



A Mark of Exponential Growth

- 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)

Quarterly Report
September 30, 2014



Al Meezan Investment Management Ltd.

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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 unaudited financial statements of the following open end funds and a voluntary pension scheme for the quarter ended September 30, 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 activity remained subdued during the first quarter of fiscal year 2015 (FY15) owing to a host of reasons, especially i) concerns on the continuation of government's reform program and ii) economic damage caused by floods. During the period under review, State Bank of Pakistan (SBP) announced two bi-monthly monetary policy statements (Jul-14 and Sep-14) wherein the Discount Rate was maintained at 10% (unchanged since Nov'13) owing to mounting concerns over sustainability of improving macro-economic indicators.

For FY15, headline inflation (CPI) remained benign and clocked in at 7.6% YoY, lower than 8.7% registered in 1QFY14. Going forward, soft prices coupled with high base effect and swift PKR depreciation of 3.8% since Aug'14 are likely to have a toll on inflation particularly on the prices of perishable food items; however, its intensity will be largely offset by global correction in crude oil prices (down 16% during the quarter).

On external account side, FY15 commenced on a bearish note where in 2MFY15, overall Balance of Payment (BoP) deficit increased by 18% YoY to USD 0.7 bn. The vulnerability was more obvious in the current account where deficit increased to USD 1.4 bn (up 2.3x YoY) from mere USD 0.6bn in 2MFY14 despite registering healthy foreign remittances of USD 4.6 bn (up 19.5% YoY) and CSF receipt of USD

371 mn during the quarter. The trade deficit also widened by 45% to USD 6.5 bn, with sliding exports (10% YoY) and rising imports (12% YoY).

Furthermore, capital and financial account posted an increase of 2.1x YoY to USD 453 mn in 2MFY15 from USD 211 mn during same period last year. Going forward, trade deficit is likely to drive current account balance where expected increase in foreign remittances and lower crude oil prices will continue to provide respite to overall current account position. Moreover, GoP is all set to continue the privatization process where GDR offering of OGDC and issuance of Eurobond Sukuks are likely to boost forex reserves by approximately USD 2 bn on a cumulative basis. Alongside, escalation of the political temperature resulted in a delay of IMF's fifth installment disbursement amounting to USD 550 million. Now, combined 5th and 6th tranche amounting to USD 1.1 bn is expected to be received by the end of this calendar year contingent to achievement of benchmarks set by IMF.

On Fiscal front, FBR managed to collect provisional taxes of Rs. 549 bn in 1QFY15, up by 14% YoY from Rs. 481 bn in 1QFY14. However, the collections for the quarter fell short of targets by Rs. 20 bn.

Money Market Review

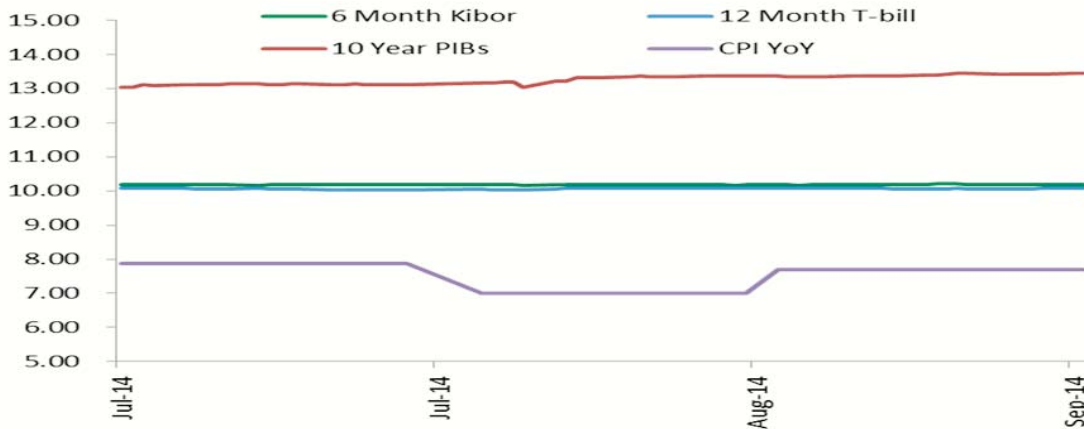
The first quarter of FY15 witnessed two bi-monthly monetary policies whereby the SBP, in accordance with the market expectations, kept the key rate maintained at 10%. The central bank's decision to maintain the key rate despite the cushion provided by low inflation numbers throughout the quarter, the fiscal pressures on the government became evident in light of which the future expectations regarding the discount rate started shaping around status quo maintenance or monetary tightening. Due to this, the PIB yields saw a considerable increase of 40-50 bps in their secondary market trading levels.

Overall the market faced a relatively tight liquidity scenario during the quarter as evidenced by Rs. 941 bn worth of OMO injections and Rs. 549 bn worth of discounting availed by various counters during the period in comparison to only Rs. 167 bn worth of OMO mop ups and Rs. 48 bn worth of floor placements. During this period, six T-bill auctions and three PIB auctions were also conducted; cumulatively, the government accepted Rs. 619 bn against a participation of Rs. 620 bn in T-bills and Rs. 340 bn against a participation of Rs. 480 bn in PIBs. More importantly, the market's continued focus shift from shorter tenor papers to longer tenor instruments was evident from these participation numbers once again.

Ijarah market activity stayed dull since the market players preferred retaining their Ijarah holdings in the absence of a new auction by the SBP. The Ijarah revaluation levels though, witnessed a decline throughout this quarter since Islamic banks got the option to place their excess liquidity in the interbank market through alternative Islamic modes thereby releasing some of the demand pressure on Ijarahs in the secondary market. The resultant mark to market losses on Ijarahs mainly affected the returns of all Islamic sovereign funds in the industry.

During these three months, the forex front continued to witness a declining rupee majorly on account of turbulence on political front in the country. In the interbank market, rupee closed at Rs. 102.66/\$ while in the open market, it closed at Rs. 102.30/\$ at the end of this quarter; this translates into a currency depreciation of 3.85% and 2.92% respectively during the period under review.

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



Equity Market Review

During the first quarter of FY15, performance of the benchmark index (KMI-30) remained volatile with the index closing at 48,379 pts (up 1.21% QoQ). During the same period, the KSE-100 index remained flat closing at 29,726 pts (up 0.3% QoQ). The participation in the market also remained subdued as all share index volumes (on average) declined by 39% QoQ to 133 mn shares in 1QFY15 compared to 218 mn shares in the preceding quarter. The range bound behavior of the index can be attributed to i) rising political noise in the country (PTI-PAT sit-in in the capital city), ii) concerns on the sustainability of financial flows, particularly IMF's fifth tranche of USD 556 mn and iii) floods in the country. The aforementioned variables offset the impact of positive factors such as i) healthy corporate result announcements and ii) favorable development on the country's sovereign rating (Moody's upgraded Pakistan's rating outlook from 'Negative' to 'Neutral').

With the start of FY15, the KMI-30 index put up a strong show and jumped 4.01% to close at its all-time high level of 49,600 pts. Supportive news flow on macro-economic front, favorable development on sovereign rating and good 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 drag 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 whereby the KMI-30 and KSE-100 index witnessed their biggest single day drops of 1,999 pts (4.82%) and 1,309 pts (4.46%) respectively on 11th Aug, 2014. Subsequently, the equity market saw gradual reduction in investors' sensitivity to ongoing political overhang, allowing some recovery with the KMI-30 and KSE-100 crossing the levels of 48,000 pts and 30,000 pts again, eventually closing at 48,379 pts and 29,726 pts respectively.

Alongside, flash floods in the country diverted media and public attention away from politics to likely human and capital damages in Central and Southern Punjab, the heartland of Pakistan's agriculture. However, the overall damage turned out to be less than initially estimated and far less than the severe floods of 2010.

Privatization process facing hiccups in OGDCL transaction

After successful Secondary Public Offerings (SPOs) of UBL and PPL during the last fiscal year, the government decided to go ahead with OGDCL GDR and public offering to be initially held from October 9 to 15, 2014. The government planned to offer 323 million ordinary shares/GDRs and was expecting to generate approximately Rs. 80 bn (USD 800 mn) through the sell-off of 10% of its stake in OGDCL. The roadshows for the same were held in various countries.

Surprisingly, the KPK government submitted a plea against this SPO in lieu of which the Peshawar High Court (PHC) issued a stay order on October 2, 2014. The government challenged the petition and the stay now stands vacated. The Privatization Commission plans on carrying out the transaction during the period November 5-7, 2014.

Corporate Profitability and major contributors to Index

Over all, Autos turned out to be the best performing sector during the period under review, mainly on the back of weakening yen and launch of new models (Toyota). Pharmaceuticals were also 17% up QoQ based on the expectation of potential increase in prices. IPPs also remained among the major gainers despite muted index performance.

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

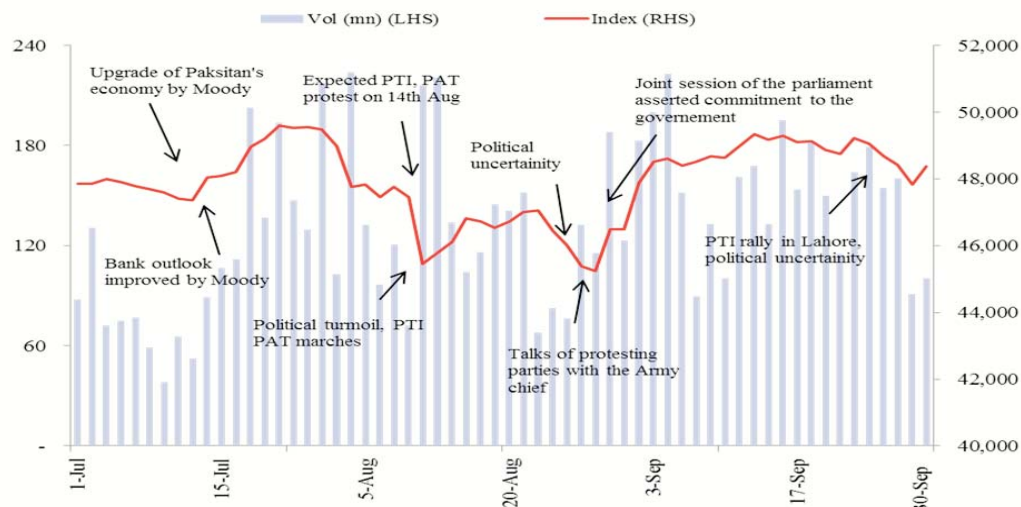
BEST PERFORMING STOCKS	CONTRIBUTION TO KMI-30	TOTAL RETURN
HUBC	548	15.70%
PKGS	229	22.52%
FFC	218	4.08%
KAPCO	162	8.89%
ICI	132	35.80%

On the flip side, Telecommunications was among the laggards mainly due to a decline in incoming international minutes, followed by Oil & Gas which was also down due to declining oil prices and concerns over the future of OGDC's GDR. Cement sector along with the chemicals sector remained flattish mainly on the expectation of potential weakness in demand for cement due to floods, non-availability of gas and varying news regarding the resolution of GIDC.

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

WORST PERFORMING STOCKS	CONTRIBUTION TO KMI-30	TOTAL RETURN
OGDC	-258.43	-4.39%
PSO	-245.34	-7.30%
KEL	-146.16	-9.07%
DGKC	-135.71	-9.39%
POL	-78.52	-2.06%

The overall movement of KMI-30 during this quarter can be observed in the following graph:



Equity Flows

On FII Portfolio Investment front, foreigners remained bullish on Pakistan's equity market with net FIPI clocking in at USD 157 mn in 1QFY15 compared to USD 233 mn in 4QFY14 (down 33%QoQ) while local institutions remained net sellers with net outflow of USD 47mn by Mutual Funds and USD 32mn by Banks/DFIs. The subdued interest by local players can be attributed to lack of clarity on the outcome of ongoing political crisis in the country.

Mutual Fund Industry Review

During the first three months of FY15, AUMs of the mutual fund industry witnessed an increase of 0.65% to Rs. 404 billion. Islamic funds declined by 4.2% during the period under review to Rs. 81 billion. This brings share of Islamic funds at 20.01% in the total mutual fund industry. Al Meezan's share in the total Mutual Funds industry stands at 13.1% and 65.6% in the Islamic Funds industry as of September 30, 2014 compared to 12.8% and 67.5% 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 three months ending September 2014. The combined category showed a rise of 1.2% to reach Rs 239 billion at period end. While conventional funds in this category rose by 3.2%, on the other hand, Islamic funds declined by 7.5%. Open end Equity funds (including capital protected, balanced, index tracker, and asset allocation) increased by 3.4% to Rs. 137 billion as on September 2014 compared to Rs. 132 billion at June 30, 2014. Conventional funds in this category rose by 2.5% while Islamic equity based funds, showed a reasonable growth of 6.0% in the period under review and stood at Rs. 35 billion. However, in Pension Funds the size of funds reached Rs. 8.9 billion as at September 30, 2014, up 9.5% from June 2014. Islamic Pension Funds also witnessed decent growth of 8.8% in the period under review to clock in at Rs 5.3 billion as of September end. Meezan Tahaffuz Pension Fund's (MTPF) leads the pension fund market with a 36.7% market share while in the Islamic mutual funds industry, MTPF makes up 58.7% compared to 33.8% and 56.6% in the corresponding period last year.

Performance Review:

Meezan Islamic Fund

During the first quarter ended September 30, 2014, Meezan Islamic Fund (MIF) provided a return of 3% to its investors while KSE Meezan Index (KMI 30) appreciated by 1.5% to close at 48,379.

MIF posted a total income of Rs. 395 million as compared to Rs. 205 million in corresponding period last year. Total income mainly comprised of Dividend Income and unrealized gain on investments of Rs. 284million and Rs. 83million respectively. Profit on savings account at banks amounted to Rs. 28million. After accounting for expenses of Rs. 140 million and an element of income and capital gains included in prices of units issued and less those in units redeemed of Rs. 7million, the Fund posted a net profit of Rs. 263million. The net assets of the Fund as at September 30, 2014 were Rs. 18,133million as compared to Rs. 16,622million at the end of the year depicting a rise of 9%. The net asset value per unit as at September 30, 2014 was Rs. 51.52 as compared to Rs.50.24 per unit as on June 30, 2014.

AI Meezan Mutual Fund

During the quarter ended September 30, 2014, AI Meezan Mutual Fund (AMMF) provided a return of 3% to its investors while the KSE Meezan Index (KMI 30) appreciated by 1.5% to close at 48,379.

AMMF posted a total income of Rs. 85 million in the quarter ended September 30, 2014 as compared to Rs. 78 million in corresponding period last year. Total income comprised mainly of dividend income which has contributed Rs. 51 million and unrealized gain on investments of Rs. 22 million while realised gain amounted to Rs. 8 million. After accounting for expenses of Rs. 25 million and an element of income and capital gains included in prices of units issued and less those in units redeemed of Rs. 2 million, the Fund posted a net profit of Rs. 62 million. The net assets of the Fund as at September 30, 2014 were Rs. 3,052 million as compared to Rs. 2,847 million at the end of June 30, 2014 depicting a rise of 7.2%. The net asset value per unit as at September 30, 2014 was Rs. 14.38 as compared to Rs. 13.90 per unit as on June 30, 2014.

KSE Meezan Index Fund

During the quarter ended September 30, 2014, KSE Meezan Index Fund (KMIF) provided a return of 1.00% to its investors while KSE Meezan Index (KMI 30) returned 1.5% to close at 48,379. On a gross basis the fund's return was 1.50%, thus tracking 100% of the benchmark return.

KMIF posted a total income of Rs. 13 million in the quarter FY15 as compared to Rs. 5 million in corresponding period last year. Total income comprised mainly of dividend income which has contributed Rs. 22 million. After accounting for expenses of Rs. 6 million and an element of income and capital gains included in prices of units issued and less those in units redeemed of Rs. 5 million, the Fund posted a net income of Rs. 12 million. The net assets of the Fund as at September 30, 2014 were Rs. 1,256 million as compared to Rs. 1,176 million at the end of June 30, 2014. The net asset value per unit as at September 30, 2014 was Rs. 63.44 as compared to Rs. 62.83 per unit as on June 30, 2014.

Meezan Islamic Income Fund

During the quarter ended September 30, 2014, Meezan Islamic Income Fund (MIIF) provided an annualized return of 8.28% as compared to its benchmark return of 5.27%. As at September 30, 2014 the fund was invested 21% in Islamic Corporate Sukuks, 20% in GoP Ijarah Sukuks and 57% in Islamic Bank Deposits. The Fund earned a gross income of Rs. 165 million, which was primarily due to profit on Sukuks certificates amounting worth Rs. 59 million, cash in saving accounts at Islamic banks contributed Rs. 94 million and realized gain on sale of Sukuks certificates was Rs. 6 million. On the other side, the fund has an unrealized gain worth Rs. 6 million in addition to a reversal of provision of Rs. 0.17 million incurred in the Sukuks of Security Leasing Corporation Limited II. The fund also incurred expenses totalling to Rs. 37 million and element of loss and capital losses of Rs. 2 million, which brought the net income figure to Rs. 126 million. The net assets of the Fund as at September 30, 2014 were Rs. 6,150 million as compared to Rs. 4,918 million at the end of June 30, 2014. The net asset value per unit as at September 30, 2014 was Rs. 51.21 as compared to Rs. 50.17 per unit as on June 30, 2014.

Meezan Sovereign Fund

Meezan Sovereign Fund (MSF) provided a return of 4.70% to its investors as compared to its benchmark return of 6.62% for the quarter ended September 30, 2014. Under performance was due to revaluation loss of Rs. 92 million on GoP Ijara Sukuks during the quarter. During this period the Fund earned gross income of Rs. 303 million. Profit on Sukuks certificates contributed Rs. 305 million and profit on saving accounts with banks was Rs. 108 million. After accounting for expenses of Rs. 72 million and element of loss and capital losses of Rs. 36 million, the net income of the Fund was Rs. 195 million. The net assets of the Fund as at September 30, 2014 were Rs. 15,229 million as compared to Rs. 20,281 million as at June 30, 2014. The net asset value per unit as at September 30, 2014 was Rs. 51.08 as compared to Rs. 50.48 per unit as on June 30, 2014.

Meezan Cash Fund

Meezan Cash Fund (MCF) provided a competitive return of 6.75% to its investors for the quarter ended September 30, 2014.

The Fund earned a gross income of Rs. 70 million, which was primarily due to profit on bank deposits and placements amounting to Rs. 59 million and profit on Sukuks certificates amounting to Rs. 15 million. The fund also incurred expenses totalling to Rs. 14 million and element of income and capital gains included in prices of units issued and less those in units redeemed of Rs. 16 million, which brought the net income figure to Rs. 71 million. The net assets of the Fund as at September 30, 2014 were Rs. 4,269 million as compared to Rs. 3,049 million at the end of June 30, 2014. The net asset value per unit as at September 30, 2014 was Rs. 50.92 as compared to Rs. 50.07 per unit as on June 30, 2014.

Meezan Balanced Fund

During the quarter ended September 30, 2014, Meezan Balanced Fund (MBF) provided a return of 2% to its investors as compared to benchmark return of 1%.

MBF posted a total income of Rs. 52 million in the first quarter of FY 15 as compared to Rs. 35 million in corresponding period last year. Total income comprised mainly of dividend income and profit on Sukuks

certificates of Rs. 21 million and Rs. 13 million respectively. Realised gain contributed Rs. 7 million to the income while profit on savings account at banks contributed Rs. 6 million. After accounting for expenses of Rs. 16 million and an element of income and capital gains included in prices of units issued and less those in units redeemed of Rs. 0.89 million, the Fund posted a net profit of Rs. 36 million. The net assets of the Fund as at September 30, 2014 were Rs. 2,019 million as compared to Rs. 1930 million at the end of year June 30, 2014 depicting a rise of 4.58%. The net asset value per unit as at September 30, 2014 was Rs. 13.67 as compared to Rs.13.35 per unit as on June 30, 2014.

Meezan Financial Planning Fund of Funds

Meezan Financial Planning Fund of Funds (MFPF) comprises of four plans namely Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan and recently launched Meezan Capital Preservation Plan - I. The net assets of the Fund as at September 30, 2014 were Rs. 1,794 million as compared to Rs. 927 million at the end of June 30, 2014 depicting a rise of 93.5%. For the quarter ended September 30, 2014, Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan and Meezan Capital Preservation Plan - I provided a return of 2.0%, 1.8%, 1.4%, and 0.5% respectively. Detailed performance review for each plan is given as under:

Aggressive Allocation Plan

Aggressive Allocation Plan posted a total income of Rs. 7 million during first quarter ended September 30, 2014 as compared to loss of Rs. 0.48 million in corresponding period last year. Total income comprised of realized gains and unrealized gain on investments of Rs. 0.07 million and Rs. 7 million respectively. After accounting for expenses of Rs. 0.40 million and an element of income and capital gains included in prices of units issued and less those in units redeemed of Rs. 0.05 million, the Plan posted a net profit of Rs. 6 million. The net assets of the Plan as at September 30, 2014 were Rs. 324 million as compared to Rs. 330million at the end of June 30, 2014.

Moderate Allocation Plan

Moderate Allocation Plan posted a total income of Rs. 5 million during first quarter ended September 30, 2014 as compared to Rs. 0.85 million in corresponding period last year. Total income comprised of realized gains and unrealized gain on investments of Rs. 0.19 million and Rs. 4 million respectively. After accounting for expenses of Rs. 0.31 million and an element of income and capital gains included in prices of units issued and less those in units redeemed of Rs. 0.13 million, the Plan posted a net profit of Rs. 5 million. The net assets of the Plan as at September 30, 2014 were Rs. 262million as compared to Rs. 255million at the end of June 30, 2014 depicting a rise of 2.75%.

Conservative Allocation Plan

Conservative Allocation Plan posted a total income of Rs. 6 million during first quarter ended September 30, 2014 as compared to Rs. 3 million in corresponding period last year. Total income comprised of realized gains and unrealized gain on investments of Rs. 0.91 million and Rs. 5 million respectively. After accounting for expenses of Rs. 0.47 million and an element of loss and capital losses included in prices of units issued and less those in units redeemed of Rs. 0.53 million, the Plan posted a net profit of Rs. 5million. The net assets of the Plan as at September 30, 2014 were Rs. 375 million as compared to Rs. 341million at the end of June 30, 2014 depicting a rise of 10%.

Meezan Capital Preservation Plan-I

Meezan Capital Preservation Plan - I was launched on September 01, 2014. 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.. Meezan Capital Preservation Plan-I posted a total income of Rs. 2 million during first quarter ended September 30, 2014. Total income comprised of unrealized gain on investments and profit on saving accounts with banks of Rs. 1.34 million and Rs. 0.23 million respectively. After accounting for expenses of Rs. 0.15 million and an element of income and capital gains included in prices of units issued and less those in units redeemed of Rs. 3 million, the Plan posted a net profit of Rs. 4 million. The net assets of the Plan as at September 30, 2014 were Rs. 833 million.

Meezan Capital Preservation Fund - II

Meezan Capital Preservation Fund-II posted a total income of Rs. 35 million during the period from June 28, 2014 to September 30, 2014. Total income mainly comprised of unrealized gain on investments of Rs. 41 million. After accounting for expenses of Rs. 7 million and an element of loss and capital losses included in prices of units issued and less those in units redeemed of Rs. 0.02 million, the fund posted a net profit of Rs. 28 million. The net assets of the Fund as at September 30, 2014 were Rs. 2,090 million.

Meezan Capital Preservation Fund - III

Meezan Capital Preservation Fund III posted a total income of Rs. 45 million during the first three months of FY15. Total income comprised mainly of unrealized gain on investments of Rs. 61 million. After accounting for expenses of Rs. 5 million and an element of income and capital gains included in prices of units issued and less those in units redeemed of Rs. 0.05 million, the fund posted a net profit of Rs. 40 million. The net assets of the Fund as at September 30, 2014 were Rs. 3,140 million as compared to Rs. 3,111 million as at June 30, 2014. During the first three months of FY15, Meezan Capital Preservation Fund III (MCPF-III) provided a return of 1.30% to its investors.

Meezan Tahaffuz Pension Fund

Meezan Tahaffuz Pension Fund comprises of three sub funds namely Equity sub fund, Debt sub fund and Money Market sub fund. The net assets of the Fund as at September 30, 2014 were Rs. 3,108 million as compared to Rs. 2,883 million at the end of June 30, 2014 depicting a rise of 7.8%. For the quarter ended September 30, 2014, the equity sub-fund provided a return of 4.2%, while the debt and money market sub-funds provided annualized returns of 4.6% and 4.2% respectively. Detailed performance review for each sub fund is given as under:

Equity Sub Fund

For the quarter ended September 30, 2014, the equity sub fund earned a gross income of Rs. 77 million, as compared to loss of Rs. 3 million in corresponding period last year. The main contributors to the income were unrealized gains of Rs. 50 million and dividend income of Rs. 24 million. After accounting for expenses of Rs. 11 million, equity sub fund recorded a net profit of Rs. 66 million as compared to loss of Rs. 6 million in corresponding period last year. The net assets of this sub fund stood at Rs. 1,662 million as at September 30, 2014, showing a growth of 8% during the quarter. During the quarter, the net asset value (NAV) per unit increased from Rs. 329.21 to Rs. 342.92, thus providing return of 4.2%.

Debt Sub Fund

During the quarter ended September 30, 2014, the debt sub fund earned gross income of Rs. 20 million, as compared to Rs. 16 million in corresponding period last year. The main contributor to this income was profit on Sukuks certificates worth Rs. 23 million. After accounting for expenses of Rs. 6 million, the debt sub fund recorded a net profit of Rs. 13.88 million. The net assets of the fund appreciated by 8% during the quarter and stood at Rs.1,129.59 million. The net asset value (NAV) of the fund closed at Rs. 186.01 per unit as on September 30, 2014, thus providing an annualized return of 4.6%.

