957	292,407	1,450			
Total cost of investments									326,162			

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

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

5.1.2.3.1 The nominal value of the sukuk certificates of Eden Housing Limited is Rs. 984.375 each.

5.1.2.4 Eden Housing Limited and Security Leasing Corporation sukuk certificates have been classified as non-performing by MUSFP. Details are given in the annual financial statements for the year ended June 30, 2014.

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 December 31, 2014	Value of investments after provisions	Percentage of net assets	Percentage of total assets
		----- (Rupees in '000) -----			----- % -----	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	25,000	25,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	4,922	4,922	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	7,700	7,700	-	-	-
		<u>37,622</u>	<u>37,622</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
<b>5.1.2.6 Provision on sukuk certificates</b>			
Opening		37,708	21,403
Reversal for the quarter - net		(85)	16,305
Closing		<u>37,623</u>	<u>37,708</u>

## 5.2 Investments - 'available for sale'

### Shares of listed companies

Name of the investee company	As at July 01, 2014	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain as at December 31, 2014	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 investment)	Total market value of investments
					Number of shares	Rupees in '000		%			
<b>Sector / Companies</b>											
<b>Automobile and parts</b>											
Indus Motor Company Limited	11,075	-	-	-	11,075	2,422	9,750	7,328	0.41	0.01	0.49
Pakistan Suzuki Motor Company Limited	11,260	-	-	-	11,260	833	4,179	3,346	0.18	0.01	0.21
<b>Banks</b>											
Meezan Bank Limited (an associate of the Fund)	1,207	-	-	-	1,207	17	57	40	-	-	-
BankIslami Pakistan Limited	500	-	-	-	500	2	5	3	-	-	-
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	3,377	-	-	-	3,377	120	153	33	0.01	-	0.01
Fauji Fertilizer Company Limited	30,599	-	-	-	30,599	2,465	3,583	1,118	0.15	-	0.18
ICI Pakistan Limited	7,921	-	-	-	7,921	999	3,663	2,664	0.15	0.01	0.18
									<b>0.31</b>		<b>0.37</b>
<b>Construction and materials (Cement)</b>											
Attock Cement Pakistan Limited	287	-	-	-	287	11	56	45	-	-	-
DG Khan Cement Company Limited	383,249	-	-	200,000	183,249	7,216	20,254	13,038	0.85	0.04	1.02
Lucky Cement Limited	7,451	-	-	-	7,451	887	3,727	2,840	0.16	-	0.19
									<b>1.01</b>		<b>1.21</b>
<b>Electricity</b>											
Hub Power Company Limited	1,264,050	-	-	-	1,264,050	46,726	99,051	52,325	4.15	0.11	5.00
<b>General Industrials</b>											
Packages Limited	150,000	-	-	-	150,000	77,511	101,744	24,233	4.27	0.18	5.13
<b>Oil and gas</b>											
Oil and Gas Development Company Limited (note 5.1.1.4)	345,666	-	-	345,666	-	-	-	-	-	-	-
Pakistan Petroleum Limited (note 5.1.1.4)	4,548	-	-	-	4,548	558	803	245	0.03	-	0.04
<b>Total</b>						<u>139,767</u>	<u>247,025</u>	<u>107,258</u>			
<b>Total cost of investments</b>						<u>139,767</u>					

### 5.2.1 Net unrealised appreciation / (diminution) on re-measurement of investment classified as 'available for sale'

	Note	(Unaudited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
Market value of investments		247,025	293,394
Less: Cost of investments		<u>139,767</u>	<u>194,880</u>
		<b>107,258</b>	<b>98,514</b>
Less: Net unrealised appreciation on re-measurement of investments classified as 'available for sale' at beginning of the period (net of impairment)		<u>98,514</u>	<u>172,629</u>
		<b>8,744</b>	<b>(74,115)</b>

## 6 DEPOSITS AND OTHER RECEIVABLES

The Finance Act 2014 introduced amendments to Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. These shares will be released upon payments of tax by shareholders. The value of tax will be computed on the basis of day-end price on the first day of book closure.

In this regard, a constitution petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares.

In the current period, Mari Petroleum Company Limited issued bonus shares after withholding 5 percent of bonus shares. The Fund has also paid the tax amount aggregating to Rs. 0.14 million to Mari Petroleum, which has been classified as other receivable in the financial statements. Subsequent to the period end, Mari Petroleum has returned the pay order due to pending adjudication of the aforementioned constitution petition and the stay order. Furthermore, shares against withholding tax held with Mari Petroleum have not been deposited with the Government Treasury.

## 7 SINDH SALES TAX AND FEDERAL EXCISE DUTY

7.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15 percent (till June 30, 2014: 16 percent) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act 2011 effective from July 01, 2011.

7.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honourable High Court Sindh in a constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 7.542 million. Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2014 would have been higher by 0.05 per unit.

## 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014, except for the matter disclosed in note 6 of this condensed interim financial information.

## 9. WORKERS' WELFARE FUND (WWF)

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 percent of their accounting or taxable income, whichever is higher. In this regard during the year ended June 30, 2010, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In 2012, the Honorable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013 a large bench of Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honorable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The decisions of SHC ( in against) and LHC ( in favour) are pending before Supreme Court. However, the Management company as a matter of abundant caution has recognised WWF amounting to Rs. 32.254 million (included in the balance of accrued expenses and other liabilities) which includes Rs. 3.207 million pertaining to the current year and Rs. 29.047 million pertaining to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.19 (1.35 percent).

## **10. SEGMENT REPORTING**

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

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

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

There were no changes in reportable segments during the period.

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

	For the six months period ended December 31, 2014			For the six months period ended December 31, 2013		
	Equity sub -portfolio	Debt sub -portfolio	Total	Equity sub -portfolio	Debt sub -portfolio	Total
----- (Rupees in '000) -----						
Profit on sukuk certificates	-	28,054	28,054	-	25,975	25,975
Dividend income	32,490	-	32,490	31,723	-	31,723
Net realised gain on sale of investments	33,078	(1,380)	31,698	17,575	10,839	28,414
Unrealised gain / (loss) on re-measurement of investments - 'at fair value through profit or loss' (net)	73,322	(3,105)	70,217	56,538	2,695	59,233
Brokerage	(857)	-	(857)	(434)	-	(434)
<b>Total net segment income</b>	<b>138,033</b>	<b>23,569</b>	<b>161,602</b>	<b>105,402</b>	<b>39,509</b>	<b>144,911</b>
Unallocated expenses	-	-	(4,464)	-	-	(34,789)
<b>Total net income</b>			<b>157,138</b>	<b>105,402</b>	<b>39,509</b>	<b>110,122</b>

