

# DIGNIFIED PROFITS



HALF YEARLY  
REPORT  
DECEMBER 31,  
2016







**HALFYEARLY REPORT**  
DECEMBER 31, 2016  
(UNAUDITED)

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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 OF THE FUNDS

The Board of Directors of Al Meezan Investment Management Limited is pleased to present the un-audited (reviewed) financial statements of the following open end funds and a voluntary pension scheme for the half year ended December 31, 2016:

### Equity Funds

- Meezan Islamic Fund
- Al Meezan Mutual Fund
- KSE-Meezan Index Fund
- Meezan Energy Fund

### Income Funds

- Meezan Islamic Income Fund
- Meezan Sovereign Fund

### Money Market Fund

- Meezan Cash Fund

### Balanced Fund

- Meezan Balanced Fund

### Fund of Fund

- Meezan Financial Planning Fund of Funds
- Meezan Strategic Allocation Fund
- Meezan Capital Preservation Fund - II

### Asset Allocation

- Meezan Asset Allocation Fund

### Commodity Fund

- Meezan Gold Fund

### Pension Fund

- Meezan Tahaffuz Pension Fund

### Economic Review:

After clocking in a GDP growth rate of 4.7% during FY16 on the back of strong growth in the industrial and services sector, Pakistan's economy continued on the same note in FY17 whereby its performance is being led by strong growth in the same sectors. First half of FY17 has witnessed stability in the economic growth numbers despite an ailing agricultural sector which has majorly been affected due to a decline in cotton output. This stability in growth was in part due to the stringent reforms applied under the mandatory guidelines of IMF.

Post the OPEC's meeting in September 2016, international oil prices recovered stabilizing above USD 50/barrel thereby directly resulting in an uptick in inflation numbers for Pakistan; CPI for 1HFY17 clocked in at 3.88% vs. 2.08% during the same period last year. Despite this increase in inflation, the real interest rate remained positive allowing the central bank to maintain its monetary policy stance of low interest rates and therefore, the policy rate was kept unchanged at 5.75% (it had been brought down by 25bps in May 2016). Growth in Private sector credit off-take has also improved whereby it increased by Rs. 376 billion during the first half of this fiscal year compared to an increase of Rs. 293 billion in the same period last year.



On the external account front, the trade deficit for 1HFY17 expanded by more than 17% to USD 12.58 billion due to a 2% YoY decline in exports of goods (USD 10.5 billion) and 6% YoY increase in imports (USD 21.3 billion). The current account deficit also expanded by 92% during the first six months of FY17 clocking in at 2.2% of GDP compared to 1.3% during the same period last year. Remittances declined by 2.37% to USD 9.45 billion during 6MFY17, adding further pressure on the current account position.

The government also worked well towards maintaining stability in the exchange rate during this period; in the interbank market, the rupee remained stable around Rs. 104.88/\$ while in the open market, it slid by 3% closing the year at Rs. 108.30/\$ after touching a low of around Rs. 109/\$. The IMF Extended Fund Facility program (3 year program worth USD 6.6 billion) also concluded successfully during the first half of this fiscal year with the receipt of the last tranche amounting to USD 102 million at the end of September 2016. The government also successfully raised capital from international debt market through issuance of a USD 1 billion Sukuks priced at 5.50% in October, 2016. The forex reserves which are currently hovering around their all-time high levels and amount to USD 23.2 billion, are expected to come under pressure as foreign currency loan repayments start during the current year.

Going forward, Pakistan's economy presents a promising case. Macroeconomic fundamentals are expected to continue improving on the back of reforms undertaken by the government, especially the efforts made to facilitate textile exports along with improved infrastructure spending as more projects in the transport and power sectors are added under the umbrella of the China Pakistan Economic Corridor (CPEC). It is pertinent to note though that weakening exports and remittances along with the un-competitiveness of our textile sector in the foreign markets pose challenges for the already pressured current account.

On the agriculture front as well, cotton output is expected to remain under pressure during the current year due to several factors which include decline in the area under cultivation. Pressure on the external account could continue as well on the back of uncertain international oil prices. However, the government is progressing towards achieving its major targets of 1) keeping inflation below the target of 6%, 2) maintaining fiscal deficit at 4.3% of GDP and, 3) achieving GDP growth target of 5.7%. For now, the outcome of the ongoing Panama Case is uncertain and may keep the market volatile in the short-term. If political stability prevails, then reduction in political noise coupled with development on account of CPEC would lead to improved investor sentiment and a performing stock market in the long-run.

#### **Money Market Review:**

During the first six months of FY17, the State of Pakistan (SBP) stayed firm on its monetary policy stance as it maintained the status quo in its last bi-monthly Monetary Policy Statement (MPS) announced on November 26, 2016, keeping the discount rate at a record low level of 6.25% (and the target policy rate at 5.75%). The SBP cited that the expected stability in inflation, improvements in private sector credit off take and anticipated sustainability of forex reserves formed the basis for this decision. Further, uncertain global oil prices and potential interest rate hike by the US Fed were highlighted as key risks. Overall, the interest rates and government paper yields in the secondary market went up during 6MFY17; the 3 months and 6 months KIBORs were up by 7-9 bps closing at 6.12% and 6.15% respectively while the T-bills and PIB yields also increased by 8-15 bps and 64-93 bps respectively during the period under review.

On the liquidity front, the Money Market faced a relatively tight liquidity scenario during this period, evidenced by Rs. 27.32 trillion worth of OMO injections carried out by the SBP coupled with Rs. 562 billion worth of discounting availed by various counters in comparison to Rs. 319 billion worth of OMO mop-ups and Rs. 50 billion worth of floor placements. Alongside, 12 T-bill and 6 PIB auctions were conducted during the period. In T-bills, with a cumulative maturity of Rs. 1.9 trillion, Rs. 2.4 trillion was accepted against a participation of Rs. 4.1 trillion thereby showing a net borrowing of Rs. 459 billion. In PIBs, cumulatively there was a maturity of Rs. 1.72 trillion (out of which Rs. 1.35 trillion was due in the month of July, 2016 alone) while Rs. 632 billion was accepted against a participation of Rs. 1.22 trillion thereby showing a debt retirement of Rs. 1.1 trillion. It is pertinent to mention here that the SBP has rejected the last three PIB auctions due to higher yield bidding by the market participants.

Inflation for the month of December, 2016 clocked in at 3.70% as compared to 3.81% in November 2016 and 3.19% in December, 2015. The average inflation during 6MFY17 stands at 3.88% compared to 2.09% during the same period last year. The trends in international oil and commodity prices are expected to keep the inflation in check and under the SBP's FY17 target of 5.5-6.0%.

The Shariah compliant end of the money market has been facing ongoing excess liquidity issue due to shortage of viable investment avenues. No GoP Ijarah auction has been carried out since April 2016 and currently there are only four GoP Ijarah outstanding (two fixed rate and two floaters) cumulatively amounting to Rs. 364 billion in comparison to Islamic Banks deposit size of around Rs. 1.50 trillion. In the absence of any fresh Ijarah issue, a huge maturity of Bai Muajjal amounting to Rs. 234 billion in November, 2016 has pushed the Islamic market into a graver liquidity crisis whereby for the first time, a reduction in profit rates by Islamic Banks in the month of December was observed and the same has negatively impacted the returns of Islamic Mutual funds. While the government has not carried out any Ijarah auction locally, a US dollar denominated international Sukuks of USD 1 billion has been issued in October 2016. The deal marked Pakistan's return to the international Sukuks market after a two-year gap; in its last auction, the government had managed to raise USD 1 billion in 2014.

On the forex front, during the period under review, the rupee remained relatively stable in the interbank market where it closed just 4 paisa weaker at Rs. 104.88/\$ while in the open market, it witnessed around a 3% slide closing Rs. 3.20 weaker at Rs. 108.30/\$.

#### **Equity Review**

During 1HFY17, the KMI-30 Index posted a healthy return of 23.6% to close at 81,795 pts while the KSE-100 Index posted a return of 26.5% to close at 47,807 pts. Investors' participation in the market also remained higher with the KMI-30 index's volumes up by 40.3% and the KSE-100 index's volumes up by 28.6%.

The fiscal year started on a positive note as the market continued its momentum on the back of MSCI's announcement at the end of last fiscal year regarding Pakistan's reclassification into the Emerging markets category. The market's strong performance was attributable to a positive investor sentiment and significant local interest in the scrips expected to be included in the MSCI's Emerging Markets Index. Globally, concerns regarding Britain's exit from the European Union, unsettled investors, however, the local equity market remained largely unaffected as the emerging market euphoria kept the investors excited. During the period, the market saw volatility for a brief time period as concerns, both local and international took over. Locally, the opposition parties continued to put pressure on the government due to the Panama scandal and announced protests and rallies; the Panama case still remains under court deliberation which investors are keenly following. On the international front, border tensions between India and Pakistan escalated towards the end of 1QFY17 after a terrorist attack on Indian soldiers in Occupied Kashmir; however, subsequently these tensions subsided.

Another international highlight during the period was the US presidential election which kept the global equities volatile initially; the US voters elected Mr. Donald Trump as their president and contrary to the president elect's hard-liner campaigns, his initial speech was perceived to be on a lighter note which triggered an excitement in the international investors, thereby leading the global equities to newer highs. With solidifying confidence in the US economy backed by strong labor market data, the Fed increased interest rates in December, in line with market expectations. The local market saw increased foreign selling after the rate hike amidst a strengthening dollar, however local participation remained strong on account of positive economic expectations and excess liquidity thereby negating the pressure created by foreign selling. The Index subsequently touched record high levels with the KMI-30 Index closing at the highest level of 81,917 pts while the KSE-100 closed at the highest level of 47,807 pts by the end of December 2016.

Oil prices also rallied during the half year period after meeting of OPEC members towards the end of September 2016 resulted in oil producers agreeing to freeze output at 32.5-33 million barrels/day. Non-OPEC members later

joined the agreement as well, which provided further strength to the commodity; resultantly, Brent crude closed 9.04% up at USD 56.82/barrel during the half year period.

The period under review saw increased volumes in second and third tier scrips of the Index with names like Dewan Cement, Bank of Punjab, TRG, K-Electric and Sui South driving the market activity. Along with these second and third tier stocks, top tier stocks also added to market performance with the best performing sectors being Oil & Gas, Autos, Pharmaceuticals and Cements. On the other hand, the Fertilizer sector remained laggard during the period.

#### Demutualization of Pakistan Stock Exchange

In order to bring about administrative efficiency and encourage market activity, Pakistan's three stock exchanges had been merged into a single stock exchange by the name of Pakistan Stock Exchange (PSX) during the last fiscal year. During 1HFY17, the demutualization strategy of PSX was put into effect with a Chinese Consortium acquiring 40% stake in PSX along with Habib Bank as the local partner. This is a positive development for the market as this investment testifies the strong confidence of foreign investors as well in the local market while the liquidity generated will further increase market participation.

Going forward, particular events to watch out for include the pending decision on the ongoing Panama Case and the expected foreign flows once the MSCI reclassification is put into effect during the next six months. Fundamentals of the local market stay strong; Emerging Market reclassification has increased interest in Index stocks and market volumes whereas the regulator remains active in encouraging market volumes and increasing market transparency. In addition, foreign interest in long term investments in Pakistan shall be a confidence booster for local as well as international investors.

#### Corporate Profitability and major contributors to the Index

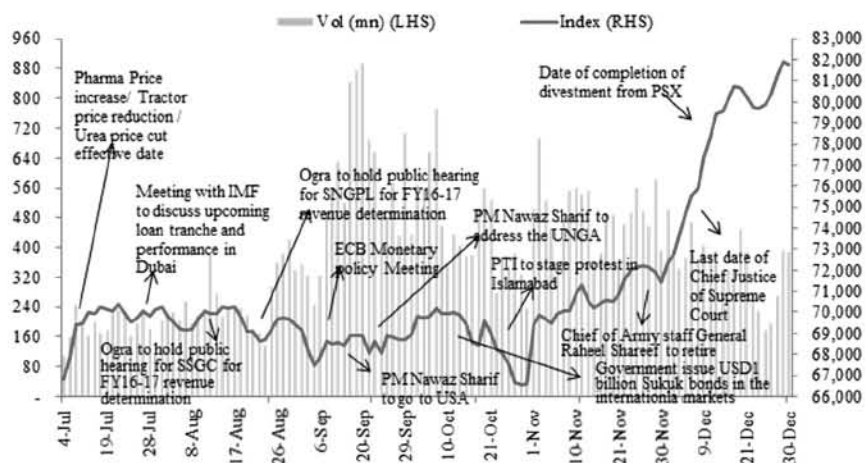
During 1HFY17, Autos and Oil & Gas remained the best performing sectors. The best performing stocks during the period were:

Positive Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Sui Northern Gas Pipeline	705	124.8
Honda Atlas Cars Pakistan Ltd.	720	86.2
Hascol Petroleum Ltd.	493	72.8
Pak Suzuki Motor Company Ltd.	407	60.4
Pakistan Oilfields Ltd.	1661	53.9

On the flip side, Fertilizers and Power remained the under-performing sectors. The under-performing stocks in KMI during the period were:

Negative Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Kot Addu power Company Ltd.	-370	-11.7
Engro Corporation Ltd.	-346	-5.1
Dawood Hercules Corporation Ltd.	-119	-3.1

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



### Equity Flows

Stock market witnessed outflows of USD 297 million by foreign investors during the half year. Highest outflow was recorded in Fertilizer Sector at USD 97 million mainly due to foreign selling in ENGRO and EFERT, followed by the Cement Sector with an outflow of USD 65 million, Oil & Gas exploration sector with an outflow of USD 64 million and Food sector of USD 36 million. Inflows were witnessed in the Oil & Gas marketing sector of USD 17 million and in Commercial Banks of USD 5 million. Foreign selling was countered locally by Mutual Funds who remained net buyers of USD 306 million. In addition, NBFCs were net buyers of USD 101 million and Companies bought stocks worth USD 60 million. Banks, Brokers and Individuals were net sellers with selling of USD 93 million, USD 33 million and USD 19 million respectively.

### Mutual Fund Industry Review

During the first six months of FY17, AUMs of mutual funds industry witnessed an increase of 28.2% to the size of Rs. 582 billion. Shariah Compliant AUMs increased by 48.3% during the period under review to Rs. 202 billion which brings share of Shariah Compliant funds at 34.7% in the mutual fund industry. Al Meezan's share in the overall Mutual Funds industry stands at 16.4% while among the Shariah Compliant Funds, it has a share of 47.2% as of December 31, 2016 compared to 14.8% and 53.9% in the corresponding period last year.

In terms of net assets, open end sovereign, money market and income funds showed a growth in size during the six months ended December 2016. The combined category showed a rise of 9.4% to reach Rs 219 billion at period end. While conventional funds in this category rose by 4.6%, Shariah Compliant funds depicted a robust growth of 29.1%. Open end Equity funds (including index tracker), increased by 47.1% to Rs. 292 billion as of December 31, 2016 compared to Rs. 198 billion as on June 30, 2016. Conventional funds in this category rose by 38.8% while Shariah Compliant equity based funds showed an impressive growth of 63.0% in the period under review and stood at Rs. 111 billion.

Capital protected, balanced, and asset allocation funds combined rose by 32.5% to reach Rs 48 billion at period end. While conventional funds in this category rose by 12.0%, Shariah Compliant funds showed a commendable growth of 58.7% in the period under review and stood at Rs. 25 billion. Commodity funds in the industry increased to Rs. 698 million at the end of December 31, 2016 compared to Rs 688 million as on June 2016, reflecting a modest growth of 1.4%.

Voluntary Pension Funds grew by 19.1% during the period under review with their cumulative fund size clocking in over Rs. 22 billion mark, as on December 31, 2016. Shariah compliant Pension Funds also witnessed a decent growth of 23.6% in the period under review to clock in at Rs 14.2 billion as of December end. Meezan Tahaffuz Pension Fund (MTPF) continues to lead the pension fund market with a 36.9% market share while in the Shariah Compliant segment, MTPF holds a 58.1% share compared to 55.8% in the corresponding period last year.

#### Performance Review (Funds)

Funds	Type	Net Assets Rs. in millions	Growth in Net Assets for 1HFY17 (%)	Returns for 1HFY17 (%)	Benchmark for 1HFY17 (%)
Equity Funds					
Al Meezan Mutual Fund (AMMF)	Equity	8,176	50.89	25.28	23.63
Meezan Islamic Fund (MIF)	Equity	46,924	44.14	25.76	23.63
KSE Meezan Index Fund (KMIF)	Equity	1,097	24.43	22.32	23.63
Meezan Energy Fund (MEF)*	Equity	633	-	8.04	13.78
Fixed Income Funds					
Meezan Islamic Income Fund (MIIF)	Income	9,436	4.25	5.14	2.90
Meezan Cash Fund (MCF)	Money Market	3,607	5.11	4.62	3.23
Meezan Sovereign Fund (MSF)	Income	9,169	15.41	7.10	4.35
Balanced Fund					
Meezan Balanced Fund (MBF)	Balanced	7,092	50.65	15.21	13.59
Capital Preservation Scheme					
Meezan Capital Preservation Fund-II**	Capital Preservation	1,317	8.22	9.15	6.24
Fund of Funds					
Meezan Financial Planning Fund of Fund	Fund of Funds				
C Aggressive		688	55.35	18.72	16.12
C Moderate		820	123.68	13.54	12.90
C Conservative		457	39.90	8.58	6.47
C MCPP-I****		1,657	5.16	6.15	1.28
C MCPP-II		3,296	8.61	10.89	10.15
C MAAP-I		1,456	13.94	21.35	20.36
C MAAP-II		1,111	20.08	20.55	19.76
C MAAP-III		3,347	17.40	20.69	20.01
C MAAP-IV		1,043	96.08	18.93	18.31
Meezan Strategic Allocation Fund					
C Meezan Strategic Allocation Plan I***		2,757	265.27	10.84	11.55
C Meezan Strategic Allocation Plan II****		548	-	0.64	0.09
Commodity Fund					
Meezan Gold Fund (MGF)	Commodity	378	17.72	-10.10	-6.18
Asset Allocation Fund					
Meezan Asset Allocation Fund (MAAF)	Asset Allocation	934	103.13	20.25	19.06
Pension Fund Scheme					
Meezan Tahaffuz Pension Fund Scheme	Pension Fund				
C Equity sub Fund		5,407	31.90	24.40	
C Debt sub Fund		2,306	15.45	5.90	
C Money Market sub Fund		499	10.08	4.68	
C Gold Sub Fund*****		42	0.08	-11.90	

\*launched on Nov 29, 2016 \*\*matured on Dec 27, 2016 \*\*\*launched on Oct 19, 2016 \*\*\*\*launched on Dec 21, 2016  
\*\*\*\*\*matured on Oct 27, 2016 \*\*\*\*\*launched on August 6, 2016

**Meezan Islamic Fund**

The net assets of Meezan Islamic Fund (MIF) as at December 31, 2016 were Rs. 46,924 million as compared to Rs. 32,554 million at end of June 2016. The net asset value (NAV) per unit as at December 31, 2016 was Rs. 83.27 in comparison to Rs. 66.21 (Ex-Dividend) per unit as on June 30, 2016 providing a return of 25.76% during the half year to its investors as compared to benchmark KSE Meezan Index (KMI 30) return of 23.63%.