Money Market Sub Fund

The money market sub fund recorded gross income of Rs.5 million for the quarter ended September 30, 2014 as compared to Rs. 7 million in corresponding period last year. Main contribution was from profit on Sukuks certificates worth Rs. 5 million to the overall income. The fund recorded net profit of Rs.3. million, after accounting for expenses worth Rs. 2 million. The net assets of the fund appreciated by 6% during the quarter and stood at Rs. 317 million. The net asset value (NAV) of the fund closed at Rs. 184.74 per unit as on September 30, 2014, thus providing an annualized return of 4.2%.

Outlook

Going forward, we believe the sentiment in the market will be driven by i) 1QFY15 result announcements and ii) outcome of the fourth review by IMF. Alongside, the OGDC GDS offering will also be one of the most instrumental factors in setting the market direction in November 2014, while Sukuks offering of USD 1 bn expected during the month of November 2014 will also help the precarious external account position. Resultantly the stock market is also expected to gain on the back of a positive economic outlook, stable government with a focus on good governance and attractive valuations of fundamentally strong scrips.

On the money market and income front, we expect interest rates to remain stable for the short term despite that inflation is expected to hover below 8% in the wake of weakening commodity prices. The Islamic end of money market is expected to continue under pressure in the absence of new Ijarah auctions by the Government.

Acknowledgement

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

For and on behalf of the Board

Date: October 29, 2014

**Mohammad Shoaib, CFA
Chief Executive**



Quarterly Report September 30, 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. 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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2014

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Assets			
Balances with banks		1,077,392	1,698,950
Investments	5	17,105,582	15,297,896
Dividend receivable		231,514	15,254
Deposits and other receivables		27,215	27,335
Other Asset	6	22,033	-
Total assets		18,463,736	17,039,435
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		108,345	82,432
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		1,545	1,405
Payable to Meezan Bank Limited (MBL)		630	2,804
Payable to Securities and Exchange Commission of Pakistan (SECP)		4,113	11,563
Payable on redemption and conversion of units		8,896	20,228
Payable against purchase of investments		76,625	178,972
Accrued expenses and other liabilities		130,100	120,266
Total liabilities		330,254	417,670
Net assets		18,133,482	16,621,765
Unitholders' funds (as per statement attached)		18,133,482	16,621,765
(Number of units)			
Number of units in issue		351,976,608	330,854,335
(Rupees)			
Net assets value per unit		51.52	50.24

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	Note	September 30, 2014	September 30, 2013
(Rupees in '000)			
Income			
Net realised (loss) / gain on sale of investments		(8,922)	53,040
Dividend income		284,298	215,933
Profit on saving accounts with banks		27,640	18,584
Other income		9,398	5,794
		<u>312,414</u>	<u>293,351</u>
Unrealised gain / (loss) on re-measurement of investments - 'at fair value through profit or loss' (net)	5.1.1 & 5.1.4	83,037	(88,668)
Total income		<u>395,451</u>	<u>204,683</u>
Expenses			
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		86,596	52,896
Sindh Sales Tax and Federal Excise Duty on management fee		28,923	17,370
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		4,582	2,897
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		4,113	2,513
Auditors' remuneration		171	173
Charity expense		3,742	3,624
Fees and subscription		10	10
Legal and professional charges		53	47
Brokerage		4,545	3,693
Bank and settlement charges		1,604	1,446
Provision for Workers' Welfare Fund (WWF)	7	5,369	2,947
Printing charges		50	176
Total expenses		<u>139,758</u>	<u>87,792</u>
Net income from operating activities		<u>255,693</u>	<u>116,891</u>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		7,373	30,466
Net income for the quarter before taxation		<u>263,066</u>	<u>147,357</u>
Taxation		-	-
Net income for the quarter after taxation		<u>263,066</u>	<u>147,357</u>
Other comprehensive income for the quarter			
Items that can be reclassified to income statements in subsequent quarters			
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'	5.2.3	172,833	(210,370)
Total comprehensive income / (loss) for the quarter		<u>435,899</u>	<u>(63,013)</u>

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

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

Note	September 30, 2014	September 30, 2013
	(Rupees in '000)	
Undistributed income brought forward:		
- Realised	89,236	1,838,271
- Unrealised	<u>1,085,071</u>	<u>536,167</u>
	<u>1,174,307</u>	<u>2,374,438</u>
Final distribution for the year ended June 30, 2014: Nil		
- bonus units: Nil (June 30, 2013 @ 35% Rs 17.5 per unit)	-	(2,655,025)
- cash dividend: Nil (June 30, 2013 @ 35% Rs 17.5 per unit)	-	(1,859)
Total distribution	-	(2,656,884)
Net income for the quarter	263,066	147,357
Element of income and capital gains included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)	14,513	28,212
Undistributed income / (loss) carried forward	<u>1,451,886</u>	<u>(106,877)</u>
Undistributed income / (loss) carried forward		
- Realised	1,368,849	(18,209)
- Unrealised	<u>83,037</u>	<u>(88,668)</u>
	<u>1,451,886</u>	<u>(106,877)</u>

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the quarter ended September 30, 2014 (Unaudited)

Note	2014	September 30, 2013
	(Rupees in '000)	
Net assets at beginning of the quarter	16,621,765	9,476,313
Issue of 82,502,190 units (2013: 51,480,972 units)	4,247,710	2,453,464
Redemption of 61,379,917 units (2013: 36,352,922 units)	(3,164,519)	(1,715,236)
	1,083,191	738,228
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(7,373)	(30,466)
Final 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	(8,922)	53,040
Unrealised appreciation / (diminution) in the value of investments (net)	255,870	(299,038)
Total other comprehensive income for the quarter less distribution	188,951	182,985
Distribution for the year ended June 30, 2014:		
- Bonus units: Nil (June 30, 2013: 59,105,633 bonus units)	-	(2,655,025)
- Cash dividend: Nil (June 30, 2013: Rs. 17.5 per unit)	-	(1,859)
Net income for the quarter less distribution	435,899	(2,719,897)
Net assets at end of the quarter	18,133,482	10,119,203
	(Rupees)	
Net assets value per unit at beginning of the quarter	50.24	49.66
Net assets value per unit at end of the quarter	51.52	54.08

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

Note	September 30, 2014	September 30, 2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the quarter	263,066	147,357
Adjustments for:		
Unrealised (gain) / loss on re-measurement of investments - 'at fair value through profit or loss' (net)	(83,037)	88,668
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(7,373)	(30,466)
	<u>172,656</u>	<u>205,559</u>
(Increase) / decrease in assets		
Investments (net)	(1,573,849)	(678,118)
Dividend receivable	(216,260)	(160,950)
Deposits and other receivables	120	(95)
	<u>(1,789,989)</u>	<u>(839,163)</u>
Increase / (Decrease) in liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	25,913	(518)
Payable to Central Depository Company of Pakistan Limited - Trustee	140	86
Payable to Meezan Bank Limited	(2,174)	999
Payable to Securities and Exchange Commission of Pakistan	(7,450)	(4,173)
Payable against purchase of investments	(102,347)	(43,883)
Accrued expenses and other liabilities	9,834	3,873
	<u>(76,084)</u>	<u>(43,616)</u>
Net cash used in operating activities	<u>(1,693,417)</u>	<u>(677,220)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance of units	4,247,710	2,453,464
Dividend paid	-	(1,859)
Payment against redemption of units	(3,175,851)	(1,709,727)
Net cash inflow from financing activities	<u>1,071,859</u>	<u>741,878</u>
Net (decrease) / increase in cash and cash equivalents during the quarter	<u>(621,558)</u>	<u>64,658</u>
Cash and cash equivalents at beginning of the quarter	<u>1,698,950</u>	<u>786,424</u>
Cash and cash equivalents at end of the quarter	<u><u>1,077,392</u></u>	<u><u>851,082</u></u>

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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.
- 1.4 The Management Company of the Fund has been given a quality rating of AM2 by JCR-VIS Credit Rating Company Limited. The Fund is ranked at 'MFR 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 earlier referred guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

3. STATEMENT OF COMPLIANCE

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 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 unit holder's fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

5. INVESTMENTS

	Note	September 30, 2014	June 30, 2014
(Rupees in '000)			
Investments - 'at fair value through profit or loss'	5.1	12,252,308	10,611,206
Investments - 'available for sale'	5.2	4,853,274	4,686,690
		<u>17,105,582</u>	<u>15,297,896</u>

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

Held for trading	5.1.1	12,020,420	10,366,703
Investments - 'at fair value through profit or loss upon initial recognition'	5.1.5	231,888	244,503
		<u>12,252,308</u>	<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 quarter	Bonus issue	Sales during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss) as at September 30, 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-----						
Automobile and parts											
Agriauto Industries Limited (note 5.1.2)	341,700	-	-	-	341,700	32,974	43,495	10,521	0.24	0.25	1.19
Honda Atlas Cars	-	1,261,500	-	-	1,261,500	157,185	177,304	20,119	0.98	1.04	0.88
Indus Motor Company Limited	392,744	25,000	-	-	417,744	225,301	307,531	82,230	1.70	1.80	0.53
Pakistan Suzuki Motor Company Limited	288,622	47,700	-	-	336,322	92,254	95,610	3,356	0.53	0.56	0.41
											3.01
Chemicals											
Fauji Fertilizer Bin Qasim Limited	1,924,749	-	-	-	1,924,749	76,547	77,413	866	0.43	0.45	0.21
Fauji Fertilizer Company Limited	2,958,959	1,410,000	-	1,025,000	3,343,959	379,548	379,339	(209)	2.09	2.22	0.26
ICI Pakistan Limited	473,200	319,200	-	10,300	782,100	325,675	414,576	88,901	2.29	2.42	0.85
Sitara Chemicals Industries Limited	500	-	-	-	500	148	166	18	0.00	0.00	0.00
											1.32
Construction and Materials (Cement)											
Attock Cement Pakistan Limited	1,037	-	-	-	1,037	164	184	20	0.00	0.00	0.00
Cherat Cement Company Limited	1,338,400	-	-	155,000	1,183,400	77,465	61,986	(15,479)	0.34	0.36	1.13
D.G Khan Cement Company Limited	2,770,222	1,049,500	-	2,416,000	1,403,722	114,402	111,877	(2,525)	0.62	0.65	0.32
Fauji Cement Company Limited	26,936,000	4,614,000	-	2,450,000	29,100,000	564,755	567,159	2,404	3.13	3.32	2.19
Kohat Cement Company Limited	4,400	322,100	-	-	326,500	38,780	39,467	687	0.22	0.23	0.21
Lucky Cement Limited	3,559,879	1,143,700	-	405,000	4,298,579	1,726,783	1,726,266	(517)	9.52	10.09	1.33
Pioneer Cement Limited	1,713,000	2,262,000	-	-	3,975,000	201,566	209,999	8,433	1.16	1.23	1.75
											6.92
General industrials											
Packages Limited	172,379	128,950	-	10,000	291,329	145,947	179,030	33,083	0.99	1.05	0.35
Thal Limited (note 5.1.2)	126,307	100,400	-	30,000	196,707	41,022	47,406	6,384	0.26	0.28	0.24
											0.59
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited "A"	18,563,037	1,820,500	-	450,000	19,933,537	508,285	464,651	(43,634)	2.56	2.72	0.53
Multiliities (Gas and Water)											
Sui Northern Gas Pipelines Limited	3,951,000	642,000	-	-	4,593,000	104,111	97,739	(6,372)	0.54	0.57	0.72
Health Care Equipment And Services											
Shifa International Hospitals	-	319,000	-	5,000	314,000	52,034	53,609	1,575	0.30	0.31	0.62
Banks											
Meezan Bank Limited (an associate of the Fund)	6,186,000	100,000	-	-	6,286,000	271,584	257,726	(13,858)	1.42	1.51	0.63
Oil and gas											
Attock Petroleum Limited	251,479	31,100	-	-	282,579	166,042	153,336	(12,706)	0.85	0.90	0.34
Attock Refinery Limited	69,500	70,000	-	-	139,500	28,734	28,581	(153)	0.16	0.17	0.16
Pakistan Oilfields Limited	2,394,047	10,000	-	24,300	2,379,747	1,366,547	1,264,693	(101,854)	6.97	7.39	1.01
Pakistan Petroleum Limited	3,753,650	2,003,000	-	600,000	5,156,650	1,160,848	1,165,661	4,813	6.43	6.81	0.26
Pakistan State Oil Company Limited	2,969,323	322,000	-	465,400	2,825,923	1,093,401	1,018,604	(74,797)	5.62	5.95	1.04
Mari Petroleum Company Limited	467,500	377,400	-	40,000	804,900	309,587	350,751	41,164	1.93	2.05	0.88
National Refinery Limited	331,605	-	-	-	331,605	71,418	64,355	(7,063)	0.35	0.38	0.41
Oil and Gas Development Company Limited (note 5.1.3)	2,323,794	1,142,600	-	260,000	3,206,394	839,195	792,172	(47,023)	4.37	4.63	0.07
Shell Pakistan Limited	76,500	-	-	-	76,500	21,135	20,934	(201)	0.12	0.12	0.07
											4.25
Pharma and Bio Tech											
Abbott Laboratories (Pakistan) Limited	415,100	18,500	-	5,000	428,600	244,972	259,912	14,940	1.43	1.52	0.44
Ferozsons Laboratories Limited	30,700	222,100	-	-	252,800	92,030	102,725	10,695	0.57	0.60	0.84
Glaxo Smithkline Pakistan Limited	58,520	-	-	55,000	3,520	584	708	124	0.00	0.00	0.00
											1.28
Electricity											
Hub Power Company Limited	4,549,716	1,257,500	-	125,000	5,682,216	340,874	363,548	22,674	2.00	2.13	0.49
K - Electric Limited (formerly Karachi Electric Supply Company Limited)	8,757,000	12,465,500	-	5,107,500	16,115,000	128,399	124,408	(3,991)	0.69	0.73	0.17
Kohinoor Energy Limited	1,189,500	-	-	-	1,189,500	49,269	51,719	2,450	0.29	0.30	0.70
Pakgen Power Limited	105,000	20,000	-	-	125,000	2,273	2,261	(12)	0.01	0.01	0.03
											1.39
Engineering											
Milat Tractors Limited	2,700	-	-	-	2,700	1,348	1,494	146	0.01	0.01	0.01
Food producers											
Engro Foods Limited	2,694,421	-	-	1,432,200	1,262,221	129,416	127,434	(1,982)	0.70	0.74	0.16
Personal Goods											
Nishat Mills Limited	6,995,300	435,000	-	585,000	6,845,300	764,201	814,591	50,390	4.49	4.76	1.95
Grand total						11,946,603	12,020,420	73,617			
Total cost of investments							10,682,324				

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

5.1.3 439,500 shares (June 2014: 439,500 shares) of Oil and Gas Development Company Limited, having market value of Rs 108.58 million as at September 30, 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 quarter	Bonus issue	Sales during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss) as at September 30, 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-----						
Banks												
Meezan Bank Limited (an associate of the Fund)	5,650,206	-	-	-	5,650,206	244,315	231,658	(12,657)	1.28	1.35	0.56	
General industrials												
Packages Limited	374	-	-	-	374	187	230	43	0.00	0.00	0.00	
Grand total						244,502	231,888	(12,614)				
Total cost of investments							57,329					

5.2 Investments categorised as 'available for sale' - Shares of listed companies

Name of the investee company	As at July 01, 2014	Purchases during the quarter	Bonus issue	Sales during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss) as at September 30, 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-----						
Automobile and parts												
Indus Motor Company Limited	53,068	-	-	-	53,068	12,165	39,067	26,902	0.22	0.23	0.07	
Pakistan Suzuki Motor Company Limited	24,105	-	-	-	24,105	1,759	6,853	5,094	0.04	0.04	0.03	
											0.10	
Banks												
Meezan Bank Limited (an associate of the Fund)	124,880	-	-	-	124,880	1,552	5,120	3,568	0.03	0.03	0.01	
BankIslami Pakistan Limited	500	-	-	-	500	2	5	3	0.00	0.00	0.00	
											0.01	
Chemicals												
ICI Pakistan Limited	59,975	-	-	-	59,975	7,795	31,792	23,997	0.18	0.19	0.06	
Construction and Materials (Cement)												
D.G Khan Cement Company Limited	5,657,000	-	-	75,000	5,582,000	464,923	444,885	(20,038)	2.45	2.60	1.27	
Lucky Cement Limited	179,000	-	-	-	179,000	68,002	71,885	3,883	0.40	0.42	0.06	
											1.33	
Electricity												
Hub Power Company Limited	15,000,000	-	-	-	15,000,000	949,610	959,699	10,089	5.29	5.61	1.30	
General Industrials												
Packages Limited	2,200,000	-	-	-	2,200,000	1,047,945	1,351,966	304,021	7.46	7.90	2.61	
Food Producers												
Engro Foods Limited	3,600	-	-	-	3,600	377	363	(14)	0.00	0.00	0.00	
Oil and gas												
National Refinery Limited Oil and Gas Development Company Limited (note 5.1.3)	151	-	-	-	151	37	29	(8)	0.00	0.00	0.00	
Pakistan Oilfields Limited	3,786,700	-	-	-	3,786,700	928,601	935,542	6,941	5.16	5.47	0.09	
Pakistan Petroleum Limited	415,600	-	-	-	415,600	221,517	220,866	(651)	1.22	1.29	0.18	
Pakistan State Oil Company Limited	405,000	-	-	-	405,000	88,878	91,550	2,672	0.50	0.54	0.02	
	1,914,500	-	-	-	1,914,500	519,035	690,082	171,047	3.81	4.03	0.70	
											0.99	
Personal Goods												
Nishat Mills Limited	30,000	-	-	-	30,000	3,539	3,570	31	0.02	0.02	0.01	
Grand total						4,315,737	4,853,274	537,537				
Total cost of investments							4,315,737					

6. OTHER ASSET

Particulars	Number of Rights	Underlying	Fair Value	
			September 30, 2014	June 30, 2014
			(Rupees in '000)	
Entitlement of Letter of Rights - Cherat Cement Company Limited	804,712	Equity indices	22,033	-

7. WORKERS' WELFARE FUND (WWF)

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, 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.

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. However, the management as a matter of abundant caution has recognised WWF charge effective from January 1, 2013 amounting to Rs. 110.817 million which includes Rs. 5.369 million pertaining to current period and Rs. 105.448 million pertaining to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.31 (0.61%).

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. 89.304 million.

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company and Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Capital Protected Fund - II, 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% or more units of the fund.

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

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

Details of transactions with connected persons and balances with them for the period ended September 30, 2014 and as of that date along with comparatives are as follows:

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	29,290	26,449
Sindh Sales Tax and Federal Excise Duty on management fee payable	58,906	42,817
Sales load payable	9,183	4,718
Sindh Sales Tax and Federal Excise Duty on sales load payable	10,961	8,443
Certificate charges payable	5	5
Investment of 5,213,882 units (June 30, 2014: 200,089 units)	268,619	10,052
Meezan Bank Limited		
Bank balance	74,774	239,171
Sales load payable	630	2,804
Investment in 12,061,086 shares (June 30, 2014: 11,961,086 shares)	494,504	517,198
Investment of 21,475,049 units (June 30, 2014: 13,383,465 units)	1,106,395	1,078,883
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	1,545	1,405
Deposits	100	100
Al Meezan Investment Management Limited - Employees Gratuity Fund		
Investment of 120,915 units (June 30, 2014 : 120,915 units)	6,209	6,075
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Investment of 4,378,600 units (June 30, 2014: 4,553,883 units)	225,585	228,787
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Investment of 2,538,398 units (June 30, 2014: 2,501,604 units)	130,778	125,681
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Investment of 1,823,458 units (June 30, 2014: 1,689,514 units)	93,944	84,881

	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Meezan Capital Preservation Fund-III Investment of 42,610,220 units (June 30, 2014: 43,353,018 units)	<u>2,195,278</u>	<u>2,178,056</u>
Meezan Capital Preservation Fund-II Investment in 18,145,473 units (June 30, 2014: 19,855 units)	<u>934,855</u>	<u>998</u>
Directors and executives of the Management Company Investment of 3,762,148 units (June 30, 2013: 3,884,134 units)	<u>193,826</u>	<u>195,139</u>
	Quarter ended September 30, 2014	2013
	(Rupees in '000)	
AI Meezan Investment Management Limited - Management Company Remuneration for the period	<u>86,596</u>	<u>52,896</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>28,923</u>	<u>17,370</u>
Units Issued: 5,013,793 units (2013: Nil units)	<u>240,461</u>	<u>-</u>
Meezan Bank Limited Profit on saving accounts	<u>4,969</u>	<u>452</u>
Bonus units issued: Nil units (2013: 5,213,950 units)	<u>-</u>	<u>234,211</u>
Dividend Income	<u>18,092</u>	<u>11,829</u>
Central Depository Company of Pakistan Limited - Trustee Trustee fee	<u>4,582</u>	<u>2,897</u>
CDS charges	<u>281</u>	<u>13</u>
AI Meezan Investment Management Limited - Employees Gratuity Fund Bonus units issued: Nil units (2013: 29,261 units)	<u>-</u>	<u>1,314</u>
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan Units Issued: 424,349 units (2013: 810,867 units)	<u>21,407</u>	<u>38,527</u>
Bonus units issued: Nil units (2013: 1,152,763 units)	<u>-</u>	<u>51,782</u>
Units Redeemed: 599,632 units (2013: 414,465 units)	<u>30,129</u>	<u>19,500</u>
Transaction Cost received from the Fund	<u>54</u>	<u>97</u>

Quarter ended September 30,
2014 2013
(Rupees in '000)

Meezan Financial Planning Fund of Funds - Moderate Allocation Plan

Units Issued: 384,257 units (2013: 556,823 units)	<u>19,541</u>	<u>26,809</u>
Bonus units issued: Nil units (2013: 467,797 units)	<u>-</u>	<u>21,013</u>
Units Redeemed: 347,463 units (2013: 364,778 units)	<u>17,553</u>	<u>17,500</u>
Transaction Cost received from the Fund	<u>49</u>	<u>67</u>

Meezan Financial Planning Fund of Funds - Conservative Allocation Plan

Units Issued: 598,757 units (2013: 550,984 units)	<u>29,980</u>	<u>26,461</u>
Bonus units issued: Nil units (2013: 403,232 units)	<u>-</u>	<u>18,113</u>
Units Redeemed: 464,813 units (2013: 162,715 units)	<u>23,802</u>	<u>7,750</u>
Transaction Cost received from the Fund	<u>75</u>	<u>66</u>

Meezan Capital Preservation Fund-III

Units Issued: 11,023,825 units (2013: Nil units)	<u>558,001</u>	<u>-</u>
Units Redeemed: 11,766,623 units (2013: Nil units)	<u>570,000</u>	<u>-</u>
Transaction Cost received from the Fund	<u>1,398</u>	<u>-</u>

Meezan Capital Preservation Fund-II

Units Issued: 24,184,961 units (2013: Nil units)	<u>1,224,731</u>	<u>-</u>
Units Redeemed: 6,059,342 units (2013: Nil units)	<u>300,000</u>	<u>-</u>
Transaction Cost received from the Fund	<u>3,069</u>	<u>-</u>

Directors and executives of the Management Company

Units issued: 37,734 units (2013: 66,544 units)	<u>1,916</u>	<u>3,158</u>
Bonus units issued: Nil units (2013: 1,070,951 units)	<u>-</u>	<u>48,107</u>
Units Redeemed: 75,217 units (2013: 693,246 units)	<u>3,766</u>	<u>29,130</u>

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 29, 2014 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 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. 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)	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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2014

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Assets			
Balances with banks		66,753	84,389
Investments	5	2,986,341	2,792,828
Receivable against sale of investments		-	77,846
Dividend receivable		43,019	2,515
Deposits, prepayments and other receivables		6,208	6,075
Other assets	6	6,665	-
Total assets		3,108,986	2,963,653
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		17,974	14,339
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		334	310
Payable to Securities and Exchange Commission of Pakistan (SECP)		714	2,346
Payable on redemption and conversion of units		793	24,656
Accrued expenses and other liabilities		29,711	28,404
Payable against purchase of investments		2,636	41,724
Unclaimed dividend		4,765	4,824
Total liabilities		56,927	116,603
Net assets		3,052,059	2,847,050
Unitholders' fund (as per statement attached)		3,052,059	2,847,050
(Number of units)			
Number of units in issue		212,256,268	204,777,286
(Rupees)			
Net assets value per unit		14.38	13.90

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	Note	September 30, 2014	September 30, 2013
(Rupees in '000)			
Income			
Net realised gain on sale of investments		8,026	19,799
Dividend income		51,412	45,827
Profit on saving accounts with banks		2,616	3,991
Other income		1,099	1,142
		<u>63,153</u>	<u>70,759</u>
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)		21,949	6,902
Total income		<u>85,102</u>	<u>77,661</u>
Expenses			
Remuneration to Al Meezan Investment Management Limited - Management Company		15,031	11,514
Sindh Sales Tax and Federal Excise Duty on management fee		5,021	3,779
Remuneration to Central Depository Company of Pakistan Limited - Trustee		1,004	836
Annual fee to Securities and Exchange Commission of Pakistan		714	547
Auditors' remuneration		211	150
Fees and subscription		38	-
Charity expense		618	838
Brokerage		648	954
Bank and settlement charges		227	258
Printing expenses		-	87
Provision for Workers' Welfare Fund (WWF)	7	1,269	1,093
Total expenses		<u>24,781</u>	<u>20,056</u>
Net income from operating activities		60,321	57,605
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		1,852	(2,930)
Net income for the quarter before taxation		<u>62,173</u>	<u>54,675</u>
Taxation		<u>-</u>	<u>-</u>
Net income for the quarter after taxation		62,173	54,675
Other comprehensive income for the quarter			
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' (net)		36,850	(56,218)
Total comprehensive income / (loss) for the quarter		<u>99,023</u>	<u>(1,543)</u>