	As at December 31, 2014			As at June 30, 2014		
	Equity sub -portfolio	Debt sub -portfolio	Total	Equity sub -portfolio	Debt sub -portfolio	Total
----- (Rupees in '000) -----						
Financial assets at 'fair value through profit or loss'	1,052,679	683,166	1,735,845	856,633	349,166	1,205,799
Investments - 'available for sale'	247,025	-	247,025	293,394	-	293,394
Dividend receivable	81	-	81	1,153	-	1,153
Profit receivable on sukuk certificates	-	14,728	14,728	-	3,139	3,139
<b>Total segment assets</b>	<b>1,299,785</b>	<b>697,894</b>	<b>1,997,679</b>	<b>1,151,180</b>	<b>352,305</b>	<b>1,503,485</b>
Unallocated assets			447,687			479,528
<b>Total assets</b>			<b>2,445,366</b>			<b>1,983,013</b>
<b>Total segment liabilities</b>	<b>1,665</b>	<b>-</b>	<b>1,665</b>	<b>1,994</b>	<b>-</b>	<b>1,994</b>
Unallocated liabilities			58,759			50,533
<b>Total liabilities</b>	<b>1,665</b>	<b>-</b>	<b>60,424</b>	<b>1,994</b>	<b>-</b>	<b>52,527</b>

There were no transactions between reportable segments.

## 11 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers (executives) of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund -III, Meezan Capital Preservation Fund -II and Meezan Tahaffuz Pension Fund being the funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Staff Gratuity Fund and Unitholder holding 10 percent or more units of the Fund's net assets.

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 2003, NBFC Regulations, 2008 and the Trust Deed respectively.

Details of transactions with connected persons and balances with them for the period ended December 31, 2014 and as of that date along with the comparative are as follows:

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	3,941	3,138
Sindh Sales Tax and Federal Excise Duty payable on management fee	9,779	5,863
Sales load payable	1,118	178
Sindh Sales Tax and Federal Excise Duty payable on sales load	1,173	378
Investment of 5,380,968 units (June 30, 2014: 5,380,968 units)	77,232	71,836
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	282	239
Deposits	300	300
<b>Meezan Bank Limited</b>		
Bank balance	62,572	28,783
Investment in 1,352,300 shares (June 30, 2014: 952,300 shares)	63,559	41,177
Investment of 18,886,746 units (June 30, 2014: 18,886,746 units)	271,078	252,138
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Investment of 11,057,791 units (June 30, 2014: 11,057,791 units)	158,710	147,622
<b>AI Meezan Investment Management Limited - Staff Gratuity Fund</b>		
Investment of 379,357 units (June 30, 2014: 379,357 units)	5,445	5,064
<b>Directors and Executives of the Management Company</b>		
Investment of 2,191,061 units (June 30, 2014: 2,085,618 units)	31,448	27,843
	For the six months period ended December 31,	
	2014	2013
	(Rupees in '000)	
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	20,795	16,528
Sindh Sales Tax and Federal Excise Duty on management fee	6,946	5,567
Cash dividend	-	6,895

For the six months period ended  
December 31,

2014 2013  
(Rupees in '000)

<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	1,544	1,330
CDS Charges for the period	52	77
<b>Meezan Bank Limited</b>		
Profit on saving account	2,446	112
Cash dividend	-	24,202
Sale of shares: Nil (2013: 100,000 shares)	-	3,950
Purchase of 400,000 shares (2013: Nil shares)	19,000	-
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Cash dividend	-	16,587
<b>Al Meezan Investment Management Limited - Staff Gratuity Fund</b>		
Cash dividend	-	486
<b>Directors and Executives of the Management Company</b>		
Cash dividend	-	277
Units issued: 105,443 (2013: Nil units)	1,450	-

## 12. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders.

Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than unrealized capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unitholders.

## 13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 20, 2015 by the Board of Directors of the Management Company.

## 14. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director





**Half Yearly Report December 31, 2014**

## FUND INFORMATION

### PENSION FUND MANAGER

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

### BOARD OF DIRECTORS OF THE PENSION FUND MANAGER

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azim	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoab, CFA	Chief Executive	

### CFO & COMPANY SECRETARY OF THE 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. Ariful Islam	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoab, CFA	Member

### TRUSTEE

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

### AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh SultanTrust 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  
Bank Alfalah - Islamic Banking Branch  
Dubai Islamic Bank  
Habib Bank Limited- Islamic Banking  
MCB Bank Limited  
UBL Ameen - Islamic Banking

### LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone: (9221) 35156191-94 Fax: (9221) 35156195  
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: 3255 2771  
Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



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

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

## **Report on review of Condensed Interim Financial Information to the Unitholders'/ Participants**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Tahaffuz Pension Fund** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim statement of movement in participants' sub funds, condensed interim cash flow statement, condensed interim contribution table, condensed interim number of units in issue and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*


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

### *Other Matters*

The figures for the quarter ended 31 December 2014 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date: 20 February 2015**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Aryn Malik**

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2014

	Note	Unaudited December 31, 2014			Audited June 30, 2014	
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
----- (Rupees in '000) -----						
<b>Assets</b>						
Balances with bank	5	29,388	82,077	35,335	146,800	281,259
Receivable against sale of investments (net)		25,498	-	-	25,498	26,342
Investments	6	1,845,904	1,124,773	290,940	3,261,617	2,591,331
Dividend receivable		12	-	-	12	1,223
Profit receivable	7	1,694	12,195	3,702	17,591	19,133
Deposits and other receivables	8	3,487	100	100	3,687	300
<b>Total assets</b>		<u>1,905,983</u>	<u>1,219,145</u>	<u>330,077</u>	<u>3,455,205</u>	<u>2,919,588</u>
<b>Liabilities</b>						
Payable to Al Meezan Investment Management Limited (Al Meezan) - pension fund manager	9	7,712	5,137	1,541	14,390	8,954
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		185	114	31	330	264
Payable to auditors		70	70	70	210	201
Payable to Securities and Exchange Commission of Pakistan (SECP)		287	188	52	527	713
Payable against withdrawal and change of plan		724	4,366	2,918	8,008	10,520
Accrued expenses and other liabilities	10	18,482	2,734	796	22,012	15,610
<b>Total liabilities</b>		<u>27,460</u>	<u>12,609</u>	<u>5,408</u>	<u>45,477</u>	<u>36,262</u>
<b>Net assets</b>		<u>1,878,523</u>	<u>1,206,536</u>	<u>324,669</u>	<u>3,409,728</u>	<u>2,883,326</u>
<b>Contingencies and commitments</b>	11					
<b>Participants' sub-funds</b>						
(as per statement attached)		<u>1,878,523</u>	<u>1,206,536</u>	<u>324,669</u>	<u>3,409,728</u>	<u>2,883,326</u>
----- (Number of units) -----						
<b>Number of units in issue</b>		<u>4,988,577</u>	<u>6,406,704</u>	<u>1,729,731</u>		
(as per statement attached)						
----- (Rupees) -----						
<b>Net assets value per unit</b>		<u>376.56</u>	<u>188.32</u>	<u>187.70</u>		