**AI Meezan Mutual Fund**

The net assets of AI Meezan Mutual Fund (AMMF) as at December 31, 2016 were Rs. 8,176 million as compared to Rs. 5,418 million at end of June 2016. The net asset value per unit as at December 31, 2016 was Rs. 22.54 as compared to Rs. 17.99 (Ex-Dividend) per unit on June 30, 2016, providing a return of 25.28% during the half year to its investors as compared to benchmark KSE Meezan Index (KMI 30) return of 23.63%.

**KSE Meezan Index Fund**

The net assets of KSE Meezan Index Fund (KMIF) as at December 31, 2016 were Rs. 1,097 million as compared to Rs. 881.63 million at June 30, 2016. The net asset value per unit at December 31, 2016 was Rs. 96.52 as compared to Rs. 78.91 (Ex-Dividend) per unit on June 30, 2016 providing a return of 22.32% during the half year to its investors, while the benchmark KSE Meezan Index (KMI 30) increased by 23.63%.

**Meezan Islamic Income Fund**

The net assets of Meezan Islamic Income Fund (MIIF) as at December 31, 2016 were Rs. 9,436 million as compared to Rs. 9,051 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 52.61 as compared to Rs. 51.28 (Ex-Dividend) per unit on June 30, 2016 providing an annualized return of 5.14% during the period as compared to the benchmark return of 2.90%.

**Meezan Sovereign Fund**

The net assets of Meezan Sovereign Fund (MSF) as at December 31, 2016 were Rs. 9,169 million as compared to Rs. 7,945 million at June 30, 2016. The net asset value per unit at December 31, 2016 was Rs. 52.62 as compared to Rs. 50.80 (Ex-Dividend) per unit on June 30, 2016, providing an annualized return of 7.10% to the investors during the period as compared to the benchmark return of 4.35%.

**Meezan Cash Fund**

The net assets of Meezan Cash Fund (MCF) at December 31, 2016 were Rs. 3,607 million as compared to Rs. 3,432 million at June 30, 2016. The net asset value per unit at December 31, 2016 was Rs. 51.31 as compared to Rs. 50.14 on June 30, 2016 providing an annualized return of 4.62% during the period as compared to the benchmark return of 3.23%.

**Meezan Balanced Fund**

The net assets of Meezan Balanced Fund (MBF) as at December 31, 2016 were Rs. 7,092 million as compared to Rs. 4,708 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 18.25 as compared to Rs. 15.84 per unit on June 30, 2016 providing a return of 15.21% to its investors as compared to benchmark return of 13.59%.

**Meezan Financial Planning Fund of Funds****Aggressive Allocation Plan**

The net assets of the plan were Rs. 688 million as at December 31, 2016 in comparison to Rs. 443 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 87.10 as compared to Rs. 73.37 per unit on June 30, 2016 providing a return of 18.72% to its investors as compared to benchmark return of 16.12%.

**Moderate Allocation Plan**

The net assets of the plan were Rs. 820 million at December 31, 2016 as compared to Rs. 367 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 74.16 as compared to Rs. 65.32 per unit on June 30, 2016 providing a return of 13.54% to its investors as compared to benchmark return of 12.90%.

**Conservative Allocation Plan**

The net assets of the plan as at December 31, 2016 were Rs. 457 million as compared to Rs. 327 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 65.92 as compared to Rs. 60.71 per unit on June 30, 2016 providing a return of 8.58% to its investors as compared to benchmark return of 6.47%.

**Meezan Capital Preservation Plan-I**

The plan matured on October 27, 2016 and its net assets at maturity were Rs. 1,657 million as compared to Rs. 1,576 million at June 30, 2016. The net asset value per unit as at October 27, 2016 was Rs. 50.00 (due to payout) as compared to Rs. 55.64 per unit on June 30, 2016 while its return during the period was 6.15% as compared to its benchmark return of 1.28%.

**Meezan Capital Preservation Plan-II**

The net assets of the plan as at December 31, 2016 were Rs. 3,296 million as compared to Rs. 3,035 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 56.25 as compared to Rs. 50.73 per unit on June 30, 2016 providing a return of 10.89% to its investors as compared to benchmark of 10.15%.

**Meezan Asset Allocation Plan-I**

The net assets of the plan as at December 31, 2016 were Rs. 1,456 million as compared to Rs. 1,278 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 65.57 as compared to Rs. 54.03 per unit on June 30, 2016 providing a return of 21.35% to its investors as compared to benchmark of 20.36%.

**Meezan Asset Allocation Plan-II**

The net assets of the plan as at December 31, 2016 were Rs. 1,111 million as compared to Rs. 925 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 66.00 as compared to Rs. 54.75 per unit on June 30, 2016 providing a return of 20.55% to its investors in comparison to benchmark return of 19.76%.

**Meezan Asset Allocation Plan-III**

The net assets of the plan as at December 31, 2016 were Rs. 3,347 million as compared to Rs. 2,851 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 65.21 as compared to Rs. 54.03 per unit on June 30, 2016 providing a return of 20.69% to its investors as compared to benchmark return of 20.01%.

**Meezan Asset Allocation Plan-IV**

The net assets of the plan as at December 31, 2016 were Rs. 1,043 million as compared to Rs. 532 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 57.59 as compared to Rs. 48.42 per unit on June 30, 2016 providing a return of 18.93% to its investors as compared to benchmark return of 18.31%.

**Meezan Capital Preservation Fund-II**

The net assets of the Fund as at December 27, 2016 (since the fund matured on this date) were Rs. 1,317 million as compared to Rs. 1,221 million at June 30, 2016. The net asset value per unit as at December 27, 2016 was Rs. 50.00 (due to dividend payout prior to maturity) as compared to Rs. 61.38 per unit on June 30, 2016 while it provided a return of 9.15% to its investors during the period as compared to its benchmark return of 6.24%.

**Meezan Gold Fund (MGF)**

The net assets of the Fund as at December 31, 2016 were Rs. 378 million as compared to Rs. 321 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 49.02 as compared to Rs. 54.53 per unit on June 30, 2016. During the period under consideration, the return on MGF remained negative by -10.10% (due to adverse movement in international prices of the precious commodity) as compared to benchmark return of -6.18%.

**Meezan Asset Allocation Fund**

The net assets of the Fund as at December 31, 2016 were Rs. 934 million as compared to Rs. 460 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 61.40 as compared to Rs. 51.06 per unit on June 30, 2016 providing a return of 20.25% to its investors as compared to benchmark return of 19.06% during the period.

**Meezan Strategic Allocation Fund*****Meezan Strategic Allocation Plan-I***

This plan was launched on October 19, 2016 and its net assets as at December 31, 2016 were Rs. 2,757 million. The net asset value per unit as at December 31, 2016 was Rs. 55.42 and the plan provided its investors a return of 10.84% during the period compared to benchmark return of 11.55%.

***Meezan Strategic Allocation Plan-II***

This plan was launched on October 19, 2016 and its net assets as at December 31, 2016 were Rs. 548 million. The net asset value per unit as at December 31, 2016 was Rs. 50.32 and the plan provided its investors a return of 0.64% during the period compared to benchmark return of 0.09%.

**Meezan Energy Fund**

The fund was launched on November 29, 2016 and its net assets as at December 31, 2016 were Rs. 633 million. The net asset value per unit as at December 31, 2016 was Rs. 54.02 providing a return of 8.04% to its investors as compared to benchmark return of 13.78% during the period.

**Meezan Tahaffuz Pension Fund (MTPF)**

MTPF comprises of four sub funds namely Equity sub fund, Debt sub fund, Money Market sub fund and Gold sub fund. For the period ended December 31, 2016, the performance review for each sub fund is given as under:

***Equity Sub Fund***

The net assets of this sub fund were Rs. 5,407 million at December 31, 2016 as compared to Rs. 4,099 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 611.98 as compared to Rs. 491.95 per unit on June 30, 2016 providing a return of 24.40% to its investors.

***Debt Sub Fund***

The net assets of the Debt sub fund as at December 31, 2016 were Rs. 2,306 million as compared to Rs. 1,997 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 210.56 as compared to Rs. 204.48 per unit on June 30, 2016 providing an annualized return of 5.90%.

***Money Market Sub Fund***

The net assets of the Money Market sub fund as at December 31, 2016 were Rs. 499 million as compared to Rs. 453 million at June 30, 2016. The net asset value per unit as at December 31, 2016 was Rs. 208.03 as compared to Rs. 203.23 per unit on June 30, 2016 providing an annualized return of 4.68% to its investors.



### **Gold Sub Fund**

The net assets of the Gold sub fund as at December 31, 2016 were Rs. 42 million; this sub fund was launched on August 6, 2016. The net asset value per unit as at December 31, 2016 was Rs. 88.10, translating into a loss of -11.90% during the period under review (due to adverse movement in the international gold prices).

### **Outlook**

Overall, Pakistan's stock market is expected to continue performing on account of positive economic expectations. The ongoing development under the CPEC will continue fuelling rapid economic growth which will not only drive growth in existing stocks, but will also pave way for the development of new businesses that shall keep the economic growth thriving for the country. Alongside, on the basis of various valuation multiples, most importantly the P/E multiple, Pakistan's stock market is still trading at a reasonable discount and has ample room for growth before its valuation reaches at par with the regional peers so the attractiveness of our market for international investors is expected to stay intact on account of this growth potential. Another factor keeping the interest of international investors alive for PSX is the reclassification of Pakistan in MSCI's Emerging Markets category for which the list of stocks to be added in the MSCI Emerging Markets Index are expected to be announced during the first half of CY17. The investment flow expected from various international emerging markets funds towards these stocks is expected to keep the stock market on an upward trajectory. Moreover, flows from the international investors are also expected to be positive on account of privatization of the PSX whereby 40% of the stock exchange's stake has been sold to a Chinese consortium of three Chinese exchanges - China Financial Futures Exchange Company Limited (lead bidder), Shanghai Stock Exchange and Shenzhen Stock Exchange.

On account of a low interest rate environment and ongoing reforms in the regulatory regime of the real estate sector in the country, various investors have diverted their liquidity towards the stock market in the hunt for higher returns and this continued liquidity influx will also add to the stock market's growth momentum. In the near term however, the ongoing Panama Leaks Case against the Prime Minister and geopolitical tensions between Pakistan and India on account of sudden cross border escalations might add volatility to the market but in the long-term, based on the positives mentioned above, the market is expected to stay strong and performing.

### **Acknowledgement**

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

For and on behalf of the Board.

**Date: February 8, 2017**

**Mohammad Shoaib, CFA**  
Chief Executive Officer

## ڈائریکٹرز رپورٹ

المیزان انویسٹمنٹ مینجمنٹ لمیٹڈ کا بورڈ آف ڈائریکٹرز درج ذیل اوپن اینڈ فنڈز اور والیٹری پنشن اسکیم کے 31 دسمبر 2016ء کو ختم ہونے والے نصف سال کیلئے نظر ثانی شدہ مالیاتی گوشواروں کو پیش کرتے ہوئے خوشی محسوس کر رہا ہے:

### ایکویٹی فنڈز

- میزان اسلامک فنڈ
- المیزان میوچل فنڈ
- کے ایس ای- میزان انڈیکس فنڈ
- میزان انرجی فنڈ

### آگم فنڈز

- میزان اسلامک آگم فنڈ
- میزان سوورن فنڈ

### منی مارکیٹ فنڈ

- میزان کیش فنڈ

### بیلنسڈ فنڈ

- میزان بیلنسڈ فنڈ

### فنڈ آف فنڈز

- میزان فنانشل پلاننگ فنڈ آف فنڈز
- میزان اسٹریٹیجک ایلوکیشن فنڈ
- میزان ہیٹل پریزرویشن فنڈ-II

### ایسیٹ ایلوکیشن

- میزان ایسیٹ ایلوکیشن فنڈ

### کموڈٹی فنڈ

- میزان گولڈ فنڈ

### پنشن فنڈ

- میزان تحفظ پنشن فنڈ

### اقتصادی جائزہ:

مالی سال 2016ء کے دوران صنعتی اور خدمات کے شعبہ جات میں مستحکم نشوونما کی مدد سے مجموعی ملکی پیداوار کی 4.7 فی صد شرح نمو کے بعد، پاکستانی معیشت مالی سال 2017ء میں اسی تسلسل کو برقرار رکھے ہوئے ہے۔ جہاں اُس کی کارکردگی ان ہی شعبہ جات میں مستحکم ترقی کے ساتھ آگے بڑھ رہی ہے۔ مالی سال 2017ء کے پہلے نصف میں زرعی شعبہ کی خراب حالت کے باوجود جو کہ کپاس کی پیداوار میں کمی کی وجہ سے بری طرح متاثر ہوئی، اقتصادی ترقی کے اعداد میں استحکام کا مشاہدہ کیا گیا۔ شرح نمو میں یہ استحکام آئی ایم ایف کی لازمی رہنما اصولوں کے تحت بروئے کار لائی جانے والی سخت اصلاحات کے سبب سے تھا۔

ستمبر 2016ء میں اوپیک کے اجلاس کے بعد، تیل کی عالمی قیمتوں میں بہتری آئی اور وہ 50 امریکی ڈالر فی بیرل سے اوپر مستحکم ہوئیں جس کا براہ راست نتیجہ یہ نکلا کہ پاکستان کیلئے افراط زر کے اعداد میں اضافہ ہو گیا، مالی سال 2017ء کیلئے کنزیومر پرائس انڈیکس (سی پی آئی) گزشتہ سال کے اس عرصے کے دوران 2.08% کے مقابلے میں 3.88% پر پہنچ گیا۔ افراط زر میں اضافے کے باوجود، سود کی اصل شرح مثبت رہی جس سے مرکزی بینک کو شرح سود میں کمی کی اُس کی مالی پالیسی کے موقف کو برقرار رکھنے میں مدد ملی اور اس لیے پالیسی کی شرح 5.75% پر غیر تبدیل شدہ ہی رہی (یہ مئی 2016ء میں 25 بی پی ایس کم کی گئی تھی)۔ نجی شعبہ کے کریڈٹ آف۔ فیک میں اضافہ بھی بہتر رہا جو کہ گزشتہ سال کے اس عرصہ کے دوران 293 ارب روپے کے اضافے کے مقابلے میں اس مالی سال کے پہلے نصف کے دوران 376 ارب روپے تک بڑھ گیا۔

بیرونی قرضہ جات کے لحاظ پر، مالی سال 2017ء کے پہلے نصف کیلئے تجارتی خسارہ 17% اضافہ سے 12.58 ارب امریکی ڈالر تک پھیل گیا اس کی وجہ اشیا کی برآمدات میں سال بہ سال 2% کمی کی (10.5 ارب امریکی ڈالر) اور درآمدات میں سال بہ سال 6% اضافہ ہے (21.3 ارب امریکی ڈالر)۔ کرنٹ اکاؤنٹ خسارہ بھی مالی سال 2017ء کے پہلے شش ماہی کے دوران 92% پھیل گیا جو کہ گزشتہ سال کے اس عرصے کے دوران 1.3% کے مقابلے میں مجموعی ملکی پیداوار کا 2.2% تک جا پہنچا۔ مالی سال 2017ء کی پہلی شش ماہی کے دوران ترسیلات زر میں 2.37% کمی سے 9.45 ارب امریکی ڈالر رہے۔ جس نے حسابات جاری کی صورت حال پر مزید باؤ برقرار رکھا۔

اس عرصے کے دوران حکومت نے بھی شرح تبادلے میں استحکام برقرار رکھنے کی جانب کافی اچھا کام کیا، انٹرنیٹ مارکیٹ میں روپے کی قدر 104.88 روپے فی ڈالر کے لگ بھگ مستحکم رہی جبکہ اوپن مارکیٹ میں 3% کمی کے سال کے اختتام پر تقریباً 109 روپے فی ڈالر کی کم سطح کو چھونے کے بعد 108.30 روپے فی ڈالر رہا۔ آئی ایم ایف ایکسٹینڈیڈ فنڈ فیسلٹی پروگرام (6.6 ارب امریکی ڈالر مالیت کا 3 سالہ پروگرام) ستمبر 2016ء کے اختتام پر 102 ملین امریکی ڈالر مالیت کے آخری قسط کے حصول کے ساتھ اس مالی سال کی پہلی شش ماہی کے دوران کامیابی سے اختتام کو پہنچا۔ حکومت نے کامیابی کے ساتھ عالمی قرضہ مارکیٹ سے ایک ارب امریکی ڈالر صلوک کے اجراء کے ذریعے اکتوبر 2016ء میں 5.5% کی قیمت پر سرمایہ بھی حاصل کیا۔ زرمبادلہ کے ذخائر جو اس وقت اپنے تمام قوتوں میں بلند ترین سطح پر ہیں اور ان کی مالیت 23.2 ارب امریکی ڈالر ہے، توقع کی جارہی ہے کہ وہ زبرد باؤ رہیں گے کیونکہ سال رواں کے دوران غیر ملکی قرضہ جات کی واپسی شروع ہونے والی ہے۔

آگے بڑھتے ہوئے، پاکستانی معیشت اُمید افزا صورت حال پیش کر رہی ہے۔ وسیع تر معیشت کی مبادیات سے توقع ہے کہ وہ حکومت کی جانب سے بروئے کار لائی گئی اصلاحات کے نتیجے میں بہتری کے تسلسل کو جاری رکھیں گی، خاص طور پر ٹیکسٹائل کی برآمدات کے سلسلے میں فراہم کی گئی سہولیات اور انفراسٹرکچر میں زیادہ خرچ کرنے کی وجہ سے جیسا کہ چین پاک اقتصادی راہداری کی زیر سایہ ٹرانسپورٹ اور توانائی کے شعبہ جات میں کئی نئے منصوبے بھی شامل کر لیے گئے ہیں۔ اگرچہ یہ بات قابل توجہ ہے کہ کمزور ہوتی برآمدات اور ترسیلات زر شرح بیرونی منڈیوں میں ہمارے ٹیکسٹائل کے شعبہ کی غیر مسابقت پہلے سے زبرد باؤ حسابات جاری کیلئے کئی مشکلات پیش کر رہے ہیں۔

زرعی لحاظ پر بھی، کپاس کی پیداوار اور سال رواں کے دوران دباؤ کا شکار رہے گی جس کی وجہ متعدد عناصر ہیں جس میں زیر کاشت رقبے میں کمی بھی شامل ہے۔ بیرونی حسابات پر دباؤ کا تسلسل بھی جاری رہے گا جس کی وجہ تیل کی عالمی قیمتوں میں غیر یقینی صورتحال ہے، تاہم حکومت اپنے بڑے اہداف کے حصول کی جانب تیزی سے آگے بڑھ رہی ہے:

- 1- افراط زر کو 6% سے کم رکھا جائے۔
  - 2- مالیاتی خسارے کو مجموعی ملکی پیداوار کے 4.3% پر برقرار رکھا جائے۔
  - 3- مجموعی ملکی پیداوار کی شرح نمو 5.7% حاصل کی جائے۔
- فی الوقت جاری پانامہ کیس کا نتیجہ غیر یقینی صورتحال کا شکار ہے اور یہ مارکیٹ کو مختصر عرصے میں غیر یقینی کا شکار رکھ سکتا ہے۔ اگر سیاسی استحکام جاری رہتا ہے تو سیاسی شوثر ابلے میں کمی اور سی پیک میں پیش رفت کی وجہ سے سرمایہ کاروں کے توقعات میں بہتری آ سکتی ہے اور طویل عرصے کیلئے اسٹاک مارکیٹ کارکردگی کا مظاہرہ کرے گی۔