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

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
Undistributed income brought forward		
- Realised	240,888	451,455
- Unrealised	198,627	230,105
	439,515	681,560
Final distribution for the year ended June 30, 2014: Nil (June 30, 2013: @ 35% (Rs. 3.5 per unit))	-	(476,455)
Net income for the quarter	62,173	54,675
Element of income and capital gains included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)	2,028	544
Undistributed income carried forward	503,716	260,324
Undistributed income carried forward		
- Realised	481,767	253,422
- Unrealised	21,949	6,902
	503,716	260,324

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
Net assets at beginning of the quarter	2,847,050	2,190,127
Issue of 37,598,684 units (September 30, 2013 : 36,196,553 units)	534,801	478,895
Redemption of 30,119,702 units (September 30, 2013 : 34,788,863 units)	(426,963)	(463,563)
	107,838	15,332
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(1,852)	2,930
Final bonus units for the year ended June 30, 2014: Nil (June 30, 2013 : 37,842,839 bonus units)	-	476,445
Net realised gain on sale of investments	8,026	19,799
Unrealised appreciation in value of investments (net)	58,799	(49,316)
Other net income for the quarter	32,198	27,974
Total comprehensive income for the quarter	99,023	(1,543)
Final distribution for the year ended June 30, 2014: Nil (June 30, 2013 : @ 35% Rs. 3.5 per unit)	-	(476,455)
Net assets at end of the quarter	3,052,059	2,206,836
	(Rupees)	
Net assets value per unit at beginning of the quarter	13.90	16.09
Net assets value per unit at end of the quarter	14.38	12.58

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the quarter	62,173	54,675
Adjustments for:		
Unrealised gain on re-measurement of investments at 'fair value through profit or loss' (net)	(21,949)	(6,902)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(1,852)	2,930
	<u>38,372</u>	<u>50,703</u>
(Increase) / decrease in assets		
Investments (net)	(134,714)	(48,315)
Other assets	(6,665)	-
Receivable against sale of investments	77,846	15
Dividend receivable	(40,504)	(34,454)
Deposits and other receivables	(133)	(1,399)
	<u>(104,170)</u>	<u>(84,153)</u>
Increase / (decrease) in liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	3,635	387
Payable to Central Depository Company of Pakistan Limited - Trustee	24	17
Payable to Securities and Exchange Commission of Pakistan	(1,632)	(1,195)
Payable against purchase of investments	(39,088)	(6,425)
Accrued expenses and other liabilities	1,307	3,261
	<u>(35,754)</u>	<u>(3,955)</u>
Net cash used in operating activities	<u>(101,552)</u>	<u>(37,405)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance of units	534,801	478,895
Payment against redemption of units	(450,826)	(462,961)
Dividend paid	(59)	(10)
Net cash inflow from / (used in) financing activities	<u>83,916</u>	<u>15,924</u>
Net decrease in cash and cash equivalents during the quarter	(17,636)	(21,481)
Cash and cash equivalents at beginning of the quarter	84,389	199,155
Cash and cash equivalents at end of the quarter	<u>66,753</u>	<u>177,674</u>

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 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 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 in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

3. STATEMENT OF COMPLIANCE

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 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 unit holder's fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

5. INVESTMENTS

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Investment 'at fair value through profit or loss'			
- Held for trading	5.1	1,858,526	1,658,134
Investment - 'available for sale'	5.2	1,127,815	1,134,694
		<u>2,986,341</u>	<u>2,792,828</u>

5.1.1 Held for trading - shares of listed companies

Name of the investee company	As at July 01, 2014	Purchases during the quarter	Bonus issue	Sales during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss) as at September 30, 2014	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 5.1.1)	Total market value of investments	Paid-up capital of investee company (with face value of investment)
-----Number of shares-----					-----Rupees in '000-----						
Sector / Companies											
Commercial Banks											
Meezan Bank Limited (an associate of the Fund)	1,820,712	-	-	-	1,820,712	78,728	74,649	(4,079)	2.45	2.50	0.18
Construction and materials (Cement)											
Attock Cement Pakistan Limited	1,121	-	-	-	1,121	177	198	21	0.01	0.01	-
DG Khan Cement Company Limited	332,805	50,000	-	374,000	8,805	722	702	(20)	0.02	0.02	-
Fauji Cement Company Limited	3,046,000	650,000	-	546,500	3,149,500	61,008	61,384	376	2.01	2.06	0.24
Kohat Cement	-	66,000	-	-	66,000	7,845	7,978	133	0.26	0.27	0.04
Cherat Cement Company Limited	358,000	-	-	-	358,000	23,435	18,752	(4,683)	0.61	0.63	0.34
Lucky Cement Company Limited	41,890	129,500	-	38,000	133,390	48,733	53,568	4,835	1.76	1.79	0.04
Pioneer Cement Limited	232,000	300,000	-	-	532,000	27,134	28,106	972	0.92	0.94	0.23
Oil & gas											
Attock Refinery Limited	500	-	-	-	500	106	102	(4)	-	-	-
Attock Petroleum Limited	12,000	34,500	-	-	46,500	26,410	25,232	(1,178)	0.83	0.84	0.06
National Refinery Limited	68,100	-	-	-	68,100	14,667	13,216	(1,451)	0.43	0.44	0.09
Pakistan State Oil Company Limited	447,120	105,000	-	100,000	452,120	174,055	162,967	(11,088)	5.34	5.46	0.17
Pakistan Oilfields Limited	445,751	-	-	-	445,751	255,995	238,890	(19,105)	7.76	7.93	0.19
Pakistan Petroleum Limited	893,419	240,000	-	49,300	1,084,119	244,733	245,066	333	8.03	8.21	0.05
Oil and Gas Development Company Limited (note 5.1.3)	409,700	257,000	-	75,000	591,700	154,729	146,185	(8,544)	4.79	4.90	0.01
Mari Petroleum Company Limited	75,000	15,000	-	-	90,000	33,842	39,219	5,377	1.29	1.31	0.10
Automobile and Parts											
Indus Motor Company Limited	72,264	-	-	-	72,264	38,872	53,199	14,327	1.74	1.78	0.09
Honda Atlas Cars	-	267,500	-	-	267,500	33,687	37,597	3,910	1.23	1.26	0.19
Pak Suzuki Motor Company Limited	65,689	10,000	-	-	75,689	20,811	21,517	706	0.70	0.72	0.09
Agriautos Industries Limited (note 5.1.2)	6,460	-	-	-	6,460	623	822	199	0.03	0.03	-
Fixed Line and telecommunication											
Pakistan Telecommunication Company Limited "A"	2,956,670	-	-	-	2,956,670	75,306	68,920	(6,386)	2.26	2.31	0.08
Chemicals											
Fauji Fertilizer Bin Qasim Limited	381,185	-	-	-	381,185	15,160	15,331	171	0.50	0.51	0.04
Fauji Fertilizer Company Limited	307,401	235,000	-	100,000	442,401	50,339	50,186	(153)	1.64	1.68	0.03
Sitara Chemical Industries Limited	500	-	-	-	500	148	166	18	0.01	0.01	-
ICI Pakistan Limited	1,122	60,000	-	11,100	50,022	22,801	26,516	3,715	0.87	0.89	0.05
General Industrials											
Packages Limited	152,700	-	-	-	152,700	76,590	93,839	17,249	3.07	3.14	0.18
Thal Limited (note 5.1.2)	55,613	-	-	-	55,613	11,534	13,403	1,869	0.44	0.45	0.14
Food producers											
Engro Foods Limited	432,500	-	-	300,000	132,500	13,585	13,377	(208)	0.44	0.45	0.02
Electricity											
Hub Power Company Limited	1,933,500	86,500	-	-	2,020,000	119,389	129,240	9,851	4.23	4.33	0.17
Pakgen Power Limited	105,000	-	-	-	105,000	1,894	1,899	5	0.06	0.06	0.03
Kohinoor Energy Limited	144,000	-	-	-	144,000	5,964	6,261	297	0.21	0.21	0.08
K-Electric Limited (formerly Karachi Electric Supply Company Limited.)	3,453,500	941,500	-	500,000	3,895,000	32,022	30,069	(1,953)	0.99	1.01	0.04
Pharma and Bio Tech											
Abbot Laboratories Limited	96,200	-	-	45,000	51,200	29,303	31,049	1,746	1.02	1.04	0.05
Ferozsons Laboratories Limited	5,500	25,000	-	-	30,500	11,253	12,394	1,141	0.41	0.42	0.10
Multilities (Gas and Water)											
Sui Northern Gas Pipeline Limited	600,000	-	-	-	600,000	13,590	12,768	(822)	0.42	0.43	0.09
Personal Goods											
Nishat Mills Limited	1,041,200	25,000	-	9,400	1,056,800	118,052	125,759	7,707	4.12	4.21	0.30
Total						<u>1,843,242</u>	<u>1,858,526</u>	<u>15,284</u>			
Total cost of investments - held for trading							<u>1,843,242</u>				

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

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

5.1.3 200,000 shares (June 30, 2014: 280,000 shares) of Oil and Gas Development Company Limited, having market value of Rs 49.41 million as at September 30, 2014 (June 30, 2014: Rs 52.25 million), have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

5.2 Available for sale - shares of listed companies

Name of the investee company	As at July 01, 2014	Purchases during the quarter	Bonus issue	Sales during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss) as at September 30, 2014	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 5.1.1)	Total market value of investments	Paid-up capital of investee company (with face value of investment)
-----Number of shares-----						-----Rupees in '000-----					
Sector / Companies											
Commercial Banks											
Meezan Bank Limited (an associate of the Fund)	299,706	-	-	-	1,820,712 299,706	4,130	12,288	8,158	0.40	0.41	0.03
BankIslami Pakistan Limited	500	-	-	-	500	2	5	3	-	-	-
Construction and materials (Cement)											
Lucky Cement Company Limited	680,127	-	-	60,000	620,127	217,162	249,037	31,875	8.16	8.34	0.19
D.G. Khan Cement Company Limited	1,177,500	-	-	206,000	971,500	80,145	77,429	(2,716)	2.54	2.59	0.22
Electricity											
Hub Power Company Limited	2,580,500	-	-	-	2,580,500	157,902	165,100	7,198	5.41	5.53	0.22
Oil and gas											
Pakistan State Oil Company Limited	371,147	-	-	-	371,147	101,077	133,780	32,703	4.38	4.48	0.14
Oil & Gas Development Company Limited	571,663	-	-	40,000	531,663	76,085	131,353	55,268	4.30	4.40	0.01
Pakistan Oilfields Limited	31,340	-	-	-	31,340	8,089	16,655	8,566	0.55	0.56	0.01
Pakistan Petroleum Limited	43,112	-	-	-	43,112	4,271	9,745	5,474	0.32	0.33	-
Attock Petroleum Limited	240	-	-	-	240	83	130	47	-	-	-
Automobile and parts											
Agriautos Industries Limited (note 5.1.2)	158,000	-	-	-	158,000	10,539	20,112	9,573	0.66	0.67	1.10
Indus Motor Company Limited	16,200	-	-	-	16,200	3,961	11,926	7,965	0.39	0.40	0.02
Chemicals											
Fauji Fertilizer Company Limited	5,457	-	-	-	5,457	428	619	191	0.02	0.02	-
Fauji Fertilizer Bin Qasim Limited	110,500	-	-	-	110,500	4,148	4,444	296	0.15	0.15	0.01
ICI Pakistan Limited	91,557	-	-	-	91,557	34,618	48,533	13,915	1.59	1.63	0.10
General Industries											
Packages Limited	401,378	-	-	-	401,378	206,029	246,659	40,630	8.08	8.26	0.48
Total						908,669	1,127,815	219,146			
Total cost of investments - 'available for sale'						908,622					

6. OTHER ASSETS

Particulars	Number of Rights	Underlying	Fair Value	
			September 30, 2014	June 30, 2014
-----Rupees in '000-----				
Entitlement of Letter of Rights				
- Cherat Cement Company Limited	243,440	Equity indices	6,665	-

7. WORKERS' WELFARE FUND

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

a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. However, the management as a matter of abundant caution has recognised WWF charge effective from January 1, 2013 amounting to Rs 24.633 million which includes Rs. 1.269 million pertaining to current period and Rs. 23.364 million pertaining to prior year. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.12 (0.83%).

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

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers of the Management Company, Meezan Islamic Fund, KSE Meezan Index Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, 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% or more of the Fund.

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, NBFC Regulations, 2008 and the Trust Deed respectively.

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

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Remuneration payable	<u>5,036</u>	<u>4,563</u>
Sales load payable	<u>524</u>	<u>306</u>
Sindh Sales Tax and Federal Excise Duty on management fee payable	<u>11,264</u>	<u>8,472</u>
Sindh Sales Tax and Federal Excise Duty on sales load payable	<u>1,150</u>	<u>998</u>

	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Investments of 34,052,779 units (June 30, 2014: 34,052,779 units)	<u>489,679</u>	<u>473,334</u>
Meezan Bank Limited - Shariah Advisor		
Balances with bank	<u>25,579</u>	<u>60,089</u>
Profit receivable on saving accounts	<u>239</u>	<u>364</u>
Investments in 2,120,419 shares (June 30, 2014 : 2,120,419 shares)	<u>86,937</u>	<u>91,687</u>
Investments of 9,921,033 units (June 30, 2014 : 9,921,033 units)	<u>142,664</u>	<u>137,902</u>
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	<u>334</u>	<u>310</u>
Deposits	<u>238</u>	<u>238</u>
Pakistan Kuwait Investment Company (Private) Limited		
Investments of 16,895,690 units (June 30, 2014 : 16,895,690 units)	<u>242,960</u>	<u>234,850</u>
Al Meezan Investment Management Limited - Staff Gratuity Fund		
Investments of 517,741 units (June 30, 2014 : 517,741 units)	<u>7,445</u>	<u>7,197</u>
Meezan Capital Preservation Fund - II		
Investments of 10,986,095 units (June 30, 2014 : 2,870,504 units)	<u>157,980</u>	<u>39,900</u>
Meezan Capital Preservation Fund - III		
Investments of 4,130,435 units (June 30, 2014 : nil units)	<u>59,396</u>	<u>-</u>
Directors and officers of the Management Company		
Investments of 7,731,245 units (June 30, 2014 : 7,657,744 units)	<u>111,175</u>	<u>106,443</u>
	For the quarter ended	
	September 30,	
	2014	2013
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Remuneration for the quarter	<u>15,031</u>	<u>36,779</u>
Sindh Sales Tax and Federal Excise Duty on management fee for the quarter	<u>5,021</u>	<u>6,232</u>
Units issued : nil units (2013: 5,650,431 units)	<u>-</u>	<u>74,585</u>
Redemptions : nil units (2013 : 8,039,913 units)	<u>-</u>	<u>106,621</u>

	For the quarter ended September 30,	
	2014	2013
	(Rupees in '000)	
Bonus units issued : nil units (2013 : 7,883,191 units)	-	99,249
Meezan Bank Limited		
Profit on saving accounts with bank	838	74
Dividend income	3,181	1,639
Nil shares purchased during the quarter (2013 : 900,000 shares)	-	35,079
Bonus units issued : nil units (2013 : 1,835,382 units)	-	23,107
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the quarter	1,004	836
AI Meezan Investment Management Limited - Staff Gratuity Fund		
Bonus units issued : nil units (2013 : 95,781 units)	-	1,206
Meezan Capital Preservation Fund - II		
Units issued: 12,650,739 units (2013 : nil units)	178,000	-
Redemptions : 4,535,147 units (2013 : 870 units)	60,000	-
Meezan Capital Preservation Fund - III		
Units issued: 4,130,435 units (2013 : nil units)	60,000	-
Directors and officers of the Management Company		
Units issued: 73,501 units (2013 : 3,781,232 units)	1,025	48,179
Redemptions : nil units (2013 : 870 units)	-	12
Bonus units issued : nil units (2013 : 584,733 units)	-	7,362

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 29 , 2014 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 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. 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)
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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2014

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Assets			
Balances with banks		2,372	248,684
Investments (net)	5	1,246,518	1,175,875
Receivable against sale of investments (net)		132	-
Dividend receivable		16,171	1,078
Deposits, prepayments and other receivables		2,684	2,655
Preliminary expenses and floatation costs		1,066	1,167
Other assets	6	2,505	-
Total assets		1,271,448	1,429,459
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		3,616	2,738
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		185	150
Payable to Securities and Exchange Commission of Pakistan (SECP)		295	925
Payable to Meezan Bank Limited (MBL)		-	14
Payable against purchase of investments		-	238,282
Payable on redemption and conversion of units		15	164
Accrued expenses and other liabilities		11,684	11,159
Total liabilities		15,795	253,432
Net assets		1,255,653	1,176,027
Unitholders' fund (as per statement attached)		1,255,653	1,176,027
		(Number of units)	
Number of units in issue		19,791,731	18,716,122
		(Rupees)	
Net assets value per unit		63.44	62.83

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	2014	September 30, 2013
	(Rupees in '000)	
Income		
Net realised (loss) / gain on sale of investments	(1,297)	3,688
Dividend income	21,946	22,998
Profit on saving accounts with banks	343	231
Other income	399	150
	<u>21,391</u>	<u>27,067</u>
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' (net)	(8,472)	(21,709)
Total income	<u>12,919</u>	<u>5,358</u>
Expenses		
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company	3,104	2,432
Sindh Sales Tax and Federal Excise Duty on management fee	1,037	797
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	562	486
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	295	231
Auditors' remuneration	98	75
Brokerage	237	131
Charity expense	322	417
Bank and settlement charges	164	100
Amortisation of preliminary expenses and floatation costs	101	101
Fees and subscription	32	6
Provision for Workers' Welfare Fund (WWF)	246	-
Printing expenses	10	-
Total expenses	<u>6,208</u>	<u>4,776</u>
Net income from operating activities	<u>6,711</u>	<u>582</u>
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed (net)	5,334	(803)
Net income / (loss) for the quarter before taxation	<u>12,045</u>	<u>(221)</u>
Taxation	-	-
Net income / (loss) for the quarter after taxation	<u>12,045</u>	<u>(221)</u>
Other comprehensive income for the quarter	-	-
Total comprehensive income / (loss) for the quarter	<u>12,045</u>	<u>(221)</u>

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

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
Undistributed income brought forward		
- Realised	77,379	184,682
- Unrealised	122,114	107,332
	199,493	292,014
Final distribution for the year ended June 30, 2014: Nil (June 30, 2013: 31% Rs. 15.5 per unit)	-	(191,233)
Net income / (loss) for the quarter	12,045	(221)
Undistributed income carried forward	211,538	100,560
Undistributed income/ accumulated (loss) carried forward		
- Realised	220,010	122,269
- Unrealised	(8,472)	(21,709)
	211,538	100,560

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
Net assets at beginning of the quarter	1,176,027	901,404
Issue of 2,501,315 units (September 30, 2013: 965,356 units)	162,996	59,707
Redemption of 1,425,706 units (September 30, 2013: 1,250,416 units)	(90,081)	(76,917)
	72,915	(17,210)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(5,334)	803
Final bonus units for the year ended June 30, 2014: Nil (June 30, 2013: 3,322,338 bonus units)	-	191,233
Net realised (loss) / gain on sale of investments	(1,297)	3,688
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' (net)	(8,472)	(21,709)
Other net income for the quarter	21,814	17,800
Total Comprehensive income for the quarter	12,045	(221)
Final distribution for the year ended June 30, 2014: Nil (June 30, 2013: 31% Rs. 15.5 per unit)	-	(191,233)
Net assets at end of the quarter	1,255,653	884,776
	(Rupees)	
Net asset value per unit as at the beginning of the quarter	62.83	73.06
Net asset value per unit as at the end of the quarter	63.44	57.55

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the quarter	12,045	(221)
Adjustments for:		
Amortisation of preliminary expenses and floatation costs	101	101
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	8,472	21,709
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed (net)	(5,334)	803
	<u>15,284</u>	<u>22,392</u>
(Increase) / decrease in assets		
Investments (net)	(79,115)	10,749
Receivable against sale of investments	(132)	-
Dividend receivable	(15,093)	(16,833)
Deposits, prepayments and other receivables	(29)	542
Other assets	(2,505)	-
	<u>(96,874)</u>	<u>(5,542)</u>
Increase / (decrease) in liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	878	(708)
Payable to Central Depository Company of Pakistan Limited - Trustee	35	6
Payable to Securities and Exchange Commission of Pakistan	(630)	(154)
Payable to Meezan Bank Limited	(14)	-
Payable against purchase of investments	(238,282)	(3,399)
Accrued expenses and other liabilities	525	(37)
	<u>(237,488)</u>	<u>(4,292)</u>
Net cash (used in) / inflow from operating activities	<u>(319,078)</u>	<u>12,558</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance of units	162,996	59,707
Payment against redemption of units	(90,230)	(80,121)
Net cash inflow from / (used in) financing activities	<u>72,766</u>	<u>(20,414)</u>
Net decrease in cash and cash equivalents during the quarter	(246,312)	(7,856)
Cash and cash equivalents at beginning of the quarter	248,684	15,240
Cash and cash equivalents at end of the quarter	<u>2,372</u>	<u>7,384</u>

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 Company (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on March 13, 2012 and was approved by Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end fund listed on Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. 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 and provisions of and directives issued under the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5. INVESTMENTS - NET	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Investments at 'fair value through profit or loss' - Held for trading	5.1	<u>1,246,518</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 quarter	Bonus issue	Sales during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss) as at September 30, 2014	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 5.1.1)	Paid-up capital of investee company (with face value of investment)	Total market value of investments
----- Number of shares -----						----- (Rupees in '000) -----					
Sectors/ Companies											
Chemicals											
Fauji Fertilizer Bin Qasim Limited	549,920	68,500	-	33,000	585,420	23,303	23,546	243	1.88	0.06	1.89
Fauji Fertilizer Company Limited	1,177,401	146,300	-	71,000	1,252,701	140,727	142,106	1,379	11.32	0.10	11.40
ICI Pakistan Limited	23,300	2,900	-	1,400	24,800	9,989	13,146	3,157	1.05	0.03	1.05
									14.25	0.19	14.34
Construction and Materials (Cement)											
Cherat Cement Company Limited	127,040	15,500	-	8,000	134,540	9,088	7,047	(2,041)	0.56	0.13	0.57
D.G. Khan Cement Company Limited	405,653	49,500	-	24,000	431,153	37,847	34,363	(3,484)	2.74	0.10	2.76
Fauji Cement Company Limited	1,231,694	152,500	-	73,500	1,310,694	25,387	25,545	158	2.03	0.10	2.05
Kohat Cement Company Limited	77,940	9,400	-	4,400	82,940	10,609	10,026	(583)	0.80	0.05	0.80
Lucky Cement Limited	212,690	31,400	-	12,500	231,590	94,859	93,004	(1,855)	7.41	0.07	7.46
Maple Leaf Cement Factory Limited	310,700	38,500	-	18,500	330,700	9,973	8,992	(981)	0.72	0.06	0.72
Pioneer Cement Limited	114,500	14,500	-	7,000	122,000	5,788	6,445	657	0.51	0.05	0.52
									14.77	0.56	14.88
Electricity											
Hub Power Company Limited	1,460,462	180,500	-	87,000	1,553,962	92,309	99,422	7,113	7.92	0.13	7.98
Kot Addu Power Company Limited	763,753	94,500	-	46,000	812,253	48,378	52,220	3,842	4.16	0.09	4.19
K-Electric Limited (formerly Karachi Electric Supply Company Limited)	4,646,653	578,500	-	281,000	4,944,153	41,493	38,169	(3,324)	3.04	0.05	3.06
									15.12	0.27	15.23
Engineering											
Millat Tractors Limited	29,806	3,700	-	1,800	31,706	15,848	17,538	1,690	1.40	0.07	1.41
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited *A	989,323	121,500	-	58,000	1,052,823	26,926	24,541	(2,385)	1.95	0.03	1.97
Food Producers											
Engro Foods Limited	193,181	23,400	-	10,700	205,881	21,257	20,786	(471)	1.66	0.03	1.67
General Industrials											
Packages Limited	49,700	6,200	-	3,000	52,900	26,768	32,509	5,741	2.59	0.06	2.61
Multitiilities (Gas and Water)											
Sui Northern Gas Pipeline Limited	266,837	33,500	-	16,500	283,837	6,406	6,040	(366)	0.48	0.04	0.48
Oil and Gas											
Attock Petroleum Limited	27,889	3,300	-	1,500	29,689	17,504	16,110	(1,394)	1.28	0.04	1.29
Attock Refinery Limited	50,185	6,200	-	2,900	53,485	11,332	10,958	(374)	0.87	0.06	0.89
Mari Petroleum Company Limited	30,895	3,800	-	1,800	32,895	12,343	14,335	1,992	1.14	0.04	1.15
National Refinery Limited	42,951	5,200	-	2,400	45,751	9,839	8,879	(960)	0.71	0.06	0.71
Oil and Gas Development Company Limited (note 5.1.2)	553,694	68,100	-	32,700	589,094	154,784	145,543	(9,241)	11.59	0.01	11.68
Pakistan Oilfields Limited	181,964	22,400	-	10,800	193,564	111,250	102,868	(8,382)	8.19	0.08	8.25
Pakistan Petroleum Limited	596,678	73,600	-	35,400	634,878	143,013	143,514	501	11.43	0.03	11.51
Pakistan State Oil Company Limited	211,988	26,200	-	12,600	225,588	87,834	81,313	(6,521)	6.48	0.08	6.52
Shell Pakistan Limited	36,022	4,300	-	2,000	38,322	10,575	10,487	(88)	0.84	0.04	0.84
									42.53	0.44	42.84
Personal Goods (Textile)											
Nishat Mills Limited	295,850	36,600	-	17,700	314,750	35,415	37,455	2,040	2.98	0.09	3.00
Pharma and Bio Tech											
Glaxo Smithkline Pakistan Limited	84,432	10,600	-	5,200	89,832	15,023	18,056	3,033	1.44	0.03	1.45
Software and Computer Services											
Netsol Technologies Limited	52,189	7,000	-	3,500	55,689	1,628	1,555	(73)	0.12	0.06	0.12
Total						1,257,495	1,246,518	(10,977)			
Total cost of investments - 'held for trading'						1,257,495					

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

5.1.2 140,100 shares (June 30, 2014: 140,100 shares) of Oil and Gas Development Company Limited, having market value of Rs 34.613 million as at September 30, 2014 (June 30, 2014: 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.