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT

For the six months and ended December 31, 2014 (Unaudited)

	For the six months ended December 31, 2014				For the six months ended December 31, 2013
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
<b>Note</b>	----- (Rupees in '000) -----				
<b>Income</b>					
Profit from sukuk certificates	-	46,346	10,806	57,152	35,492
Profit from placement	-	3,255	-	3,255	-
Profit on saving accounts with banks	3,378	2,449	3,366	9,193	12,395
Dividend income	43,326	-	-	43,326	27,142
Unrealised gain / (loss) on re-measurement of investments at 'fair value through profit or loss' (net)	6.1,6.2 & 6.3 197,687	(7,687)	(2,180)	187,820	108,154
Realised gain / (loss) on sale of investments	12,716	(3,475)	(55)	9,186	5,364
Reversal / (provision) against sukuk certificates	6.3.3 -	8	8	16	(1,842)
<b>Total income</b>	<b>257,107</b>	<b>40,896</b>	<b>11,945</b>	<b>309,948</b>	<b>186,705</b>
<b>Expenses</b>					
Remuneration of Al Meezan - pension fund manager	9.1 12,904	8,447	2,360	23,711	14,136
Sales tax and federal excise duty on management fee	9.2 & 9.3 4,310	2,821	788	7,919	4,750
Remuneration of CDC - Trustee	997	653	182	1,832	1,184
Annual fee to SECP	287	188	52	527	314
Auditors' remuneration	78	78	78	234	252
Amortisation of Premium	-	-	-	-	66
Brokerage	1,438	61	11	1,510	648
Bank and Settlement charges	118	32	23	173	45
Charity Expense	752	-	-	752	466
Provision for Workers' Welfare Fund	12 4,822	611	173	5,606	3,378
<b>Total expenses</b>	<b>25,706</b>	<b>12,891</b>	<b>3,667</b>	<b>42,264</b>	<b>25,239</b>
<b>Net income from operating activities</b>	<b>231,401</b>	<b>28,005</b>	<b>8,278</b>	<b>267,684</b>	<b>161,466</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	4,856	1,939	197	6,992	4,032
<b>Net income for the period</b>	<b>236,257</b>	<b>29,944</b>	<b>8,475</b>	<b>274,676</b>	<b>165,498</b>
Taxation	14 -	-	-	-	-
<b>Net income for the period after taxation</b>	<b>236,257</b>	<b>29,944</b>	<b>8,475</b>	<b>274,676</b>	<b>165,498</b>
<b>Other comprehensive income for the period</b>					
<b>Items that can be reclassified to income statement in subsequent periods</b>					
Unrealised (diminution) / appreciation on re-measurement of investment classified as 'available for sale'	6.4.1 -	(1,342)	-	(1,342)	670
<b>Total comprehensive income for the period</b>	<b>236,257</b>	<b>28,602</b>	<b>8,475</b>	<b>273,334</b>	<b>166,168</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT

For the quarter ended December 31, 2014 (Unaudited)

	For the quarter ended December 31, 2014				For the quarter ended December 31, 2013	
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total		
<b>Note</b>	----- (Rupees in '000) -----					
<b>Income</b>						
Profit from sukuk certificates	-	23,492	5,562	29,054	15,272	
Profit from placement	-	2,269	-	2,269	-	
Profit on saving accounts with banks	1,258	1,462	1,842	4,562	8,774	
Dividend income	19,122	-	-	19,122	10,591	
Unrealised gain / (loss) on re-measurement of investments at 'fair value through profit or loss' (net)	147,565	(1,988)	(392)	145,185	131,211	
Realised gain / (loss) on sale of investments	12,179	(3,880)	(55)	8,244	3,106	
Provision against sukuk certificates	-	-	-	-	(1,842)	
<b>Total income</b>	<b>180,124</b>	<b>21,355</b>	<b>6,957</b>	<b>208,436</b>	<b>167,112</b>	
<b>Expenses</b>						
Remuneration of AI Meezan - pension fund manager	9.1	6,861	4,350	1,203	12,414	7,235
Sales tax and federal excise duty on management fee	9.2 & 9.3	2,292	1,453	402	4,147	2,437
Remuneration of CDC - Trustee		527	334	92	953	595
Annual fee to SECP		153	97	26	276	159
Auditors' remuneration		43	43	43	129	156
Amortisation of Premium		-	-	-	-	66
Brokerage		1,028	42	8	1,078	235
Bank and Settlement charges		44	23	16	83	28
Charity Expense		442	-	-	442	191
Provision for Workers' Welfare Fund	12	3,465	328	105	3,898	3,052
<b>Total expenses</b>		<b>14,855</b>	<b>6,670</b>	<b>1,895</b>	<b>23,420</b>	<b>14,154</b>
<b>Net income from operating activities</b>		<b>165,269</b>	<b>14,685</b>	<b>5,062</b>	<b>185,016</b>	<b>152,958</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net		4,493	1,375	96	5,964	1,876
<b>Net income for the period before taxation</b>		<b>169,762</b>	<b>16,060</b>	<b>5,158</b>	<b>190,980</b>	<b>154,834</b>
Taxation	14	-	-	-	-	-
<b>Net income for the period after taxation</b>		<b>169,762</b>	<b>16,060</b>	<b>5,158</b>	<b>190,980</b>	<b>154,834</b>
<b>Other comprehensive income for the period</b>						
<b>Items that can be reclassified to income statement in subsequent periods</b>						
Unrealised (diminution) / appreciation on re-measurement of investment classified as 'available for sale'		-	(427)	-	(427)	617
<b>Total comprehensive income for the period</b>		<b>169,762</b>	<b>15,633</b>	<b>5,158</b>	<b>190,553</b>	<b>155,451</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS

For the six months ended December 31, 2014 (Unaudited)