### بازار زر کا جائزہ:

مالی سال 2017ء کی پہلی شش ماہی کے دوران بینک دولت پاکستان اپنی مالیاتی پالیسی کے موقف پر قائم رہا جیسا کہ وہ 26 نومبر 2016ء کو اعلان کردہ اپنے پندرہ روزہ مالیاتی پالیسی اسٹیٹمنٹ (ایم پی ایس) میں وضع موجود (Status quo) کو برقرار رکھتے ہوئے، شرح رعایت کو 6.25% کو یکاؤم سطح پر قائم رہا (اور ٹارگیٹ پالیسی ریٹ کو 5.75% پر)۔ بینک دولت پاکستان کا کہنا ہے کہ افراط زر میں متوقع استحکام، نجی شعبہ کے کریڈٹ آف۔ نیک میں بہتری اور زرمبادلہ کے ذخائر کی پیش بین پائیداری نے ان کے اس فیصلے کیلئے بنیاد فراہم کی ہے مزید یہ کہ ”غیر یقینی تیل کی عالمی قیمتیں اور امریکہ کی جانب سے ممکنہ شرح سود میں اضافہ بنیادی خطرات و خدشات کے اہم ترین پہلو تھے۔ مجموعی طور پر شرح ہائے سود اور ساتھ ہی مارکیٹ میں حکومت دستاویزی آمدن مالی سال 2017ء کی پہلی شش ماہی کے دوران بلند رہیں، 3 اور 6 ماہ کاٹی بورز 7-9 بی پی ایس اوپر رہے جو کہ علی الترتیب 6.12% اور 6.15% پر بند ہوئے جبکہ نی۔ بلز اور پی آئی بی بیلڈز (آمدن) بھی جائزہ عرصے کے دوران علی الترتیب 8-15 بی پی ایس اور 64-93 بی پی ایس سے زیادہ رہے۔

زیر سیال کے محاذ پر، بازار نے اس عرصے کے دوران نسبتاً کافی کٹھن سیالیت کا سامنا کیا، جس کا ثبوت یہ ہے کہ بینک دولت پاکستان کو 27.32 ارب روپے مالیت کے اوپن مارکیٹ آپریشنز ٹیکے لگانے پڑے ساتھ ہی مختلف کاؤنٹرز سے 562 ارب روپے مالیت کی رعایات، 319 ارب روپے مالیت کے اوپن مارکیٹ آپریشنز موپ-اوپن اور 50 ارب روپے مالیت کے فلو ٹیلیمنٹس حاصل کرنے پڑے۔ ساتھ ہی اس عرصے کے دوران 12 ٹی-بلاز اور 6 پی آئی بی بھی نیلام کیے گئے۔ ٹی بلیز کی مد میں 1.9 کھرب روپے کی مجموعی چھٹکی کے ساتھ، 4.1 کھرب روپے کی شرکت کے مقابلے میں 2.4 کھرب روپے قبول کیے گئے جو کہ 459 ارب روپے کے خالص ترسے کو ظاہر کرتے ہیں۔ پی آئی بی کی مد میں مجموعی طور پر 1.72 کھرب روپے کی چھٹکی تھی (جس میں 1.35 کھرب روپے صرف جولائی 2016ء میں واجب الادا تھے) جبکہ 1.22 کھرب روپے کی شرکت کے مقابلے میں 632 ارب روپے قبول کیے گئے جو کہ 1.1 کھرب روپے ادائیگی ترسہ کو ظاہر کرتے ہیں۔ یہ بتانا ضروری ہے کہ بینک دولت پاکستان چھٹے تین پی آئی بی آپریشنز مسٹر ڈر چکا ہے جس کی وجہ مارکیٹ کے شرکاء کی جانب سے بلند تر بولی تھی۔

دسمبر 2016ء کیلئے افراط زر نومبر 2016ء میں 3.81% کے مقابلے میں 3.70% رہی اور دسمبر 2015ء میں یہ 3.19% تھی۔ مالی سال 2017ء کی پہلی شش ماہی کے دوران اوسط افراط زر اسی عرصے کیلئے پچھلے سال کے دوران 2.09% کے مقابلے میں 3.88% رہا۔ بین الاقوامی تیل اور ایشیا، صرف کی قیمتوں میں رجحانات کے حوالے سے توقع کی جاتی ہے کہ افراط زر کو قابو میں رکھیں گی اور 6-5.5% کے بینک دولت پاکستان کے مالی سال 2017ء کے ہدف کے تحت رہیں گی۔

اسلامی بازار کا موافق شرع جزو سیالیت کی جاری کثرت کے مسئلہ سے دوچار رہے گا کیونکہ سرمایہ کاری کے قابل عمل مواقع کی قلت ہے۔ اپریل 2016ء سے کوئی بھی حکومت پاکستان اجارہ کی نیلامی عمل میں نہیں آئی اور فی الوقت صرف چار حکومت پاکستان اجارہ باقی ہیں (دو شرح مقررہ اور دو غیر شرح مقررہ) جس کی مجموعی مالیت 1.50 کھرب روپے کے لگ بھگ اسلامک بینکس ڈپازٹ جم کے مقابلے میں 364 ارب روپے ہے۔

کسی تازہ ترین اجارہ کے اجراء کی غیر موجودگی میں بیع موصل کی بھاری چھٹکی جس کی مالیت 234 ارب روپے ہے نومبر 2016ء میں اسلامک مارکیٹ کو ایک سنگین سیالیت کے بحران میں دھکیل چکا ہے جس کے تحت پہلی بار ماہ دسمبر میں اسلامک بینکس کی جانب سے شرح منافع میں کمی دیکھی گئی اور اسی نے اسلامک مہیول فنڈز کے منافع جات کو منفی طور پر اثر انداز کیا۔ جبکہ حکومت نے مقامی طور پر کسی بھی اجارہ نیلام کا انعقاد نہیں کیا، اکتوبر 2016ء میں ایک ارب امریکی ڈالر کے بین الاقوامی سلوک جاری کیے۔ اس سودے نے دو سال کے وقفے کے بعد بین الاقوامی سلوک مارکیٹ میں پاکستان کی واپسی کی راہ ہموار کی، اپنے آخری نیلام میں حکومت نے 2014ء میں ایک ارب امریکی ڈالر اکٹھے کیے۔

زیر جائزہ عرصے کے دوران، زر مبادلہ کے محاذ پر، انٹرنیشنل مارکیٹ میں روپیہ نسبتاً مستحکم رہا، جہاں وہ محض 4 پیسے کمزور ہو کر 104.88 روپے فی ڈالر پر بند ہوا جبکہ اوپن مارکیٹ میں تقریباً 3% گر کر 3.20 روپے کمزور ہو کر 108.30 فی ڈالر پر بند ہوا۔

### بازار حصص کا جائزہ:

مالی سال 2017ء کی پہلی شش ماہی کے دوران، کے ایم آئی 30 انڈیکس نے 23.6% کا قابل ستائش منافع ظاہر کیا ہے جو کہ 81,795 پوائنٹس پر بند ہوا جبکہ کے ایس ای-100 انڈیکس نے 26.5% کا منافع ظاہر کیا ہے جو کہ 47,807 پوائنٹس پر بند ہوا۔ مارکیٹ میں سرمایہ کاروں کی شرکت کے ایم آئی-30 انڈیکس کے حجم میں 40.3% اضافہ کے ساتھ کافی بلند رہی اور کے ایس ای-100 انڈیکس کے حجم میں 28.6% اضافہ دیکھا گیا۔

مالی سال ایک مثبت رویے سے شروع ہوا جیسا کہ مارکیٹ نے اپنا موٹیم مالی سال کے اختتام پر ایم ایس سی آئی کے پاکستان کے از سر نو ابھرتی مارکیٹس کی کیٹگری کے متعلق اعلان کی وجہ سے جاری رکھا۔ مارکیٹ کی مستحکم کارکردگی کو سرمایہ کاروں کے مثبت جذبات اور اسکرپٹس میں مقامی طور پر نمایاں دلچسپی سے منسوب کیا گیا ہے جس میں متوقع طور پر ایم ایس سی آئی کے ایئر جگ مارکیٹس بھی شامل ہوگا۔ عالمی طور پر برطانیہ کا پورٹیفولیو یونین سے علیحدگی سے متعلق تشویش نے سرمایہ کاروں کو متذبذب کر دیا ہے تاہم مقامی حصص مارکیٹ وسیع پیمانے پر غیر متاثر رہی کیونکہ ابھرتی مارکیٹ کے خوشی و انبساط نے سرمایہ کاروں کو بے جوش رکھا۔ اس عرصے کے دوران مارکیٹ نے مختصر وقت کے لیے غیر یقینی صورتحال کو ظاہر کیا جس کی تشویش نے مقامی اور بین الاقوامی دونوں پر قبضہ کر لیا۔ مقامی طور پر حزب اختلاف کی جماعتوں نے حکومت پر پانامہ اسکینڈل کے سبب مسلسل دباؤ برقرار رکھا اور احتجاج اور ریلیوں کا اعلان کیا۔ پانامہ کیس اب بھی عدالت میں ہے جسے سرمایہ کاروں پر غور دیکھ رہے ہیں بین الاقوامی محاذ پر مقبوضہ ٹیکس میں بھارتی فوجیوں پر دہشت گرد حملہ کے بعد مالی سال 2017ء کی پہلی شش ماہی سے بھارت اور پاکستان کے درمیان سرحدی تناؤ میں اضافہ ہوا ہے تاہم بالآخر تناؤ میں کمی واقع ہوئی ہے۔

اس عرصے کے دوران دوسرا بین الاقوامی اہم واقعہ امریکی صدارتی انتخابات تھا جس نے ابتدائی طور پر عالمی حصص کو غیر یقینی رکھا؛ امریکی ووٹرز نے ڈونالڈ ٹرمپ کو صدر منتخب کر لیا اور منتخب صدر کی سخت ترین مہمات کے برعکس ان کی ابتدائی تقریر کو کافی ہلکا ہلکا تھوڑا رکھا جاتا ہے جس نے بین الاقوامی سرمایہ کاروں میں ایک نیا جوش و جذبہ پیدا کر دیا، جس سے

عالمی حصص کو بنی بلند یوں کی طرف گامزن کر دیا۔ مستحکم لیبر مارکیٹ ڈیٹا سے اعانت کردہ امریکی معیشت میں اعتماد کو تقویت دینے کے ساتھ، مرکزی بینک نے دسمبر میں شرح ہائے سود میں اضافہ کر دیا جو مارکیٹ توقعات سے ہم آہنگ ہیں۔ مقامی مارکیٹ نے مضبوط ہوتے ڈالر کے درمیان قیمتوں میں اضافے کے بعد غیر ملکی فروخت میں اضافہ دیکھا، تاہم مقامی شراکت مثبت معاشی توقعات کی وجہ سے مستحکم رہی اور زائید سیالیت اس طرح غیر ملکی فروخت سے پیدا شدہ دباؤ کی لٹی کرتی رہی۔ انڈیکس نے نتیجتاً کے ایم آئی-30 انڈیکس کے بلند ترین سطح کو چھو لیا اور 81,917 پوائنٹس کی بلند ترین سطح پر بند ہوا جبکہ کے ایس ای-100 دسمبر 2016ء کے اختتام پر 47,807 پوائنٹس کی بلند ترین سطح پر بند ہوا۔

اوپیک ممبرز کے اجلاس کے بعد جو کہ ستمبر 2016ء کے اختتام پر منعقد ہوا نصف سال کے عرصے کے دوران تیل کی قیمتوں میں بھی نئی جان پڑ گئی جس کا نتیجہ یہ ہوا کہ تیل پیدا کرنے والے پیداوار کو 33.25-32.5 بلین بیرل فی یومیہ پر متحد کرنے کیلئے رضامند ہو گئے۔ نان-اوپیک ممبرز بھی بعد ازاں اس پر متفق ہو گئے جس نے تیل کو مزید تقویت فراہم کی نتیجتاً برنت کروڈ نصف سال کے عرصے کے دوران 9.04% بڑھ کر 56.82 امریکی ڈالر فی بیرل پر بند ہوا۔

زیر جائزہ عرصہ نے انڈیکس کے دوسرے اور تیسرے درجے کی اسکرپٹس کے حجم میں اضافہ دیکھا جیسے دیوان سینٹ، بینک آف پنجاب، ٹی آر جی، کے۔ الیکٹریک اور سوئی سدرن جس نے مارکیٹ سرگرمی کو متحرک رکھا۔ ان دوسرے اور تیسرے درجے کے اسٹاکس، بلند درجے کے اسٹاکس نے بھی مارکیٹ کارکردگی میں بہترین کارکردگی والے شعبوں آئل اینڈ گیس، آٹو زور، فارماسیوٹیکلز اور سینٹ کے ساتھ مل کر کارکردگی میں خوب اضافہ کیا۔ دوسری طرف اس عرصے کے دوران فریٹ لائزر شعبہ سست روی کا شکار رہا۔

### پاکستان اسٹاک ایکسچینج کی ڈی مچولائزیشن:

انتظامی مستعدی لانے اور مارکیٹ سرگرمی کی حوصلہ افزائی کی غرض سے پچھلے مالی سال کے دوران پاکستان کے تینوں اسٹاک ایکسچینجز کو ضم کر کے پاکستان اسٹاک ایکسچینج (پی ایس ایس) کے نام سے ایک اسٹاک ایکسچینج بنا دیا گیا ہے۔ مالی سال 2017ء کی پہلی ششماہی کے دوران، پی ایس ایس ایکس کی ڈی مچولائزیشن حکمت عملی کو چینی کنسورٹیم کے ساتھ جس نے حبیب بینک بطور مقامی پارٹنر کے ہمراہ پی ایس ایس ایکس میں 40% حصہ حاصل کر لیا۔ یہ مارکیٹ کے لیے ایک مثبت پیش رفت ہے جیسا کہ اس سرمایہ کاری نے غیر ملکی سرمایہ کاروں کے ساتھ ساتھ مقامی مارکیٹ میں بھی ٹھوس اعتماد کی تصدیق کی ہے جبکہ پیدا شدہ سیالیت مارکیٹ شراکت میں مزید اضافہ کرے گی۔

آگے بڑھتے ہوئے، جن خصوصی واقعات کی توقع ہے ان میں جاری یا نامہ کیس کے زیر التوا فیصلے اور متوقع غیر ملکی بہاؤ شامل ہیں ایک بار آئندہ چھ ماہ کے دوران ایم ایس سی آئی رہی کلاسیفیکیشن کو موثر بنا دیا جاتا ہے۔ مقامی مارکیٹ کی مبادیات مستحکم ہیں، ایمر جنگ مارکیٹ ری۔ کلاسیفیکیشن نے انڈیکس اسٹاکس اور مارکیٹ حجم میں دلچسپی کو بڑھا دیا ہے جبکہ ریگولیٹرز مارکیٹ حجم کی حوصلہ افزائی میں مستعد رہے اور مارکیٹ شفافیت میں اضافہ کرتے رہے۔ اس کے علاوہ پاکستان میں طویل مدتی سرمایہ کاری میں غیر ملکی دلچسپی مقامی کے ساتھ ساتھ بین الاقوامی سرمایہ کاروں کیلئے اعتماد میں بھی اضافہ کرے گا۔

### ادارہ جاتی نفع بخشی اور انڈیکس کے بڑے حصہ دار:

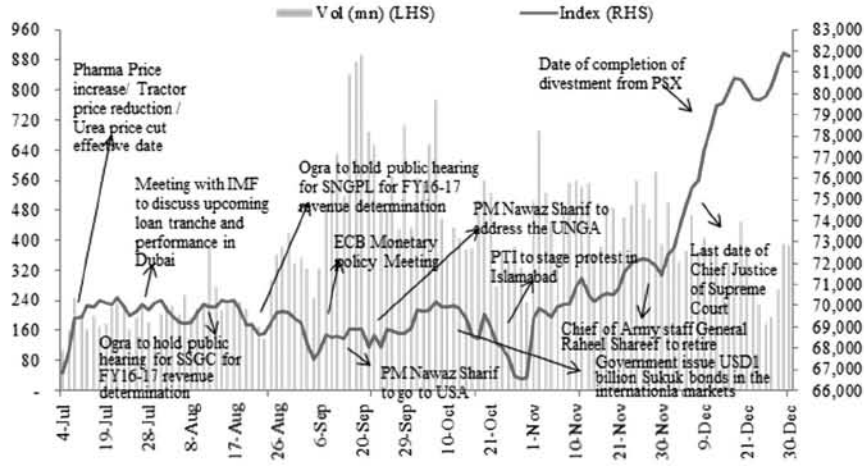
مالی سال 2017ء کی پہلی ششماہی کے دوران، آٹو زور آئل اینڈ گیس، بہترین کارکردگی والے شعبہ جات رہے۔ اس عرصے کے دوران بہترین کارکردگی والے اسٹاکس یہ رہے:

Positive Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Sui Northern Gas Pipeline	705	124.8
Honda Atlas Cars Pakistan Ltd.	720	86.2
Hascol Petroleum Ltd.	493	72.8
Pak Suzuki Motor Company Ltd.	407	60.4
Pakistan Oilfields Ltd.	1661	53.9

دوسری جانب فریٹ لائزر اور توانائی کے شعبوں کی کارکردگی خاطر خواہ نہ تھی، اس عرصے کے دوران کے ایم آئی میں انڈر پرفارمنگ حصص (اسٹاکس) یہ رہے:

Negative Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Kot Addu power Company Ltd.	-370	-11.7
Engro Corporation Ltd.	-346	-5.1
Dawood Hercules Corporation Ltd.	-119	-3.1

اس عرصے کے دوران کے ایم آئی 30 کی مجموعی نقل و حرکت درج ذیل گراف میں ملاحظہ کی جاسکتی ہے:



## حصص کا بہاؤ

نصف سال کے دوران اسٹاک مارکیٹ نے غیر ملکی سرمایہ کاروں کی جانب سے 297 ملین امریکی ڈالر کا زبردست بہاؤ (ایک اکاؤنٹ سے دوسرے کی جانب) مشاہدہ کیا ہے۔ سب سے زیادہ بہاؤ فریڈ ہارٹ کے شعبہ میں دیکھا گیا جو 97 ملین امریکی ڈالر تھا جس کی بڑی وجہ اینیگر و کارپوریشن اور اینیگر و فریڈ ہارٹ میں غیر ملکی فروخت تھی، اس کے بعد سیمنٹ کے شعبے میں 65 ملین امریکی ڈالر، آئل اینڈ گیس ایکسپلوریشن کے شعبہ میں 64 ملین امریکی ڈالر اور پھر فوڈ کے شعبے میں 36 ملین امریکی ڈالر کا بہاؤ دیکھا گیا۔ آئل اینڈ گیس مارکیٹنگ شعبہ میں 17 ملین امریکی ڈالر اور کمرشل بینکس میں 5 ملین امریکی ڈالر کی سرمایہ کاری دیکھی گئی۔ غیر ملکی فروخت کا مقامی طور پر مقابلہ میوچل فنڈز کی جانب سے کیا گیا جو 306 ملین امریکی ڈالر کے خالص خریدار رہے اور کمپنیوں کے حصص جو خریدے گئے کی مالیت 60 ملین امریکی ڈالر رہے۔ بینکس، بروکرز اور افرادی اعلیٰ الترتیب 93 ملین امریکی ڈالر، 33 ملین امریکی ڈالر اور 19 ملین امریکی ڈالر کے خالص فروخت کنندہ رہے۔