6. OTHER ASSETS

Particulars	Number of rights	Underlying	Fair value	
			September 30, 2014	June 30, 2014
			(Rupees in '000)	

Entitlement of letter of rights

Cherat Cement Company Limited	91,487	Equity indices	2,505	-
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7. WORKERS' WELFARE FUND (WWF)

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

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. However, the management as a matter of abundant caution has recognised WWF charge effective from January 1, 2013 amounting to Rs.9.70 million which includes Rs. 0.25 million pertaining to current period and Rs. 9.45 million pertaining to prior year. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.49 (0.77%).

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

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, Directors and Officers of the Management Company, 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% or more of the Fund.

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

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

Details of transactions with connected persons and balances with them for the quarter ended September 30, 2014 are as follows:

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	1,030	754
Sindh Sales Tax and Federal Excise Duty on management fee payable	2,223	1,618
Sales load payable	121	135
Sindh sales tax and Federal Excise Duty on sales load payable	242	231
Investments as at September 30, 2014: 5,120,366 units (June 30, 2014: 5,120,366 units)	324,836	321,713
Meezan Bank Limited		
Sales load payable	-	14
Bank balance	1,061	243,284
Investments as at September 30, 2014: 2,113,224 units (June 30, 2014: 2,113,224 units)	134,063	132,774
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	185	150
Deposits	103	103
Meezan Capital Preservation Fund - III		
Investments as at September 30, 2014: 1,532,729 units (June 30, 2014: nil units)	97,236	-
Meezan Capital Preservation Fund - II		
Investments as at September 30, 2014: 4,041,197 units (June 30, 2014: 3,826,158 units)	256,374	240,398
Directors and executives of the Management Company		
Investments as at September 30, 2014: 1,279,591 units (June 30, 2014: 1,283,972 units)	81,177	80,672

	(Unaudited)	
	Three months period ended	
	September 30, 2014	2013
	(Rupees in '000)	
AI Meezan Investment Management Company Limited - Management Company		
Remuneration for the quarter	3,104	2,432
Sindh Sales Tax and Federal Excise Duty on management fee for the quarter	1,037	797
Units issued: nil units (September 30, 2013: 85,476 units)	-	5,000
Bonus units issued: nil units (September 30, 2013: 866,555 units)	-	49,879
Redemption: nil units (September 30, 2013: 86,987 units)	-	5,222
Meezan Bank Limited		
Profit on saving account	74	86
Bonus units issued: nil units (September 30, 2013: 386,880 units)	-	22,269
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the quarter	562	486
CDS charges	30	14
Meezan Capital Preservation Fund - III		
Units issued: 1,532,729 units (September 30, 2013: nil units)	100,000	-
Transaction Cost received	250	-
Meezan Capital Preservation Fund - II		
Units issued: 215,039 units (September 30, 2013: nil units)	13,574	-
Transaction Cost received	34	-
Directors and executives of the Management Company		
Units issued: 64 units (September 30, 2013: 16 units)	4	1
Bonus units issued: nil units (September 30, 2013: 245,682 units)	-	14,141
Redemption: 4,445 units (September 30, 2013: nil units)	282	-

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 29, 2014 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 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. 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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2014

	Note	(Unaudited) September 30, 2014	(Audited) June 30, 2014
(Rupees in '000)			
Assets			
Balances with banks	5	3,568,123	3,298,683
Investments (net)	6	2,525,323	1,616,111
Deposits, prepayments and other receivables		<u>124,974</u>	<u>70,975</u>
Total assets		6,218,420	4,985,769
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		<u>23,117</u>	15,890
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		493	399
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,192	2,701
Payable to Meezan Bank Limited (MBL)		-	112
Payable on redemption and conversion of units		778	7,139
Dividend payable		-	983
Accrued expenses and other liabilities		<u>42,924</u>	<u>40,190</u>
Total liabilities		68,504	67,414
Net assets		<u>6,149,916</u>	<u>4,918,355</u>
Unitholders' fund (as per statement attached)		<u>6,149,916</u>	<u>4,918,355</u>
(Number of units)			
Number of units in issue		<u>120,085,636</u>	<u>98,043,044</u>
(Rupees)			
Net assets value per unit		<u>51.21</u>	<u>50.17</u>

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
Income		
Profit on saving accounts with banks	93,672	29,399
Profit on sukuk certificates	59,240	44,614
Realised gain on sale of sukuk certificates	6,163	8,226
Other income	74	595
	<u>159,149</u>	<u>82,834</u>
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss (net)	5,618	(1,897)
Reversal / (provision) against sukuk certificates (net)	169	(774)
	<u>5,787</u>	<u>(2,671)</u>
Total income	164,936	80,163
Expenses		
Remuneration to Al Meezan Investment Management Limited - Management Company	23,832	10,631
Sindh Sales Tax and Federal Excise Duty on management fee	7,960	3,491
Remuneration to Central Depository Company of Pakistan Limited - Trustee	1,515	817
Annual fee to Securities and Exchange Commission of Pakistan	1,192	532
Auditors' remuneration	155	156
Fees and subscription	78	65
Amortisation of premium on 'available for sale' investments	-	18
Brokerage	90	-
Bank and settlement charges	23	18
Provision for Workers' Welfare Fund (WWF)	2,565	1,300
Printing expense	-	57
Total Expenses	37,410	17,085
Net income from operating activities	127,526	63,078
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed (net)	(1,842)	1,924
Net income for the quarter before taxation	125,684	65,002
Taxation	-	-
Net income for the quarter after taxation	125,684	65,002
Other comprehensive income for the quarter	-	152
Total comprehensive income for the quarter	125,684	65,154

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

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
Undistributed income / accumulated (loss) brought forward		
- Realised	88,966	181,397
- Unrealised	<u>(79,179)</u>	<u>15,680</u>
	<u>9,787</u>	<u>197,077</u>
Final distribution for the year ended June 30, 2014: Nil (June 30, 2013 @ 7.5% Rs 3.75 per unit)	-	(183,824)
Net income for the quarter	<u>125,684</u>	65,002
Undistributed income carried forward	<u><u>135,471</u></u>	<u><u>78,255</u></u>
Undistributed income / accumulated (loss) carried forward		
- Realised	129,684	80,926
- Unrealised	<u>5,787</u>	<u>(2,671)</u>
	<u><u>135,471</u></u>	<u><u>78,255</u></u>

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	2013 (Rupees in '000)
Net assets at beginning of the quarter	4,918,355	2,644,680
Issue of 72,735,736 units (September 30, 2013: 12,755,271 units)	3,677,491	646,536
Redemption of 50,693,144 units (September 30, 2013: 8,128,679 units)	(2,573,456)	(412,358)
	1,104,035	234,178
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed (net)	1,842	(1,924)
Final bonus units for the year ended June 30, 2014: Nil (June 30, 2013: 3,558,522 units)	-	178,637
Net realised gain on sale of sukuk certificates	6,163	8,226
Unrealised appreciation / (diminution) in value of investments (net)	5,787	(2,671)
Other net income for the quarter	113,734	59,599
Total comprehensive income for the quarter	125,684	65,154
Distribution for the year ended June 30, 2014:		
- Bonus units: Nil (June 30, 2013: 3,558,522 units)	-	(178,637)
- Cash dividend: Nil (June 30, 2013: Rs. 3.75 per unit)	-	(5,187)
	-	(183,824)
Net assets at end of the quarter	6,149,916	2,936,901
	(Rupees)	
Net asset value per unit as at beginning of the quarter	50.17	53.95
Net asset value per unit as at end of the quarter	51.21	51.34

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the quarter	125,684	65,002
Adjustments for:		
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss (net)	(5,618)	1,897
(Reversal) / provision against sukuk certificates (net)	(169)	774
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)	1,842	(1,924)
	<u>121,739</u>	<u>65,767</u>
(Increase) / decrease in assets		
Investments (net)	(903,425)	19,986
Deposits, prepayments and other receivables	(53,999)	2,613
	<u>(957,424)</u>	<u>22,599</u>
Increase / (decrease) in liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	7,227	(2,548)
Payable to Central Depository Company of Pakistan Limited - Trustee	94	32
Payable to Securities and Exchange Commission of Pakistan	(1,509)	(754)
Payable to Meezan Bank Limited	(112)	(97)
Accrued expenses and other liabilities	2,734	1,599
	<u>8,434</u>	<u>(1,768)</u>
Net cash (used in) / inflow from operating activities	<u>(827,251)</u>	<u>86,598</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance of units	3,677,491	646,536
Payments against redemption of units	(2,579,817)	(433,127)
Dividend paid	(983)	(5,187)
Net cash inflow from financing activities	<u>1,096,691</u>	<u>208,222</u>
Net increase in cash and cash equivalents during the quarter	<u>269,440</u>	<u>294,820</u>
Cash and cash equivalents at beginning of the quarter	<u>3,298,683</u>	<u>1,158,459</u>
Cash and cash equivalents at end of the quarter	<u><u>3,568,123</u></u>	<u><u>1,453,279</u></u>

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

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

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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) September 30, 2014	(Audited) June 30, 2014
(Rupees in '000)			
5. BALANCES WITH BANKS			
On saving accounts	5.1	3,562,130	3,293,438
On current accounts		5,993	5,245
		<u>3,568,123</u>	<u>3,298,683</u>
5.1	The balance in saving accounts have an expected profit ranging from 3.72% to 9.20% per annum (June 30, 2014: 3.72% to 9.20% per annum).		
6. INVESTMENTS (NET)			
Investments - 'at fair value through profit or loss'	6.1	<u>2,525,323</u>	<u>1,616,111</u>
6.1	Investments at fair value through profit or loss		
- Held for trading	6.1.1	1,245,185	1,249,006
- Investments at fair value through profit or loss upon initial recognition	6.1.3	<u>1,280,138</u>	<u>367,105</u>
		<u>2,525,323</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 quarter	Sales / redemptions during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 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 6.1.2)	December 26, 2014	Weighted average 6 months T-Bills	1,700	-	-	1,700	172,176	170,459	(1,717)	2.77	6.75
GoP Ijarah Sukuk Certificates - XII (note 6.1.2)	June 28, 2015	.....do.....	1,000	-	-	1,000	102,830	101,310	(1,520)	1.65	4.01
GoP Ijarah Sukuk Certificates - XV (note 6.1.2)	June 25, 2017	.....do.....	9,740	-	-	9,740	974,000	973,416	(584)	15.83	38.55
Grand Total							1,249,006	1,245,185	(3,821)		
Total cost of investments								1,249,006			

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

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 quarter	Sales / redemptions during the quarter	As at September 30, 2014	* Carrying value as at September 30, 2014	Market value as at September 30, 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-----	----Rupees in '000----					
Arzoo Textile Mills Limited (note 6.1.4 & 6.1.6)	April 15, 2014	6 months Kibor plus base rate of 2%	14,000	-	-	14,000	-	-	-	-	9.46	-
Eden Housing Limited (note 6.1.5 & 6.1.6)*	September 29, 2014	6 months Kibor plus base rate of 2.5%	59,400	-	-	59,400	-	-	-	-	40.68	-
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	178,993	1,645	2.91	5.92	7.09
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	400,000	-	6.50	10.00	15.84
K-Electric Limited (formerly Karachi Electric Supply Company Limited) (Sukuk 1) (note 6.1.4) (A+, JCR-VIS, traded)	April 19, 2015	1 month Kibor plus base rate of 1.00%	-	14,500	-	14,500	72,871	72,869	(2)	1.18	9.67	2.89
K-Electric Limited (formerly Karachi Electric Supply Company Limited) (Sukuk 2) (note 5.1.4) (A+, JCR-VIS, traded)	March 19, 2017	3 months Kibor plus base rate of 2.25%	-	35,600	-	35,600	181,560	183,034	1,474	2.98	4.75	7.25
Lalpir Power Limited CP Sukuk (note 6.1.4 & 6.1.4.1)	February 18, 2015	6 months Kibor plus base rate of 0.30%	-	53,400	-	53,400	267,000	267,000	-	4.34	13.35	10.57
Maple Leaf Cement Factory Limited (note 6.1.4) (BBB, PACRA)	December 3, 2018	3 months Kibor plus base rate of 1%	51,064	-	4,800	46,264	171,920	178,242	6,322	2.90	4.00	7.06
Security Leasing Corporation Limited II (note 6.1.4 & 6.1.6)	January 19, 2022	Nil	3,115	-	34	3,081	-	-	-	-	6.67	-
Grand Total							1,270,699	1,280,138	9,439			
Total cost of investments								1,449,701				

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

- 6.1.4 The nominal value of these sukuk certificates is Rs 5,000 each.
- 6.1.4.1 The securities are carried at face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.
- 6.1.5 The nominal value of the sukuk certificates of Eden Housing Limited is Rs. 984.375 each.
- 6.1.6 The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (Management Company) classified Meezan Islamic Income Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at September 30, 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 (if any)	Value of investment after provision	Percentage of net assets	Percentage of total assets
		-----Rupees in '000-----			----- % -----	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	70,000	70,000	-	-	-
Eden Housing Limited	.....do.....	58,472	58,472	-	-	-
Security Leasing Corporation Limited II	.....do.....	15,403	15,403	-	-	-
		143,875	143,875	-	-	-

6.1.7 Provision on sukuk certificates

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Opening	144,044	125,755
(Reversal) / provision for the quarter - net	(169)	18,289
Closing	143,875	144,044

7. WORKERS' WELFARE FUND (WWF)

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

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the year ending June 30, 2015. The Fund has recognised WWF charge upto September 30, 2014 amounting to Rs 41.471 million which includes Rs 2.565 million pertaining to the current period and Rs 38.906 million pertained to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.35 (0.67%).

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, Directors and Officers of the Management Company, 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 unitholders holding 10% or more of the Fund.

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

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

Details of transactions with connected persons and balances with them for the quarter ended September 30, 2014 and as of that date along with comparatives are as follows:

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	<u>7,740</u>	<u>5,801</u>
Sales load payable	<u>711</u>	<u>277</u>
Certificate charges payable	<u>1</u>	<u>1</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>14,266</u>	<u>9,648</u>
Sindh Sales Tax and Federal Excise Duty on sales load	<u>399</u>	<u>163</u>
Investments as at September 30, 2014: 13,683,829 units (June 30, 2014: 16,183,639 units)	<u>700,749</u>	<u>811,933</u>

	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Meezan Bank Limited		
Sales load payable	-	112
Balances with bank	22,063	63,581
Profit receivable on saving accounts	13	336
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	493	399
Security deposit	100	100
Meezan Capital Preservation Fund - III		
Investments as at September 30, 2014: 15,563,073 units (June 30, 2014: 18,713,377 units)	796,985	938,850
Meezan Capital Preservation Fund - II		
Investments as at September 30, 2014: 14,427,564 units (June 30, 2014: nil units)	738,836	-
Al Meezan Investment Management Limited - Staff Gratuity Fund		
Investments as at September 30, 2014: 38,330 units (June 30, 2014: 38,330 units)	1,963	1,923
Directors and executives of the Management Company		
Investments as at September 30, 2014: 4,001,255 units (June 30, 2014: 4,092,708 units)	204,904	205,331
Unitholders holding 10% or more of the Fund		
Investments as at September 30, 2014: 16,471,623 units (June 30, 2014: nil units)	843,512	-
	(Unaudited)	
	Three months period ended	
	September 30,	
	2014	2013
	(Rupees in '000)	
Al-Meezan Investment Management Limited - Management Company		
Remuneration for the quarter	23,832	10,631
Sindh Sales Tax & Federal Excise Duty on management fee for the quarter	7,960	3,491
Units issued: 595,120 units (September 30, 2013: 986,388 units)	30,000	50,000
Redemptions: 3,094,930 units (September 30, 2013: nil units)	157,000	-
Bonus units issued: nil units (September 30, 2013: 324,795 units)	-	16,305

	(Unaudited)	
	Three months period ended	
	September 30,	
	2014	2013
	(Rupees in '000)	
Meezan Bank Limited		
Profit on saving accounts	1,910	324
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the quarter	1,515	817
CDS Charges for the quarter	9	2
Meezan Capital Preservation Fund - III		
Units issued: 11,240,894 units (September 2013: nil unit)	570,000	-
Redemptions: 14,391,198 units (September 2013: nil unit)	729,900	-
Bonus units issued: nil units (September 2013: nil units)	-	-
Meezan Capital Preservation Fund - II		
Units issued: 39,659,889 units (September 2013: nil unit)	1,997,000	-
Redemptions: 25,232,325 units (September 2013: nil unit)	1,278,874	-
Al Meezan Investment Management Limited - Staff Gratuity Fund		
Bonus units issued: nil units (September 2013: 2,379 units)	-	119
Directors and executives of the Management Company		
Units issued: 65,378 units (September 2013: 540,298 units)	3,325	27,353
Redemptions: 156,831 units (September 2013: 6,966 units)	7,896	356
Bonus units issued: nil units (September 2013: 51,308 units)	-	2,576

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 29, 2014 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 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. 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

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2014

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Assets			
Balances with banks	4	4,077,547	6,690,140
Investments	5	11,041,829	13,724,316
Deposits, prepayments and other receivables		333,192	285,931
Preliminary expenses and floatation costs		183	312
Total assets		15,452,751	20,700,699
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		58,366	54,698
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		973	1,225
Payable to Securities and Exchange Commission of Pakistan (SECP)		3,378	15,287
Payable to Meezan Bank Limited (MBL)		-	270
Payable on redemption and conversion of units		32,244	225,016
Accrued expenses and other liabilities		128,694	123,518
Total liabilities		223,655	420,014
Net assets		15,229,096	20,280,685
Unitholders' fund (as per statement attached)		15,229,096	20,280,685
		(Number of units)	
Number of units in issue		298,144,168	401,746,086
		(Rupees)	
Net assets value per unit		51.08	50.48

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30,	
	2014	2013
	(Rupees in '000)	
Income		
Profit on saving accounts with banks	108,077	110,296
Profit on sukuk certificates	304,669	333,710
Net realised (loss) / gain on sale of sukuk certificates	<u>(17,834)</u>	<u>3,500</u>
	394,912	447,506
Unrealised (loss) / gain on re-measurement of investments 'at fair value through profit or loss' (net)	<u>(91,815)</u>	<u>19,653</u>
Total income	303,097	467,159
Expenses		
Remuneration to Al Meezan Investment Management Limited - Management Company	45,031	48,977
Sindh Sales Tax and Federal Excise Duty on management fee	15,040	16,077
Remuneration to Central Depository Company of Pakistan Limited - Trustee	3,269	3,506
Annual fee to Securities and Exchange Commission of Pakistan	3,377	3,673
Auditors' remuneration	146	126
Fees and subscription	64	60
Amortisation of premium on investments held as 'available for sale'	-	2,999
Amortisation of preliminary expenses and floatation costs	129	129
Brokerage	400	262
Bank and settlement charges	36	31
Provision for Workers' Welfare Fund (WWF)	3,981	7,707
Printing expenses	189	65
Total expenses	<u>71,662</u>	<u>83,612</u>
Net income from operating activities	231,435	383,547
Element of (loss) / gain and capital (losses) / gain included in prices of units issued less those in units redeemed (net)	<u>(36,373)</u>	<u>1,801</u>
Net income for the quarter before taxation	195,062	385,348
Taxation	-	-
Net income for the quarter after taxation	<u>195,062</u>	<u>385,348</u>
Other comprehensive income for the quarter		
Items that can be reclassified to income statement in subsequent periods		
Net unrealised diminution on re-measurement of investments classified as 'available for sale'	(19,059)	(5,002)
Total comprehensive income for the quarter	<u>176,003</u>	<u>380,346</u>

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

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
Undistributed income brought forward		
- Realised	15,835	410,650
- Unrealised	147,842	(1,919)
	163,677	408,731
Final distribution for the year ended June 30, 2014: Nil (June 30, 2013 @ 2.06 % Rs 1.03 per unit)	-	(396,442)
Interim distribution on September 30, 2014: Nil (September 30, 2013 @ 1.80 % Rs 0.90 per unit)	-	(348,431)
Total distribution	-	(744,873)
Net income for the quarter	195,062	385,348
Element of income / (losses) and capital gain / (losses) included in prices of units issued less those in units redeemed (net) pertaining to 'available for sale' investments	2,231	(44)
Undistributed income carried forward	360,970	49,162
Undistributed income carried forward		
- Realised	452,785	29,509
- Unrealised	(91,815)	19,653
	360,970	49,162

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the quarter ended September 30, 2014 (Unaudited)

	2014	September 30, 2013
	(Rupees in '000)	
Net assets at beginning of the quarter	20,280,685	19,654,233
Issue of 139,716,277 units (2013: 68,206,642 units)	7,107,849	3,445,290
Redemption of 243,318,195 units (2013: 74,818,045 units)	(12,371,814)	(3,774,367)
	(5,263,965)	(329,077)
Element of (loss) / gain and capital (losses) / gain included in prices of units issued less those in units redeemed (net)	36,373	(1,801)
Bonus units and cash distribution for the quarter ended September 30, 2014: Nil (2013: 14,878,904 bonus units)	-	744,540
Realised (loss) / gain on sale of sukuk certificates	(17,834)	3,500
Unrealised (diminution) / appreciation in the value of investments (net)	(91,815)	14,651
Other net income for the quarter	285,652	362,195
Total comprehensive income for the quarter	176,003	380,346
Distribution for the year ended June 30, 2014:		
- Bonus units: Nil (June 30, 2013: 7,918,887 units)	-	(396,261)
- Cash dividend: Nil (June 30, 2013: Rs. 1.03 per unit)	-	(181)
Distribution for the period ended September 30, 2014:		
- Bonus units: Nil (September 30, 2013: 6,960,017 units)	-	(348,279)
- Cash dividend: Nil (September 30, 2013: Rs. 0.90 per unit)	-	(152)
	-	(744,873)
Net assets at end of the quarter	15,229,096	19,703,367
	(Rupees)	
Net assets value per unit at beginning of the quarter	50.48	51.07
Net assets value per unit at end of the quarter	51.08	50.12

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the quarter	195,062	385,348
Adjustments for :		
Unrealised loss / (gain) on re-measurement of investments 'at fair value through profit or loss' (net)	91,815	(19,653)
Amortisation of preliminary expenses and floatation costs	129	129
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed (net)	36,373	(1,801)
	<u>323,379</u>	<u>364,023</u>
Decrease / (increase) in assets		
Investments (net)	2,571,613	(618,053)
Deposits, prepayments and other receivables	(47,261)	(109,495)
	<u>2,524,352</u>	<u>(727,548)</u>
Increase / (decrease) in liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	3,668	713
Payable to Central Depository Company of Pakistan Limited - Trustee	(252)	(32)
Payable to Securities and Exchange Commission of Pakistan	(11,909)	(11,047)
Payable to Meezan Bank Limited	(270)	(307)
Accrued expenses and other liabilities	5,176	5,254
	<u>(3,587)</u>	<u>(5,419)</u>
Net cash inflow/ (used in) from operating activities	<u>2,844,144</u>	<u>(368,944)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance of units	7,107,849	3,445,290
Payments against redemption of units	(12,564,586)	(3,879,636)
Dividend paid	-	(297)
Net cash used in financing activities	<u>(5,456,737)</u>	<u>(434,643)</u>
Net increase in cash and cash equivalents during the quarter	<u>(2,612,593)</u>	<u>(803,587)</u>
Cash and cash equivalents at beginning of the quarter	<u>6,690,140</u>	<u>5,259,781</u>
Cash and cash equivalents at end of the quarter	<u>4,077,547</u>	<u>4,456,194</u>

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 unitholders maximum possible preservation of capital along with Halal and reasonable returns by investing primarily in a portfolio of Shariah compliant government securities thus minimising the credit risk of investments. The Fund shall also keep an exposure in short-term near cash instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the Trust Deed all conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open end Shariah Compliant (Islamic) Income Scheme, listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The Management Company of the Fund has been given quality rating of AM2 and the stability rating of the Fund is AA(f) given by JCR-VIS.
- 1.5 Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund.

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 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 objective 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) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
On saving accounts	5.1	4,073,660	6,679,679
On current accounts		3,887	10,461
		<u>4,077,547</u>	<u>6,690,140</u>

5.1 The balances in saving accounts have an expected profit ranging from 3.72 % to 9.00 % per annum (June 30, 2014: 5.00 % to 8.25% per annum).

6. INVESTMENTS

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Investments - 'at fair value through profit or loss'	6.1	9,376,836	12,040,264
Investments - 'available for sale'	6.2	1,664,993	1,684,052
		<u>11,041,829</u>	<u>13,724,316</u>

6.1 Investments - 'at fair value through profit & loss' - Sukuk Certificates

Name of the Security	Maturity date	Profit rate	As at July 1, 2014	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss)	Percentage in relation to	
										Net assets of the Fund on the basis of market value	Total market value of investments
				-----Number of shares-----		-----Rupees in '000-----					
GoP Ijarah Sukuk Certificates - IX (note 6.2.1)	December 26, 2014	Weighted average 6 months T-Bills	46,450	-	16,030	30,420	3,080,938	3,050,214	(30,724)	20.03	27.62
GoP Ijarah Sukuk Certificates - X (note 6.2.1)	March 02, 2015	.....do.....	35,530	-	10,000	25,530	2,603,039	2,571,892	(31,147)	16.89	23.29
GoP Ijarah Sukuk Certificates - XII (note 6.2.1)	June 28, 2015	.....do.....	17,604	394	-	17,998	1,850,289	1,823,377	(26,912)	11.97	16.51
GoP Ijarah Sukuk Certificates - XIII (note 6.2.1)	September 18, 2015	.....do.....	1,000	-	-	1,000	102,950	101,300	(1,650)	0.67	0.92
GoP Ijarah Sukuk Certificates - XIV	March 28, 2016	.....do.....	-	2,900	-	2,900	295,800	295,974	174	1.94	2.68
GoP Ijarah Sukuk Certificates - XV (note 6.2.1)	June 25, 2017	Weighted average 6 months T-Bills less 2 basis points	18,000	6,350	9,000	15,350	1,535,635	1,534,079	(1,556)	10.07	13.89
							9,468,651	9,376,836	(91,815)		
Total cost of investments							9,336,082				

6.2 Investments - 'available for sale' - Sukuk Certificates

Name of the Security	Maturity date	Profit rate	As at July 1, 2014	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss)	Percentage in relation to	
										Net assets of the Fund on the basis of market value	Total market value of investments
				-----Number of shares-----		-----Rupees in '000-----					
GoP Ijarah Sukuk Certificates - X (note 6.2.1)	March 02, 2015	Weighted average 6 months T-Bills	13,500	-	-	13,500	1,354,630	1,359,990	5,360	8.93	12.32
GoP Ijarah Sukuk Certificates - XI (note 6.2.1)	April 30, 2015	.....do.....	3,010	-	-	3,010	301,581	305,003	3,422	2.00	2.77
							1,656,211	1,664,993	8,782		
Total cost of investments							1,656,211				

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

7. WORKERS' WELFARE FUND

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

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of

abundant caution has decided to continue to maintain the provision for WWF for the year ending June 30, 2015. The Fund has recognised WWF charge upto September 30, 2014 amounting to Rs 126.45 million which includes Rs 3.98 million pertaining to the current period and Rs 122.4690 million pertained to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.43 (0.83%).