	For the six months ended December 31, 2014				For the six months ended December 31, 2013
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	----- (Rupees in '000) -----				
Net assets at beginning of the period	1,537,033	1,047,167	299,126	2,883,326	1,747,336
Amount received on issue of units (2014: Equity sub fund: 1,057,874 units; Debt sub fund: 1,576,644 units; Money market sub fund: 396,401 units) (2013: Equity sub fund: 579,012 units; Debt sub fund: 1,000,860 units; Money market sub fund: 434,598 units)	371,412	293,780	73,369	738,561	402,955
Amount paid on redemption of units (2014: Equity sub fund: 738,218 units; Debt sub fund: 864,957 units; Money market sub fund: 303,021 units) (2013: Equity sub fund: 350,734 units; Debt sub fund: 363,218 units; Money market sub fund: 588,157 units)	(261,323) 110,089	(161,074) 132,706	(56,104) 17,265	(478,501) 260,060	(259,537) 143,418
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(4,856)	(1,939)	(197)	(6,992)	(4,032)
Net realized gain / (loss) on sale of investments	12,716	(3,475)	(55)	9,186	5,364
Unrealised appreciation / (diminution) in value of investment	197,687	(9,029)	(2,180)	186,478	108,824
Net other income for the period	25,854	41,106	10,710	77,670	51,980
<b>Total comprehensive income for the period</b>	<b>236,257</b>	<b>28,602</b>	<b>8,475</b>	<b>273,334</b>	<b>166,168</b>
<b>Net assets at end of the period</b>	<b>1,878,523</b>	<b>1,206,536</b>	<b>324,669</b>	<b>3,409,728</b>	<b>2,052,890</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS

For the quarter ended December 31, 2014 (Unaudited)

	For the quarter ended December 31, 2014				For the quarter ended December 31, 2013
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	----- (Rupees in '000) -----				
Net assets at beginning of the period	1,662,280	1,129,586	316,503	3,108,369	1,779,306
Amount received on issue of units (2014: Equity sub fund: 536,716 Debt sub fund: 835,571 units; Money market sub fund: 197,294 units) (2013: Equity sub fund: 326,630 units; Debt sub fund: 628,859 units; Money market sub fund: 259,098 units)	195,722	156,417	36,736	388,875	242,000
Amount paid on redemption of units (2014: Equity sub fund: 395,523 units; Debt sub fund: 501,743 units; Money market sub fund: 180,827 units) (2013: Equity sub fund: 250,141 units; Debt sub fund: 231,947 units; Money market sub fund: 75,212 units)	(144,748) 50,974	(93,725) 62,692	(33,632) 3,104	(272,105) 116,770	(121,991) 120,009
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(4,493)	(1,375)	(96)	(5,964)	(1,876)
Net realized gain / (loss) on sale of investments	12,179	(3,880)	(55)	8,244	3,106
Unrealised appreciation / (diminution) in value of investment	147,565	(2,415)	(392)	144,758	131,828
Net other income for the period	10,018	21,928	5,605	37,551	20,517
<b>Total comprehensive income for the period</b>	<b>169,762</b>	<b>15,633</b>	<b>5,158</b>	<b>190,553</b>	<b>155,451</b>
<b>Net assets at end of the period</b>	<b>1,878,523</b>	<b>1,206,536</b>	<b>324,669</b>	<b>3,409,728</b>	<b>2,052,890</b>

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

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

**Chief Executive**

**Director**



## CONDENSED INTERIM CASH FLOW STATEMENT

For the six months ended December 31, 2014 (Unaudited)

	For the six months ended December 31, 2014				For the six months ended December 31, 2013
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
Note	----- (Rupees in '000) -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net income for the period	236,257	29,944	8,475	274,676	166,168
<b>Adjustments for:</b>					
Unrealised (gain) / loss on re-measurement of investments at 'fair value through profit or loss'	(197,687)	7,687	2,180	(187,820)	(108,154)
(Reversal) / provision against sukuk certificates	-	(8)	(8)	(16)	1,842
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(4,856)	(1,939)	(197)	(6,992)	(4,032)
	33,714	35,684	10,450	79,848	55,824
<b>(Increase) / Decrease in assets</b>					
Receivable against investments (net)	844	-	-	844	-
Investments (net)	(221,382)	(191,360)	(71,050)	(483,792)	248,553
Dividend receivable	1,211	-	-	1,211	(160)
Deposits and other receivables	(3,511)	1,604	62	(1,845)	1,598
	(222,838)	(189,756)	(70,988)	(483,582)	249,991
<b>Increase / (Decrease) in liabilities</b>					
Payable against purchase of investments	-	-	-	-	(14,985)
Payable to Al Meezan - pension fund manager	3,062	1,875	499	5,436	2,225
Payable to CDC - trustee of the Fund	42	20	4	66	28
Payable to SECP	(70)	(74)	(42)	(186)	(80)
Accrued expenses and other liabilities	5,580	651	180	6,411	5,357
	8,614	2,472	641	11,727	(7,455)
<b>Net cash (used in) / generated from operating activities</b>	<b>(180,510)</b>	<b>(151,600)</b>	<b>(59,897)</b>	<b>(392,007)</b>	<b>298,360</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Receipts of contribution	371,412	293,780	73,369	738,561	402,955
Payment on withdrawal	(265,861)	(160,882)	(54,270)	(481,013)	(259,537)
<b>Net cash generated from financing activities</b>	<b>105,551</b>	<b>132,898</b>	<b>19,099</b>	<b>257,548</b>	<b>143,418</b>
Net cash increase / (decrease) in cash and cash equivalents during the period	(74,959)	(18,702)	(40,798)	(134,459)	441,778
Cash and cash equivalents at beginning of the period	104,347	100,779	76,133	281,259	204,974
Cash and cash equivalents at end of the period	29,388	82,077	35,335	146,800	646,752

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended December 31, 2014 (Unaudited)

	For the quarter ended December 31, 2014				For the quarter ended December 31, 2013
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
Note ----- (Rupees in '000) -----					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net income for the period	169,762	16,060	5,158	190,980	155,451
<b>Adjustments for:</b>					
Unrealised (gain) / loss on re-measurement of investments at 'fair value through profit or loss'	(147,565)	1,988	392	(145,185)	(131,158)
Provision against Sukuk Certificates	-	-	-	-	1,842
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(4,493)	(1,375)	(96)	(5,964)	(1,876)
	17,704	16,673	5,454	39,831	24,259
<b>(Increase) / Decrease in assets</b>					
Receivable against investments (net)	(25,498)	-	-	(25,498)	-
Investments (net)	(71,103)	(67,477)	(71,058)	(209,638)	324,605
Dividend receivable	20,215	-	-	20,215	15,537
Deposits and other receivables	(4)	9,823	4,497	14,316	(79)
	(76,390)	(57,654)	(66,561)	(200,605)	340,063
<b>Increase / (Decrease) in liabilities</b>					
Payable against purchase of investments	(2,950)	-	-	(2,950)	(6,395)
Payable to Al Meezan - pension fund manager	1,719	935	247	2,901	1,647
Payable to CDC - trustee of the Fund	28	8	1	37	12
Payable to SECP	153	97	26	276	159
Accrued expenses and other liabilities	3,877	328	76	4,281	3,840
	2,827	1,368	350	4,545	(737)
<b>Net cash (used in) / generated from operating activities</b>	<b>(55,859)</b>	<b>(39,613)</b>	<b>(60,757)</b>	<b>(156,229)</b>	<b>363,585</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Receipts of contribution	195,722	156,417	36,736	388,875	242,000
Payment on withdrawal	(146,101)	(90,743)	(31,157)	(268,001)	(121,991)
<b>Net cash generated from financing activities</b>	<b>49,621</b>	<b>65,674</b>	<b>5,579</b>	<b>120,874</b>	<b>120,009</b>
Net cash increase / (decrease) in cash and cash equivalents during the period	(6,238)	26,061	(55,178)	(35,355)	483,594
Cash and cash equivalents at beginning of the period	35,626	56,016	90,513	182,155	163,158
Cash and cash equivalents at end of the period 5	29,388	82,077	35,335	146,800	646,752