## میوچل فنڈ انڈسٹری کا جائزہ:

مالی سال 2017ء کی پہلی ششماہی کے دوران، میوچل فنڈز انڈسٹری کے زیر انتظام اثاثہ جات نے 28.2% اضافے کے ساتھ 582 ارب روپے کے حجم کا مشاہدہ کیا۔ اسلامی فنڈز اثاثہ جات زیر جائزہ عرصے کے دوران 48.3% کی شرح سے بڑھ کر 202 ارب روپے تک جا پہنچے جس سے اسلامک فنڈز کا میوچل فنڈ انڈسٹری میں حصہ 34.7% ہو گیا ہے۔ امیز ان کا حصہ پورے میوچل فنڈز انڈسٹری میں 16.4% جبکہ اسلامک فنڈز میں 31 دسمبر 2016ء کے مطابق 47.2% ہو چکا ہے اگر اس کا مقابلہ گزشتہ سال کے اسی عرصے کے لیے 14.8% اور 53.9% سے کیا جائے۔

خالص اثاثہ جات کے لحاظ سے، دسمبر 2016ء کو اختتام پذیر چھ ماہ کے دوران اوپن اینڈ سوورن، منی مارکیٹ اور آکم فنڈز نے حجم میں اضافے کو ظاہر کیا ہے۔ مشترکہ کیٹیگری نے 9.4% کا اضافہ ظاہر کرتے ہوئے اس عرصے کے اختتام پر 219 ارب روپے تک پہنچ گیا۔ جبکہ اس کیٹیگری میں کنوشنل فنڈز 4.6% کا اضافہ ظاہر کیا، اسلامک فنڈز نے 29.1% کی ترقی ظاہر کی۔ اوپن اینڈ ایکویٹی فنڈز (شمول انڈیکس ٹریڈر) 30 جون 2016ء کے مطابق 198 ارب روپے کے مقابلے میں 31 دسمبر 2016ء کے مطابق 292 ارب روپے سے 47.1% بڑھ گیا۔ اس کیٹیگری میں کنوشنل فنڈز 38.8% بڑھ گیا جبکہ اسلامک ایکویٹی میڈ فنڈز نے زیر جائزہ عرصے کے دوران 63.0% کا اضافہ ظاہر کیا اور 111 ارب روپے تک جا پہنچا۔

کیپٹل پروٹیکٹڈ، ہیلسنڈ اور ایسیٹ ایلوکیشن فنڈز بالکل مجموعی 32.5% بڑھ گیا اور عرصے کے اختتام پر 48 ارب روپے تک جا پہنچا۔ جبکہ اس کیٹیگری میں کنوشنل فنڈز 12% بڑھ گیا، اسلامک فنڈز نے زیر جائزہ عرصے میں قابل ذکر 58.7% اضافہ کیا اور 25 ارب روپے رہا۔ انڈسٹری میں کموڈٹی فنڈز جون 2016ء کے مطابق 688 ملین روپے کے مقابلے میں 31 دسمبر 2016ء کے اختتام پر بڑھ کر 698 ملین روپے ہو گیا جو کہ 1.4% کی معتدل نشوونما کو ظاہر کرتا ہے۔

والٹری پنشن فنڈز میں زیر جائزہ عرصے کے دوران 19.1% کا اضافہ ہوا جو کہ 31 دسمبر 2016ء کے مطابق ان کا مجموعی فنڈ سائز 22 ارب روپے سے زائد تک جا پہنچا۔ اسلامک پنشن فنڈز نے بھی زیر جائزہ عرصے کے دوران 23.6% کی اچھی خاصی نشوونما کو ظاہر کیا ہے جو دسمبر کے اختتام پر 14.2 ارب روپے تک جا پہنچا۔ میزان تحفظ پنشن فنڈ (MTPF) 36.9% مارکیٹ شیئر کے ساتھ پنشن فنڈ مارکیٹ میں پیش رو کا کردار ادا کر رہا ہے جبکہ موافق شرع شعبہ، ایم نی پی ایف پچھلے سال کے اسی عرصے کے 55.8% کے مقابلے میں 58.1% مارکیٹ شیئر کا حامل ہے۔

### پرفارمنس ریویو (فنڈز)

Funds	Type	Net Assets Rs. in millions	Growth in Net Assets for 1HFY17 (%)	Returns for 1HFY17 (%)	Benchmark for 1HFY17 (%)
<b>Equity Funds</b>					
Al Meezan Mutual Fund (AMMF)	Equity	8,176	50.89	25.28	23.63
Meezan Islamic Fund (MIF)	Equity	46,924	44.14	25.76	23.63
KSE Meezan Index Fund (KMIF)	Equity	1,097	24.43	22.32	23.63
Meezan Energy Fund (MEF)*	Equity	633	-	8.04	13.78
<b>Fixed Income Funds</b>					
Meezan Islamic Income Fund (MIIF)	Income	9,436	4.25	5.14	2.90
Meezan Cash Fund (MCF)	Money Market	3,607	5.11	4.62	3.23
Meezan Sovereign Fund (MSF)	Income	9,169	15.41	7.10	4.35
<b>Balanced Fund</b>					
Meezan Balanced Fund (MBF)	Balanced	7,092	50.65	15.21	13.59
<b>Capital Preservation Scheme</b>					
Meezan Capital Preservation Fund-II**	Capital Preservation	1,317	8.22	9.15	6.24
<b>Fund of Funds</b>					
Meezan Financial Planning Fund of Fund	Fund of Funds				
c Aggressive		688	55.35	18.72	16.12
c Moderate		820	123.68	13.54	12.90
c Conservative		457	39.90	8.58	6.47
c MCPP-I****		1,657	5.16	6.15	1.28
c MCPP-II		3,296	8.61	10.89	10.15
c MAAP-I		1,456	13.94	21.35	20.36
c MAAP-II		1,111	20.08	20.55	19.76
c MAAP-III		3,347	17.40	20.69	20.01
c MAAP-IV		1,043	96.08	18.93	18.31
Meezan Strategic Allocation Fund					
c Meezan Strategic Allocation Plan I***		2,757	265.27	10.84	11.55
c Meezan Strategic Allocation Plan II****		548	-	0.64	0.09
<b>Commodity Fund</b>					
Meezan Gold Fund (MGF)	Commodity	378	17.72	-10.10	-6.18
<b>Asset Allocation Fund</b>					
Meezan Asset Allocation Fund (MAAF)	Asset Allocation	934	103.13	20.25	19.06
<b>Pension Fund Scheme</b>					
Meezan Tahaffuz Pension Fund	Pension Fund				
Scheme					
c Equity sub Fund		5,407	31.90	24.40	
c Debt sub Fund		2,306	15.45	5.90	
c Money Market sub Fund		499	10.08	4.68	
c Gold Sub Fund*****		42	0.08	-11.90	

\*launched on Nov 29, 2016 \*\*matured on Dec 27, 2016 \*\*\*launched on Oct 19, 2016 \*\*\*\*launched on Dec 21, 2016  
\*\*\*\*\*matured on Oct 27, 2016 \*\*\*\*\*launched on August 6, 2016

### میزان اسلامک فنڈ:

31 دسمبر 2016ء کے مطابق میزان اسلامک فنڈ (MIF) کے خالص اثاثہ جات 46,924 ملین روپے تھے جو جون 2016ء کے اختتام پر 32,554 ملین روپے تھے۔ مجموعی اثاثہ جات کی فی قدر قیمت برطانیہ 31 دسمبر 2016ء 83.27 روپے تھی جو کہ برطانیہ 30 جون 2016ء 66.21 روپے (بعد از ڈیویڈنڈ) فی یونٹ تھی، جس نے اپنے سرمایہ کاروں کو پہلی ششماہی کے دوران 25.76% منافع فراہم کیا جبکہ کے ایس ای میزان انڈیکس (KMI-30) شیئ مارک 23.63% تھا۔

### المیزان میوچل فنڈ:

31 دسمبر 2016ء کے مطابق المیزان میوچل فنڈ (AMMF) کے خالص اثاثہ جات 8,176 ملین روپے تھے جبکہ اس کے مقابلے میں جون 2016ء کے اختتام پر یہ 5,418 ملین روپے تھے۔ مجموعی اثاثہ جات کی فی قدر قیمت برطانیہ 31 دسمبر 2016ء 22.54 روپے تھی جبکہ 30 جون 2016ء کے مطابق یہ مقابلہ 17.99 روپے (بعد از ڈیویڈنڈ) فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 25.28% کا منافع فراہم کر رہا ہے جبکہ شیئ مارک کے ایس ای میزان انڈیکس (کے ایم آئی 30) 23.63% تھا۔

### کے ایس ای میزان انڈیکس فنڈ:

31 دسمبر 2016ء کے مطابق کے ایس ای میزان انڈیکس فنڈ (KMIF) کے خالص اثاثہ جات 1,097 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء پر یہ 881.63 ملین روپے تھے۔ مجموعی اثاثہ جات کی فی قدر قیمت برطانیہ 31 دسمبر 2016ء 96.52 روپے تھی جبکہ 30 جون 2016ء کے مطابق یہ مقابلہ 78.91 روپے (بعد از ڈیویڈنڈ) فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 22.32% کا منافع فراہم کر رہا ہے جبکہ شیئ مارک کے ایس ای میزان انڈیکس (کے ایم آئی-30) 23.63% تھا۔

### میزان اسلامک آگم فنڈ:

31 دسمبر 2016ء کے مطابق میزان اسلامک آگم فنڈ (MIIF) کے خالص اثاثہ جات 9,436 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء پر یہ 9,051 ملین روپے تھے۔ مجموعی اثاثہ جات کی فی قدر قیمت برطانیہ 31 دسمبر 2016ء 52.61 روپے تھی جبکہ 30 جون 2016ء کے مطابق یہ مقابلہ 51.28 روپے (بعد از ڈیویڈنڈ) فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 5.14% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 2.90% رہا۔

### میزان سورن فنڈ:

31 دسمبر 2016ء کے مطابق میزان سورن فنڈ (ایم ایس ایف) کے خالص اثاثہ جات 9,169 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء کے مطابق 7,945 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 52.62 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلہ 50.80 روپے (بعد از ڈیویڈنڈ) فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 7.10% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 4.35% رہا۔

### میزان کیش فنڈ:

31 دسمبر 2016ء کے مطابق میزان کیش فنڈ (MCF) کے خالص اثاثہ جات 3,607 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء کے مطابق 3,432 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 51.31 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلہ 50.14 روپے فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 4.62% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 3.23% رہا۔

### میزان ہیلسنڈ فنڈ:

31 دسمبر 2016ء کے مطابق میزان ہیلسنڈ فنڈ (MBF) کے خالص اثاثہ جات 7,092 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء کے مطابق 4,708 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 18.25 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلہ 18.25 روپے فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 15.21% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 13.59% رہا۔

### میزان فنانشل پلاننگ فنڈ آف فنڈز:

#### ایگریسیو ایکشن پلان

31 دسمبر 2016ء پر پلان کے خالص اثاثہ جات 688 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء کے مطابق 443 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 74.16 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلہ 65.32 روپے فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 18.72% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 16.12% رہا۔



### موڈیریت ایلوکیشن پلان

31 دسمبر 2016ء کے مطابق پلان کے خالص اثاثہ جات 820 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء کے مطابق 367 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 74.16 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلتاً 65.32 روپے فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 13.54% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 12.90% رہا۔

### کنزرویٹو ایلوکیشن پلان

31 دسمبر 2016ء کے مطابق پلان کے خالص اثاثہ جات 457 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء کے مطابق 327 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 65.92 روپے فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 8.58% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 6.47% رہا۔

### میزان کیپٹل پر یزرویشن پلان-I

پلان 27 اکتوبر 2016ء کو پینڈ (مچھور) ہو چکا ہے اور پینٹگی پر اس کے خالص اثاثہ جات 1,657 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء کو اس کی مالیت 1,576 ملین روپے تھی۔ 27 اکتوبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 50 روپے (قابل تقسیم) تھی جو 30 جون 2016ء پر یہ مقابلتاً 44.64 روپے فی یونٹ تھی، جبکہ اپنے سرمایہ کاروں کو نصف سال کے دوران 6.15% کا سالانہ منافع فراہم کیا جبکہ شیئ مارک منافع 1.28% رہا۔

### میزان کیپٹل پر یزرویشن پلان-II

31 دسمبر 2016ء پر پلان کے خالص اثاثہ جات 3,296 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء کے مطابق 1,278 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 56.25 روپے تھی جو 30 جون 2016ء پر یہ مقابلتاً 50.73 روپے فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 10.89% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 10.15% رہا۔

### میزان ایسیٹ ایلوکیشن پلان-I

31 دسمبر 2016ء پر پلان کے خالص اثاثہ جات 1,456 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء کے مطابق 1,278 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 65.57 روپے تھی جو 30 جون 2016ء پر یہ مقابلتاً 54 روپے فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 21.35% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 20.36% رہا۔

### میزان ایسیٹ ایلوکیشن پلان-II

31 دسمبر 2016ء کے مطابق پلان کے خالص اثاثہ جات 1,111 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء کے مطابق 925 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 65.00 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلتاً 54.75 روپے فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 20.55% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 19.76% رہا۔

### میزان ایسیٹ ایلوکیشن پلان-III

31 دسمبر 2016ء کے مطابق پلان کے خالص اثاثہ جات 3,347 روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء کے مطابق 2,851 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 65.21 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلتاً 54.03 روپے فی یونٹ تھی اپنے سرمایہ کاروں کو نصف سال کے دوران 20.69% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 20.01% رہا۔

### میزان ایسیٹ ایلوکیشن پلان-IV

31 دسمبر 2016ء کے مطابق پلان کے خالص اثاثہ جات 1,043 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء پر یہ 532 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 57.59 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلتاً 48.42 روپے فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 18.93% کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع 18.31% رہا۔

### میزان کیپٹل پر یزرویشن فنڈ-II

27 دسمبر 2016ء پر (کیونکہ اس تاریخ کو ری فنڈ مچھور ہو گیا ہے) فنڈ کے خالص اثاثہ جات 1,317 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء پر یہ 1,221 ملین روپے تھے۔ 27 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 50 روپے تھی (پینٹگی سے قبل منافع کی تقسیم کے سبب) جبکہ 30 جون 2016ء پر یہ مقابلتاً 61.38 روپے فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران 9.15% کا سالانہ منافع فراہم کیا جبکہ شیئ مارک منافع 6.24% رہا۔

### میزان گولڈ فنڈ (MGF):

31 دسمبر 2016ء پر فنڈ کے خالص اثاثہ جات 378 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء پر 321 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 49.62 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلتہً 54.53 روپے تھی۔ زیر غور عرصے کے دوران، ایم جی ایف پر منافع منفی %10.10 رہا (قیمتی اشیاء کی بین الاقوامی قیمتوں میں منفی نقل و حرکت کی وجہ سے) جبکہ شیئ مارک منفی %6.18 رہا۔

### میزان ایسیٹ ایلوکیشن فنڈ:

31 دسمبر 2016ء پر فنڈ کے خالص اثاثہ جات 934 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء پر یہ 460 ملین روپے تھی۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 61.40 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلتہً 50.06 روپے فی یونٹ تھی، اپنے سرمایہ کاروں کو نصف سال کے دوران %20.25 کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع %19.06 رہا۔

### میزان اسٹریٹجک ایلوکیشن فنڈ:

#### میزان اسٹریٹجک ایلوکیشن پلان I

یہ پلان 19 اکتوبر 2016ء کو جاری کیا گیا اور 31 دسمبر 2016ء پر اس کے خالص اثاثہ جات 2,752 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 55.42 روپے تھی اور پلان نے اپنے سرمایہ کاروں کو نصف سال کے دوران %10.84 کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع %11.55 رہا۔

#### میزان اسٹریٹجک ایلوکیشن پلان II

اس پلان کا آغاز بھی 19 اکتوبر 2016ء کو کیا گیا اور 31 دسمبر 2016ء پر اس کے خالص اثاثہ جات 548 ملین روپے تھے۔ 31 دسمبر 2016ء پر اس کے مجموعی اثاثہ جات کی فی قدر قیمت 50.32 روپے تھی اور پلان نے اپنے سرمایہ کاروں کو نصف سال کے دوران %0.64 کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع %0.09 رہا۔

### میزان انرجی فنڈ:

اس فنڈ کا آغاز 29 نومبر 2016ء کو کیا گیا اور 31 دسمبر 2016ء پر اس کے خالص اثاثہ جات 633 ملین روپے تھے۔ 31 دسمبر 2016ء پر اس کی مجموعی اثاثہ جات کی فی قدر قیمت 54.02 روپے تھے اور فنڈ نے اپنے سرمایہ کاروں کو نصف سال کے دوران %8.04 کا سالانہ منافع فراہم کر رہا ہے جبکہ شیئ مارک منافع %13.78 رہا۔

### میزان تحفظ پینشن فنڈ (MTPF)

ایم پی پی ایف 4 ذیل فنڈز پر مشتمل ہے جس کے نام ایلوکیٹیو سب فنڈ، ڈیٹ سب فنڈ، منی مارکیٹ سب فنڈ اور گولڈ سب فنڈ ہیں۔ 31 دسمبر 2016ء کو اختتام پذیر ہونے والے عرصے کیلئے ہر ایک سب فنڈ کی کارکردگی کا جائزہ درج ذیل ہے:

#### ایلوکیٹیو سب فنڈ:

31 دسمبر 2016ء پر اس سب فنڈ کے خالص اثاثہ جات 5407 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء پر یہ 4,099 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 611,98 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلتہً 491.95 روپے فی یونٹ تھی، اس کے سرمایہ کاروں کو %24.40 کا منافع فراہم کیا گیا۔

#### ڈیٹ سب فنڈ:

31 دسمبر 2016ء پر اس سب فنڈ کے خالص اثاثہ جات 2,406 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء پر یہ 1,997 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 210.56 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلتہً 204.48 روپے فی یونٹ تھی، اس کے سرمایہ کاروں کو %5.9 کا سالانہ منافع فراہم کیا گیا۔

#### منی مارکیٹ سب فنڈ:

31 دسمبر 2016ء پر منی مارکیٹ سب فنڈ کے خالص اثاثہ جات 499 ملین روپے تھے جبکہ اس کے مقابلے میں 30 جون 2016ء پر یہ 453 ملین روپے تھے۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 208.3 روپے تھی جبکہ 30 جون 2016ء پر یہ مقابلتہً 203.23 روپے فی یونٹ تھی، اس کے سرمایہ کاروں کو %4.68 کا سالانہ منافع فراہم کیا گیا۔

## گولڈ سب فنڈ:

31 دسمبر 2016ء پر گولڈ سب فنڈ کے خالص اثاثہ جات 42 ملین روپے تھے، اس سب فنڈ کو 6 اگست 2016ء کو جاری کیا گیا۔ 31 دسمبر 2016ء پر مجموعی اثاثہ جات کی فی قدر قیمت 88.10 روپے تھی جو کہ زیر تبصرہ عرصے کے دوران منفی %11.90 کوٹا ہر کرتا ہے (سونے کی بین الاقوامی قیمتوں میں منصفی نقل و حرکت کے سبب)۔