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company and Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Islami Income 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 and Al Meezan Investment Management Limited - Staff Gratuity Fund and unitholders holding 10% or more of the Fund.

Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

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

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

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

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	<u>13,102</u>	<u>17,298</u>
Sindh Sales Tax and Federal Excise Duty payable on management fee	<u>41,923</u>	<u>34,440</u>
Sales load payable	<u>1,711</u>	<u>1,535</u>
Sindh Sales Tax and Federal Excise Duty payable on sales load	<u>1,630</u>	<u>1,425</u>
Investments as at September 30, 2014: nil units (June 30, 2014: 619,702 units)	<u>-</u>	<u>31,283</u>

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Meezan Bank Limited		
Balances with bank	<u>49,080</u>	<u>167,608</u>
Profit receivable on saving accounts	<u>946</u>	<u>18,464</u>
Sales load payable	<u>-</u>	<u>270</u>
Investments as at September 30, 2014: 80,639,060 units (June 30, 2014: 129,875,189 units)	<u>4,119,043</u>	<u>6,556,100</u>
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	<u>973</u>	<u>1,225</u>
Deposits	<u>100</u>	<u>100</u>
Al Meezan Investment Management Limited - Staff Gratuity Fund		
Investments as at September 30, 2014: 44,826 units (2014: 44,826 units)	<u>2,290</u>	<u>2,263</u>
Meezan Financial Planning Fund of Funds		
Investment of 1,892,707 units - Aggressive Allocation Plan (June 30, 2014: 1,942,386 units)	<u>96,680</u>	<u>98,052</u>
Investment of 5,517,491 units - Conservative Allocation Plan (June 30, 2014: 5,044,442 units)	<u>281,833</u>	<u>254,644</u>
Investment of 2,560,264 units - Moderate Allocation Plan (June 30, 2014: 2,489,711 units)	<u>130,778</u>	<u>125,681</u>
Meezan Capital Preservaion Funds II		
Investments as at September 30,2014: 99 units (June 30, 2014: 99 units)	<u>5</u>	<u>5</u>
Directors and officers of the Management Company		
Investments as at September 30, 2014: 822,428 units (June 30, 2014: 1,419,337 units)	<u>42,010</u>	<u>71,648</u>

**Three months period ended
September 30,
2014 2013
(Rupees in '000)**

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

Remuneration for the quarter	<u>45,031</u>	<u>48,977</u>
Sindh Sales Tax and Federal Excise Duty on management fee for the quarter	<u>15,040</u>	<u>16,077</u>
Units issued nil units (September 30, 2013: 8,730,075 units)	<u>-</u>	<u>442,933</u>
Units redeemed 619,702 units (September 30, 2013: 5,618,709 units)	<u>31,481</u>	<u>284,620</u>
Bonus units issued: nil units (September 30, 2013: 535,075 units)	<u>-</u>	<u>26,775</u>

Meezan Bank Limited

Profit on saving accounts	<u>1,938</u>	<u>743</u>
Units redeemed 49,236,129 units (September 30, 2013: 19,809,826 units)	<u>2,500,000</u>	<u>1,000,000</u>
Bonus units issued: nil units (September 30, 2013: 5,439,028 units)	<u>-</u>	<u>272,169</u>

Central Depository Company of Pakistan Limited - Trustee

Remuneration Fee for the quarter	<u>3,269</u>	<u>3,506</u>
CDS Charges for the quarter	<u>2</u>	<u>2</u>

Al Meezan Investment Management Limited - Staff Gratuity Fund

Bonus units issued nil units (September 30 2013: 1,590 units)	<u>-</u>	<u>80</u>
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Meezan Financial Planning Fund of Funds

Purchase of 197,446 units - Aggressive Allocation Plan (September 30 2013: 255,382 units)	<u>10,032</u>	<u>12,874</u>
Purchase of 1,800,261 units - Conservative Allocation Plan (September 30 2013: 1,576,762 units)	<u>91,467</u>	<u>79,582</u>
Purchase of 400,851 units - Moderate Allocation Plan (September 30 2013: 533,701 units)	<u>20,344</u>	<u>26,877</u>
Sale of 247,125 units - Aggressive Allocation Plan (September 30 2013: 128,079 units)	<u>12,555</u>	<u>6,500</u>

	Three months period ended September 30, 2014 2014 (Rupees in '000)	
Sale of 1,327,212 units - Conservative Allocation Plan (September 30 2013: 460,021 units)	<u><u>67,500</u></u>	<u><u>23,250</u></u>
Sale of 330,298 units - Moderate Allocation Plan (September 30 2013: 347,191 units)	<u><u>16,800</u></u>	<u><u>17,500</u></u>
Bonus of nil units - Aggressive Allocation Plan (September 30, 2013: 48,271units)	<u><u>-</u></u>	<u><u>2,548</u></u>
Bonus of nil units - Conservative Allocation Plan (September 30, 2013: 167,981units)	<u><u>-</u></u>	<u><u>8,614</u></u>
Bonus of nil units - Moderate Allocation Plan (September 30, 2013: 58,842units)	<u><u>-</u></u>	<u><u>3,037</u></u>
Directors and officers of the Management Company		
Units issued 37,494 units (September 30, 2013: 318,233 units)	<u><u>1,902</u></u>	<u><u>16,125</u></u>
Units redeemed 634,403 units (September 30, 2013: 1,119,021 units)	<u><u>32,108</u></u>	<u><u>56,737</u></u>
Bonus units issued nil units (September 30, 2013: 157,323 units)	<u><u>-</u></u>	<u><u>7,872</u></u>

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 29, 2014 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 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. 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

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	Standard Chartered Bank Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking	UBL Ameen
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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2014

	Note	(Unaudited) September 30, 2014	(Audited) June 30, 2014
(Rupees in '000)			
Assets			
Balances with banks	5	2,494,027	2,544,117
Investments	6	1,248,885	-
Receivable against Bai Muajjal		542,868	530,078
Profit receivable		65,689	63,959
Deposit and prepayments		476	318
Total assets		4,351,945	3,138,472
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		13,220	11,668
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		286	282
Payable to Securities and Exchange Commission of Pakistan (SECP)		619	4,199
Payable on redemption and conversion of units		11,928	18,367
Accrued expenses and other liabilities		56,466	54,590
Total liabilities		82,519	89,106
Net assets		4,269,426	3,049,366
Unitholders' funds (as per statement attached)		4,269,426	3,049,366
(Number of units)			
Number of units in issue		83,847,845	60,905,742
(Rupees)			
Net assets value per unit		50.92	50.07

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	Note	September 30,	
		2014	2013
(Rupees in '000)			
Income			
Profit on saving accounts with banks		42,630	57,473
Profit on placements		15,897	22,693
Profit on sukuk certificates		14,795	68,343
		73,322	148,509
Unrealised (loss) / gain on re-measurement of investments 'at fair value through profit or loss' (net)		(3,515)	1,906
Total income		69,807	150,415
Expenses			
Remuneration to Al Meezan Investment Management Limited - Management Company		8,251	16,713
Sindh Sales Tax and Federal Excise Duty on management fee		2,756	5,478
Remuneration to Central Depository Company of Pakistan Limited - Trustee		808	1,442
Annual fee to Securities and Exchange Commission of Pakistan		619	1,253
Auditors' remuneration		137	123
Fees and subscription		66	60
Amortisation of preliminary expenses and floatation costs		-	151
Amortisation of premium on 'available for sale' investments		-	698
Brokerage		43	-
Bank and settlement charges		20	1
Printing expenses		-	59
Provision for Workers' Welfare Fund (WWF)	7	1,456	2,409
Total expenses		14,156	28,387
Net income from operating activities		55,651	122,028
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		15,698	(1,569)
Net income for the quarter before taxation		71,349	120,459
Taxation		-	-
Net income for the quarter after taxation		71,349	120,459
Other comprehensive income for the quarter			
Unrealised loss on investments classified as 'available for sale'		-	(22)
Total comprehensive income for the quarter		71,349	120,437

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

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30,	
	2014	2013
	(Rupees in '000)	
Undistributed income brought forward		
- Realised	8,803	10,093
- Unrealised	-	(1,906)
	8,803	8,187
Less: Distributions for the quarter		
Interim distributions for the quarter ended September 30, 2014: Nil		
- July 23, 2013 @ 0.54% per unit	-	(35,520)
- August 22, 2013 @ 0.60% per unit	-	(40,063)
- September 20, 2013 @ 0.60% per unit	-	(38,564)
	-	(114,147)
Net income for the quarter	71,349	120,459
Undistributed income carried forward	80,152	14,499
Undistributed income carried forward		
- Realised	83,667	12,593
- Unrealised	(3,515)	1,906
	80,152	14,499

The annexed notes 1 to 10 form an integral part of these 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 quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
Net assets at beginning of the quarter	3,049,366	6,510,774
Issue of 53,587,444 units (2013: 69,330,662 units)	2,712,895	3,477,574
Redemption of 30,645,341 units (2013: 78,706,220 units)	(1,548,486)	(3,948,319)
	1,164,409	(470,745)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(15,698)	1,569
Bonus units for the quarter ended September 30, 2014: Nil (2013: 2,282,637 bonus units)	-	114,101
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' (net)	(3,515)	1,906
Total other comprehensive income for the quarter	74,864	118,531
Interim distributions:		
Bonus Units and cash distribution for the quarter ended September 30, 2014 : 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)
	-	(114,147)
Net assets at end of the quarter	4,269,426	6,161,989
	(Rupees)	
Net assets value per unit at beginning of the quarter	50.07	50.06
Net assets value per unit at end of the quarter	50.92	50.11

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

Note	September 30, 2014	September 30, 2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the quarter	71,349	120,459
Adjustments for:		
Amortisation of preliminary expenses and floatation costs	-	151
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' (net)	3,515	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(15,698)	1,569
	<u>59,166</u>	<u>122,179</u>
(Increase) / Decrease in assets		
Deposit and prepayments	(158)	36
Profit receivable	(1,730)	(98,251)
Receivable against Bai Muajjal	(12,790)	-
Investments (net)	(1,252,400)	(102,468)
	<u>(1,267,078)</u>	<u>(200,683)</u>
Increase / (Decrease) in liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	1,552	279
Payable to Central Depository Company of Pakistan Limited - Trustee	4	(12)
Payable to Securities and Exchange Commission of Pakistan	(3,580)	(3,771)
Brokerage payable	-	(69)
Accrued expenses and other liabilities	1,876	3,277
	<u>(148)</u>	<u>(296)</u>
Net cash used in operating activities	<u>(1,208,060)</u>	<u>(78,800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance of units	2,712,895	3,477,574
Payment against redemption of units	(1,554,925)	(3,947,483)
Dividend paid	-	(39)
Net cash inflow from / (used) in financing activities	<u>1,157,970</u>	<u>(469,948)</u>
Net decrease in cash and cash equivalents during the quarter	(50,090)	(548,748)
Cash and cash equivalents at beginning of the quarter	2,544,117	2,620,449
Cash and cash equivalents at end of the quarter	5 <u>2,494,027</u>	<u>2,071,701</u>

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 unitholders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point in time. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end Shariah compliant (Islamic) Money Market Scheme listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The Management Company has been given a quality rating of AM2 and the stability rating of the Fund is AA(f) given by JCR-VIS.
- 1.5 Title to the assets of the Fund are held in the name of CDC as a Trustee.

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 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 unit holder's fund risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

	Note	(Unaudited) September 30, 2014	(Audited) June 30, 2014
(Rupees in '000)			
5. BALANCES WITH BANKS			
On saving accounts	5.1 & 5.2	2,468,331	2,541,500
On current accounts		25,696	2,617
		<u>2,494,027</u>	<u>2,544,117</u>

5.1 The balances in saving accounts have an expected profit ranging from 3.72% to 9.00% per annum (June 30, 2014 : 3.72% to 8.25% per annum).

5.2 The balance includes Rs. 233.289 million (June 30, 2014: Rs. 23.239 million) with related party, Meezan Bank Limited, on which average return is earned at 4.87% (June 30, 2014: 4.87%) per annum.

	Note	(Unaudited) September 30, 2014	(Audited) June 30, 2014
(Rupees in '000)			
6. INVESTMENTS			
Investments - 'loans and receivables' - Placements	6.1	303,107	-
Investments - 'fair value through profit or loss'			
- Held for trading	6.2	678,778	-
- Fair value through profit or loss upon initial recognition	6.2	267,000	-
		<u>945,778</u>	<u>-</u>
		<u>1,248,885</u>	<u>-</u>

6.1 Held to maturity - Fund placements

Name of the bank	Maturity date	Profit rate per annum	As at July 1, 2014	Placements made during the quarter	Matured during the quarter	As at September 30, 2014	Carrying value as at September 30, 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)
----Rupees in '000----										
MCB Bank Limited - Islamic banking	November 17, 2014	9.00	-	300,000	-	300,000	303,107	7.03	24.02	N/A

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 per annum	As at July 1, 2014	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised loss	Percentage in relation to		
										Net assets of the Fund on the basis of market value	Paid-up capital of investee company (with face value of investment)	Total market value of investments
			-----Number of certificates-----				----Rupees in '000----					
Lalpir Power - Sukuk	February 18, 2015	6 months KIBOR plus base rate of 0.30%	53,400	-	-	53,400	267,000	267,000	-	6.25	21.38	13.35
GoP Ijarah Sukuk - XI	December 26, 2014	Weighted Average 6 months T-Bills	21,175	-	21,175	-	682,293	678,778	(3,515)	15.90	54.35	N/A
Total							949,293	945,778	(3,515)			
Total cost of investment							949,293					

7. RECEIVABLE AGAINST BAI MUAJJAL

The return on this product is 9.5% (June 30, 2014: 9.5%). The balance is maturing on November 12, 2014. The sale of sukuk has been made to a DFI with a credit rating of AA+.

8. WORKERS' WELFARE FUND

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

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF. The Fund has recognised WWF charge upto September 30, 2014 amounting to Rs 55.22 million which includes Rs 1.46 million pertaining to the current period and Rs. 53.76 million pertained to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.66 (1.25%)

9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTY

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers of the Management Company, 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 and 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 unitholders holding 10% or more of the Fund.

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

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

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

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	<u>2,991</u>	<u>2,935</u>
Sindh Sales Tax and Federal Excise Duty on management fee payable	<u>10,229</u>	<u>8,733</u>
Investments of 1,577,909 units (June 30, 2014 : nil units)	<u>80,347</u>	<u>-</u>
Meezan Bank Limited		
Balances with bank	<u>233,289</u>	<u>23,240</u>
Profit receivable on saving account	<u>912</u>	<u>9,781</u>
Central Depository Company of Pakistan Limited		
Trustee fee payable	<u>286</u>	<u>282</u>
Deposit	<u>100</u>	<u>100</u>
Al Meezan Investment Management Limited - Staff Gratuity Fund		
Investments of 43,913 units (June 30, 2014 : 43,913 units)	<u>2,236</u>	<u>2,199</u>

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Meezan Financial Planning Fund of Funds		
Meezan Capital Preservation Plan - I		
Investments of 13,714,482 units (June 30, 2014 : nil units)	<u>698,341</u>	<u>-</u>
Directors and officers of the Management Company		
Investments of 20,943 units (June 30, 2014: 25,694 units)	<u>1,066</u>	<u>1,286</u>
	For the quarter ended September 30,	
	2014	2013
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Remuneration for the quarter	<u>8,251</u>	<u>16,713</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>2,756</u>	<u>5,478</u>
Units issued: 1,577,909 units (2013: nil units)	<u>80,000</u>	<u>-</u>
Meezan Bank Limited		
Profit on saving account	<u>1,993</u>	<u>1,526</u>
Central Depository Company of Pakistan Limited		
Trustee fee for the quarter	<u>808</u>	<u>1,442</u>
CDS charges	<u>2</u>	<u>2</u>
Al Meezan Investment Management Limited		
- Staff Gratuity Fund		
Bonus units issued: nil units (2013: 718 units)	<u>-</u>	<u>35</u>
Meezan Financial Planning Fund of Funds		
Meezan Capital Preservation Plan - I		
Units issued: 13,714,482 units (2013: nil units)	<u>697,000</u>	<u>-</u>

For the quarter ended
September 30,
2014 2013
(Rupees in '000)

Directors and officers of the Management Company

Units issued: 456 units (2013: 10,276 units)	23	515
Redemptions: 5,207 units (2013: 141,484 units)	264	7,099
Bonus units issued: nil units (2013: 6,600 units)	-	330

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 29 , 2014 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 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. 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

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2014

	Note	(Unaudited) September 30, 2014 (Rupees in '000)
Assets		
Balances with banks		9,467
Investments	5	2,088,049
Deposit and other receivables		926
Preliminary expenses and floatation costs		4,349
Total assets		<u>2,102,791</u>
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		11,188
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		149
Payable to Securities and Exchange Commission of Pakistan (SECP)		402
Accrued expenses and other liabilities		672
Total liabilities		<u>12,411</u>
Net assets		<u>2,090,380</u>
Unitholders' fund (as per statement attached)		<u>2,090,380</u>
Number of units		
Number of units in issue		<u>41,244,409</u>
		(Rupees)
Net assets value per unit		<u>50.68</u>

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the period from June 28, 2014 to September 30, 2014 (Unaudited)

	Note	For the period from June 28, 2014 to September 30, 2014 (Rupees in '000)
Income		
Net realised loss on sale of investments		(8,167)
Profit on saving accounts with banks		2,073
Other income		111
		(5,983)
Unrealised gain on re-measurement of investments -'fair value through profit or loss' (net)		40,964
Total income		34,981
Expenses		
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		245
Sindh Sales Tax and Federal Excise Duty on management fee		84
Remuneration to Central Depository Company (CDC) - Trustee		467
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		402
Auditors' remuneration		88
Fees and subscription		33
Amortisation of preliminary expenses and floatation costs		651
Bank and settlement charges		4,255
Provision for Workers' Welfare Fund (WWF)	7	575
Total expenses		6,800
Net income from operating activities		28,181
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)		(22)
Net income for the period before taxation		28,159
Taxation		-
Net income for the period after taxation		28,159
Other comprehensive income for the period		-
Total comprehensive income for the period		28,159

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

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the period from June 28, 2014 to September 30, 2014 (Unaudited)

For the period
from June 28,
2014 to
September 30,
2014
(Rupees in '000)

Net income for the period	28,159
Undistributed income carried forward	<u>28,159</u>
Undistributed income carried forward	
- Realised	(12,805)
- Unrealised	<u>40,964</u>
	<u>28,159</u>

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the period from June 28, 2014 to September 30, 2014 (Unaudited)

	For the period from June 28, 2014 to September 30, 2014 (Rupees in '000)
Net assets at beginning of the period	-
Issue of 41,295,834 units	2,064,792
Redemption of 51,425 units	(2,593)
	2,062,199
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	22
Net realised loss on sale of investments	(8,167)
Unrealised appreciation in the value of investments	40,964
Other comprehensive loss for the period	(4,638)
Net assets at end of the period	<u>2,090,380</u>

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the period from June 28, 2014 to September 30, 2014 (Unaudited)

For the period
from June 28,
2014 to
September 30,
2014
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period

28,159

Adjustments for:

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

(40,964)

Element of loss and capital losses included in prices of units
issued less those in units redeemed (net)

22

(12,783)

Increase in assets

Investments (net)

(2,047,085)

Deposits and other receivables

(926)

Preliminary expense and floatation cost

(4,349)

(2,052,360)

Increase in liabilities

Payable to Al Meezan Investment Management Limited - Management Company

11,188

Payable to Central Depository Company of Pakistan Limited - Trustee

149

Payable to Securities and Exchange Commission of Pakistan

402

Accrued expenses and other liabilities

672

12,411

Net cash used in operating activities

(2,052,732)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipt against issuance of units

2,064,792

Payments against redemption of units

(2,593)

Net cash inflow from financing activities

2,062,199

Net increase in cash and cash equivalents during the period

9,467

Cash and cash equivalents at beginning of the period

-

Cash and cash equivalents at end of the period

9,467

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period from June 28, 2014 to September 30, 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 IPO date was June 27, 2014 therefore the Fund started its operations for sub funds and accordingly the financial statements has been prepared. SECP granted exemption for preparation of accounts as at June 30, 2014 via its 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 applied for listing 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% if transferred / redeemed before maturity of the Fund. The units of the Fund were initially offered to the public (IPO) on June 27, 2014. The Fund commenced its operations from June 28, 2014 and the duration of the Fund is perpetual. However, the Initial Maturity of the Fund shall be two (2) years from the commencement of the Life of the Fund. However, SECP or the Management Company may wind it up or revoke it on the occurrence of certain events, as specified in the Regulations or clause 10.4 of offering document. The Fund is categorized as Fund of Fund Scheme in accordance with Circular No.7 issued by Securities and Exchange Commission of Pakistan.
- 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.
- 1.4 The Management Company has been given a quality rating of AM2 by JCR - VIS.
- 1.5 Title to the assets of the Fund are held in the name of Central Depository Company Limited of Pakistan as a Trustee.

2. BASIS OF 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 requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

3.2 Basis of measurement

These financial statements have 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

These financial statements are 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 management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expense.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Investment

All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of 'financial assets at fair value through profit or loss', in which case the transaction costs are charged off to the income statement.

The Fund classifies investments in the following categories:

4.1.1 Financial asset at fair value through profit or loss - upon initial recognition

Financial asset at fair value through profit or loss are initially recognised at cost and measured at fair value with transaction cost being charged to the income statement immediately.

After initial recognition, these investments are remeasured at the fair values. Gains or losses on re-measurement of these investments are recognised in the income statement.

4.1.2 Held to maturity

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

4.1.3 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.

4.1.4 Available for sale

Investments which do not fall under the above categories are classified as available-for-sale. After initial recognition, investments classified as 'available-for-sale' are remeasured at fair value, determined with reference to the year-end quoted rates. Gains or losses on remeasurement of these investments are recognised directly in the unitholders' funds until the investment is sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in unitholders' funds is included in income statement.

4.2 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.

4.3 Issue 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. Redemption of units is recorded on acceptance of application for redemption.

4.4 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed (net)

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. Element is recognised in the income statement to the extent that it is represented by income earned during the period.

4.5 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.

4.6 Taxation

Current

The income of the Fund is exempt from income tax under clause 99 of part I of 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 unitholders. Provided that for the purpose of determining distribution of at least 90% 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 year as the Fund has announced cash dividend and availed 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.

However, the Fund has availed the tax exemption by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unitholders every year. Accordingly, no tax liability and deferred tax has been recognised in these financial statements.

4.7 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Dividend income is recognised when the right to receive the dividend is established.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'at fair value through profit or loss' are included in income statement in the period in which they arise.
- Gains / (losses) arising on the revaluation of the derivative financial instruments to their fair values are taken to the Income Statement currently.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in income statement on the date of issue and redemption of units.

4.8 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only set off and net amount reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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 on accrual basis.

4.11 Impairment

Impairment loss on financial assets other than 'available for sale' investments is recognized in the income statement whenever carrying amount of financial asset exceeds its recoverable amount. If in the subsequent period, the amount of an impairment loss recognized decreases the impairment is reversed through income statement.

In case of investment classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income statement is removed from equity and recognized in the income statement.

4.12 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 can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.13 Distribution

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

4.14 Other assets

Other assets are stated at cost less impairment losses, if any.

(Unaudited)
September 30,
2014
(Rupees in '000)

5 INVESTMENTS

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

Note
5.1 2,088,049

5.1 Held for trading - shares of listed companies

Name of the investee funds	As at July 01, 2014	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 investments
-----Number of shares-----					----Rupees in '000----					
Al-Meezan Mutual Fund	-	15,521,243	-	4,535,147	10,986,096	153,224	157,980	4,756	7.56	7.57
Meezan Islamic Fund	-	24,204,816	-	6,059,342	18,145,474	912,996	934,854	21,858	44.72	44.77
Meezan Islamic Income Fund	-	39,659,889	-	25,232,325	14,427,564	726,922	738,836	11,914	35.34	35.38
Meezan Sovereign Fund	-	99	-	-	99	5	5	-	-	-
KSE Meezan Index Fund	-	4,041,197	-	-	4,041,197	253,937	256,374	2,437	12.26	12.28
						<u>2,047,084</u>	<u>2,088,049</u>	<u>40,965</u>	99.88	100.00
Total cost of investments						<u>2,047,084</u>				

6. PRELIMINARY EXPENSES AND FLOATATION COSTS

Opening balance	5,000
Less: Amortisation during the period	<u>651</u>
Closing balance	<u>4,349</u>

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

In 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF. In December 2010, the Ministry filed its responses against the constitutional petition requesting the court to dismiss the same, where after show cause notices were issued by the Federal Board of Revenue (FBR) to several mutual funds for the collection of WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable Sindh High Court (SHC) on the basis of pending constitutional petitions as referred above. No such notice was received by the Fund.