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CONTRIBUTION TABLE

For the six months and quarter ended December 31, 2014 (Unaudited)

Contributions net of front end fee received during the period	For the six months ended December 31, 2014						For the six months ended December 31, 2013	
	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund			Total
	Unit	Rs in '000	Units	Rs in '000	Units	Rs in '000	(Rupees in '000)	
Individuals - issue of units	<u>1,057,874</u>	<u>371,412</u>	<u>1,576,644</u>	<u>293,780</u>	<u>396,401</u>	<u>73,369</u>	<u>738,561</u>	<u>402,955</u>

Contributions net of front end fee received during the period	For the quarter ended December 31, 2014						For the quarter ended December 31, 2013	
	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund			Total
	Unit	Rs in '000	Units	Rs in '000	Units	Rs in '000	(Rupees in '000)	
Individuals - issue of units	<u>536,716</u>	<u>195,722</u>	<u>835,571</u>	<u>156,417</u>	<u>197,294</u>	<u>36,736</u>	<u>388,875</u>	<u>242,000</u>

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

For Al Meezan Investment Management Limited  
(Pension Fund Manager)

Chief Executive

Director

## CONDENSED INTERIM NUMBER OF UNITS IN ISSUE

For the six months ended December 31, 2014 (Unaudited)

	For the six months ended December 31, 2014		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	----- Number of units -----		
Total units in issue at beginning of the period	4,668,921	5,695,017	1,636,351
Units issued / converted / reallocated during the period	1,057,874	1,576,644	396,401
Units redeemed / converted / reallocated during the period	(738,218)	(864,957)	(303,021)
<b>Total units in issue at end of the period</b>	<b>4,988,577</b>	<b>6,406,704</b>	<b>1,729,731</b>

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

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM NUMBER OF UNITS IN ISSUE

For the quarter ended December 31, 2014 (Unaudited)

	For the quarter ended December 31, 2014		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	----- Number of units -----		
Total units in issue at beginning of the period	4,847,384	6,072,876	1,713,264
Units issued / converted / reallocated during the period	536,716	835,571	197,294
Units redeemed / converted / reallocated during the period	(395,523)	(501,743)	(180,827)
<b>Total units in issue at end of the period</b>	<u><u>4,988,577</u></u>	<u><u>6,406,704</u></u>	<u><u>1,729,731</u></u>

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

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

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months and quarter ended December 31, 2014 (Unaudited)

### 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 (Al Meezan) as pension fund manager and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed and approved by the Securities and Exchange Commission of Pakistan (SECP) on May 30, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The registered office of the pension fund manager of the Fund, is situated at Ground Floor, Block B Finance and Trade Centre Shariah-e-Faisal, Karachi 74000, Pakistan.
- 1.2 The Fund offers a saving mechanism where an individual saves from his / her income during work life in order to retain financial security and comfort in terms of regular income stream after retirement. The Fund initially comprises of three sub funds namely equity sub-fund, debt sub-fund and money market sub-fund. Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and any unique circumstances. Allocation scheme can be selected initially at the time of opening of account and subsequently at anniversary of the account. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimisation through diversification.
- 1.3 The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The pension fund manager has appointed Meezan Bank Limited (MBL) as its Shariah advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.4 The Fund is an unlisted pension scheme. Units are offered for public subscription on a continuous basis. The units are non-transferable and can be redeemed by surrendering them to the Fund at the option of the participants.

### 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, provisions and directives issued under the Companies Ordinance, 1984, the Voluntary Pension System Rules, 2005 (VPS Rules) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions and directives issued under the Companies Ordinance, 1984, the VPS Rules and directives issued by the SECP have been followed.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

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, 2014.

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, 2014.

					Unaudited December 31, 2014			Audited June 30, 2014	
					Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
Note					----- (Rupees in '000) -----				
<b>5.</b>	<b>BALANCES WITH BANKS</b>								
	Current accounts			1,357	-	-	1,357	837	
	Savings accounts	5.1		<u>28,031</u>	<u>82,077</u>	<u>35,335</u>	<u>145,443</u>	280,422	
				<u>29,388</u>	<u>82,077</u>	<u>35,335</u>	<u>146,800</u>	<u>281,259</u>	

5.1 The balances in savings accounts carry expected profit which ranges from 3.75% to 9.50% (June 30, 2014: 3.72% to 9.20%) per annum.

					Unaudited December 31, 2014			Audited June 30, 2014	
					Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
Note					----- (Rupees in '000) -----				
<b>6.</b>	<b>INVESTMENTS</b>								
	<b>Held-for-trading</b>								
	- shares of listed companies	6.1		<u>1,845,904</u>	-	-	<u>1,845,904</u>	1,426,835	
	- sukuk certificates	6.2		-	<u>877,541</u>	<u>290,940</u>	<u>1,168,481</u>	1,088,026	
				1,845,904	877,541	290,940	3,014,385	2,514,861	
	<b>Investments designated at 'fair value through profit or loss upon initial recognition'</b>	6.3		-	68,849	-	68,849	-	
	<b>Available-for-sale</b>								
	- sukuk certificates	6.4		-	75,128	-	75,128	76,470	
	<b>Held to maturity</b>								
	- Fund placement	6.5		-	<u>103,255</u>	-	<u>103,255</u>	-	
				<u>1,845,904</u>	<u>1,124,773</u>	<u>290,940</u>	<u>3,261,617</u>	<u>2,591,331</u>	