## توقعات (Outlooks)

مجموعی طور پر پاکستان کے اسٹاک بازار سے توقع کی جارہی ہے کہ وہ مثبت معاشی توقعات کی وجہ سے مسلسل کارکردگی کا مظاہرہ کرے گا۔ سی پیک کے تحت جاری پیش رفت تیز رفتاری ترقی کو اب بندھن فراہم کرتی رہے گی جو نہ صرف موجودہ اسٹاکس میں ترقی کو آگے بڑھانے کی بلکہ وہ لیے کاروبار کے فروغ کیلئے بھی راہ ہموار کرے گی جس سے ملکی معیشت کا پیہ رواں دواں رہے گا۔ اس کے ساتھ ہی مختلف قدر افزو دیوں کی بنیاد پر، خاص طور پر پی/ای ملٹی پل، پاکستان کا اسٹاک مارکیٹ اب بھی معقول رعایتوں پر کام کر رہا ہے اور ترقی کیلئے کافی گنجائش کا حامل ہے یہاں تک کہ اس کی قدر افزو دی علاقے کے چند بڑوں کے ہم پلہ آجائے اس لیے بین الاقوامی سرمایہ کاروں کیلئے ہماری مارکیٹ کی کشش سے توقع ہے کہ وہ اس نشوونما کے امکان کی وجہ سے بالکل محفوظ رہے گی۔ دیگر عنصر جس کی وجہ سے غیر ملکی سرمایہ کاروں کی دلچسپی پاکستان اسٹاک ایکسچینج کیلئے زندہ و تابندہ ہے وہ ایم ایس سی آئی کی ایمرجنگ مارکیٹ کینگری میں پاکستان کی از سر نو درج بندی ہے جس کیلئے ایم ایس سی آئی ایمرجنگ مارکیٹس انڈیکس میں اسٹاکس کی شمولیت کیلئے امید ہے کہ وہ سال رواں 2017ء کے پہلے نصف کے دوران اعلان کر دیا جائے گا۔ مختلف بین الاقوامی ایمرجنگ مارکیٹس فنڈز کی طرف سے سرمائے کے بہاؤ کی توقع ہے کہ وہ ان حصص (اسٹاکس) کو اوپری ٹریڈنگ پراسٹاک مارکیٹ میں برقرار رکھے گا۔ تاہم، بین الاقوامی سرمایہ کاروں کی طرف سے بہاؤ پاکستان اسٹاک ایکسچینج کی شمولیت کی وجہ سے مثبت ہونے کی توقع ہے جس کے تحت اسٹاک ایکسچینج کے %40 حصہ تین چینی ایسٹیمٹس کے چینی کنسورشیم کو فروخت کیا جا رہا ہے یعنی چائنا فنانشل فیوچرز ایکسچینج، کینیڈین لیڈنگ (بڑا بولی دہندہ)، شنگھائی اسٹاک ایکسچینج اور شیژن اسٹاک ایکسچینج۔

ملک میں ریٹیل اسٹیٹ بینک کے ضابطہ کار نظام میں جاری اصلاحات اور کم شرح سود کے ماحول کی وجہ سے، مختلف سرمایہ کار زیادہ منافع تلاش کرنے کی خاطر اپنی رقوم کو اسٹاک مارکیٹ میں لگا چکے ہیں اور یہ جاری سیالیت کا بہاؤ اسٹاک مارکیٹ کی نشوونما کی رفتار میں بھی اضافہ کر دے گا۔

قلیل مدت کیلئے، تاہم، وزیر اعظم کے خلاف پانامہ لیکس کا ہنگامہ اور جغرافیائی سیاسی تناؤ جو پاک بھارت کے درمیان جاری ہے کہ سبب اچانک سرحدی شدت و جارحیت کے سبب مارکیٹ میں غیر یقینی صورتحال جنم لی سکتی ہے لیکن درج بالا مثبت پیش رفت کی بنیاد پر طویل مدت کے لحاظ سے مارکیٹ مستحکم رہے گی اور کارکردگی کا مظاہرہ بھی کرے گی۔

## اعتراف و اظہار تشکر:

ہم اس موقع کو غنیمت جانتے ہوئے اپنے قابل احترام سرمایہ کاروں کا تہ دل سے شکریہ ادا کرتے ہیں جنہوں نے المیزان انویسٹمنٹس پر اپنے اعتماد کا بھرپور مظاہرہ کرتے ہوئے اُسے پاکستان میں نئی شعبے میں اثاثہ جات کی انتظام کاری کرنے والا سب سے بڑا ادارہ بنا دیا ہے۔ ہم ضابطہ کار ادارے، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اپنے ٹرسٹی سینٹرل ڈیپازٹری کمیٹی آف پاکستان کے تعاون پر بھی اُن کے شکر گزار ہیں۔ اس کے علاوہ ہم میزبان بینک کے شریعہ سپروائزر اور بورڈ کے ارکان کی مسلسل اعانت اور اثاثہ جات کی انتظام کاری کے شرعی پہلوؤں پر اُن کی رہنمائی کیلئے دل کی گہرائیوں سے اظہار تشکر بجالاتے ہیں۔

محمد شعیب، سی ایف اے  
چیف ایگزیکٹو آفیسر

برائے و بجا نائب بورڈ  
مورخہ 08 فروری 2017ء





## **Meezan Islamic Fund**

Meezan Islamic Fund (MIF) seeks to optimize total investor returns by participating in Shariah Compliant equities which focus on both capital gains and dividend income.

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

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

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

### TRUSTEE

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

### AUDITORS

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

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

Allied Bank Limited  
Al Baraka Islamic Bank B.S.C (E.C)  
Askari Bank Limited - Islamic Banking  
Bank Al Habib Limited - Islamic Banking  
Bank Alfalah Limited  
BankIslami Pakistan Limited  
Burj Bank 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  
Samba Bank Limited  
Sindh Bank Limited  
UBL Armeen - Islamic Banking

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ISLAMIC FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Islamic Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

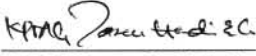
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### *Other Matters*

The figures for the quarter ended 31 December 2016 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

Date: 08 FEB 2017

Karachi

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

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



## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 2016

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>Assets</b>			
Balances with banks		4,796,912	1,928,938
Investments	5	42,510,875	30,554,409
Receivable on issuance and conversion of units		254,761	1,309,796
Receivable against sale of investments (net)		21,158	-
Dividend receivable		156,894	48,558
Deposits, prepayments and other receivables		25,739	13,674
<b>Total assets</b>		<b>47,766,339</b>	<b>33,855,375</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		353,692	327,962
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		4,331	2,949
Payable to Meezan Bank Limited (MBL)		3,412	1,913
Payable to Securities and Exchange Commission of Pakistan (SECP)		17,854	26,541
Payable on redemption and conversion of units		198,418	111,869
Payable against purchase of investments (net)		-	529,926
Accrued expenses and other liabilities	8	264,842	299,809
<b>Total liabilities</b>		<b>842,549</b>	<b>1,300,969</b>
<b>Net assets</b>		<b>46,923,790</b>	<b>32,554,406</b>
<b>Contingencies and commitments</b>	7		
<b>Unitholders' funds (as per statement attached)</b>		<b>46,923,790</b>	<b>32,554,406</b>
(Number of units)			
<b>Number of units in issue</b>		<b>563,491,156</b>	<b>491,662,544</b>
(Rupees)			
<b>Net assets value per unit</b>		<b>83.27</b>	<b>66.21</b>

The annexed notes 1 to 15 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 AND STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended December 31, 2016 (Unaudited)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
(Rupees in '000)					
<b>Income</b>					
Net realised gain / (loss) on sale of investments		665,386	(6,316)	402,439	(101,000)
Dividend income		827,119	647,766	541,289	226,626
Profit on saving accounts with banks		71,355	35,035	44,013	17,931
Other income		4,010	-	4,010	-
		<u>1,567,870</u>	<u>676,485</u>	<u>991,751</u>	<u>143,557</u>
Unrealised appreciation on re-measurement of investments - 'at fair value through profit or loss' (net)	5.1.1 & 5.1.5	7,170,904	213,883	5,455,533	1,253,179
Impairment loss on 'available for sale' investments	5.2.2	-	(46,273)	-	(46,273)
		<u>7,170,904</u>	<u>167,610</u>	<u>5,455,533</u>	<u>1,206,906</u>
<b>Total income</b>		<b>8,738,774</b>	<b>844,095</b>	<b>6,447,284</b>	<b>1,350,463</b>
<b>Expenses</b>					
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		375,873	278,857	200,821	136,419
Sindh Sales Tax and Federal Excise Duty on Management Fee	6	48,863	89,903	26,106	43,981
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		19,298	14,446	10,293	7,073
Sindh Sales Tax on Trustee Fee	6.1	2,509	2,023	1,338	990
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		17,854	13,246	9,539	6,480
Auditors' remuneration		415	382	178	166
Charity expense		11,703	10,617	8,449	6,748
Fees and subscription		1,790	255	1,032	192
Legal and professional charges		138	165	53	32
Brokerage expense		19,273	12,441	11,647	5,312
Bank and settlement charges		2,473	3,389	1,267	1,502
Printing charges		1,289	1,407	1,040	1,357
Allocated Expenses	11	18,794	1,187	10,041	1,187
<b>Total expenses</b>		<b>520,272</b>	<b>428,318</b>	<b>281,804</b>	<b>211,439</b>
<b>Net income from operating activities</b>		<b>8,218,502</b>	<b>415,777</b>	<b>6,165,480</b>	<b>1,139,024</b>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		523,794	139,992	511,490	29,998
<b>Net income for the period before taxation</b>		<b>8,742,296</b>	<b>555,769</b>	<b>6,676,970</b>	<b>1,169,022</b>
Taxation	13	-	-	-	-
<b>Net income for the period after taxation</b>		<b>8,742,296</b>	<b>555,769</b>	<b>6,676,970</b>	<b>1,169,022</b>
<b>Other comprehensive income for the period</b>					
Items that may be reclassified to income statement in subsequent periods					
Unrealised appreciation/ (diminution) on re-measurement of investments classified as 'available for sale' (net)	5.2.2	817,813	(105,655)	1,199,258	275,790
<b>Total comprehensive income for the period</b>		<b>9,560,109</b>	<b>450,114</b>	<b>7,876,228</b>	<b>1,444,812</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT

For the six months period ended December 31, 2016 (Unaudited)

	Note	Six months period ended December 31,	
		2016 (Rupees in '000)	2015
Undistributed income brought forward			
- Realised		<b>4,499,430</b>	2,421,038
- Unrealised		<b>3,398,433</b>	2,863,676
		<b>7,897,863</b>	5,284,714
Final distribution for the year ended June 30, 2016			
- cash dividend: nil (June 30, 2015: 4.40% i.e. Rs 2.20 per unit)		-	(986,461)
Net income for the period		<b>8,742,296</b>	555,769
Element of income and capital gains included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)		<b>53,501</b>	27,636
Undistributed income carried forward		<b>16,693,660</b>	4,881,658
Undistributed income carried forward			
- Realised		<b>9,522,756</b>	4,667,775
- Unrealised	5.1.1 & 5.1.5	<b>7,170,904</b>	213,883
		<b>16,693,660</b>	4,881,658

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

For the six months period ended December 31, 2016 (Unaudited)

	Six months period ended December 31,	
	2016 (Rupees in '000)	2015
Net assets at beginning of the period	<b>32,554,406</b>	27,402,717
Issue of 264,419,250 units (December 31, 2015: 139,519,861 units)	<b>19,446,083</b>	8,570,887
Issue of nil units for re-investment of cash dividend (December 31, 2015: 14,887,823 units)	-	877,042
Redemption of 192,590,638 units (December 31, 2015: 142,263,334 units)	<b>(14,113,014)</b>	(8,564,876)
	<b>5,333,069</b>	883,053
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	<b>(523,794)</b>	(139,992)
Net realised gain / (loss) on sale of investments	<b>665,386</b>	(6,316)
Unrealised appreciation in the value of investments (net)	<b>7,988,717</b>	61,955
Net other income for the period	<b>906,006</b>	394,475
Total comprehensive income for the period	<b>9,560,109</b>	450,114
Final distribution for the year ended June 30, 2016 - cash dividend: nil (June 30, 2015: 4.40% i.e. Rs 2.20 per unit)	-	(986,461)
Net income / (loss) for the period less distribution	<b>9,560,109</b>	(536,347)
Net assets at end of the period	<b>46,923,790</b>	27,609,431
	<b>(Rupees)</b>	
Net assets value per unit at beginning of the period	<b>66.21</b>	61.11
Net assets value per unit at end of the period	<b>83.27</b>	59.95

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31,	
	2016	2015
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	8,742,296	555,769
<b>Adjustments for:</b>		
Unrealised (appreciation) on re-measurement of investments - 'at fair value through profit or loss' (net)	(7,170,904)	(213,883)
Impairment loss on 'available for sale' investments	-	46,273
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(523,794)	(139,992)
	<b>1,047,598</b>	<b>248,167</b>
<b>(Increase) / decrease in assets</b>		
Investments (net)	(3,967,749)	334,048
Receivable against sale of investments (net)	(21,158)	146,775
Dividend receivable	(108,336)	16,603
Deposits, prepayments and other receivables	(12,065)	13,820
	<b>(4,109,308)</b>	<b>511,246</b>
<b>(Decrease) / increase in liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	25,730	54,978
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	1,382	295
Payable to Meezan Bank Limited (MBL)	1,499	(987)
Payable to Securities and Exchange Commission of Pakistan (SECP)	(8,687)	(7,791)
Payable against purchase of investments (net)	(529,926)	-
Accrued expenses and other liabilities	(34,967)	(1,343)
	<b>(544,969)</b>	<b>45,152</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(3,606,679)</b>	<b>804,565</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	20,501,118	9,909,969
Dividend paid	-	(986,461)
Payment against redemption and conversion of units	(14,026,465)	(9,912,779)
<b>Net cash generated from / (used in) financing activities</b>	<b>6,474,653</b>	<b>(989,271)</b>
Net increase / (decrease) in cash and cash equivalents during the period	<b>2,867,974</b>	<b>(184,706)</b>
Cash and cash equivalents at beginning of the period	<b>1,928,938</b>	<b>1,436,341</b>
<b>Cash and cash equivalents at end of the period</b>	<b>4,796,912</b>	<b>1,251,635</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (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 listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). 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 Open End Shariah Compliant (Islamic) Equity Scheme in accordance with Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP).
- 1.4** The Management Company of the Fund has been given a 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 aforementioned guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

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, 2016.

### 3. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions and directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the SECP. In case where requirements differ, the provisions of / or directives issued under the Companies

Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the SECP shall prevail.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2016.

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future 'events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

5. INVESTMENTS	Note	(Unaudited)	(Audited)
		December 31, 2016	June 30, 2016
		(Rupees in '000)	
Investments - 'at fair value through profit or loss'	5.1	<b>38,054,484</b>	26,915,773
Investments - 'available for sale'	5.2.1	<b>4,456,326</b>	3,638,571
Investment in ordinary shares - unlisted	5.1.6	<b>65</b>	65
		<b>42,510,875</b>	<b>30,554,409</b>
<b>5.1 Investments - 'at fair value through profit or loss'</b>			
Held for trading - shares of listed companies	5.1.1	<b>37,743,536</b>	26,675,399
Fair value through profit or loss upon initial recognition	5.1.5	<b>310,948</b>	240,374
		<b>38,054,484</b>	<b>26,915,773</b>

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

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain / (loss) as at December 31, 2016	Percentage in relation to			
									Net assets of the Fund on the basis of market value (S.1.4)	Total Market value of investments	Paid-up capital of the investee company (with face value of investments)	
					(Number of shares)	(Rupees in '000)			%			
<b>Sectors / Companies</b>												
<b>Automobile assembler</b>												
Honda Atlas Cars (Pakistan) Limited	2,741,800	636,900	-	766,400	2,612,300	1,044,938	1,746,688	701,750	3.72	4.11	1.84	
Indus Motor Company Limited	816,042	-	-	249,100	566,942	532,665	915,345	382,680	1.95	2.15	0.72	
Millat Tractors Limited	116,900	-	-	-	116,900	66,662	105,755	39,093	0.23	0.25	0.26	
Pak Suzuki Motor Company Limited	73,022	40,000	-	113,022	-	-	-	-	-	-	-	
									<b>5.90</b>	<b>6.51</b>	<b>2.82</b>	
<b>Automobile parts and accessories</b>												
Thal Limited (note 5.1.2)	202,307	175,000	-	150,000	227,307	88,679	115,592	26,913	0.25	0.27	0.28	
<b>Chemicals</b>												
Akzo Nobel Pakistan Limited	50,000	-	-	50,000	-	-	-	-	-	-	-	
ICI Pakistan Limited	701,800	174,600	-	25,000	851,400	423,428	846,062	422,634	1.80	1.99	0.92	
Ghani Gases Limited	853,000	-	-	853,000	-	-	-	-	-	-	-	
Sitara Chemicals Industries Limited	5,500	-	-	-	5,500	2,002	3,190	1,188	0.01	0.01	0.01	
									<b>1.81</b>	<b>2.00</b>	<b>0.93</b>	