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

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to maintain the provision for WWF for 2015. The Fund has recognised WWF charge upto September 30, 2014 amounting to Rs 0.57 million. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.014 (0.03%).

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company and Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Capital Protected Fund - II, 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 Unitholders holding 10% or more units of the fund.

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

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

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

	(Unaudited) September 30, 2014 (Rupees in '000)
Al Meezan Investment Management Limited - Management Company	
Remuneration payable	<u>8</u>
Sindh Sales Tax and Federal Excise Duty payable on management fee	<u>47</u>
Sindh Sales Tax and Federal Excise Duty payable on sales load	<u>6,123</u>
Payable to Management Company	<u>10</u>
Formation cost payable	<u>5,000</u>
Investments as at September 30, 2014: 3,259,889 units	<u>165,211</u>
Meezan Bank Limited	
Balances with bank	<u>9,467</u>
Profit receivable on savings account	<u>724</u>
Central Depository Company of Pakistan Limited- Trustee	
Trustee fee payable	<u>149</u>
Meezan Islamic Fund	
Investment of 18,145,474 units	<u>934,854</u>
Al-Meezan Mutual Fund	
Investment of 10,986,096 units	<u>157,980</u>
KSE Meezan Index Fund	
Investment of 4,041,197 units	<u>256,374</u>
Meezan Islamic Income Fund	
Investment of 14,427,564 units	<u>738,836</u>
Meezan Sovereign Fund	
Investment of 99 units	<u>5</u>
Directors and officers of the Management Company	
Investments as at September 30, 2014: 200,284 units	<u>10,150</u>

For the period
from June 28,
2014 to
September 30,
2014
(Rupees in '000)

Al Meezan Investment Management Limited - Management Company	
Remuneration for the period	<u>245</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>84</u>
Units issued 3,259,889	<u>162,994</u>
Meezan Bank Limited	
Profit on saving accounts	<u>2,073</u>
Central Depository Company of Pakistan Limited- Trustee	
Remuneration for the period	<u>467</u>
Meezan Islamic Fund	
Purchase of 24,204,816 units	<u>1,225,728</u>
Sale of 6,059,342 units	<u>300,000</u>
Transaction cost paid	<u>3,072</u>
Al-Meezan Mutual Fund	
Purchase of 15,521,243 units	<u>217,455</u>
Sale of 4,535,147 units	<u>60,000</u>
Transaction cost paid	<u>545</u>
KSE Meezan Index Fund	
7,091,294 Purchase of 4,041,197 units	<u>253,937</u>
Transaction cost paid	<u>636</u>
Meezan Islamic Income Fund	
Purchase of 39,659,889 units	<u>1,997,000</u>
Sale of 25,232,325 units	<u>1,278,874</u>
Meezan Sovereign Fund	
Purchase of 99 units	<u>5</u>
Directors and executive of the Management Company	
Units issued 200,284	<u>10,014</u>

9 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 29, 2014 by the Board of Directors of the Management company.

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

Chief Executive

Director



Quarterly Report September 30, 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. 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

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2014

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Assets			
Balances with banks		3,258	5,877
Investments	5	3,148,895	3,116,906
Prepayments and other receivables		193	220
Preliminary expenses and floatation costs		3,342	3,973
Total assets		3,155,688	3,126,976
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		10,923	10,924
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		213	210
Payable to Securities and Exchange Commission of Pakistan (SECP)		589	928
Payable on redemption of units		-	145
Accrued expenses and other liabilities		4,388	3,492
Total liabilities		16,113	15,699
Net assets		3,139,575	3,111,277
Unitholders' fund (as per statement attached)		3,139,575	3,111,277
Number of units			
Number of units in issue		59,295,468	59,526,458
(Rupees)			
Net assets value per unit		52.95	52.27

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

(Unaudited)
September 30,
2014
(Rupees in '000)

Income

Net realised loss on sale of investments	(16,756)
Profit on saving accounts with banks	49
Back end load	601
	<u>(16,106)</u>

Unrealised gain on re-measurement of investments - at 'fair value through profit or loss' (net)	<u>61,044</u>
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Total income 44,938

Expenses

Remuneration to Al Meezan Investment Management Limited - Management Company	8
Sindh Sales Tax and Federal Excise Duty on Management Fee	3
Remuneration to Central Depository Company of Pakistan Limited - Trustee	652
Annual fee to Securities and Exchange Commission of Pakistan	589
Auditors' remuneration	63
Fees and subscription	33
Amortisation of preliminary expenses and floatation costs	630
Transaction cost	1,798
Printing expenses	12
Provision for Workers' Welfare Fund (WWF)	824
Total expenses	<u>4,612</u>

Net income from operating activities 40,326

Element of income and capital gains included in prices of units issued less those in units redeemed (net)	46
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Net income for the quarter before taxation 40,372

Taxation -

Net income for the quarter after taxation 40,372

Other comprehensive income for the quarter -

Total comprehensive income for the quarter 40,372

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

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

(Unaudited)
September 30,
2014
(Rupees in '000)

Undistributed income brought forward	
- Realised	(906)
- Unrealised	135,860
	<hr/>
	134,954
Net income for the quarter	40,372
Undistributed income carried forward	<hr/>
	175,326
Undistributed income carried forward	
- Realised	114,282
- Unrealised	61,044
	<hr/>
	175,326
	<hr/>

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

As at September 30, 2014 (Unaudited)

	(Unaudited) September 30, 2014 (Rupees in '000)
Net assets at beginning of the quarter	3,111,277
Redemption of 230,990 units	(12,028)
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(46)
Unrealised appreciation in the value of investments (net)	61,044
Net realised loss on sale of investments	(16,756)
Other comprehensive loss for the quarter	(3,916)
Net assets at end of the quarter	<u>3,139,575</u>
Net assets value per unit at beginning of the quarter	<u>52.27</u>
Net assets value per unit at end of the quarter	<u>52.95</u>

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

As at September 30, 2014 (Unaudited)

(Unaudited)
September 30,
2014
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the quarter	40,372
Adjustments for:	
Unrealised gain on re-measurement of investments - 'at fair value through profit or loss' (net)	(61,044)
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(46)
	(20,718)
Decrease in assets	
Investments - net	29,055
Prepayments and other receivables	27
Preliminary expenses and floatation costs	631
	29,713
Increase/ (decrease) in liabilities	
Payable to Al Meezan Investment Management Limited - Management Company	(1)
Payable to Central Depository Company of Pakistan Limited- Trustee	3
Payable to Securities and Exchange Commission of Pakistan	(339)
Accrued expenses and other liabilities	896
	559
Net cash inflow from operating activities	9,554
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments against redemption of units	(12,173)
Net cash used in financing activities	(12,173)
Net increase in cash and cash equivalents during the quarter	(2,619)
Cash and cash equivalents at beginning of the quarter	5,877
Cash and cash equivalents at end of the quarter	3,258

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 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 at the rate of 5% 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 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 in a No.7 issued by SECP.
- 1.4 The Management Company of the Fund has been given quality rating of AM2 and the stability rating of the Fund is AA(f) given by JCR-VIS.
- 1.5 Title to the assets of the Fund are held in the name of 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

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (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 SECP. Wherever, the requirements of 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.

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 objective and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2014.

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
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5. INVESTMENTS

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

5.1	3,148,895	3,116,906
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5.1 Held for trading - units of mutual funds

Name of the investee funds	As at July 01, 2014	Purchases during the quarter	Bonus issue	Redemption during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain/(loss) as at September 30, 2014	Percentage in relation to	
	----- Number of Units -----				-----Rupees in '000-----			Net assets of the Fund on the basis of market value (see note 5.2 below)	Total market value of investments	
Meezan Islamic Fund	43,353,018	11,023,825	-	11,766,623	42,610,220	2,143,535	2,195,278	51,743	70	69.72
Meezan Islamic Income Fund	18,713,377	11,240,894	-	14,391,198	15,563,073	784,716	796,985	12,269	25	25.31
KSE Meezan Index Fund	-	1,532,729	-	-	1,532,729	99,750	97,236	(2,514)	3	3.09
Al Meezan Mutual Fund	-	4,130,435	-	-	4,130,435	59,850	59,396	(454)	2	1.89
Total cost of investments						3,087,851	3,148,895	61,044		
							2,951,992			

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

6. WORKERS' WELFARE FUND

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

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the year ending June 30, 2015. The Fund has recognised WWF charge upto September 30, 2014 amounting to Rs 4.2160 million which includes Rs 0.8240 million pertaining to the current period and Rs 3.3920 million pertained to prior period. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.071 (0.13%).

7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, 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, Meezan Capital Preservation Fund II, 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% or more of the Fund.

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) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
AI Meezan Investment Management Limited - Management Company		
Remuneration payable	<u>3</u>	<u>5</u>
Sindh Sales Tax and Federal Excise Duty payable on management fee	<u>60</u>	<u>59</u>
Sindh Sales Tax and Federal Excise Duty payable on sales load	<u>10,860</u>	<u>10,860</u>
Investments as at September 30, 2014: 2,101,382 units (June 30, 2014: 2,101,382 units)	<u>111,268</u>	<u>109,839</u>
Meezan Bank Limited		
Balances with bank	<u>3,247</u>	<u>5,867</u>
Profit receivable on savings account	<u>14</u>	<u>34</u>
Central Depository Company of Pakistan Limited- Trustee		
Trustee fee payable	<u>213</u>	<u>210</u>
Meezan Islamic Fund		
Investments as at September 30, 2014: 42,610,220 units (June 30, 2014: 43,353,018 units)	<u>2,195,279</u>	<u>2,178,056</u>
Meezan Islamic Income Fund		
Investments as at September 30, 2014: 15,563,073 units (June 30, 2014: 18,713,377 units)	<u>796,985</u>	<u>938,850</u>
Meezan KSE Meezan Index Fund		
Investments as at September 30, 2014: 1,532,729 units (June 30, 2014: nil units)	<u>97,236</u>	<u>-</u>
AI Meezan Mutual Fund		
Investments as at September 30, 2014: 4,130,435 units (June 30, 2014: nil units)	<u>59,396</u>	<u>-</u>
Directors and officers of the Management Company		
Investments as at September 30, 2014: 16,835 units (June 30, 2014: 6,835 units)	<u>891</u>	<u>357</u>

(Unaudited)
September 30,
2014
(Rupees in '000)

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

Remuneration for the period 8

Sindh Sales Tax and Federal Excise Duty on management fee 3

Meezan Bank Limited

Profit on saving accounts 49

Central Depository Company of Pakistan Limited- Trustee

Remuneration for the period 652

Meezan Islamic Fund

Issuance of 11,023,825 units 558,001

Redemption of 11,766,623 units 570,000

Transaction cost 1,398

Meezan Islamic Income Fund

Issuance of 11,240,894 units 570,000

Redemption of 14,391,198 units 729,900

Meezan KSE Meezan Index Fund

Issuance of 1,532,729 units 100,000

Transaction cost 250

Al Meezan Mutual Fund

Issuance of 4,130,435 units 60,000

Transaction cost 150

Directors and officers of the Management Company

Issuance of 10,000 units 500

8. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 29, 2014 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 2014

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2014 (Unaudited)

	Note	Unaudited September 30, 2014				Total	Audited June 30, 2014
		Aggressive	Moderate	Conservative	MCPPI		
		----- Rupees in '000 -----					
Assets							
Balances with banks		5,463	3,910	1,527	50,053	60,953	16,477
Investments	5	322,265	261,557	375,778	798,341	1,757,941	917,725
Prepayment and other receivables		45	20	37	233	335	53
Preliminary expenses and floatation costs		-	-	706	-	706	757
Total assets		<u>327,773</u>	<u>265,487</u>	<u>378,048</u>	<u>848,627</u>	<u>1,819,935</u>	<u>935,012</u>
Liabilities							
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		476	449	557	15,855	17,337	991
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		30	21	39	21	111	87
Payable to Meezan Bank Limited (MBL)		-	-	-	-	-	2
Payable to Securities and Exchange Commission of Pakistan (SECP)		79	63	89	21	252	761
Payable on redemption and conversion of units		895	1,456	780	-	3,131	2,565
Accrued expenses and other liabilities		2,033	1,197	1,299	86	4,615	3,941
Total liabilities		<u>3,513</u>	<u>3,186</u>	<u>2,764</u>	<u>15,983</u>	<u>25,446</u>	<u>8,347</u>
Net assets		<u>324,260</u>	<u>262,301</u>	<u>375,284</u>	<u>832,644</u>	<u>1,794,489</u>	<u>926,665</u>
Unitholders' fund (as per statement attached)		<u>324,260</u>	<u>262,301</u>	<u>375,284</u>	<u>832,644</u>	<u>1,794,489</u>	<u>926,665</u>
		Number of units					
Number of units in issue		<u>5,284,083</u>	<u>4,553,09</u>	<u>6,646,741</u>	<u>16,574,492</u>		
		----- (Rupees) -----					
Net assets value per unit		<u>61.37</u>	<u>57.61</u>	<u>56.46</u>	<u>50.24</u>		

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	Unaudited September 30, 2014					Audited September 30,
	Aggressive	Moderate	Conservative	MCPPI	Total	2013
Income						
Net realised gain on sale of investments	69	189	907	-	1,165	2,404
Profit on saving accounts with banks	69	45	114	234	462	713
	138	234	1,021	234	1,627	3,117
Unrealised gain on re-measurement of investments at fair value through profit or loss' (net)	5.1					
	6,603	4,475	5,201	1,341	17,620	366
Total income	6,741	4,709	6,222	1,575	19,247	3,483
Expenses						
Remuneration to AI Meezan Investment Management Limited-Management Company	14	9	13	17	53	58
Sindh Sales Tax and Federal Excise Duty on Management Fee	4	3	4	6	17	18
Remuneration to Central Depository Company of Pakistan Limited - Trustee	81	66	92	20	259	190
Annual fee to Securities and Exchange Commission of Pakistan	79	63	89	21	252	181
Auditors' remuneration	32	26	36	6	100	74
Fees and subscription	2	2	2	-	6	13
Formation cost	-	-	50	-	50	50
Bank and settlement charges	56	50	76	-	182	241
Printing charges	2	2	2	-	6	6
Provision for Workers' Welfare Fund	6	92	107	80	409	90
Total expenses	400	313	471	150	1,334	921
Net income from operating activities	6,341	4,396	5,751	1,425	17,913	2,562
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)	47	131	(531)	2,494	2,141	1,742
Net income for the quarter before taxation	6,388	4,527	5,220	3,919	20,054	4,304
Taxation	-	-	-	-	-	-
Net income for the quarter after taxation	6,388	4,527	5,220	3,919	20,054	4,304
Other comprehensive income for the quarter	-	-	-	-	-	-
Total comprehensive income for the quarter	6,388	4,527	5,220	3,919	20,054	4,304

The annexed notes 1 to 8 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 September 30, 2014 (Unaudited)

	Unaudited September 30, 2014					Audited September 30, 2013
	Aggressive	Moderate	Conservative	MCPPI	Total	
Undistributed income brought forward						
- 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>114,828</u>	<u>41,080</u>
Final distribution for the year ended June 30, 2014: Nil						
- June 30, 2013 (Aggressive @ 3.4% (Rs. 1.7 per unit); Moderate @ 3.3% (Rs. 1.65 per unit); Conservative @ 1.2% (Rs. 0.6 per unit))	-	-	-	-	-	(16,165)
Net income for the quarter	6,388	4,527	5,220	3,919	20,054	4,304
Undistributed income carried forward	<u>59,860</u>	<u>31,895</u>	<u>39,208</u>	<u>3,919</u>	<u>134,882</u>	<u>29,219</u>
Undistributed income carried forward						
- Realised	55,385	26,694	37,867	(13,701)	136,377	28,853
- Unrealised	4,475	5,201	1,341	17,620	(1,495)	366
	<u>59,860</u>	<u>31,895</u>	<u>39,208</u>	<u>3,919</u>	<u>134,882</u>	<u>29,219</u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the quarter ended September 30, 2014 (Unaudited)

	Unaudited September 30, 2014					Audited September 30,
	Aggressive	Moderate	Conservative	MCPPI	Total	2013
Net assets at beginning of the quarter	330,020	255,369	341,276	-	926,665	698,865
Issue of units: (Aggressive: 830,837, Moderate: 896,672; Conservative: 2,671,854, MCPPI 16,574,492)	50,974	51,353	149,410	831,219	1,082,956	244,464
Redemption of units: (Aggressive: 1,032,795, Moderate: 854,215; Conservative: 2,154,821, MCPPI-I : Nil)	(63,075) (12,101)	(48,817) 2,536	(121,154) 28,257	- 831,219	(233,046) 849,911	(164,732) 79,732
Element of (income) /loss and capital (gains) /losses included in prices of units issued less those in units redeemed (net)	(47)	(131)	531	(2,494)	(2,141)	(1,742)
Issue of bonus units during the quarter	-	-	-	-	-	16,165
Net realised gain on sale of investments	69	189	907	-	1,165	2,404
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	6,603	4,475	5,201	1,341	17,620	366
Total other comprehensive (loss) / income for the period	(284)	(137)	(888)	2,578	1,269	1,534
Issue of bonus units during the quarter	-	-	-	-	-	(16,165)
Net Income for the quarter	6,388	4,527	5,220	3,919	20,054	(11,861)
Net assets at end of the quarter	<u>324,260</u>	<u>262,301</u>	<u>375,284</u>	<u>832,644</u>	<u>1,794,489</u>	<u>781,159</u>

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

Net assets value per unit at beginning of the quarter	<u>60.16</u>	<u>56.62</u>	<u>55.68</u>	<u>-</u>
Net assets value per unit at end of the quarter	<u>61.37</u>	<u>57.61</u>	<u>56.46</u>	<u>50.24</u>

The annexed notes 1 to 8 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 September 30, 2014 (Unaudited)

	Unaudited September 30, 2014					Audited September 30,
	Aggressive	Moderate	Conservative	MCPPI	Total	2013
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income for the quarter	6,388	4,527	5,220	3,919	20,054	4,304
Adjustments for:						
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	(6,603)	(4,475)	(5,201)	(1,341)	(17,620)	(366)
Element of (income) /loss and capital (gains) /losses included in prices of units issued less those in units redeemed (net)	(47)	(131)	531	(2,494)	(2,141)	(1,742)
	(262)	(79)	550	84	293	2,196
Decrease / (increase) in assets						
Investments (net)	11,177	(5,721)	(31,052)	(797,000)	(822,596)	(121,535)
Preliminary expenses and floatation costs	-	-	51	-	51	-
Prepayment and other receivables	(17)	(6)	(26)	(233)	(282)	(765)
	11,160	(5,727)	(31,027)	(797,233)	(822,827)	(122,300)
Increase / (decrease) in liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	20	161	310	15,855	16,346	(2,146)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(1)	1	3	21	24	15
Payable to Meezan Bank Limited	-	(2)	-	-	(2)	(77)
Payable to Securities and Exchange Commission of Pakistan	(196)	(110)	(224)	21	(509)	83
Accrued expenses and other liabilities	237	159	192	86	674	337
	60	209	281	15,983	16,533	(1,788)
Profit received on saving accounts with banks						762
Net cash inflow / (used in) from operating activities	10,957	(5,597)	(30,196)	(781,166)	(806,002)	(121,130)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts against issuance of units	50,974	51,353	149,410	831,219	1,082,956	244,464
Payments against redemption of units	(62,438)	(48,498)	(121,542)	-	(232,478)	(166,847)
Net cash (used in)/inflow from financing activities	(11,464)	2,855	27,868	831,219	850,478	77,617
Net increase in cash and cash equivalents during the quarter	(507)	(2,742)	(2,328)	50,053	44,476	(43,513)
Cash and cash equivalents at beginning of the quarter	5,970	6,652	3,855	-	16,477	54,710
Cash and cash equivalents at end of the quarter	5,463	3,910	1,527	50,053	60,953	11,197

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 IPO date was April 10, 2013 therefore the Fund started its operations for sub funds and accordingly the financial statements has been prepared. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund has been formed to enable the unitholders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end Shariah compliant fund listed on Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The Fund is an open-end Shariah compliant fund of funds scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Aggressive Plan, Moderate Plan, Conservative Plan and Meezan Capital Preservation Plan-I 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. The Fund property of different types of allocation plans shall be accounted for and maintained separately in books of accounts, which shall collectively constitute the Fund property of the Scheme.
- 1.6 The Management Company of the Fund has been given quality rating of AM2 by JCR-VIS Credit Rating Company Limited.

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

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

International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules and the NBFC Regulations. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

		Aggressive	Moderate	Unaudited September 30, Conservative	MCPP-I	Total	Audited June 30, 2014
	Note	----- Rupees in '000 -----					
Investments - 'at fair value through profit or loss' - held for trading	5.1	322,265	261,557	375,778	798,341	1,757,941	917,725

5.1 Held for Trading - Units of mutual funds

Name of investee funds	As at July 01, 2014	Purchases during the quarter	Bonus	Redemption during the quarter	As at September 30, 2014	Unaudited September 30, 2014			
						Carrying value	Market value	Unrealised gain	Percentage of Total market value of investments
						----- Number of Units -----		----Rupees in '000----	
Aggressive Allocation Plan									
Meezan Islamic Fund	4,553,883	424,349	-	599,632	4,378,600	220,056	225,585	5,529	70.00
Meezan Sovereign Fund	1,942,386	197,446	-	247,125	1,892,707	95,606	96,680	1,074	30.00
						315,662	322,265	6,603	100
Total cost of investments							267,373		
Moderate Allocation Plan									
Meezan Islamic Fund	2,501,604	384,257	-	347,463	2,538,398	127,738	130,778	3,040	50.00
Meezan Sovereign Fund	2,489,711	400,851	-	330,298	2,560,264	129,343	130,778	1,435	50.00
						257,081	261,556	4,475	100
Total cost of investments							234,398		
Conservative Allocation Plan									
Meezan Islamic Fund	1,689,514	598,757	-	464,813	1,823,458	91,537	93,944	2,407	25.00
Meezan Sovereign Fund	5,044,442	1,800,261	-	1,327,212	5,517,491	279,039	281,833	2,794	75.00
						370,576	375,777	5,201	100
Total cost of investments							342,980		
Meezan Capital Preservation Plan-I									
Meezan Cash Fund	-	15,678,347	-	-	15,678,347	797,000	798,341	1,341	100.00
						797,000	798,341	1,341	100
Total cost of investments							797,000		
Total investments in units of mutual funds									
Meezan Islamic Fund	8,745,001	1,407,362	-	1,411,908	8,740,455	439,331	450,307	10,976	25.62
Meezan Sovereign Fund	9,476,539	2,398,558	-	1,904,635	9,970,462	503,988	509,291	5,303	28.97
Meezan Cash Fund	-	15,678,347	-	-	15,678,347	797,000	798,341	1,341	45.41
						1,740,319	1,757,939	17,620	100
Total cost of investments							1,641,751		

6. WORKERS' WELFARE FUND

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

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF. The Fund has recognised WWF charge upto September 30, 2014 amounting to Rs. 1.8 million, Rs.1.1 million, Rs. 1.1 million and Rs. 0.08 million in Aggressive Plan, Moderate Plan, Conservative Plan and Meezan Capital Preservation Plan-I respectively which includes Rs. 0.13 million, Rs.0.09 million, Rs. 0.11 million and Rs. 0.08 million pertaining to the current year in Aggressive Plan, Moderate Plan, Conservative Plan and Meezan Capital Preservation

Plan-I respectively. Had the WWF not been provided, the NAV per unit of Aggressive, Moderate, Conservative plans and Meezan Capital Preservation Plan-I would have been higher by Rs. 0.34 (0.56%) per unit, Rs. 0.23 (0.41%) per unit, Rs. 0.17 (0.29%) per unit and Rs. 0.01 (0.01%) per unit respectively.

7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include AI 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, AI 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 AI Meezan Investment Management Limited - Employees Gratuity Fund and Unitholders holding 10% or more of the fund.