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

Name of the investee company	As at July 1, 2014	Purchases during the period	Cost of purchase	Bonus / rights issue	Sales during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain / (loss) as at December 31, 2014	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2 below)	Percentage of paid-up capital of investee company
	Number of shares		Rs in '000	-----Number of shares-----			-----Rupees in '000-----			-----%-----	
<b>Equity Sub Fund</b>											
<b>Sector/ Companies</b>											
<b>Automobile and parts</b>											
Agriauto Industries Limited (note 6.1.1)	45,000	-	-	-	-	45,000	4,343	6,750	2,407	0.36	0.31
Indus Motor Company Limited	20,655	20,000	15,922	-	-	40,655	27,033	35,789	8,756	1.91	0.05
Pak Suzuki Motor Company Limited	115,733	5,000	1,410	-	-	120,733	33,108	44,806	11,698	2.39	0.15
Honda Atlas Cars Pakistan Limited	-	286,500	40,794	-	71,000	215,500	31,939	42,708	10,769	2.27	0.15
Gandhara Nissan Limited	-	12,500	748	-	12,500	-	-	-	-	-	-
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	503,951	-	-	-	-	503,951	20,042	22,784	2,742	1.21	0.05
Fauji Fertilizer Company Limited	252,198	282,000	32,743	-	161,000	373,198	42,714	43,705	991	2.33	0.03
ICI Pakistan Limited	167,570	-	-	-	-	167,570	65,409	77,494	12,085	4.13	0.18
Fatima Fertilizer Company Limited	-	230,000	8,085	-	-	230,000	8,085	8,227	142	0.44	0.01
Engro Corporation Limited	-	800,000	164,104	-	485,000	315,000	66,739	69,776	3,037	3.71	0.06
<b>Construction and materials (cement)</b>											
DG Khan Cement Company Limited	1,083,897	385,500	33,233	-	205,000	1,264,397	110,550	139,754	29,204	7.44	0.29
Lucky Cement Limited	312,006	102,500	39,321	-	34,500	380,006	153,410	190,109	36,699	10.12	0.12
Fauji Cement Company Ltd.	2,165,000	430,000	8,761	-	590,000	2,005,000	38,953	51,809	12,856	2.76	0.15
Cherat Cement Company Limited	137,500	-	2,338	93,500	-	231,000	11,338	15,865	4,527	0.84	0.13
Pioneer Cement Company Limited	142,000	50,000	2,686	-	-	192,000	9,312	16,437	7,125	0.87	0.08
Kohat Cement Company Limited	-	125,000	15,562	-	-	125,000	15,562	23,859	8,297	1.27	0.08
<b>Electricity</b>											
The Hub Power Company Limited	1,735,745	523,500	34,364	-	-	2,259,245	136,322	177,034	40,712	9.42	0.20
Kohinoor Energy Limited	155,000	-	-	-	-	155,000	6,420	7,649	1,229	0.41	0.09
Pakgen Power Limited	176,000	-	-	-	176,000	-	-	-	-	-	-
K-Electric Limited (note 6.1.1)	2,840,000	-	-	-	500,000	2,340,000	19,867	21,575	1,708	1.15	0.02
Lalpir Power Limited	-	805,000	17,414	-	209,000	596,000	12,893	17,820	4,927	0.95	0.16
<b>Fixed line telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	1,888,200	25,000	588	-	714,000	1,199,200	30,513	27,618	(2,895)	1.47	0.03
<b>Food producers</b>											
Engro Foods Limited	254,600	-	-	-	100,000	154,600	15,851	16,780	929	0.89	0.02
<b>General industries</b>											
Packages Limited	210,251	92,000	55,074	-	23,100	279,151	148,261	189,345	41,084	10.08	0.33
Thal Limited (note 6.1.1)	28,645	25,000	5,375	-	-	53,645	11,316	14,432	3,116	0.77	0.13
<b>Oil and gas</b>											
National Refinery Limited	82,000	-	-	-	82,000	-	-	-	-	-	-
Oil and Gas Development Company Limited	436,016	69,500	18,094	-	500,600	4,916	1,284	1,012	(272)	0.05	0.00
Pakistan Oilfields Limited	200,050	14,000	8,221	-	10,000	204,050	117,358	77,409	(39,949)	4.12	0.09
Pakistan Petroleum Limited	344,457	162,900	37,520	-	98,000	409,357	92,622	72,260	(20,362)	3.85	0.02
Pakistan State Oil Company Limited	359,533	81,000	28,707	-	126,000	314,533	120,098	112,575	(7,523)	5.99	0.12
Attock Petroleum Limited	41,920	10,000	5,360	-	-	51,920	30,086	28,015	(2,071)	1.49	0.06
Attock Refinery Limited	1,500	20,000	3,994	-	21,500	-	-	-	-	-	-
Mari Petroleum Company Limited (Note 8)	100,000	102,000	62,851	26,000	17,000	211,000	94,347	100,320	5,973	5.34	0.19
<b>Personal goods (textile)</b>											
Nishat Mills Limited	670,000	50,000	5,142	-	-	720,000	80,128	87,113	6,985	4.64	0.20
<b>Pharma and bio tech</b>											
Abbott Laboratories (Pakistan) Limited	64,600	5,000	2,946	-	25,000	44,600	25,609	31,696	6,087	1.69	0.05
Ferozsons Laboratories Limited	35,000	5,000	988	-	25,000	15,000	3,395	8,570	5,175	0.46	0.05
The Searle Company Limited	-	114,000	29,713	-	-	114,000	29,713	27,570	(2,143)	1.47	0.13
<b>Engineering</b>											
K.S.B Pumps Company	47,000	-	-	-	47,000	-	-	-	-	-	-
Milfat Tractors Limited	-	26,500	16,423	-	-	26,500	16,423	17,142	719	0.91	0.06
<b>Multitiilities (Gas and Water)</b>											
Sui Northern Gas Pipelines Limited	625,000	200,000	5,849	-	125,000	700,000	17,174	20,097	2,923	1.07	0.11
<b>Grand Total</b>			<b>704,330</b>				<b>1,648,217</b>	<b>1,845,904</b>	<b>197,687</b>		

6.1.1 All shares have a nominal value of Rs.10 each except Agriauto Industries Limited , Thal Limited having nominal value of Rs.5 and K-Electric Limited having nominal value of Rs. 3.50.