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain / (loss) as at December 31, 2016	Percentage in relation to		
									Net assets of the Fund on the basis of market value (5.1.4)	Total Market value of investments	Paid-up capital of the investee company (with face value of investments)
<b>Cement</b>											
Attock Cement Pakistan Limited	7,037	-	-	7,037	-	-	-	-	-	-	-
Cherat Cement Company Limited	6,645,612	-	-	668,700	5,976,912	714,659	1,040,222	325,563	2.22	2.45	3.38
D.G. Khan Cement Company Limited	4,903,322	1,483,100	-	1,806,800	4,579,622	878,689	1,015,440	136,751	2.16	2.39	1.05
Dewan Cement Company Limited	-	3,283,000	-	960,000	2,323,000	86,263	90,690	4,427	0.19	0.21	-
Fauji Cement Company Limited	27,563,500	500,000	-	6,500,000	21,563,500	773,502	972,083	198,581	2.07	2.29	1.56
Kohat Cement Company Limited	3,085,500	175,000	-	200,000	3,060,500	802,845	892,564	89,719	1.90	2.10	1.98
Lucky Cement Limited	3,634,479	423,600	-	286,800	3,771,279	2,477,044	3,266,908	789,864	6.96	7.68	1.17
Maple Leaf Cement Factory Limited	4,520,500	3,246,000	-	2,782,000	4,984,500	515,447	635,923	120,476	1.36	1.50	0.94
Pakcem Limited	699,500	-	-	699,500	-	-	-	-	-	-	-
Pioneer Cement Limited	8,845,000	1,800,800	-	188,000	10,457,800	1,158,707	1,485,949	327,242	3.17	3.50	4.60
									<b>20.03</b>	<b>22.12</b>	<b>14.68</b>
<b>Glass &amp; Ceramics</b>											
Tariq Glass Industries Limited	1,500	-	-	1,500	-	-	-	-	-	-	-
<b>Paper and Board</b>											
Cherat Packaging Limited	303,800	-	-	-	303,800	103,830	102,678	(1,152)	0.22	0.24	1.03
Packages Limited	2,500,379	27,050	-	280,500	2,246,929	1,433,198	1,910,002	476,804	4.07	4.49	2.51
									<b>4.29</b>	<b>4.73</b>	<b>3.54</b>
<b>Technology and communication</b>											
Pakistan Telecommunication Company Limited "A"	39,037	-	-	39,037	-	-	-	-	-	-	-
<b>Refinery</b>											
Attock Refinery Limited	497,900	630,000	-	-	1,127,900	366,188	479,696	113,508	1.02	1.13	0.00
National Refinery Limited	805	-	-	-	805	383	460	77	0.00	0.00	0.00
									<b>1.02</b>	<b>1.13</b>	<b>0.00</b>
<b>Miscellaneous</b>											
Shifa International Hospitals Limited	737,688	34,100	-	49,800	721,988	216,737	221,946	5,209	0.47	0.52	1.32
<b>Commercial Banks</b>											
Meezan Bank Limited (an associate of the Fund)	7,293,081	4,000	-	7,134,000	163,081	6,933	11,107	4,174	0.02	0.03	0.02
<b>Oil and gas Marketing Companies</b>											
Attock Petroleum Limited	302,579	-	-	-	302,579	132,390	207,152	74,762	0.44	0.49	0.00
Hascol Petroleum Limited	561,248	-	-	525,200	36,048	7,043	12,167	5,124	0.03	0.03	0.03
Pakistan State Oil Company Limited	3,549,523	40,000	-	542,000	3,047,523	1,145,207	1,323,265	178,058	2.82	3.11	1.12
Shell (Pakistan) Limited	48,300	-	-	48,300	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	9,000	15,096,500	-	3,750,500	11,355,000	588,815	926,227	337,412	1.97	2.18	1.79
									<b>5.26</b>	<b>5.81</b>	<b>2.94</b>
<b>Oil and gas Exploration Companies</b>											
Oil and Gas Development Company Limited	3,823,200	10,333,600	-	-	14,156,800	2,095,850	2,340,827	244,977	4.99	5.51	0.33
Pakistan Oilfields Limited	1,228,097	890,300	-	125,100	1,993,297	838,256	1,065,656	227,400	2.27	2.51	0.84
Pakistan Petroleum Limited	2,765,350	921,800	-	281,000	3,406,150	533,853	640,969	107,116	1.37	1.51	0.17
Mari Petroleum Company Limited	1,777,780	283,400	-	15,000	2,046,180	1,971,345	2,813,313	841,968	6.00	6.62	0.00
									<b>14.62</b>	<b>16.15</b>	<b>1.34</b>
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	886,350	331,550	-	55,050	1,162,850	907,957	1,112,952	204,995	2.37	2.62	0.00
Ferozsons Laboratories Limited	170,000	157,000	-	31,000	296,000	275,670	221,630	(54,040)	0.47	0.52	0.98
Glaxo Smithkline Pakistan Limited (note 5.1.7)	16	175,000	-	125,000	50,016	10,261	11,669	1,408	0.02	0.03	0.02
Highnoon Laboratories Limited	580	-	-	-	580	334	371	37	0.00	0.00	0.00
The Searle Company Limited	1,619,168	164,300	217,583	65,000	1,936,051	925,240	1,265,771	340,531	2.70	2.98	1.38
									<b>5.57</b>	<b>6.15</b>	<b>2.38</b>
<b>Power Generation and Distribution</b>											
Hub Power Company Limited	12,664,416	839,400	-	1,110,200	12,393,616	1,481,256	1,530,364	49,108	3.26	3.60	1.07
K- Electric Limited (note 5.1.2)	118,282,500	77,014,500	-	18,890,500	176,406,500	1,488,961	1,652,929	163,968	3.52	3.89	0.64
Kohinoor Energy Limited	873,000	-	-	873,000	-	35,968	37,539	1,571	0.08	0.09	0.52
Lalpir Power Limited	1,410,000	-	-	1,410,000	-	-	-	-	-	-	-
Pakgen Power Limited	500	-	-	500	-	-	-	-	-	-	-
									<b>6.86</b>	<b>7.58</b>	<b>2.23</b>
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited	8,504,750	2,864,000	-	650,000	10,718,750	707,021	764,033	57,012	1.63	1.80	2.15
<b>Fertilizer</b>											
Dawood Hercules Corporation Limited	3,021,100	2,158,400	-	100,000	5,079,500	740,990	733,124	(7,866)	1.56	1.72	1.06
Engro Corporation Limited (note 5.1.3)	7,760,500	1,357,400	-	402,400	8,715,500	2,862,880	2,754,882	(107,998)	5.87	6.48	1.66
Engro Fertilizers Limited	23,036,700	3,600,000	-	2,119,500	24,517,200	1,590,018	1,666,679	76,661	3.55	3.92	1.84
									<b>10.99</b>	<b>12.12</b>	<b>4.56</b>
<b>Engineering</b>											
Amreli Steels Limited	572,500	-	-	-	572,500	26,919	38,123	11,204	0.08	0.09	0.19
Crescent Steel & Allied Products Limited	1,913,100	-	-	1,753,700	159,400	18,269	24,576	6,307	0.05	0.06	0.21
K.S.B. Pumps Company Limited	89,900	-	-	-	89,900	21,904	36,702	14,798	0.08	0.09	0.68
									<b>0.21</b>	<b>0.24</b>	<b>1.08</b>
<b>Food and Personal Care Products</b>											
Al-Shaheer Corporation Limited	3,979,275	831,500	416,966	1,346,500	3,881,241	185,407	222,783	37,376	0.47	0.52	2.73
Engro Foods Limited	983,921	3,709,900	-	4,693,000	821	122	158	36	0.00	0.00	0.00
									<b>0.48</b>	<b>0.52</b>	<b>2.73</b>
<b>Textile Composite</b>											
Kohinoor Mills Limited	808,100	2,000	-	808,100	2,000	238	232	(6)	0.00	0.00	0.00
Nishat Mills Limited	1,245,100	3,026,100	-	1,111,400	3,159,800	404,537	481,143	76,606	1.03	1.13	0.90
									<b>1.03</b>	<b>1.13</b>	<b>0.90</b>
<b>Total</b>						<b>30,689,510</b>	<b>37,743,536</b>	<b>7,054,026</b>			



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

**5.1.3** 1,000,000 shares of Engro Corporation Limited having market value of Rs 316.09 million (June 2016: Rs 332.97 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'**

**Ordinary shares - listed**

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus Rights issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain as at December 31, 2016	Percentage in relation to					
									Net assets of the Fund on the basis of market value	Total Market value of investments	Paid-up capital of the investee company (with face value of investments)			
						----- (Number of shares) -----			----- (Rupees in '000) -----			----- % -----		
<b>Sectors / Companies</b>														
<b>Commercial Banks</b>														
Meezan Bank Limited (an associate of the Fund)	5,650,206	-	-	1,089,500	4,560,706	193,830	310,630	116,800	0.66	0.73	0.45			
<b>Paper and Board</b>														
Packages Limited	374	-	-	-	374	240	318	78	0.00	0.00	0.00			
<b>Total</b>						<b>194,070</b>	<b>310,948</b>	<b>116,878</b>						

**5.1.6 Ordinary shares-unlisted**

Name of Security	Note	(Unaudited) December 31, 2016		(Audited) June 30, 2016	
		Number of Shares	Carrying value (Rupees in '000)	Number of Shares	Carrying value (Rupees in '000)
GlaxoSmithKline Consumer Healthcare Pakistan Limited	5.1.7	<b>1,056</b>	<b>65</b>	<b>1,056</b>	<b>65</b>

**5.1.7** GlaxoSmithKline Pakistan Limited (GSK) announced a de-merger scheme on December 1, 2015 whereby 3 ordinary shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited (GSK CHC) were issued for every 10 ordinary shares held in GSK. The net assets of consumer health business on the said date were Rs. 956 million i.e. 7.67% and hence, the carrying cost was allocated by applying the aforementioned percentage among GSK and GSK CHC and market price has been adjusted accordingly. GSK CHC is under the process of obtaining listing on the stock exchange.

## 5.2 Investments categorised as 'available for sale'

### 5.2.1 Shares of listed companies

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain as at December 31, 2016	Percentage in relation to			
									Net assets of the Fund on the basis of market value (5.1.4)	Total Market value of investments	Paid-up capital of the investee company (with face value of investments)	
					(Number of shares)	(Rupees in '000)			%			
<b>Sectors / Companies</b>												
<b>Automobile assembler</b>												
Honda Atlas Cars (Pakistan) Limited	233,700	-	-	-	233,700	80,064	156,261	76,197	0.33	0.37	0.16	
Pak Suzuki Motor Company Limited	805	-	-	805	-	-	-	-	-	-	-	
									<b>0.33</b>	<b>0.37</b>	<b>0.16</b>	
<b>Commercial Banks</b>												
Meezan Bank Limited (an associate of the Fund)	124,880	-	-	-	124,880	1,552	8,506	6,954	0.02	0.02	0.01	
BankIslami Pakistan Limited	875	-	-	-	875	5	12	7	0.00	0.00	0.00	
									<b>0.02</b>	<b>0.02</b>	<b>0.01</b>	
<b>Chemicals</b>												
ICI Pakistan Limited	75	-	-	-	75	10	75	65	0.00	0.00	0.00	
<b>Cement</b>												
D.G Khan Cement Company Limited	60,900	-	-	-	60,900	11,164	13,503	2,339	0.03	0.03	0.01	
Lucky Cement Limited	279,000	-	-	-	279,000	171,162	241,687	70,525	0.52	0.57	0.09	
									<b>0.54</b>	<b>0.60</b>	<b>0.10</b>	
<b>Power Generation and Distribution</b>												
Hub Power Company Limited	10,377,900	-	-	-	10,377,900	656,997	1,281,463	624,466	2.73	3.01	0.90	
<b>Paper and Board</b>												
Packages Limited	2,027,850	-	-	-	2,027,850	965,943	1,723,774	757,831	3.67	4.05	2.27	
<b>Oil and gas Marketing Companies</b>												
Pakistan State Oil Company Limited	1,489,500	-	-	-	1,489,500	403,815	646,756	242,941	1.38	1.52	0.55	
<b>Oil and gas Exploration Companies</b>												
Mari Petroleum Company Limited	3,800	-	-	-	3,800	3,340	5,225	1,885	0.01	0.01	0.00	
Pakistan Oilfields Limited	415,600	-	-	-	415,600	111,389	222,188	110,799	0.47	0.52	0.18	
									<b>0.48</b>	<b>0.53</b>	<b>0.18</b>	
<b>Refinery</b>												
National Refinery Limited	151	-	-	-	151	28	86	58	0.00	0.00	0.00	
<b>Pharmaceuticals</b>												
The Searle Company Limited	187,000	-	26,180	-	213,180	100,765	139,375	38,610	0.30	0.33	0.15	
<b>Fertilizers</b>												
Engro Corporation Limited	5,000	-	-	-	5,000	1,652	1,580	(72)	0.00	0.00	0.00	
<b>Textile Composite</b>												
Nishat Mills Limited	104,000	-	-	-	104,000	11,015	15,835	4,820	0.03	0.04	0.03	
<b>Total</b>						<b>2,518,901</b>	<b>4,456,326</b>	<b>1,937,425</b>				
<b>Total cost of investments</b>							<b>2,518,901</b>					

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

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
Market value of investment	<b>4,456,326</b>	3,638,571
Less: Cost of investments	<b>2,518,901</b>	2,565,232
	<b>1,937,425</b>	1,073,339
Less: Net unrealised diminution on re-measurement of investments classified as 'available for sale' at beginning of the period (net of impairment)	<b>1,119,612</b>	1,130,171
	<b>817,813</b>	(56,832)
Impairment loss on listed equity securities classified as 'available for sale' - transferred to income statement	-	46,273
	<b>817,813</b>	(10,559)

## **6. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE / TRUSTEE FEE**

**6.1** The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company, sales load and trustee fee through Sindh Sales Tax on Services Act 2011. In the current period, Sindh Sales Tax at the rate of 13 percent (till June 30, 2016: 14 percent) was charged on the remuneration of Management Company, sales load and trustee fee.

**6.2** The status of Federal Excise Duty (FED) is the same as disclosed in the annual financial statements for the year ended June 30, 2016, except for the fact that while disposing the petition filed by MUFAP on September 04, 2013, the Sindh High Court (SHC), through order dated July 16, 2016, declared the said provision to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision. The mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED has been recognised in this condensed interim financial information.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision on FED on management fee with effect from June 13, 2013, till June 30, 2016, aggregating to Rs. 219.021 million (June 30, 2016: Rs. 219.021 million). Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2016 would have been higher by Re. 0.39 per unit (June 30, 2016: Rs. 0.44 per unit).

## **7. CONTINGENCIES AND COMMITMENTS**

The status of withholding tax on bonus shares is the same as disclosed in the annual financial statements for the year ended June 30 2016. In the current period Al Shaheer Corporation Limited and The Searle Company Limited issued bonus shares after withholding 5 percent shares on account of tax on bonus shares. These have not been deposited with the Government Treasury due to pending adjudication of the constitutional petition and the stay order mentioned in the annual financial statements for the year ended June 30, 2016.

There were no other contingencies and commitments outstanding as at December 31, 2016 and June 30, 2016.

## **8. ACCRUED EXPENSES AND OTHER LIABILITIES**

This includes provision for Workers' Welfare Fund (WWF) amounting to Rs. 184.61 million (June 30, 2016: Rs. 184.61 million). The details are as follows:

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs. 184.61 million. This has resulted in an increase in NAV per unit of Rs. 0.32 on January 12, 2017. Had this reversal been recognized on December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 0.33 per unit.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014.

MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 343.03 million. This has resulted in a decrease in NAV per unit of Rs. 0.60 on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Rs. 0.56 per unit.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

## 9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, Directors and Executives of the Management Company, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Asset Allocation Fund, Meezan Islamic Income Fund, Meezan Energy Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund – II, Meezan Strategic Allocation Fund, Meezan Gold Fund 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 - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, 2003, NBFC Regulations, 2008 and the Trust Deed respectively.

Details of transactions with connected persons and balances with them for the period ended December 31, 2016 and as of that date along with comparatives are as follows:

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
<b>(Rupees in '000)</b>		
<b>Al Meezan Investment Management Limited (Al Meezan)</b>		
<b>- Management Company</b>		
Remuneration payable	<u>75,086</u>	<u>50,211</u>
Sindh Sales Tax and Federal Excise Duty on management fee payable	<u>234,434</u>	<u>231,702</u>
Sales load payable	<u>8,143</u>	<u>11,064</u>
Sindh Sales Tax and Federal Excise Duty on sales load payable	<u>32,275</u>	<u>32,469</u>
Certificate charges	<u>-</u>	<u>5</u>
Allocated expenses	<u>3,754</u>	<u>2,511</u>
Investment of 5,424,729 units (June 30, 2016: 11,573,066 units)	<u>451,717</u>	<u>766,253</u>

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
<b>Meezan Bank Limited</b>		
Bank balance	236,018	178,313
Sales load payable	3,019	1,913
Sindh Sales Tax on sales load payable	393	-
Investment in 4,848,667 shares (June 30, 2016: 13,068,167 shares)	330,243	555,397
Investment of 12,475,049 units (June 30, 2016: 15,675,049 units)	1,038,797	1,037,845
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	3,832	2,586
Sindh Sales Tax on trustee fee payable	499	363
Deposit	100	100
<b>Al Meezan Investment Management Limited - Employees' Gratuity Fund</b>		
Investment of 169,208 units (June 30, 2016: 169,208 units)	14,090	11,203
<b>Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan</b>		
Investment of 4,285,493 units (June 30, 2016: 4,742,448 units)	356,853	313,997
<b>Meezan Financial Planning Fund of Funds - Moderate Allocation Plan</b>		
Investment of 4,557,799 units (June 30, 2016: 2,769,750 units)	379,528	183,385
<b>Meezan Financial Planning Fund of Funds - Conservative Allocation Plan</b>		
Investment of 1,356,627 units (June 30, 2016: 1,113,606 units)	112,966	73,732
<b>Meezan Financial Planning Fund of Funds - MCPP - I</b>		
Investment of nil units (June 30, 2016: 14,680,450 units)	-	971,993
<b>Meezan Financial Planning Fund of Funds - MCPP - II</b>		
Investment of 5,902,326 units (June 30, 2016: 15,391,100 units)	491,487	1,019,045
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Investment of 13,254,265 units (June 30, 2016: 16,178,167 units)	1,103,683	1,071,156
<b>Meezan Financial Planning Fund of Funds - MAAP - II</b>		
Investment of 10,604,201 units (June 30, 2016: 11,833,268 units)	883,012	783,481
<b>Meezan Financial Planning Fund of Funds - MAAP - III</b>		
Investment of 27,610,608 units (June 30, 2016: 32,276,978 units)	2,299,135	2,137,059
<b>Meezan Financial Planning Fund of Funds - MAAP - IV</b>		
Investment of 9,026,741 units (June 30, 2016: 5,047,854 units)	751,657	334,218
<b>Meezan Capital Preservation Fund-II</b>		
Investment of nil units (June 30, 2016: 12,740,732 units)	-	843,564
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Investment of 21,337,446 units (June 30, 2016: nil)	1,776,769	-
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Investment of 3,143,894 units (June 30, 2016: nil)	261,792	-
<b>Directors and executives of the Management Company</b>		
Investment of 5,247,684 units (June 30, 2016: 5,173,558 units)	436,975	342,541

	<b>Six months period ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	<b>375,873</b>	278,857
Sindh Sales Tax and Federal Excise Duty on management fee	<b>48,863</b>	89,903
Allocated expenses	<b>18,794</b>	1,187
Units issued: 1,034,881 units (December 31, 2015: 900,768 units)	<b>84,000</b>	56,953
Units redeemed: 7,183,218 units (December 31, 2015: 3,398,193 units)	<b>526,000</b>	205,000
Cash dividend paid	-	26,953
<b>Meezan Bank Limited</b>		
Profit on saving accounts	<b>2,575</b>	940
Units redeemed: 3,200,000 units (December 31, 2015: nil)	<b>225,888</b>	-
Shares purchased: 4,000 shares (December 31, 2015: nil)	<b>206</b>	-
Shares sold: 8,223,500 shares (December 31, 2015: 2,514,919 shares)	<b>488,683</b>	117,744
Dividend income	<b>21,775</b>	25,191
Cash dividend paid	-	34,485
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	<b>19,298</b>	14,446
Sindh Sales Tax on Trustee Fee	<b>2,509</b>	2,023
CDS charges	<b>709</b>	483
<b>Al Meezan Investment Management Limited - Employees' Gratuity Fund</b>		
Units issued: nil (December 31, 2015: 136,075 units)	-	8,165
Cash dividend paid	-	266
<b>Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan</b>		
Units issued: 2,533,438 units (December 31, 2015: 916,649 units)	<b>188,230</b>	54,711
Units redeemed: 2,990,393 units (December 31, 2015: 298,572 units)	<b>233,075</b>	17,792
Cash dividend paid	-	8,773
<b>Meezan Financial Planning Fund of Funds - Moderate Allocation Plan</b>		
Units Issued: 3,272,822 units (December 31, 2015: 432,300 units)	<b>253,200</b>	25,652
Units Redeemed: 1,484,773 units (December 31, 2015: 996,792 units)	<b>113,106</b>	60,822
Cash dividend paid	-	6,766
<b>Meezan Financial Planning Fund of Funds - Conservative Allocation Plan</b>		
Units Issued: 1,553,589 units (December 31, 2015: 356,116 units)	<b>115,725</b>	21,361
Units Redeemed: 1,310,568 units (December 31, 2015: 832,596 units)	<b>104,369</b>	51,347
Cash dividend paid	-	3,225
<b>Meezan Financial Planning Fund of Funds - MCPP - I</b>		
Units Issued: 1,605,687 units (December 31, 2015: 1,743,568 units)	<b>109,000</b>	103,777
Units Redeemed: 16,286,137 units (December 31, 2015: 11,897,535 units)	<b>1,164,107</b>	701,652
Cash dividend paid	-	45,777
<b>Meezan Financial Planning Fund of Funds - MCPP - II</b>		
Units Issued: 7,515,588 units (December 31, 2015: 8,168,676 units)	<b>530,000</b>	492,380
Units Redeemed: 17,004,362 units (December 31, 2015: 19,750,658 units)	<b>1,289,000</b>	1,143,688
Cash dividend paid	-	56,380