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

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

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

	Aggressive	Moderate	Unaudited September 30, Conservative	MCPPI	Total	Audited June 30, 2014
----- Rupees in '000 -----						
AI Meezan Investment Management Limited						
- Management Company						
Remuneration payable	7	5	11	17	40	10
Sindh Sales Tax and Federal Excise Duty on Management Fee	7	7	8	6	28	20
Sales load payable	151	181	254	11,676	12,262	328
Sindh Sales Tax and Federal Excise Duty on Sales load payable	311	256	284	4,156	5,007	633
Investment of 2,098,437 units (June 30, 2014: 2,098,437 units)						
- Conservative Allocation Plan	-	-	118,478	-	118,478	116,832
Investment of 1,998,002 units (June 30, 2014: Nil units)						
- Meezan Capital Preservation Plan-I	-	-	-	100,380	100,380	-
Meezan Bank Limited						
Balances with bank	5,272	3,788	1,294	50,053	60,407	16,094
Sales load payable	-	-	-	-	-	2
Profit Receivable on savings accounts with bank	36	12	26	234	308	31
Central Depository Company of Pakistan Limited - Trustee						
Trustee Fee payable	30	21	39	21	111	87

	Aggressive	Moderate	Unaudited September 30, Conservative	MCPPI	Total	Audited June 30, 2014
----- Rupees in '000 -----						
Directors and officers of the Management Company						
Investment of 13,333 units (June 30, 2014: 13,333 units) of Aggressive Allocation Plan	818	-	-	-	818	802
Investment of 11,037 units (June 30, 2014: 11,037 units) of Moderate Allocation Plan	-	636	-	-	636	625
Investment of 10,492 units (June 30, 2014: 10,492 units) of Conservative Allocation Plan	-	-	592	-	592	584
Investment of 1,458 units (June 30, 2014: Nil units) of Meezan Capital Preservation Plan-I	-	-	-	73	73	-
Meezan Islamic Fund						
Investment of 4,378,600 units (June 30, 2014: 4,553,883 units) - Aggressive Allocation Plan	225,585	-	-	-	225,585	228,787
Investment of 2,538,398 units (June 30, 2014: 2,501,604 units) - Moderate Allocation Plan	-	130,778	-	-	130,778	125,680
Investment of 1,823,458 units (June 30, 2014: 1,689,514 units) - Conservative Allocation Plan	-	-	93,944	-	93,944	84,881
Meezan Sovereign Fund						
Investment of 1,892,707 units (June 30, 2014: 1,942,386 units) - Aggressive Allocation Plan	96,680	-	-	-	96,680	98,052
Investment of 2,560,264 units (June 30, 2014: 2,489,711 units) - Moderate Allocation Plan	-	130,778	-	-	130,778	125,681
Investment of 5,517,491 units (June 30, 2014: 5,044,442 units) - Conservative Allocation Plan	-	-	281,833	-	281,833	254,644
Meezan Cash Fund						
Investment of 15,678,347 units - Meezan Capital Preservation Plan-I	-	-	-	798,341	798,341	-
Unitholders holding 10% or more units of the Fund	105,570	-	118,478	447,076	671,124	50,856

	Aggressive	Moderate	Unaudited September 30, 2014 Conservative	MCPPI	Total	September 30, 2013
----- Rupees in '000 -----						
AI Meezan Investment Management Limited - Management Company						
Remuneration for the period	14	9	13	17	53	58
Sindh Sales Tax and Federal Excise Duty on Management Fee	4	3	4	6	17	18
Preliminary expenses and floatation costs paid	-	-	50	-	50	-
Issuance of bonus Nil units - Conservative Allocation Plan (2013: 23,401)	-	-	-	-	-	1200
Meezan Bank Limited						
Profit on savings accounts with bank	66	39	107	234	446	524
Central Depository Company of Pakistan Limited - Trustee						
Trustee fee	81	66	92	20	259	190
Directors and officers of the Management Company						
Issuance of Nil units (2013: 395) of Aggressive Allocation Plan	-	-	-	-	-	21
Issuance of Nil units (2013: 453) of Moderate Allocation Plan	-	-	-	-	-	24

	Unaudited September 30, 2014				Total	September 30, 2013
	Aggressive	Moderate	Conservative	MCPPI		
----- Rupees in '000 -----						
Issuance of Nil units (2013: 23,520) of Conservative Allocation Plan	-	-	-	-	-	1,206
Redemption of Nil units (2013 : 224) of Moderate Allocation Plan	-	-	-	-	-	12
Meezan Islamic Fund						
Purchase of 424,349 units (2013 : 810,867) - Aggressive Allocation Plan	21,407	-	-	-	21,407	38527
Purchase of 384,257 units (2013 : 556,823) - Moderate Allocation Plan	-	19,541	-	-	19,541	26809
Purchase of 598,757 units (2013 : 550,984) - Conservative Allocation Plan	-	-	29,980	-	29,980	26461
Bonus of Nil units (2013 : 1,152,763) - Aggressive Allocation Plan	-	-	-	-	-	60,854
Bonus of Nil units (2013 : 467,797) - Moderate Allocation Plan	-	-	-	-	-	24,143
Bonus of Nil units (2013 : 403,232) - Conservative Allocation Plan	-	-	-	-	-	20,678
Sales of 599,633 units (2013 : 414,465) - Aggressive Allocation Plan	30,129	-	-	-	30,129	19,500
Sales of 347,463 units (2013 : 364,778) - Moderate Allocation Plan	-	17,553	-	-	17,553	17,500
Sales of 464,813 units (2013 : 162,715) - Conservative Allocation Plan	-	-	23,802	-	23,802	7,750
Transaction cost paid - Aggressive Allocation Plan	54	-	-	-	54	97
Transaction cost paid - Moderate Allocation Plan	-	49	-	-	49	67
Transaction cost paid - Conservative Allocation Plan	-	-	75	-	75	66
Meezan Sovereign Fund						
Purchase of 197,446 units (2013 : 255,382) - Aggressive Allocation Plan	10,032	-	-	-	10,032	12,874
Purchase of 400,851 units (2013 : 533,701) - Moderate Allocation Plan	-	20,344	-	-	20,344	26,877
Purchase of 1,800,261 units (2013 : 1,576,762) - Conservative Allocation Plan	-	-	91,467	-	91,467	79,582
Bonus of Nil units (2013 : 48,271) - Aggressive Allocation Plan	-	-	-	-	-	2,548
Bonus of Nil units (2013 : 58,842) - Moderate Allocation Plan	-	-	-	-	-	3,037
Bonus of Nil units - (2013 : 167,981) Conservative Allocation Plan	-	-	-	-	-	8,614
Sales of 247,125 units (2013 : 128,079) - Aggressive Allocation Plan	12,555	-	-	-	12,555	6,500
Sales of 330,298 units (2013 : 347,191) - Moderate Allocation Plan	-	16,800	-	-	16,800	17,500
Sales of 1,327,212 units (2013 : 460,021) - Conservative Allocation Plan	-	-	67,500	-	67,500	23,250
Meezan Cash Fund						
Purchase of 15,678,347 units - Meezan Capital Preservation Plan-I	-	-	-	797,000	797,000	-



8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on October 29, 2014 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 2014

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2014

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Assets			
Balances with banks		302,267	470,857
Investments	5	1,731,992	1,499,193
Dividend receivable		17,330	1,153
Receivables against sale of investments (net)		-	13
Deposits and other receivables		21,071	11,797
Total assets		2,072,660	1,983,013
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		12,799	9,557
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		246	239
Payable to Securities and Exchange Commission of Pakistan (SECP)		416	1,465
Payable on redemption and conversion of units		434	2,074
Payable against purchase of investments		-	-
Accrued expenses and other liabilities		32,559	31,826
Unclaimed dividend		7,337	7,366
Total liabilities		53,791	52,527
Net assets		2,018,869	1,930,486
Unitholders' fund (as per statement attached)		2,018,869	1,930,486
		Number of units	
Number of units in issue		147,647,014	144,610,111
		(Rupees)	
Net assets value per unit		13.67	13.35

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	Note	September 30, 2014	September 30, 2013
(Rupees in '000)			
Income			
Net realised gain on sale of investments		6,598	12,867
Dividend income		21,044	21,290
Profit on saving accounts with banks		6,134	5,133
Profit on sukuk certificates		12,564	12,124
Back end load		(49)	1,024
		<u>46,291</u>	<u>52,438</u>
Unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss' (net)		5,214	(17,031)
Reversal of non-performing debt securities (net)		84	-
		<u>5,298</u>	<u>(17,031)</u>
Total income		51,589	35,407
Expenses			
Remuneration to Al Meezan Investment Management Limited - Management Company		9,788	8,235
Sindh Sales Tax and Federal Excise Duty on management fee		3,269	2,701
Remuneration to Central Depository Company of Pakistan Limited - Trustee		741	664
Annual fee to Securities and Exchange Commission of Pakistan		416	350
Auditors' remuneration		136	136
Charity expense		280	369
Fees and subscription		108	100
Brokerage		321	261
Bank and settlement charges		203	92
Provision for Workers' Welfare Fund (WWF)	6	743	359
Printing charges		-	359
Conversion cost		-	3,840
Total expenses		16,005	17,466
Net income from operating activities		35,584	17,941
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		889	8
Net income for the quarter before taxation		36,473	17,949
Taxation		-	-
Net income for the quarter after taxation		36,473	17,949
Other comprehensive income for the quarter			
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'		10,826	(16,888)
Total comprehensive income for the quarter		47,299	1,061

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

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014	September 30, 2013
	(Rupees in '000)	
Undistributed income brought forward		
- Realised	209,274	238,809
- Unrealised	101,271	136,041
	<u>310,545</u>	<u>374,850</u>
Final distribution for the year ended June 30, 2014: Nil (June 30, 2013 @ 15% Rs. 1.50 per certificate)	-	(180,000)
Net income for the quarter	36,473	17,949
Element of income and capital gains included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)	542	8
Undistributed income carried forward	<u>347,560</u>	<u>212,807</u>
Undistributed income carried forward		
- Realised	342,346	229,838
- Unrealised	5,214	(17,031)
	<u>347,560</u>	<u>212,807</u>

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For the quarter ended September 30, 2014 (Unaudited)

	2014	September 30, 2013
	(Rupees in '000)	
Net assets at beginning of the quarter	1,930,486	
Issue of 120,000,000 units against cancellation of 120,000,000 certificates of Meezan Balanced Fund upon conversion from close end fund to an open end scheme		1,747,480
Issue of 17,555,505 units for the quarter ended September 30, 2014 (Sep 30, 2013: 2,146,230 units)	238,282	29,227
Redemption of 14,518,602 units for the quarter ended September 30, 2014 (Sep 30, 2013: 1,595,515 units)	(196,309)	(22,018)
	41,973	7,209
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(889)	(8)
Net realised gain on sale of investments	6,598	12,867
Unrealised appreciation in the value of investments (net)	5,298	(17,031)
Other net income for the quarter	35,403	5,225
Total comprehensive income for the quarter	47,299	1,061
Final distribution for the year ended June 30, 2014: Nil (June 30, 2013: 15% Rs. 1.5 per certificate)	-	(180,000)
Net assets at end of the quarter	2,018,869	1,575,743
	(Rupees)	
Net assets value per unit at beginning of the quarter	13.35	14.56
Net assets value per unit at end of the quarter	13.67	13.07

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2014 (Unaudited)

September 30,
2014 2013
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the quarter	36,473	17,949
Adjustments for:		
Unrealised (gain)/ loss on re-measurement of investments - 'at fair value through profit or loss' (net)	(5,214)	17,031
Reversal of non-performing debt securities (net)	(84)	-
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(889)	(8)
	(6,187)	17,023
(Increase) / Decrease in assets		
Investments (net)	(216,675)	68,524
Dividend receivable	(16,177)	(16,728)
Deposits and other receivables	(9,261)	(8,327)
	(242,113)	43,469
Increase / (decrease) in liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	3,242	(78)
Payable to Central Depository Company of Pakistan Limited - Trustee	7	59
Payable to Securities and Exchange Commission of Pakistan	(1,049)	(1,006)
Payable against purchase of investments	-	(1)
Accrued expenses and other liabilities	733	1,444
	2,933	418
Net cash (outflow)/ used in from operating activities	(208,894)	78,859
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance of units	238,282	29,227
Payment against redemption of units	(197,949)	(14,419)
Dividend paid	(29)	(173,301)
Net cash inflow/ (used in) from financing activities	40,304	(158,493)
Net decrease in cash and cash equivalents	(168,590)	(79,634)
Cash and cash equivalents at beginning of the quarter	470,857	296,693
Cash and cash equivalents at end of the quarter	302,267	217,059

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 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 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. 01 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 adviser are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

3. STATEMENT OF COMPLIANCE

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

	Note	(Unaudited) September 30, 2014	(Audited) June 30, 2014
(Rupees in '000)			
5. INVESTMENTS			
Investments - 'at fair value through profit or loss'	5.1	1,435,648	1,095,632
Investments - 'available for sale'	5.2	296,344	398,328
		<u>1,731,992</u>	<u>1,493,960</u>
5.1 Investments - 'at fair value through profit or loss'			
Held for trading	5.1.1	1,094,477	911,413
Investments at fair value through profit or loss upon initial recognition	5.1.2	341,171	184,219
		<u>1,435,648</u>	<u>1,095,632</u>
5.1.1 Held for trading			
Shares of listed companies	5.1.1.1	798,079	554,413
Sukuk certificates	5.1.1.5	296,398	357,000
		<u>1,094,477</u>	<u>911,413</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 quarter	Bonus issue	Sales during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss) as at September 30, 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
					-----Rupees in '000-----			%			
Sector / Companies											
Banks											
Meezan Bank Limited (an associate company of the Fund)	673,500	-	-	-	673,500	29,122	27,614	(1,508)	1.37	0.07	1.59
Automobile and parts											
Pakistan Suzuki Motor Company Limited	17,800	5,000	-	-	22,800	6,284	6,482	198	0.32	0.03	0.37
Honda Atlas Cars	-	171,500	-	-	171,500	21,200	24,104	2,904	1.19	0.12	1.39
									1.51		1.76
Chemicals											
Fauji Fertilizer Bin Qasim Limited	275,000	-	-	-	275,000	10,937	11,061	124	0.55	0.03	0.64
Fauji Fertilizer Company Limited	284,700	86,000	-	86,000	284,700	32,238	32,296	58	1.60	0.02	1.86
ICI Pakistan Limited	17,195	-	-	-	17,195	6,712	9,115	2,403	0.45	0.02	0.53
									2.60		3.03
Construction and materials (Cement)											
Attock Cement Pakistan Limited	402	-	-	-	402	63	71	8	-	0.00	-
DG Khan Cement Company Limited	277,660	-	-	253,000	24,660	2,169	1,965	(204)	0.10	0.01	0.11
Fauji Cement Company Limited	771,000	150,000	-	115,000	806,000	15,471	15,709	238	0.78	0.06	0.91
Lucky Cement Limited	264,000	80,000	-	80,000	264,000	103,695	106,020	2,325	5.25	0.08	6.12
Pioneer Cement Limited	116,000	100,000	-	-	216,000	10,912	11,411	499	0.57	0.10	0.66
Kohat Cement Limited	-	20,000	-	-	20,000	2,365	2,418	53	0.12	0.01	0.14
Lafarge Pakistan Cement	-	2,400,000	-	-	2,400,000	36,247	39,624	3,377	1.96	0.16	2.29
									8.78		10.23
Fixed line telecommunication											
Pakistan Telecommunication Company Limited "A"	772,510	-	-	-	772,510	19,676	18,007	(1,669)	0.89	0.02	1.04
General industrials											
Thal Limited (note 5.1.1.2)	41,000	-	-	-	41,000	8,503	9,881	1,378	0.49	0.05	0.57
Packages Limited	38,000	-	-	-	38,000	19,060	23,352	4,292	1.16	0.05	1.35
									1.65		1.92
Oil and gas											
Attock Refinery Limited	5,000	-	-	-	5,000	1,061	1,024	(37)	0.05	0.01	0.06
Oil and Gas Development Company Limited (note 5.1.1.4)	101,800	10,000	-	25,000	86,800	22,677	21,445	(1,232)	1.06	0.00	1.24
Pakistan Oilfields Limited	276,725	-	-	-	276,725	158,923	147,063	(11,860)	7.28	0.12	8.49
Pakistan Petroleum Limited	344,396	-	-	50,000	294,396	66,045	66,548	503	3.30	0.01	3.84
National Refinery Limited	42,500	-	-	-	42,500	9,153	8,248	(905)	0.41	0.05	0.48
Pakistan State Oil Company Limited	353,604	22,500	-	79,000	297,104	115,136	107,091	(8,045)	5.30	0.11	6.18
Mari Petroleum Company Limited	30,000	-	-	-	30,000	11,203	13,073	1,870	0.65	0.03	0.75
									18.05		21.04
Pharma and Bio Tech											
Abbott Laboratories (Pakistan) Limited	31,000	-	-	-	31,000	17,742	18,799	1,057	0.93	0.03	1.09
Food producers											
Engro Foods Limited	185,100	-	-	150,000	35,100	3,599	3,544	(55)	0.18	0.00	0.20
Personal Goods (Textile)											
Nishat Mills Limited	278,000	-	-	-	278,000	31,114	33,082	1,968	1.64	0.08	1.91
Electricity											
Hub Power Company Limited	294,097	-	-	-	294,097	17,275	18,816	1,541	0.93	0.03	1.09
K-Electric Limited (Formerly Karachi Electric Supply Company Limited)	1,650,000	-	-	500,000	1,150,000	9,764	8,878	(886)	0.44	0.01	0.51
Kohinoor Energy Limited	65,000	-	-	-	65,000	2,692	2,826	134	0.14	0.04	0.16
									1.51		1.76
Multiutilities (Gas and water)											
Sui Northern Gas Pipeline Limited	400,000	-	-	-	400,000	9,060	8,512	(548)	0.42	0.06	0.49
Total						800,098	798,079	(2,019)			
Total cost of investments							704,653				

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

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

5.1.1.4 100,000 shares of Oil and Gas Development Company Limited, having market value of Rs 24.706 million as at September 30, 2014 (June 30, 2014: 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 Issuer	Maturity date	Profit rate	As at July 01, 2014	Purchases during the quarter	Sales / Matured during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised loss as at September 30, 2014	Percentage in relation to	
										Net assets of the Fund on the basis of market value (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)	December 26, 2014	Weighted Average 6 months T-Bills*	500	-	-	500	50,640	50,135	(505)	2.48	2.89
GoP Ijarah Sukuk Certificates - XI (Note 5.1.1.6)	April 30, 2015	-do-	600	-	-	600	61,314	60,798	(516)	3.01	3.51
GoP Ijarah Sukuk Certificates - XII (Note 5.1.1.6)	June 28, 2015	-do-	1,150	-	-	1,150	118,255	116,507	(1,748)	5.77	6.73
GoP Ijarah Sukuk Certificates - XV (Note 5.1.1.6)	June 25, 2017	-do-	690	-	-	690	69,000	68,958	(42)	3.42	3.98
Total							299,209	296,398	(2,811)		
Total cost of investments							299,209				

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

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

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
Shares of listed companies			
Sukuk certificates	5.1.2.1	49,750	24,169
	5.1.2.2	291,421	160,050
		341,171	184,219

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 quarter	Bonus issue	Sales during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss) as at September 30, 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-----		%		
Sector / Companies											
Automobile and parts											
Indus Motor Company Limited	50,055	-	-	-	50,055	26,926	36,849	9,923	1.83	0.06	2.13
Banks											
Meezan Bank Limited (an associate company of the Fund)	277,593	-	-	-	277,593	12,003	11,381	(622)	0.56	0.03	0.66
General industrials											
Packages Limited	2,473	-	-	-	2,473	1,240	1,520	280	0.08	0.00	0.09
Total						40,169	49,750	9,580			
Total cost of investments							12,894				

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	As at July 01, 2014	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss) as at September 30, 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
							-----Rupees in '000-----			%		
Secured												
Engro Fertilizer Pakistan Limited (note 5.1.2.3)	September 1, 2015	6 months KIBOR plus base rate of 1.5%	10,000	-	-	10,000	49,957	50,421	464	2.50	0.00	2.91
Security Leasing Corporation Limited II * (note 5.1.2.3 & 5.1.2.4)	January 19, 2022	Nil	1,557	-	17	1,540	-	-	-	-	0.00	-
Eden Housing Limited * (note 5.1.2.3 & 5.1.2.4)	September 29, 2014	6 months KIBOR plus base rate of 2.5%	5,000	-	-	5,000	-	-	-	-	0.00	-
Arzoo Textile Mills Limited * (note 5.1.2.3 & 5.1.2.4)	April 15, 2014	6 months KIBOR plus base rate of 2%	5,000	-	-	5,000	-	-	-	-	0.00	-
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	68,000	-	3.37	0.00	3.93
Lalpir Power Limited - Sukuk	February 18, 2015	6 months KIBOR plus base rate of 0.30%	-	34,600	-	34,600	173,000	173,000	-	8.57	0.01	9.99
Total							<u>290,957</u>	<u>291,421</u>	<u>464</u>			
Total cost of investments								<u>326,162</u>				

* 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.

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

Name of the investee company	Type of investments	Value of investments before provision	Provision held as at September 30, 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>

(Unaudited) (Audited)
September 30, June 30,
2014 2014
(Rupees in '000)

5.1.2.5 Provision on sukuk certificates

Opening	37,708	21,403
Reversal for the quarter - net	(86)	16,305
Closing	37,622	37,708

5.2 Investments - 'available for sale'

Shares of listed companies

Name of the investee company	As at July 01, 2014	Purchases during the quarter	Bonus issue	Sales during the quarter	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 (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-----			%			
Sector / Companies											
Automobile and parts											
Indus Motor Company Limited	11,075	-	-	-	11,075	2,422	8,153	5,731	0.40	0.01	0.47
Pakistan Suzuki Motor Company Limited	11,260	-	-	-	11,260	833	3,201	2,368	0.16	0.01	0.18
Banks											
Meezan Bank Limited (an associate of the Fund)	1,207	-	-	-	1,207	17	49	32	-	0.00	-
BankIslami Pakistan Limited	500	-	-	-	500	2	5	3	-	0.00	-
Chemicals											
Fauji Fertilizer Bin Qasim Limited	3,377	-	-	-	3,377	120	136	16	0.01	0.00	0.01
Fauji Fertilizer Company Limited	30,599	-	-	-	30,599	2,465	3,471	1,006	0.17	0.00	0.20
ICI Pakistan Limited	7,921	-	-	-	7,921	999	4,199	3,200	0.21	0.01	0.24
									0.39		0.45
Construction and materials (Cement)											
Attock Cement Pakistan Limited	287	-	-	-	287	11	51	40	-	0.00	-
DG Khan Cement Company Limited	383,249	-	-	200,000	183,249	7,216	14,605	7,389	0.72	0.04	0.84
Lucky Cement Limited	7,451	-	-	-	7,451	887	2,992	2,105	0.15	0.00	0.17
									0.87		1.01
Electricity											
Hub Power Company Limited	1,264,050	-	-	-	1,264,050	46,726	80,874	34,148	4.01	0.11	4.67
General Industrials											
Packages Limited	150,000	-	-	-	150,000	77,511	92,180	14,669	4.57	0.18	5.32
Oil and gas											
Oil and Gas Development Company Limited (note 5.1.1.4)	345,666	-	-	-	345,666	47,237	85,400	38,163	4.23	0.01	4.93
Pakistan Petroleum Limited	4,548	-	-	-	4,548	558	1,028	470	0.05	0.00	0.06
Total						187,004	296,344	109,340	4.28		4.99
Total cost of investments						187,004					

6. WORKERS' WELFARE FUND (WWF)

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

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the period ended September 30, 2014. The Fund has recognised WWF charge upto September 30, 2014 amounting to Rs. 29.790 million which includes Rs. 0.743 million pertaining to current year and Rs. 29.047 million pertained to prior years. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.202 (1.48%).

7. SEGMENT REPORTING

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

The committee considers the investments as two sub-portfolios, which are managed by 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.

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

	For the quarter ended September 30, 2014			For the quarter ended September 30, 2013		
	Equity sub-portfolio	Debt sub-portfolio	Total	Equity sub-portfolio	Debt sub-portfolio	Total
	----- (Rupees in '000) -----					
Total net segment income	34,882	10,216	45,098	17,956	11,034	28,990
Unallocated expenses	-	-	(8,687)	-	-	(11,041)
Total net income	<u>34,882</u>	<u>10,216</u>	<u>36,411</u>	<u>17,956</u>	<u>11,034</u>	<u>17,949</u>

	As at September 30, 2014			As at June 30, 2014		
	Equity sub -portfolio	Debt sub -portfolio	Total	Equity sub -portfolio	Debt sub -portfolio	Total
----- (Rupees in '000) -----						
Total segment assets	1,161,503	600,583	1,762,086	1,151,180	352,305	1,503,485
Unallocated assets			310,574			479,528
Total assets	-	-	2,072,660	-	-	1,983,013
Total segment liabilities	1,639	-	1,639	1,796	-	1,796
Unallocated liabilities			52,152	-	-	50,731
Total liabilities	1,639	-	53,791	1,796	-	52,527

There were no transactions between reportable segments.

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and officers (executives) of the Management Company, Meezan Islamic Fund, 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 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.

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

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

Details of transactions with connected persons and balances with them for the quarter ended September 30, 2014 and as of that date along with the comparative are as follows:

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
AI Meezan Investment Management Limited - Management Company		
Remuneration payable	<u>3,276</u>	<u>3,138</u>
Sindh Sales Tax and Federal Excise Duty payable on management fee	<u>7,653</u>	<u>5,863</u>
Sales load payable	<u>1,119</u>	<u>178</u>
Sindh Sales Tax and Federal Excise Duty payable on sales load	<u>751</u>	<u>378</u>
Investment of 5,380,968 units (June 30, 2014: 5,380,968 units)	<u>73,558</u>	<u>71,836</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>246</u>	<u>239</u>
Deposits	<u>300</u>	<u>300</u>
Meezan Bank Limited		
Bank balance	<u>36,038</u>	<u>28,783</u>
Investment in 952,300 shares (June 30, 2014: 952,300 shares)	<u>39,044</u>	<u>41,177</u>
Investment of 18,886,746 units (June 30, 2014: 18,886,746 units)	<u>258,182</u>	<u>252,138</u>
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 11,057,791 units (June 30, 2014: 11,057,791 units)	<u>151,160</u>	<u>147,622</u>
AI Meezan Investment Management Limited - Staff Gratuity Fund		
Investment of 379,357 units (June 30, 2014: 379,357 units)	<u>5,186</u>	<u>5,064</u>
Directors and Executives of the Management Company		
Investment of 2,167,123 units (June 30, 2014: 2,085,618 units)	<u>29,625</u>	<u>27,843</u>

For the quarter ended
September 30,
2014 2013
(Rupees in '000)

Al Meezan Investment Management Limited - Management Company		
Remuneration for the quarter	<u>9,788</u>	<u>8,235</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>3,269</u>	<u>2,701</u>
Cash dividend for the quarter	<u>-</u>	<u>6,895</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the quarter	<u>741</u>	<u>664</u>
Charges for the quarter	<u>32</u>	<u>44</u>
Meezan Bank Limited		
Profit on saving account	<u>1,924</u>	<u>-</u>
Cash dividend for the quarter	<u>-</u>	<u>24,202</u>
Pakistan Kuwait Investment Company (Private) Limited		
Cash dividend for the quarter	<u>-</u>	<u>16,587</u>
Al Meezan Investment Management Limited - Staff Gratuity Fund		
Cash dividend for the quarter	<u>-</u>	<u>137</u>
Directors and Executives of the Management Company		
Cash dividend for the quarter	<u>-</u>	<u>277</u>
Units issued : 81,505	<u>1,106</u>	<u>-</u>

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on October 29, 2014 by the Board of Directors of the Management Company.