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



## 6.2 'Held-for-trading' - sukuk certificates

Name of the security	Maturity date	Profit rate per annum	As at July 1, 2014	Purchases during the period	Cost of purchase	Sales during the period	Maturity during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain / loss as at December 31, 2014	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2)
			Number of certificates	Rs in '000	Number of certificates					-----Rupees in '000-----	-----%-----	
<b>Debt Sub Fund</b>												
GoP - Ijara sukuk - IX (note 6.2.1 & 6.2.2)	November 21, 2015	Weighted average 6 months T-Bills	2,590	2,600	260,165	-	-	5,190	522,480	519,675	(2,805)	43.07
GoP - Ijara sukuk - X (note 6.2.1 & 6.2.2)	November 21, 2015	..... do .....	1,438	-	-	-	-	1,438	146,618	144,044	(2,574)	11.94
GoP - Ijara sukuk - XI (note 6.2.1 & 6.2.2)	November 21, 2015	..... do .....	600	440	44,044	-	-	1,040	105,357	104,260	(1,097)	8.64
GoP - Ijara sukuk - XII (note 6.2.1 & 6.2.2)	November 21, 2015	..... do .....	850	240	24,000	-	-	1,090	111,406	109,262	(2,144)	9.06
GoP - Ijara sukuk XIV (note 6.2.1)	March 28, 2016	..... do .....	3	-	-	-	-	3	311	300	(11)	0.02
GoP - Ijara sukuk XV (note 6.2.1)	June 25, 2017	..... do .....	3,080	-	-	3,080	-	-	-	-	-	-
					<u>328,209</u>				<u>886,172</u>	<u>877,541</u>	<u>(8,631)</u>	
<b>Money Market Sub Fund</b>												
GoP - Ijara sukuk - IX (note 6.2.1 & 6.2.2)	November 21, 2015	..... do .....	1,200	1,050	105,038	-	-	2,250	226,573	225,292	(1,281)	69.39
GoP - Ijara sukuk - X (note 6.2.1 & 6.2.2)	November 21, 2015	..... do .....	180	-	-	-	-	180	18,353	18,031	(322)	5.55
GoP - Ijara sukuk - XI (note 6.2.1 & 6.2.2)	November 21, 2015	..... do .....	120	210	21,021	-	-	330	33,284	33,082	(202)	10.19
GoP - Ijara sukuk - XII (note 6.2.1 & 6.2.2)	November 21, 2015	..... do .....	145	-	-	-	-	145	14,910	14,535	(375)	4.48
GoP - Ijara sukuk XV (note 6.2.1)	June 25, 2017	..... do .....	550	-	-	-	550	-	-	-	-	-
					<u>126,059</u>				<u>293,120</u>	<u>290,940</u>	<u>(2,180)</u>	

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

6.2.2 On December 12, 2014, the GoP extended the maturity of these sukuk to November 21, 2015 through a resolution passed in the Extra Ordinary General Meeting of Sukuk holders held on 10 November 2014.

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

Name of the investee company	Maturity date	Profit rate per annum	As at July 1, 2014	Purchases during the period	Cost of purchase	Sales during the period	Maturity during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain / loss as at December 31, 2014	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2)
			Number of certificates	Rs in '000	Number of certificates					-----Rupees in '000-----	-----%-----	
<b>Debt Sub Fund</b>												
Eden Housing Limited (note 6.3.1.1 & 6.3.2)	September 29, 2014	3 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	-	-	-	-
Security Leasing Corporation Limited II (note 6.3.1.3)	January 19, 2022	-	156	-	-	-	2	154	-	-	-	-
K-Electric Limited - I (note 6.3.1)	April 19, 2015	1 months Kibor plus base rate of 1.0%	-	3,000	15,075	-	-	3,000	15,075	15,029	(46)	1.25
K-Electric Limited - II (note 6.3.1)	March 19, 2017	3 months Kibor plus base rate of 2.25%	-	14,400	73,090	4,000	-	10,400	52,830	53,820	990	4.46
					<u>88,165</u>				<u>67,905</u>	<u>68,849</u>	<u>944</u>	
<b>Money Market Sub Fund</b>												
Security Leasing Corporation Limited II (note 6.3.1 and 6.3.2)	January 19, 2022	-	156	-	-	-	2	154	-	-	-	-
K-Electric Limited - I (note 6.3.1)	April 19, 2015	1 months Kibor plus base rate of 1.0%	-	1,000	5,025	1,000	-	-	-	-	-	-

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

6.3.1.1 The nominal value of the sukuk certificate of Eden Housing Limited is Rs. 984. 375 each.

6.3.2 Eden Housing Limited and Security Leasing Corporation sukuk certificates have been classified as non-performing by MUFAP. Details are given in the annual financial statements for the year ended June 30, 2014.

### 6.3.3 Provision on sukuk certificates

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	------(Rupees in '000)-----	
<b>Debt Sub Fund</b>		
Opening	1,271	-
(Reversal) / Provision for the period against Sukuk certificates - net	(8)	1,271
Closing	<u>1,263</u>	<u>1,271</u>
<b>Money Market Sub Fund</b>		
Opening	779	-
(Reversal) / Provision for the period against Sukuk certificates - net	(8)	779
Closing	<u>771</u>	<u>779</u>

### 6.4 'Available-for-sale' - sukuk certificates

Name of the security	Maturity date	Profit rate per annum	As at July 1, 2014	Purchases during the period	Cost of purchase	Sales during the period	Maturity during the period	As at December 31, 2014	Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised loss as at December 31, 2014	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2)
			Number of certificates	Rs in '000	Number of certificates				-----Rupees in '000-----			
<b>Debt Sub Fund</b>												
GoP - Ijara sukuk - X (note 6.2.1 & 6.2.2)	November 21, 2015	Weighted average 6 months T-Bills	750	-	-	-	-	750	75,243	75,128	(115)	6.23

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

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	------(Rupees in '000)-----	
<b>Debt Sub Fund</b>		
Market value of investment	75,128	76,470
Less: Cost of investments	<u>75,243</u>	<u>75,243</u>
	(115)	1,227
Net unrealised appreciation on re-measurement of investments classified as 'available for sale' at beginning of the period	<u>(1,227)</u>	-
	<u>(1,342)</u>	<u>1,227</u>

## 6.5 Held to maturity' - Fund placements

Name of the Bank	Maturity date	Profit rate per annum	Face Value				Carrying value as at December 31, 2014	Rating	Percentage of net assets value on the basis of total value of investments of the respective sub fund (see note 6.1.2)
			As at July 1, 2014	Purchases during the period	Matured during the period	As at December 31, 2014			
<b>Debt Sub Fund</b>									
MCB Bank Limited - Islamic Banking	February 23, 2015	9.00%	-	100,000	-	100,000	103,255	AAA	8.56

December 31, 2014 (Unaudited)				June 30, 2014 (Audited)
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
----- (Rupees in '000) -----				

## 7. PROFIT RECEIVABLE

Profit receivable on

- saving accounts with banks	1,694	1,956	2,172	5,822	8,997
- sukuk certificates	-	10,239	1,530	11,769	10,136
	<u>1,694</u>	<u>12,195</u>	<u>3,702</u>	<u>17,591</u>	<u>19,133</u>

## 8. DEPOSITS AND OTHER RECEIVABLES

The Finance Act 2014 introduced amendments to Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. These shares will be released upon payments of tax by shareholders. The value of tax will be computed on the basis of day-end price on the first day of book closure.