**Six months period ended  
December 31,**

	2016	2015
	(Rupees in '000)	
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Units Issued: 1,596,790 units (December 31, 2015: 16,088,828 units)	112,000	975,500
Units Redeemed: 4,520,692 units (December 31, 2015: nil)	<u>318,000</u>	<u>-</u>
<b>Meezan Financial Planning Fund of Funds - MAAP - II</b>		
Units Issued: 1,419,440 units (December 31, 2015: 3,336,113 units)	101,000	200,000
Units Redeemed: 2,648,507 units (December 31, 2015: nil)	<u>185,000</u>	<u>-</u>
<b>Meezan Financial Planning Fund of Funds - MAAP - III</b>		
Units Issued: 3,828,389 units (December 31, 2015: nil)	274,000	-
Units Redeemed: 8,494,759 units (December 31, 2015: nil)	<u>593,500</u>	<u>-</u>
<b>Meezan Financial Planning Fund of Funds - MAAP - IV</b>		
Units Issued: 4,348,446 units (December 31, 2015: nil)	307,000	-
Units Redeemed: 369,559 units (December 31, 2015: nil)	<u>27,000</u>	<u>-</u>
<b>Meezan Capital Preservation Fund-II</b>		
Units issued: 1,541,121 units (December 31, 2015: 6,415,262 units)	107,000	390,170
Units redeemed: 14,281,853 units (December 31, 2015: 14,595,745 units)	<u>1,044,127</u>	<u>859,825</u>
Cash dividend paid	<u>-</u>	<u>53,170</u>
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Units issued: 21,337,446 units (December 31, 2015: nil)	<u>1,593,000</u>	<u>-</u>
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Units issued: 3,143,894 units (December 31, 2015: nil)	<u>260,000</u>	<u>-</u>
<b>Directors and executives of the Management Company</b>		
Units issued: 239,613 units (December 31, 2015: 281,928 units)	16,559	16,360
Units redeemed: 165,487 units (December 31, 2015: 145,229 units)	<u>11,902</u>	<u>8,320</u>
Cash dividend paid	<u>-</u>	<u>10,593</u>

## 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value				
	Investments	Other receivables	Cash and cash equivalents	Total and Other payables	Total	Level 1	Level 2	Level 3	Total
December 31, 2016									
(Rupees in '000)									
<b>Financial assets</b>									
- measured at fair value									
Investments	42,510,810	-	-	-	42,510,810	42,510,810	-	-	42,510,810
<b>Financial assets</b>									
- not measured at fair value									
Investments	65	-	-	-	65	-	-	-	-
Balance with banks	-	-	4,796,912	-	4,796,912	-	-	-	-
Receivable on issuance and conversion of units	-	254,761	-	-	254,761	-	-	-	-
Receivable against sale of investments (net)	-	21,158	-	-	21,158	-	-	-	-
Dividend receivable	-	156,894	-	-	156,894	-	-	-	-
Deposits and other receivables	-	25,739	-	-	25,739	-	-	-	-
	<u>42,510,875</u>	<u>458,552</u>	<u>4,796,912</u>	<u>-</u>	<u>47,766,339</u>	<u>42,510,810</u>	<u>-</u>	<u>-</u>	<u>42,510,810</u>

Carrying amount					Fair value			
Investments	Other receivables	Cash and cash equivalents	Trade and Other payables	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
<b>Financial liabilities</b>								
<b>- not measured at fair value</b>								
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	-	-	353,692	353,692	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	4,331	4,331	-	-	-	-
Payable to Meezan Bank Limited (MBL)	-	-	3,412	3,412	-	-	-	-
Payable on redemption and conversion of units	-	-	198,418	198,418	-	-	-	-
Accrued expenses and other liabilities	-	-	29,502	29,502	-	-	-	-
	-	-	589,355	589,355	-	-	-	-

Carrying amount					Fair value			
Investments	Other receivables	Cash and cash equivalents	Trade and Other payables	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								

June 30, 2016

**Financial assets**  
**- measured at fair value**

Investments	30,554,344	-	-	-	30,554,344	30,554,344	-	-	30,554,344
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**Financial assets**  
**- not measured at fair value**

Investments	65	-	-	-	65	-	-	-	-
Balances with banks	-	-	1,928,938	-	1,928,938	-	-	-	-
Receivable on issuance and conversion of units	-	1,309,796	-	-	1,309,796	-	-	-	-
Dividend receivable	-	48,558	-	-	48,558	-	-	-	-
Deposits, and other receivables	-	13,641	-	-	13,641	-	-	-	-
	30,554,409	1,371,995	1,928,938	-	33,855,342	30,554,344	-	-	30,554,344

**Financial liabilities**

**- not measured at fair value**

Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	-	-	-	327,962	327,962	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	2,949	2,949	-	-	-	-
Payable to Meezan Bank Limited (MBL)	-	-	-	1,913	1,913	-	-	-	-
Payable on redemption and conversion of units	-	-	-	111,869	111,869	-	-	-	-
Payable against purchase of investments (net)	-	-	-	529,926	529,926	-	-	-	-
Accrued expenses and other liabilities	-	-	-	28,528	28,528	-	-	-	-
	-	-	-	1,003,147	1,003,147	-	-	-	-

## 11. ALLOCATED EXPENSES

During the period, fund charge 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC regulations, 2008.

## 12. EXPENSE RATIO

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2016 is 2.77% which include 0.38% representing government levy, Worker Welfare Fund and SECP fee.



### **13. TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realised or unrealised) to its unitholders.

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. Accordingly, Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

### **14. POST BALANCE SHEET EVENT**

On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to reverse provision against WWF. Further, it was also decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act i.e. May 21, 2015.

Accordingly, the Management Company, based on the decision taken by MUFAP, commenced accrual of provision against SWWF from May 21, 2015 and recorded the same on January 12, 2017. The details and impact of the same are disclosed in note 8 to the condensed interim financial information.

### **15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** Date of authorization

This condensed interim financial information was authorised for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**





## **Al Meezan Mutual Fund**

Al Meezan Mutual Fund (AMMF) aims to optimize the total investment returns in the form of capital gains and dividend income by prudent management of investments.

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

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

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

### TRUSTEE

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

### AUDITORS

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

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)	Habib Metropolitan Bank Limited - Islamic Banking
Askari Bank Limited - Islamic Banking	MCB Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking	Meezan Bank Limited
Bank Islami Pakistan Limited	National Bank of Pakistan - Islamic Banking
Burj Bank Limited	UBL Ameen - Islamic Banking
Dubai Islamic Bank	

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**AL MEEZAN MUTUAL FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Al Meezan Mutual Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

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

## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Al Meezan Mutual Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*


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

### *Other Matters*

The figures for the quarter ended 31 December 2016 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date:** 08 FEB 2017

**Karachi**

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

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2016

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>Assets</b>			
Balances with banks		788,941	218,236
Investments (net)	5	7,477,608	5,264,025
Receivable on issuance and conversion of units		21,892	55,252
Dividend receivable		32,930	25,608
Deposits, prepayments and other receivables		8,527	5,485
<b>Total assets</b>		<b>8,329,898</b>	<b>5,568,606</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		54,770	50,502
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		928	613
Payable to Securities and Exchange Commission of Pakistan (SECP)		3,053	4,245
Payable to Meezan Bank Limited (MBL)		1,331	866
Payable on redemption and conversion of units		15,070	15,929
Payable against purchase of investments (net)		23,941	11,515
Accrued expenses and other liabilities	8	49,720	61,767
Dividend payable		4,772	4,772
<b>Total liabilities</b>		<b>153,585</b>	<b>150,209</b>
<b>Net assets</b>		<b>8,176,313</b>	<b>5,418,397</b>
<b>Contingencies and commitments</b>	7		
<b>Unitholders' fund (as per statement attached)</b>		<b>8,176,313</b>	<b>5,418,397</b>
(Number of units)			
<b>Number of units in issue</b>		<b>362,669,488</b>	<b>301,149,646</b>
(Rupees)			
<b>Net assets value per unit</b>		<b>22.54</b>	<b>17.99</b>

The annexed notes 1 to 15 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised gain / (loss) on sale of investments		98,734	12,318	57,725	(3,078)
Dividend income		142,514	97,645	95,905	35,919
Profit on saving accounts with banks		9,974	4,783	6,467	2,185
Other income		-	16	-	1
		<u>251,222</u>	<u>114,762</u>	<u>160,097</u>	<u>35,027</u>
Unrealised appreciation / (diminution) on re-measurement of investments 'at fair value through profit or loss' (net)	5.2	<u>1,058,129</u>	<u>(12,379)</u>	<u>862,228</u>	<u>146,222</u>
<b>Total income</b>		<b>1,309,351</b>	<b>102,383</b>	<b>1,022,325</b>	<b>181,249</b>
<b>Expenses</b>					
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		64,269	41,639	34,570	21,048
Sindh Sales Tax and Federal Excise Duty on Management Fee	6	8,355	13,369	4,494	6,763
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		3,718	2,585	1,981	1,280
Sindh Sales Tax on trustee fee	6	567	384	341	182
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		3,053	1,994	1,642	996
Auditors' remuneration		464	454	262	251
Charity expense		2,000	1,328	1,429	788
Fees and subscription		383	104	244	63
Legal and professional charges		283	133	250	33
Brokerage expense		3,290	2,612	1,850	1,011
Bank and settlement charges		1,074	696	754	283
Allocated expenses	9	3,213	181	1,729	181
<b>Total expenses</b>		<u>90,669</u>	<u>65,479</u>	<u>49,546</u>	<u>32,879</u>
<b>Net income from operating activities</b>		<b>1,218,682</b>	<b>36,904</b>	<b>972,779</b>	<b>148,370</b>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		101,939	2,570	90,968	1,158
<b>Net income for the period before taxation</b>		<b>1,320,621</b>	<b>39,474</b>	<b>1,063,747</b>	<b>149,528</b>
Taxation 12		-	-	-	-
<b>Net income for the period after taxation</b>		<b>1,320,621</b>	<b>39,474</b>	<b>1,063,747</b>	<b>149,528</b>
<b>Other comprehensive income for the period</b>					
<b>Items that can be reclassified to income statement in subsequent periods</b>					
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale' (net)	5.1.2	302,559	(28,236)	210,136	30,424
<b>Total comprehensive income for the period</b>		<u>1,623,180</u>	<u>11,238</u>	<u>1,273,883</u>	<u>179,952</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**



## CONDENSED INTERIM DISTRIBUTION STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended December 31,	
		2016 (Rupees in '000)	2015
Undistributed income brought forward			
- Realised		<b>898,957</b>	495,043
- Unrealised		<b>494,807</b>	395,282
		<b>1,393,764</b>	890,325
Net income for the period		<b>1,320,621</b>	39,474
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)		<b>28,047</b>	(275)
Undistributed income carried forward		<b>2,742,432</b>	929,524
Undistributed income / accumulated (loss) carried forward			
- Realised		<b>1,684,303</b>	941,903
- Unrealised	5.2	<b>1,058,129</b>	(12,379)
		<b>2,742,432</b>	929,524

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	<b>Six months period ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000)</b>	
Net assets at beginning of the period	<b>5,418,397</b>	4,006,911
Issue of 118,710,180 units (December 31, 2015: 53,757,991 units)	<b>2,377,121</b>	901,206
Redemption of 57,190,338 units (December 31, 2015: 38,893,277 units)	<b>(1,140,446)</b>	(656,913)
	<b>1,236,675</b>	244,293
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	<b>(101,939)</b>	(2,570)
Net realised gain on sale of investments	<b>98,734</b>	12,318
Unrealised appreciation / (diminution) in the value of investments (net)	<b>1,360,688</b>	(40,615)
Other income for the period (net)	<b>163,758</b>	39,535
Total comprehensive income for the period	<b>1,623,180</b>	11,238
Net assets at end of the period	<b>8,176,313</b>	4,259,872
	<b>(Rupees)</b>	
Net assets value per unit at beginning of the period	<b>17.99</b>	16.28
Net assets value per unit at end of the period	<b>22.54</b>	16.33

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31,	
	2016	2015
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	1,320,621	39,474
<b>Adjustments for:</b>		
Unrealised (appreciation) / diminution on re-measurement of investments 'at fair value through profit or loss' (net)	(1,058,129)	12,379
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(101,939)	(2,570)
	<b>160,553</b>	<b>49,283</b>
<b>(Increase) / decrease in assets</b>		
Investments (net)	(852,895)	(695,683)
Receivable against sale of investments (net)	-	30,896
Dividend receivable	(7,322)	(5,310)
Deposits, prepayments and other receivables	(3,042)	(237)
	<b>(863,259)</b>	<b>(670,334)</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	4,268	9,066
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	315	141
Payable to Meezan Bank Limited (MBL)	465	(64)
Payable to Securities and Exchange Commission of Pakistan (SECP)	(1,192)	(1,120)
Payable against purchase of investments (net)	12,426	28,186
Accrued expenses and other liabilities	(12,047)	(9,686)
	<b>4,235</b>	<b>26,523</b>
<b>Net cash used in operating activities</b>	<b>(698,471)</b>	<b>(594,528)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	2,410,481	1,703,723
Dividend paid	-	(17,985)
Payment against redemption and conversion of units	(1,141,305)	(1,495,611)
<b>Net cash generated from financing activities</b>	<b>1,269,176</b>	<b>190,127</b>
Net increase / (decrease) in cash and cash equivalents during the period	<b>570,705</b>	<b>(404,401)</b>
Cash and cash equivalents at beginning of the period	<b>218,236</b>	<b>565,374</b>
Cash and cash equivalents at end of the period	<b>788,941</b>	<b>160,973</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (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. The objective of the Fund is to provide the maximum total return to the unitholders from investment in "Shariah Compliant" equity investments for the given level of risks, while abiding by the regulations and any other prevailing rules and regulations. At least seventy percent of its net assets shall remain invested in listed equity securities during the year based on quarterly average investments calculated on daily basis. The remaining net assets shall be invested in cash and near cash instruments. 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 Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). 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.

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, 2016.

### 3. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions and directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the SECP. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the SECP shall prevail.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2016.

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

5. INVESTMENTS	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
Investments - 'available for sale'	5.1	1,249,991	947,515
Investments - 'at fair value through profit or loss'	5.2	6,227,617	4,316,510
		<u>7,477,608</u>	<u>5,264,025</u>

## 5.1 Investments - 'available for sale'

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus shares	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation as at December 31, 2016	Percentage in relation to		
									Net assets of the Fund on the basis of market value (note 5.3)	Total Market value of investments	Paid-up capital of the investee company (with face value of investments)
					(Number of shares)	(Rupees in '000)			%		
<b>Sectors / Companies</b>											
<b>Commercial Banks</b>											
BankIslami Pakistan Limited	875	-	-	-	875	5	12	7	0.00	0.00	0.00
<b>Cement</b>											
Lucky Cement Company Limited	465,027	-	-	-	465,027	162,848	402,834	239,986	4.93	5.39	0.14
D.G. Khan Cement Company Limited	3,500	-	-	-	3,500	289	776	487	0.01	0.01	0.00
									<b>4.94</b>	<b>5.40</b>	<b>0.14</b>
<b>Power Generation and Distribution</b>											
The Hub Power Company Limited	1,445,600	-	-	-	1,445,600	88,457	178,503	90,046	2.18	2.39	0.12
<b>Oil and Gas Exploration Companies</b>											
Pakistan Oilfields Limited	31,340	-	-	-	31,340	8,043	16,755	8,712	0.20	0.22	0.01
<b>Oil and Gas Marketing Companies</b>											
Attock Petroleum Limited	240	-	-	-	240	83	164	81	0.00	0.00	0.00
Pakistan State Oil Company Limited	371,147	-	-	-	371,147	101,077	161,156	60,079	1.97	2.16	0.14
									<b>1.97</b>	<b>2.16</b>	<b>0.14</b>
<b>Automobile Assembler</b>											
Honda Atlas Cars Pakistan Limited	96,000	-	-	-	96,000	32,982	64,189	31,207	0.79	0.86	0.07
Indus Motor Company Limited	16,200	-	-	-	16,200	3,961	26,155	22,194	0.32	0.35	0.02
									<b>1.11</b>	<b>1.21</b>	<b>0.09</b>
<b>Fertilizer</b>											
Fauji Fertilizer Company Limited	457	-	-	457	-	-	-	-	-	-	-
<b>Chemical</b>											
ICI Pakistan Limited	91,557	-	-	-	91,557	34,618	90,983	56,365	1.11	1.22	0.10
<b>Paper and Board</b>											
Packages Limited	362,878	-	-	-	362,878	186,266	308,464	122,198	3.77	4.13	0.41
<b>Total</b>						<b>618,629</b>	<b>1,249,991</b>	<b>631,362</b>			
<b>Total cost of investments - 'available for sale'</b>							<b>618,629</b>				

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

### 5.1.2 Unrealised appreciation on re-measurement of investment classified as 'available for sale' (net)

Note	(Unaudited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
Market value of investments	1,249,991	947,515
Less: Cost of investments	618,629	618,712
	<b>631,362</b>	<b>328,803</b>
Less: unrealised appreciation on re-measurement of investments classified as 'available for sale' at beginning of the period (net)	328,803	317,457
	<b>302,559</b>	<b>11,346</b>