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

Chief Executive

Director



Quarterly Report September 30, 2014

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at September 30, 2014

	Note	Unaudited September 30, 2014			Audited June 30, 2014	
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
(Rupees in '000)						
Assets						
Balances with banks	5	35,626	56,016	90,513	182,155	281,259
Investments	6	1,627,236	1,059,711	220,274	2,907,221	2,591,331
Receivable against sale of investments		-	-	-	-	26,342
Dividend receivable		20,227	-	-	20,227	1,223
Profit receivable	8	2,517	22,018	8,199	32,734	19,133
Deposit with Central Depository Company of Pakistan Limited (CDC) - Trustee		100	100	100	300	300
Other assets	7	2,560	-	-	2,560	-
Total assets		1,688,266	1,137,845	319,086	3,145,197	2,919,588
Liabilities						
Payable against purchase of investments		2,950	-	-	2,950	-
Payable to Al Meezan Investment Management Limited (Al Meezan) - pension fund manager		5,993	4,202	1,294	11,489	8,954
Payable to CDC - Trustee		157	106	30	293	264
Payable to auditors		102	102	102	306	201
Payable to Securities and Exchange Commission of Pakistan (SECP)		134	91	26	251	713
Payable against withdrawal		2,077	1,384	443	3,904	10,520
Accrued expenses and other liabilities	9	14,573	2,374	688	17,635	15,610
Total liabilities		25,986	8,259	2,583	36,828	36,262
Net assets		1,662,280	1,129,586	316,503	3,108,369	2,883,326
Participants' sub-funds (as per statement attached)		1,662,280	1,129,586	316,503	3,108,369	2,883,326
----- (Number of units) -----						
Number of units in issue (as per statement attached)		4,847,384	6,072,876	1,713,264		
----- (Rupees) -----						
Net assets value per unit		342.92	186.01	184.74		

The annexed notes from 1 to 14 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 September 30, 2014 (Unaudited)

	September 30, 2014				September 30, 2013
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
	(Rupees in '000)				
Income					
Profit from sukuk certificates	-	22,854	5,244	28,098	20,220
Profit from placements	-	986	-	986	-
Profit on saving accounts with banks	2,120	987	1,524	4,631	3,621
Dividend income	24,204	-	-	24,204	16,439
Unrealised gain / (loss) on re-measurement of investments at 'fair value through profit or loss' (net)	50,122	(5,699)	(1,788)	42,635	(23,004)
Net realised gain on sale of investments	537	405	-	942	2,258
Reversal of provision against sukuk certificates	-	8	8	16	-
Other income	-	-	-	-	112
Total income	76,983	19,541	4,988	101,512	19,646
Expenses					
Remuneration of Al Meezan - pension fund manager	6,043	4,097	1,157	11,297	6,901
Sales tax and federal excise duty on management fee	2,018	1,368	386	3,772	2,313
Remuneration of CDC - Trustee of the fund	470	319	90	879	589
Annual fee to SECP	134	91	26	251	155
Auditors' remuneration	35	35	35	105	96
Brokerage	410	19	3	432	409
Settlement and Bank charges	74	9	7	90	21
Charity Expense	310	-	-	310	275
Provision for Workers' Welfare Fund	1,357	283	68	1,708	326
Total expenses	10,851	6,221	1,772	18,844	11,085
Net income from operating activities	66,132	13,320	3,216	82,668	8,561
Element of income and capital gains included in prices of units issued less those in units redeemed - net	363	564	101	1,028	2,156
Net income for the quarter	66,495	13,884	3,317	83,696	10,717
Taxation	-	-	-	-	-
Net income for the quarter after taxation	66,495	13,884	3,317	83,696	10,717
Other comprehensive income for the quarter					
Items that can be reclassified to income statement in subsequent periods					
Net unrealised depreciation on re-measurement of investment classified as 'available for sale'	6.4.1	(915)	-	(915)	53
Total comprehensive income for the quarter	66,495	12,969	3,317	82,781	10,770

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

For the quarter ended September 30, 2014 (Unaudited)

	September 30, 2014			September 30, 2013	
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
	----- (Rupees in '000) -----				
Net assets at beginning of the quarter	1,537,033	1,047,167	299,126	2,883,326	1,747,336
Amount received on issue of units (2014: Equity sub fund: 521,158 Debt sub fund: 741,073 units; Money market sub fund: 199,107 units) (2013: Equity sub fund: 252,382 units; Debt sub fund: 372,001 units; Money market sub fund: 175,500 units)	175,690	137,363	36,633	349,686	160,955
Amount paid on redemption of units (2014: Equity sub fund: 342,695 units; Debt sub fund: 363,214 units; Money market sub fund: 122,194 units) (2013: Equity sub fund: 100,593 units; Debt sub fund: 131,271 units; Money market sub fund: 512,945 units)	(116,575) 59,115	(67,349) 70,014	(22,472) 14,161	(206,396) 143,290	(137,546) 23,409
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(363)	(564)	(101)	(1,028)	(2,156)
Net realised gain on sale of investments	537	405	-	942	2,258
Unrealised gain / (loss) on re-measurement of investments at 'fair value through profit or loss' (net)	50,122	(5,699)	(1,788)	42,635	(23,004)
Other net comprehensive income for the quarter	15,836	18,263	5,105	39,204	31,516
Total comprehensive income for the quarter	66,495	12,969	3,317	82,781	10,770
Net assets at end of the quarter	<u>1,662,280</u>	<u>1,129,586</u>	<u>316,503</u>	<u>3,108,369</u>	<u>1,779,359</u>

The annexed notes from 1 to 14 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 September 30, 2014 (Unaudited)

Note	September 30, 2014				September 30, 2013
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
	(Rupees in '000)				
CASH FLOW FROM OPERATING ACTIVITIES					
Net income for the quarter	66,495	13,884	3,317	83,696	10,717
Adjustments for:					
Unrealised (gain) / loss on re-measurement of investments at 'fair value through profit or loss'	(50,122)	5,699	1,788	(42,635)	23,004
Reversal of provision against sukuk certificates	-	(8)	(8)	(16)	-
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(363)	(564)	(101)	(1,028)	(2,156)
	16,010	19,011	4,996	40,017	31,565
(Increase) / decrease in assets					
Receivable against sale of investments	26,342	-	-	26,342	-
Investments (net)	(150,279)	(123,883)	8	(274,154)	(76,052)
Dividend receivable	(19,004)	-	-	(19,004)	(15,697)
Deposit and other receivables	(947)	(8,219)	(4,435)	(13,601)	1,677
Other assets	(2,560)	-	-	-	-
	(146,448)	(132,102)	(4,427)	(280,417)	(90,072)
Increase / (decrease) in liabilities					
Payable against purchase of investments	2,950	-	-	2,950	(8,590)
Payable to Al Meezan - pension fund manager	1,343	940	252	2,535	578
Payable to CDC - trustee of the Fund	14	12	3	29	16
Payable to SECP	(223)	(171)	(68)	(462)	(239)
Accrued expenses and other liabilities	1,703	323	104	2,130	1,517
	5,787	1,104	291	7,182	(6,718)
Net cash (used in) / inflow from operating activities	(124,651)	(111,987)	860	(233,218)	(65,225)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts of contribution	175,690	137,363	36,633	349,686	160,955
Payment on withdrawal	(119,760)	(70,139)	(23,113)	(213,012)	(137,546)
Net cash inflow from / (used in) financing activities	55,930	67,224	13,520	136,674	23,409
Net (decrease) / increase in cash and cash equivalents during the quarter	(68,721)	(44,763)	14,380	(99,104)	(41,816)
Cash and cash equivalents at beginning of the quarter	104,347	100,779	76,133	281,259	204,974
Cash and cash equivalents at end of the quarter	5	35,626	56,016	90,513	182,155
					163,158

The annexed notes from 1 to 14 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 quarter ended September 30, 2014 (Unaudited)

Contributions net of front end fee received during the quarter	September 30, 2014						September 30, 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>521,158</u>	<u>175,690</u>	<u>741,073</u>	<u>137,363</u>	<u>199,107</u>	<u>36,633</u>	<u>349,686</u>
							<u>160,955</u>

The annexed notes from 1 to 14 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 September 30, 2014 (Unaudited)

	September 30, 2014		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	----- Number of units -----		
Total units outstanding at beginning of the quarter	4,668,921	5,695,017	1,636,351
Add: Units issued / converted / reallocated during the quarter	521,158	741,073	199,107
Less: Units redeemed / converted / reallocated during the quarter	(342,695)	(363,214)	(122,194)
Total units in issue at the end of the quarter	4,847,384	6,072,876	1,713,264

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

The annexed notes from 1 to 14 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 quarter ended September 30, 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 as pension fund manager and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed and approved by the SECP on May 30, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The registered office of the pension fund manager of the Fund, is situated at Ground Floor, Block B Finance and Trade Centre Sharah-e-Faisal, Karachi 74400, 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 minimization 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 MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Fund have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the VPS Rules and directives issued by the SECP.

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

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.

5. BALANCES WITH BANKS

Note	Unaudited September 30, 2014				Audited June 30, 2014
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
	(Rupees in '000)				
On Current accounts	1,046	-	-	1,046	837
On Savings accounts	34,580	56,016	90,513	181,109	280,422
	<u>35,626</u>	<u>56,016</u>	<u>90,513</u>	<u>182,155</u>	<u>281,259</u>

5.1 The balances in savings accounts have an expected profit which ranges from 3.72% to 9.20% (June 30, 2014: 3.72% to 9.20%) per annum.

6. INVESTMENTS

Held-for-trading

- shares of listed companies	6.1	1,627,236	-	-	1,627,236	1,426,835
- sukuk certificates	6.2	-	814,623	220,274	1,034,897	1,088,026
		<u>1,627,236</u>	<u>814,623</u>	<u>220,274</u>	<u>2,662,133</u>	<u>2,514,861</u>

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

	6.3	-	68,547	-	68,547	-
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Available-for-sale

- sukuk certificates	6.4	-	75,555	-	75,555	76,470
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Held to maturity

- Fund placements	6.5	-	100,986	-	100,986	-
		<u>1,627,236</u>	<u>1,059,711</u>	<u>220,274</u>	<u>2,907,221</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 quarter	Cost of purchase	Bonus / rights issue	Sales / Matured during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain / (loss)	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2 below)	Percentage of paid-up capital of investee company
	-----Rupees in '000-----	-----Rs in '000-----	-----Rs in '000-----	-----Number of shares-----	-----Rs in '000-----	-----Rupees in '000-----	-----Rupees in '000-----	-----Rupees in '000-----			
Equity Sub Fund											
Sector/ Companies											
Automobile and parts											
Agriauto Industries Limited (note 6.1.1)	45,000	-	-	-	-	45,000	4,343	5,728	1,385	0.34	0.16
Indus Motor Company Limited	20,655	-	-	-	-	20,655	11,111	15,206	4,095	0.91	0.03
Pak Suzuki Motor Company Limited	115,733	5,000	1,410	-	-	120,733	33,108	34,322	1,214	2.06	0.15
Honda Atlas Cars Pakistan Limited	-	204,500	23,939	-	-	204,500	23,939	28,742	4,803	1.73	0.14
Chemicals											
Fauji Fertilizer Bin Qasim Limited	503,951	-	-	-	-	503,951	20,042	20,269	227	1.22	0.05
Fauji Fertilizer Company Limited	252,198	182,000	20,917	-	82,000	352,198	39,929	39,953	24	2.40	0.03
ICI Pakistan Limited	167,570	-	-	-	-	167,570	65,409	88,826	23,417	5.34	0.18
Construction and materials (Cement)											
DG Khan Cement Company Limited	1,083,897	50,000	3,728	-	205,000	928,897	81,045	74,033	(7,012)	4.45	0.21
Lucky Cement Limited	312,006	102,500	39,321	-	-	414,506	167,337	166,461	(876)	10.01	0.13
Fauji Cement Company Ltd.	2,165,000	430,000	8,761	-	-	2,595,000	50,416	50,577	161	3.04	0.19
Cherat Cement Company Limited	137,500	-	-	-	-	137,500	9,003	7,203	(1,800)	0.43	0.13
Pioneer Cement Company Limited	142,000	50,000	2,686	-	-	192,000	9,312	10,143	831	0.61	0.08
Kohat Cement Company Limited	-	50,000	5,910	-	-	50,000	5,910	6,044	134	0.36	0.03
Electricity											
The Hub Power Company Limited	1,735,745	198,500	12,577	-	-	1,934,245	114,535	123,753	9,218	7.44	0.17
Kohinoor Energy Limited	155,000	-	-	-	-	155,000	6,420	6,739	319	0.41	0.09
Pakgen Power Limited	176,000	-	-	-	-	176,000	3,175	3,184	9	0.19	0.05
K-Electric Limited (formerly Karachi Electric Supply Company Limited)	2,840,000	-	-	-	500,000	2,340,000	19,867	18,065	(1,802)	1.09	0.02
Fixed line telecommunication											
Pakistan Telecommunication Company Limited "A"	1,888,200	25,000	588	-	-	1,913,200	48,680	44,597	(4,083)	2.68	0.05
Food producers											
Engro Foods Limited	254,600	-	-	-	100,000	154,600	15,851	15,608	(243)	0.94	0.02
General industrials											
Packages Limited	210,251	22,000	11,324	-	-	232,251	116,779	142,725	25,946	8.59	0.28
Thal Limited (note 6.1.1)	28,645	25,000	5,375	-	-	53,645	11,316	12,928	1,612	0.78	0.07
Oil and gas											
National Refinery Limited	82,000	-	-	-	-	82,000	17,660	15,914	(1,746)	0.96	0.10
Oil and Gas Development Company Limited	436,016	64,400	16,813	-	-	500,416	130,735	123,633	(7,102)	7.44	0.01
Pakistan Oilfields Limited	200,050	14,000	8,221	-	-	214,050	123,109	113,755	(9,354)	6.84	0.09
Pakistan Petroleum Limited	344,457	162,900	37,520	-	-	507,357	114,795	114,688	(107)	6.90	0.03
Pakistan State Oil Company Limited	359,533	36,000	13,491	-	40,000	355,533	137,741	128,152	(9,589)	7.71	0.13
Attock Petroleum Limited	41,920	-	-	-	-	41,920	24,726	22,747	(1,979)	1.37	0.05
Attock Refinery Limited	1,500	20,000	3,994	-	-	21,500	4,312	4,405	93	0.26	0.03
Mari Petroleum Company Limited	100,000	-	-	-	-	100,000	37,343	43,577	6,234	2.62	0.11
Personal Goods (Textile)											
Nishat Mills Limited	670,000	50,000	5,142	-	-	720,000	80,128	85,680	5,552	5.15	0.20
Pharma and bio tech											
Abbott Laboratories (Pakistan) Limited	64,600	5,000	2,946	-	25,000	44,600	25,609	27,046	1,437	1.63	0.05
Ferozsons Laboratories Limited	35,000	5,000	988	-	5,000	35,000	7,923	14,222	6,299	0.86	0.12
Engineering											
K.S.B Pumps Company	47,000	-	-	-	-	47,000	3,910	5,011	1,101	0.30	0.36
Multiutilities (Gas and Water)											
Sui Northern Gas Pipelines Limited	625,000	-	-	-	-	625,000	14,156	13,300	(856)	0.80	0.10
Total			<u>225,651</u>				<u>1,579,674</u>	<u>1,627,236</u>	<u>47,562</u>		

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

6.1.2 Net assets value is 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 quarter	Cost of purchase	Sales during the quarter	Maturity during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised loss	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-----						
Debt Sub Fund												
GoP - Ijara sukuk - IX (note 6.2.1)	December 26, 2014	Weighted average 6 months T-Bills	2,590	-	-	-	-	2,590	262,315	259,699	(2,616)	22.99
GoP - Ijara sukuk - X (note 6.2.1)	March 02, 2015	.....do.....	1,438	-	-	-	-	1,438	146,618	144,864	(1,754)	12.82
GoP - Ijara sukuk - XI (note 6.2.1)	April 30, 2015	.....do.....	600	-	-	-	-	600	61,314	60,798	(516)	5.38
GoP - Ijara sukuk - XII (note 6.2.1)	June 28, 2015	.....do.....	850	-	-	-	-	850	87,406	86,114	(1,292)	7.62
GoP - Ijara sukuk XIV (note 6.2.1)	March 28, 2016	.....do.....	3	-	-	-	-	3	311	306	(5)	0.03
GoP - Ijara sukuk XV (note 6.2.1)	June 25, 2017	.....do.....	3,080	-	-	450	-	2,630	263,000	262,842	(158)	23.27
									<u>820,964</u>	<u>814,623</u>	<u>(6,341)</u>	
Money Market Sub Fund												
GoP - Ijara sukuk - IX (note 6.2.1)	December 26, 2014	Weighted average 6 months T-Bills	1,200	-	-	-	-	1,200	121,536	120,324	(1,212)	38.02
GoP - Ijara sukuk - X (note 6.2.1)	March 02, 2015	.....do.....	180	-	-	-	-	180	18,353	18,133	(220)	5.73
GoP - Ijara sukuk - XI (note 6.2.1)	April 30, 2015	.....do.....	120	-	-	-	-	120	12,263	12,160	(103)	3.84
GoP - Ijara sukuk - XII (note 6.2.1)	June 28, 2015	.....do.....	145	-	-	-	-	145	14,910	14,690	(220)	4.64
GoP - Ijara sukuk XV (note 6.2.1)	June 25, 2017	.....do.....	550	-	-	-	-	550	55,000	54,967	(33)	17.37
									<u>222,062</u>	<u>220,274</u>	<u>(1,788)</u>	

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

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

Name of the investee company	Maturity date	Profit rate per annum	As at July 1, 2014	Purchases during the quarter	Cost of purchase	Sales during the quarter	Redemptions during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2)
			Number of certificates	Rs in '000	Number of certificates	-----Rupees in '000-----						
Debt Sub Fund												
Eden Housing Limited (note 6.3.1)	September 29, 2014	3 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	-	-	-	-
K-Electric Limited (formerly Karachi Electric Supply Company Limited) - I	April 19, 2015	1 months Kibor plus base rate of 1.0%	-	3,000	15,075	-	-	3,000	15,075	15,076	1	1.33
K-Electric Limited (formerly Karachi Electric Supply Company Limited) - II	March 19, 2017	3 months Kibor plus base rate of 2.25%	-	14,400	73,090	4,000	-	10,400	52,830	53,471	641	4.73
Security Leasing Corporation Limited II (note 6.3.2)	January 19, 2022	-	156	-	-	-	2	154	-	-	-	-
					<u>88,165</u>				<u>67,905</u>	<u>68,547</u>	<u>642</u>	
Money Market Sub Fund												
Security Leasing Corporation Limited II (note 6.3.2)	January 19, 2022	-	156	-	-	-	2	154	-	-	-	-
K-Electric Limited (formerly Karachi Electric Supply Company Limited) - I	April 19, 2015	1 months Kibor plus base rate of 1.0%	-	1,000	5,025	1,000	-	-	-	-	-	-
					<u>5,025</u>				<u>-</u>	<u>-</u>	<u>-</u>	

6.3.1 The principal buy out reduces the face value per certificate instead of number of certificates. The face value of the sukuk certificates is Rs.984.38 each.

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

6.3.3 Provision on sukuk certificates

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
	(Rupees in '000)	
Debt Sub Fund		
Opening	1,271	-
Reversal of Provision for the period against Sukuk certificates	(8)	1,271
Closing	<u>1,263</u>	<u>1,271</u>
Money Market Sub Fund		
Opening	779	-
Reversal of Provision for the period against Sukuk certificates	(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 quarter	Cost of purchase	Sales during the quarter	Maturity during the quarter	As at September 30, 2014	Carrying value as at September 30, 2014	Market value as at September 30, 2014	Unrealised gain	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2)
			Number of certificates	Rs in '000	Number of certificates	-----Rupees in '000-----						
Debt Sub Fund												
GoP - Ijara sukuk - X (note 6.2.1)	March 02, 2015	Weighted average 6 months T-Bills	750	-	-	-	-	750	75,243	75,555	312	6.69
									<u>75,243</u>	<u>75,555</u>	<u>312</u>	

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

	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014 (Rupees in '000)
Debt Sub Fund		
Market value of investments	75,555	76,470
Less: Cost of investments	<u>75,243</u>	<u>75,243</u>
	312	1,227
Less: Net unrealised diminution on re-measurement of investments classified as 'available for sale' at beginning of the quarter	<u>(1,227)</u>	<u>-</u>
	<u>(915)</u>	<u>1,227</u>

6.5 Held to maturity' - Fund placements

Name of the Bank	Face Value						Carrying value as at September 30, 2014	Rating	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2)
	Maturity date	Profit rate per annum	As at July 1, 2014	Purchases during the quarter	Matured during the quarter	As at September 30, 2014			
Debt Sub Fund									
MCB Bank Limited - Islamic Banking	February 23, 2015	9.00%	-	100,000	-	100,000	100,986	AAA	8.85

7. OTHER ASSETS

Particulars	Number of Rights	Underlying	Fair value	
			September 30, 2014 (Rupees in '000)	June 30, 2014
Entitlement of Letter of Rights - Cherat Cement Company Limited	93,500	Equity indices	<u>2,560</u>	<u>-</u>

Unaudited September 30, 2014				Audited June 30, 2014
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total

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

8. PROFIT RECEIVABLE

Profit receivable on	2,517	2,784	2,816	8,117	8,997
- saving accounts with banks	-	19,234	5,383	24,617	10,136
- sukuk certificates	2,517	22,018	8,199	32,734	19,133

9. ACCRUED EXPENSES AND OTHER LIABILITIES

Charity payable	1,357	-	-	1,357	1,046
Brokerage Payable	-	8	3	11	5
Provision for Workers' Welfare Fund	10	13,216	2,366	685	14,559
		14,573	2,374	688	15,610

10. WORKERS' WELFARE FUND (WWF)

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

The Management Company believes that the aforementioned constitutional petition pending in the SHC has strong grounds for decision in favour of the mutual funds. 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 June 30, 2014 amounting to Rs. 13.216 million, Rs. 2.366 million and Rs. 0.685 million which includes Rs. 1.357 million, Rs. 0.283 million and Rs. 0.068 million pertaining to the current financial period and Rs. 11.859 million, Rs. 2.083 million and Rs. 0.617 million pertaining to prior 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. 2.73 (0.80%), Rs. 0.39 (0.21%) and Rs. 0.40 (0.22%) 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.

11. 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 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 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, Directors and executives of the pension fund manager and Al Meezan Investment Management Limited - Employees Gratuity Fund and participant / unit holder holding 10% or more of the sub Fund.

Remuneration payable to the pension fund manager and the trustee is determined in accordance with the provisions of VPS Rules 2005 and the trust deed respectively. Transactions with connected persons / related parties are in 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:

Unaudited September 30, 2014				Audited June 30, 2014
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total

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

Investment by:

Al Meezan - pension fund manager

As at September 30, 2014 (Equity sub fund: 260,077 units;
Debt sub fund: Nil units; Money market sub fund: Nil
units) As at June 30, 2014 (Equity sub fund: 260,077
units; Debt sub fund: Nil units; Money market sub fund:
Nil units)

<u>89,186</u>	<u>-</u>	<u>-</u>	<u>89,186</u>	<u>85,620</u>
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Directors and executives of the pension fund manager

As at September 30, 2014 (Equity sub fund: 506,265 units;
Debt sub fund: 414,225 units; Money market sub fund:
76,364 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)

<u>173,608</u>	<u>77,050</u>	<u>14,108</u>	<u>264,766</u>	<u>234,636</u>
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Unaudited September 30, 2014				Unaudited September 30, 2013
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total

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

Directors and executives of the pension fund manager

Units issued during the year (Equity sub fund: 57,493
units; Debt sub fund: 40,009 units; Money market
sub fund: 8,674 units)

<u>19,001</u>	<u>7,403</u>	<u>1,595</u>	<u>27,999</u>	<u>10,627</u>
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Unaudited September 30, 2014				Unaudited September 30, 2013
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total

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

Units redeemed / reallocated during the year (Equity sub fund: 7,122 units; Debt sub fund: 14,904 units; Money market sub fund: 3,444 units)	2,390	2,756	632	5,778	2,802
AI Meezan - Pension Fund Manager Remuneration					
Remuneration payable at beginning of the quarter	1,811	1,196	348	3,355	2,010
Remuneration for the quarter	6,043	4,097	1,157	11,297	6,901
	7,854	5,293	1,505	14,652	14,235
Amount paid during the quarter	(5,827)	(3,924)	(1,120)	(10,871)	(11,965)
Balance at the end of the quarter	2,027	1,369	385	3,781	2,215
Sales tax and Federal Excise Duty on management fee					
Sales tax and federal excise duty payable at beginning of the quarter	2,839	2,066	694	5,599	535
Sales tax and federal excise duty for the quarter	2,018	1,368	386	3,772	2,313
	4,857	3,434	1,080	9,371	2,848
Amount paid during the quarter	(891)	(601)	(171)	(1,663)	(2,018)
Balance at the end of the quarter	3,966	2,833	909	7,708	830
Total payable at the end of the quarter	5,993	4,202	1,294	11,489	3,100
Meezan Bank Limited					
Bank balance	9,909	6,913	3,483	20,305	10,629
Profit on savings accounts	376	296	148	820	59
Central Depository Company of Pakistan Limited - trustee of the Fund					
Balance at the beginning of the quarter	143	94	27	264	186
Remuneration for the quarter	470	319	90	879	589
CDS charges for the quarter	68	4	2	74	11
	681	417	119	1,217	786
Amount paid during the quarter	(524)	(311)	(89)	(924)	(584)
Balance at the end of the quarter	157	106	30	293	202

12. FAIR VALUE OF FINANCIAL INSTRUMENTS


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

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

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

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



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

During the quarter ended September 30, 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.

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 29, 2014 by the Board of Directors of the Management Company.

14. GENERAL

Figure have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director