In this regard, a constitution petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

In the current period, Mari Petroleum Company Limited issued bonus shares after withholding 5 percent of bonus shares. The Fund has also paid the tax amount aggregating to Rs. 0.598 million to Mari Petroleum, which has been classified as other receivable in the financial statements. Subsequent to the period end, Mari Petroleum has returned the pay order due to pending adjudication of the aforementioned constitution petition and the stay order. Furthermore, shares against withholding tax held with Mari Petroleum have not been deposited with the Government Treasury.

December 31, 2014 (Unaudited)				Total	June 30, 2014 (Audited)
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund			

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

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

Management remuneration	9.1	2,425	1,485	407	4,317	3,355
Sales tax and federal excise duty on management fee	9.2 & 9.3	5,287	3,652	1,134	10,073	5,599
		<u>7,712</u>	<u>5,137</u>	<u>1,541</u>	<u>14,390</u>	<u>8,954</u>

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

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15 percent (till June 30, 2014: 16 percent) on the remuneration of the Pension Fund Manager and sales load through Sindh Sales Tax on Services Act 2011 effective from July 01, 2011.

9.3 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Pension Fund Manager has been applied effective from June 13, 2013. The Pension Fund Manager is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honourable High Court Sindh in a Constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Pension Fund Manager has made a provision with effect from June 13, 2013, aggregating to Rs. 4.923 million, Rs. 3.429 million and 1.073 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Had the provision not being made, the Net Asset Value per unit of the Fund as at December 31, 2014 would have been higher by Rs. 0.99 per unit, Rs. 0.54 per unit and Rs. 0.62 per unit for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

December 31, 2014 (Unaudited)				Total	June 30, 2014 (Audited)
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund			

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

**10. ACCRUED EXPENSES  
AND OTHER LIABILITIES**

Payable on redemption of units		-	-	-	-	-
Charity payable	10.1	1,799	-	-	1,799	1,046
Brokerage Payable		-	32	3	35	5
Zakat Payable		-	-	-	-	-
Withholding Tax Payable		3	8	2	13	-
Provision for Workers' Welfare Fund	12	16,680	2,694	791	20,165	14,559
		<u>18,482</u>	<u>2,734</u>	<u>796</u>	<u>22,012</u>	<u>15,610</u>

- 10.1 According to the instructions of the shariah advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund.

## **11. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014, except for the matter disclosed in note 8 of this condensed interim financial information.

## **12. WORKERS' WELFARE FUND (WWF)**

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 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.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In 2012, the Honorable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013 a large bench of Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honorable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court. The decisions of SHC ( in against) and LHC ( in favour) are pending before Supreme Court. However, the Pension Fund Manager / Management Company, as a matter of abundant caution, has recognised WWF charge for the period from January 1, 2013 to December 31, 2014 amounting to Rs. 16.680 million, Rs. 2.694 million and Rs. 0.791 million (which is included in the balance of accrued expenses and other liabilities) which includes Rs. 4.822 million, Rs. 0.611 million and Rs. 0.173 million pertaining to the current financial period for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 3.34 (0.89 percent), Rs. 0.42 (0.22 percent) and Rs. 0.46 (0.25 percent) for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

The Board of Directors of the Pension Fund Manager in its meeting held on October 25, 2013 have resolved that unrecorded accumulated WWF provision in the fund from the date of its application till December 31, 2012, in case is required to be paid, shall be borne by Al Meezan Investment Management Limited (pension

fund manager of the fund). Therefore, the Fund is not exposed to this unrecorded accumulated WWF provision. The unrecorded accumulated provision for WWF upto December 31, 2012 is Rs. 3.74 million, Rs. 1.60 million and Rs. 0.98 million in Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

### 13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Pension Fund Manager, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Pension Fund Manager, Directors and Officers of the Pension Fund Manager, Meezan Islamic Fund, Al Meezan Mutual Fund, Meezan Islamic Income Fund, KSE Meezan Index Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Balanced Fund and Meezan Capital Preservation Fund – III and Meezan Capital Preservation Fund-II being the Funds under the common management of the Pension Fund Manager, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Pension Fund Manager, Al Meezan Investment Management Limited - Staff Gratuity Fund and participants holding 10 percent or more of the Funds net assets.

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 and terms determined in accordance with market rates.

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

	December 31, 2014 (Unaudited)			Total	June 30, 2014 (Audited)
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund		
----- (Rupees in '000) -----					
<b>Al Meezan - pension fund manager</b>					
Remuneration payable	2,425	1,485	407	4,317	3,355
Sindh Sales Tax and Federal Excise Duty on management fee	5,287	3,652	1,134	10,073	5,599
Investments as at December 31, 2014: 260,077 units (June 30, 2014: 260,077 units)	97,937	-	-	97,937	85,620
<b>Meezan Bank Limited</b>					
Balances with bank	2,524	2,666	1,854	7,044	131,484
Profit receivable on saving account	23	30	10	63	650
<b>Central Depository Company of Pakistan Limited - Trustee</b>					
Trustee fee payable	185	114	31	330	264
Deposits	100	100	-	200	300
<b>Directors and Executives of the Pension Fund Manager</b>					
Investments as at December 31, 2014: (Equity sub fund: 502,697 units; Debt Sub Fund: 427,774 units; Money Market Sub Fund: 79,724 units) as at June 30, 2014: (Equity sub fund: 455,894 units; Debt sub fund: 389,120 units; Money Market sub fund: 71,134 units)	189,301	80,558	14,964	284,823	234,636

For the period ended December 31, 2014 (Unaudited)				For the period ended December 31, 2013 (Unaudited)
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	

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

<b>Al Meezan - pension fund manager</b> Remuneration for the period	12,904	8,447	2,360	23,711	14,136
Sindh Sales Tax and Federal Excise Duty on management fee	4,310	2,821	788	7,919	4,750
<b>Meezan Bank Limited</b> Profit on savings account	424	347	170	941	1,901
<b>Central Depository Company of Pakistan Limited - Trustee</b> Remuneration for the period	997	653	182	1,832	1,184
CDS Charges for the period	102	6	3	111	21
<b>Directors and Executives of the Pension Fund Manager</b> Units issued (Equity Sub Fund: 68,682 units; Debt Sub Fund: 75,285 units; Money Market Sub Fund: 24,183 units)	23,318	13,976	4,466	41,760	24,277
Units redeemed / reallocated (Equity Sub Fund: 21,879 units; Debt Sub Fund: 36,631 units; Money Market Sub Fund: 15,593 units)	7,614	6,819	2,888	17,321	8,230

#### 14. INCOME TAX

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

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

#### 15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

During the six months period ended December 31, 2014, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

**16. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information were authorised for issue on February 20, 2015 by the Board of Directors of the Management Company.

**17. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

**Chief Executive**

**Director**





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