## 5.2 Investments - 'at fair value through profit or loss'

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus shares	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation / (diminution) as at December 31, 2016	Percentage in relation to		
									Net assets of the Fund on the basis of market value (note 5.3)	Total Market value of investments	Paid-up capital of the investee company (with face value of investments)
	----- (Number of shares) -----				----- (Rupees in '000) -----			----- % -----			
<b>Sectors / Companies</b>											
<b>Engineering</b>											
Crescent Steel & Allied Product Limited	441,100	-	-	441,100	-	-	-	-	-	-	-
Amreli Steels Limited	619,500	-	-	105,500	514,000	24,168	34,227	10,059	0.42	0.46	0.17
K.S.B. PUMPS Company Limited	65,400	-	-	-	65,400	15,935	26,700	10,765	0.33	0.36	0.50
									<b>0.75</b>	<b>0.81</b>	<b>0.67</b>
<b>Cement</b>											
Attock Cement Pakistan Limited	9,721	-	-	9,721	-	-	-	-	-	-	-
DG Khan Cement Company Limited	686,405	458,500	-	358,000	786,905	154,278	174,480	20,202	2.13	2.33	0.18
Fauji Cement Company Limited	5,256,000	150,000	-	950,000	4,456,000	159,962	200,876	40,914	2.46	2.69	0.32
Kohat Cement Company Limited	465,400	175,000	-	80,000	560,400	148,019	163,435	15,416	2.00	2.19	0.36
Cherat Cement Company Limited	1,515,940	25,000	-	55,000	1,485,940	177,972	258,613	80,641	3.16	3.46	0.84
Lucky Cement Company Limited	206,390	93,000	-	67,000	232,390	157,286	201,310	44,024	2.46	2.69	0.07
Maple Leaf Cement Company Limited	917,500	600,000	-	650,000	867,500	89,048	110,676	21,628	1.35	1.48	0.16
Pakcem Limited (formerly Lafarge Pakistan Limited)	386,000	-	-	386,000	-	-	-	-	-	-	-
Pioneer Cement Limited	1,098,500	330,000	-	100,000	1,328,500	146,512	188,767	42,255	2.31	2.52	0.58
Dewan Cement Limited	-	2,178,000	-	863,000	1,315,000	47,925	51,338	3,413	0.63	0.69	0.27
									<b>16.50</b>	<b>18.05</b>	<b>2.80</b>
<b>Oil and Gas Exploration Companies</b>											
Pakistan Oilfields Limited	367,751	281,200	-	22,000	626,951	265,407	335,181	69,774	4.10	4.48	0.27
Oil and Gas Development Company Limited	650,000	1,414,400	-	-	2,064,400	304,503	341,349	36,846	4.17	4.56	0.05
Pakistan Petroleum Limited	692,233	191,000	-	60,000	823,233	129,733	154,916	25,183	1.89	2.07	0.04
Mari Petroleum Company Limited	310,300	25,000	-	10,000	325,300	306,262	447,258	140,996	5.47	5.98	0.30
									<b>15.64</b>	<b>17.10</b>	<b>0.65</b>
<b>Oil &amp; Gas Marketing Companies</b>											
Attock Petroleum Limited	61,500	-	-	-	61,500	26,909	42,104	15,195	0.51	0.56	0.07
Pakistan State Oil Company Limited	411,920	25,000	-	23,000	413,920	155,947	179,728	23,781	2.20	2.40	0.15
Sui Northern Gas Pipeline Limited	-	3,134,500	-	1,035,000	2,099,500	110,152	171,256	61,104	2.09	2.29	0.33
Hascal Petroleum Limited	183,860	-	-	174,400	9,460	1,848	3,193	1,345	0.04	0.04	0.01
									<b>4.85</b>	<b>5.30</b>	<b>0.57</b>
<b>Automobile Assembler</b>											
Indus Motor Company Limited	80,814	-	-	20,000	60,814	57,137	98,186	41,049	1.20	1.31	0.08
Honda Atlas Cars Pakistan Limited	237,500	131,300	-	92,200	276,600	115,522	184,946	69,424	2.26	2.47	0.19
Milfat Tractors Limited	60,750	-	-	-	60,750	34,643	54,958	20,315	0.67	0.73	0.14
Pak Suzuki Motor Company Limited	2,989	-	-	2,989	-	-	-	-	-	-	-
									<b>4.13</b>	<b>4.52</b>	<b>0.41</b>
<b>Automobile Parts and Accessories</b>											
Agriaautos Industries Limited (note 5.2.1)	20	-	-	20	-	-	-	-	-	-	-
Thal Limited (note 5.2.1)	117,613	50,000	-	112,400	55,213	22,475	28,077	5,602	0.34	0.38	0.14
									<b>0.34</b>	<b>0.38</b>	<b>0.14</b>
<b>Technology and Communication</b>											
Pakistan Telecommunication Company Limited "A"	19,670	-	-	19,670	-	-	-	-	-	-	-
<b>Chemicals</b>											
Sitara Chemical Industries Limited	107,000	-	-	50,000	57,000	20,748	33,060	12,312	0.40	0.44	0.27
ICI Pakistan Limited	50,022	52,900	-	-	102,922	58,852	102,277	43,425	1.25	1.37	0.11
Dynea Pakistan Limited (note 5.2.1)	1,000	-	-	-	1,000	46	53	7	0.00	0.00	0.01
Ghani Gases Limited	264,500	-	-	264,500	-	-	-	-	-	-	-
									<b>1.66</b>	<b>1.81</b>	<b>0.39</b>
<b>Fertilizer</b>											
Fauji Fertilizer Company Limited	201	-	-	201	-	-	-	-	-	-	-
Engro Fertilizers Limited	4,282,000	250,000	-	400,000	4,132,000	266,188	280,893	14,705	3.44	3.76	0.31
Engro Corporation Limited (note 5.2.2)	1,469,400	450,000	-	101,500	1,817,900	594,463	574,620	(19,843)	7.03	7.68	0.35
Dawood Hercules Corporation Limited	605,200	300,000	-	-	905,200	132,809	130,648	(2,161)	1.60	1.75	0.19
									<b>12.06</b>	<b>13.19</b>	<b>0.85</b>
<b>Paper and Board</b>											
Packages Limited	282,700	-	-	-	282,700	179,859	240,309	60,450	2.94	3.21	0.32
Cherat Packaging Limited	108,900	20,000	-	-	128,900	44,201	43,566	(635)	0.53	0.58	0.44
									<b>3.47</b>	<b>3.80</b>	<b>0.75</b>
<b>Food and personal care products</b>											
Engro Foods Limited	124,000	691,100	-	815,100	-	-	-	-	-	-	-
Al-Shaheer Corporation Limited	741,200	130,000	66,030	551,000	386,230	18,481	22,170	3,689	0.27	0.30	0.27
									<b>0.27</b>	<b>0.30</b>	<b>0.27</b>
<b>Power Generation and Distribution</b>											
Hub Power Company Limited	2,457,000	310,000	-	190,000	2,577,000	307,194	318,208	11,014	3.89	4.26	0.22
Kot Addu Power Company Limited	341,500	-	-	341,500	-	-	-	-	-	-	-
Kohinoor Energy Limited	104,500	-	-	104,500	-	-	-	-	-	-	-
Lalpir Power Limited	993,000	-	-	993,000	-	-	-	-	-	-	-
K-Electric Limited (note 5.2.1)	19,354,000	13,275,000	-	2,451,000	30,178,000	254,772	282,768	27,996	3.46	3.78	0.31
									<b>7.35</b>	<b>8.04</b>	<b>0.53</b>

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus shares	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation / (diminution) as at December 31, 2016	Percentage in relation to		
									Net assets of the Fund on the basis of market value (note 5.3)	Total Market value of investments	Paid-up capital of the investee company (with face value of investments)
					----- (Rupees in '000) -----			----- % -----			
<b>Cable and Electrical Goods</b>											
Pak Elektron Limited	1,516,000	660,000	-	200,000	1,976,000	130,469	140,849	10,380	1.72	1.88	0.40
<b>Pharmaceuticals</b>											
Abbott Laboratories Pakistan Limited	143,200	51,000	-	10,000	184,200	143,783	176,296	32,513	2.16	2.36	0.19
The Searle Company Limited	191,184	38,800	26,765	-	256,749	125,801	167,860	42,059	2.05	2.24	0.18
Ferozsons Laboratories Limited	49,400	63,000	-	16,850	95,550	86,277	71,543	(14,734)	0.88	0.96	0.32
Highnoon Laboratories Limited	39,392	-	-	10,380	29,012	16,723	18,539	1,816	0.23	0.25	0.13
									<b>5.31</b>	<b>5.81</b>	<b>0.82</b>
<b>Textile Composite</b>											
Kohinoor Textile Mills Limited	60,000	-	-	60,000	-	-	-	-	-	-	-
Nishat Mills Limited	12,300	935,000	-	523,000	424,300	58,301	64,608	6,307	0.79	0.86	0.12
<b>Refinery</b>											
Attock Refinery Limited	181,800	25,000	-	-	206,800	59,533	87,952	28,419	1.08	1.18	0.24
<b>Miscellaneous</b>											
Shifa International Hospitals Limited	139,490	-	-	75,000	64,490	19,345	19,824	479	0.24	0.27	0.12
<b>Total</b>						<b>5,169,488</b>	<b>6,227,617</b>	<b>1,058,129</b>			

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

5.2.2 150,000 shares (June 30, 2016: 150,000 shares) of Engro Corporation Limited, having market value of Rs. 47.41 million (June 30, 2016: Rs. 49.95 million) as at December 31, 2016 have been pledged as collateral in favour of National Clearing Company Pakistan Limited against exposure margins and mark to market losses.

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

## 6. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE / TRUSTEE FEE

6.1 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company, sales load and trustee fee through Sindh Sales Tax on Services Act 2011. In the current period, Sindh Sales Tax at the rate of 13 percent (till June 30, 2016: 14 percent) was charged on the remuneration of Management Company, sales load and trustee fee.

6.2 The status of Federal Excise Duty (FED) is the same as disclosed in the annual financial statements for the year ended June 30, 2016, except for the fact that while disposing the petition filed by MUFAP on September 04, 2013, the Sindh High Court (SHC), through order dated July 16, 2016, declared the said provision to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision. The mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED has been recognised in this condensed interim financial information.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision for FED on management fee with effect from June 13, 2013, till June 30, 2016, aggregating to Rs. 34.25 million (June 30, 2016: Rs. 34.25 million). Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2016 would have been higher by Rs. 0.09 per unit (June 30, 2016: Rs. 0.11 per unit).

## 7. CONTINGENCIES AND COMMITMENTS

7.1 The status of withholding tax on bonus shares is the same as disclosed in the annual financial statements for the year ended June 30 2016. In the current period, Al Shaheer Corporation Limited and The Searle Company Limited issued bonus shares after withholding 5 percent shares on account of tax on bonus shares. These have not been deposited with the Government Treasury due to pending adjudication of the constitutional petition and the stay order as mentioned in annual financial statements for the year ended June 30, 2016.



- 7.2** The Finance Act, 2015 inserted a new section 4B “Super Tax for Rehabilitation of Temporarily Displaced Persons” (Super Tax) for tax year 2015. Super Tax was imposed for Tax Year 2015 on banking companies at the rate of 4 percent of the income and on all other tax payers having income equal to or exceeding Rs. 500 million at 3 percent of the income. Furthermore, the provision of the said section has also been inserted through the Finance Act, 2016.

Last year, the Management Company received an order under the aforementioned section for recovery of super tax not paid with return of income in respect of the Fund for the tax year 2015. The Assistant Commissioner considered that the Fund was required to pay super tax as the income of the Fund was more than Rs. 500 million and raised a demand of Rs. 18.258 million in this respect.

The Management Company had filed appeal before Commissioner Inland Revenue (Appeals – III) which was decided against the Management Company. Therefore, the Management Company has filed an appeal against the decision in the Appellate Tribunal Inland Revenue (ATIR) which was decided in favour of management company by ATIR on February 03, 2017.

- 7.3** There were no other contingencies and commitments outstanding as at December 31, 2016 except as disclosed in the annual financial statements for the year ended June 30, 2016.

**8. ACCRUED EXPENSES AND OTHER LIABILITIES**

This includes provision for Workers' Welfare Fund (WWF) amounting to Rs. 34.83 million (June 30, 2016: Rs. 34.83 million). The details are as follows:

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position and after obtaining advice from the legal counsel, the Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs. 34.83 million. This has resulted in an increase in NAV per unit of Rs. 0.09 on January 12, 2017. Had this reversal been recognized on December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 0.10 per unit.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 51.93 million. This has resulted in a decrease in NAV per unit of Rs. 0.14 on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Rs. 0.13 per unit.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested

that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

#### 9. ALLOCATED EXPENSES

During the period, fund was charged 0.1% of average annual net assets as allocated expenses according to Regulation 60 of NBFC regulations, 2008.

#### 10. EXPENSE RATIO

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2016 is 2.82% which include 0.39% representing government levy, Workers Welfare Fund and SECP fee.

#### 11. 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 Executives of the Management Company, Meezan Islamic Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Asset Allocation Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund – II, Meezan Gold Fund, Meezan Strategic Allocation Fund, Meezan Energy Fund, 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 - Employees Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, 2003, NBFC Regulations, 2008 and the Trust Deed respectively.

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

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
<b>(Rupees in '000)</b>		
<b>Al Meezan Investment Management Limited (Al Meezan)</b>		
<b>- Management Company</b>		
Remuneration payable	12,864	8,744
Sindh Sales Tax and Federal Excise Duty on management fee payable	37,660	37,212
Sales load payable	80	292
Sindh Sales Tax and Federal Excise Duty on sales load payable	3,657	3,813
Allocated expenses payable	646	441
Investment of 40,555,641 units (June 30, 2016: 42,781,722 units)	914,124	769,643
<b>Meezan Bank Limited (MBL)</b>		
Balances with bank	52,330	31,882
Sales load payable	1,194	866

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
Sindh Sales Tax on Sales load payable	137	-
Profit receivable on saving accounts	269	102
Investment of 16,850,411 units (June 30, 2016: 10,807,322 units)	<u>379,808</u>	<u>194,424</u>
<b>Meezan Financial Planning Fund of Funds - MCPP - II</b>		
Investment of 7,903,203 units (June 30, 2016: 4,912,176 units)	<u>178,138</u>	<u>88,370</u>
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Investment of 3,263,441 units (June 30, 2016: 3,263,441 units)	<u>73,558</u>	<u>58,709</u>
<b>Meezan Financial Planning Fund of Funds - MAAP - III</b>		
Investment of 17,952,133 units (June 30, 2016: 17,952,133 units)	<u>404,641</u>	<u>322,959</u>
<b>Meezan Financial Planning Fund of Funds - MAAP - IV</b>		
Investment of 3,764,581 units (June 30, 2016: nil)	<u>84,854</u>	<u>-</u>
<b>Meezan strategic Allocation Plan - I</b>		
Investment of 12,884,648 units (June 30, 2016: nil)	<u>290,420</u>	<u>-</u>
<b>Meezan strategic Allocation Plan - II</b>		
Investment of 9,559,486 units (June 30, 2016: nil)	<u>215,471</u>	<u>-</u>
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Trustee fee payable	728	519
Sindh Sales tax on Trustee fee payable	200	94
Deposits	<u>238</u>	<u>238</u>
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Investment of 16,895,690 units (June 30, 2016: 16,895,690 units)	<u>380,829</u>	<u>303,953</u>
<b>Directors and executives of the Management Company</b>		
Investment of 19,041,930 units (June 30, 2016: 19,103,830 units)	<u>429,205</u>	<u>343,678</u>
<b>Unitholders holding 10% or more units of the Fund</b>	<u>-</u>	<u>769,643</u>
	<b>Six months period ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited (Al Meezan) - Management Company</b>		
Remuneration for the period	64,269	41,639
Sindh Sales Tax and Federal Excise Duty on management fee	8,355	13,369
Allocated expenses	3,213	181
Units issued: nil (December 31, 2015: 1,481,921 units)	-	25,000
Units redeemed: 2,226,081 units (December 31, 2015: nil)	<u>42,000</u>	<u>-</u>

	<b>Six months period ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000)</b>	
<b>Meezan Bank Limited (MBL)</b>		
Profit on saving accounts with banks	<b>321</b>	242
Dividend income	<b>-</b>	1
Units issued: 6,043,089 units (December 31, 2015: nil)	<b>115,000</b>	-
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Trustee fee	<b>3,718</b>	2,585
CDS charges	<b>89</b>	78
<b>Meezan Capital Preservation Fund - II</b>		
Units issued: 5,186,722 units (December 31, 2015: Nil)	<b>100,000</b>	-
Units redeemed: 5,186,722 units (December 31, 2015: Nil)	<b>103,734</b>	-
<b>Meezan Financial Planning Fund of Funds - Meezan Capital Preservation Plan - I</b>		
Units issued: 3,499,470 units (December 31, 2015: 5,295,567 units)	<b>66,000</b>	86,000
Units redeemed: 3,499,470 units (December 31, 2015: Nil)	<b>67,673</b>	-
<b>Meezan Financial Planning Fund of Funds - MCPP - II</b>		
Units issued: 2,991,027 units (December 31, 2015: nil)	<b>60,000</b>	-
<b>Meezan Financial Planning Fund of Funds - MAAP - IV</b>		
Units issued: 3,764,581 units (December 31, 2015: nil)	<b>71,000</b>	-
<b>Meezan strategic Allocation Plan - I</b>		
Units issued: 12,884,648 units (December 31, 2015: nil)	<b>264,000</b>	-
<b>Meezan strategic Allocation Plan - II</b>		
Units issued: 9,559,486 units (December 31, 2015: nil)	<b>214,000</b>	-
<b>Directors and executives of the Management Company</b>		
Units issued: 71,099 units (December 31, 2015: 325,146 units)	<b>1,506</b>	5,319
Units redeemed: 132,999 units (December 31, 2015: 123,368 units)	<b>2,570</b>	2,009

## 12. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute sufficient income of the Fund for the year ended June 30, 2017 as reduced by capital gains (whether realised or unrealised) to its unitholders.

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. Accordingly, Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

### 13. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value				
	Investments	Other receivables	Cash and cash equivalents	Trade and Other payables	Total	Level 1	Level 2	Level 3	Total
December 31, 2016									
(Rupees in '000)									
<b>Financial assets - measured at fair value</b>									
Investments	7,477,608	-	-	-	7,477,608	7,477,608	-	-	7,477,608
<b>Financial assets - not measured at fair value</b>									
Balances with banks	-	-	788,941	-	788,941	-	-	-	-
Dividend receivable	-	32,930	-	-	32,930	-	-	-	-
Receivable on issuance and conversion of units	-	21,892	-	-	21,892	-	-	-	-
Deposits and other receivables	-	8,527	-	-	8,527	-	-	-	-
	<b>7,477,608</b>	<b>63,349</b>	<b>788,941</b>	<b>-</b>	<b>8,329,898</b>	<b>7,477,608</b>	<b>-</b>	<b>-</b>	<b>7,477,608</b>
<b>Financial liabilities - not measured at fair value</b>									
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	-	-	-	54,907	54,907	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	928	928	-	-	-	-
Payable on redemption and conversion of units	-	-	-	15,070	15,070	-	-	-	-
Accrued expenses and other liabilities	-	-	-	8,494	8,494	-	-	-	-
Payable to Meezan Bank Limited (MBL)	-	-	-	1,194	1,194	-	-	-	-
Payable against purchase of investments - net	-	-	-	23,941	23,941	-	-	-	-
Dividend payable	-	-	-	4,772	4,772	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,306</b>	<b>109,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Carrying amount				Fair value				
	Investments	Other receivables	Cash and cash equivalents	Trade and Other payables	Total	Level 1	Level 2	Level 3	Total
June 30, 2016									
(Rupees in '000)									
<b>Financial assets - measured at fair value</b>									
Investments	5,264,025	-	-	-	5,264,025	5,264,025	-	-	5,264,025
<b>Financial assets - not measured at fair value</b>									
Balances with banks	-	-	218,236	-	218,236	-	-	-	-
Receivable on issuance and conversion of units	-	55,252	-	-	55,252	-	-	-	-
Dividend receivable	-	25,608	-	-	25,608	-	-	-	-
Deposits and other receivables	-	5,485	-	-	5,485	-	-	-	-
	<b>5,264,025</b>	<b>86,345</b>	<b>218,236</b>	<b>-</b>	<b>5,568,606</b>	<b>5,264,025</b>	<b>-</b>	<b>-</b>	<b>5,264,025</b>
<b>Financial liabilities - not measured at fair value</b>									
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	-	-	-	50,502	50,502	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	613	613	-	-	-	-
Payable to Meezan Bank Limited (MBL)	-	-	-	866	866	-	-	-	-
Payable on redemption and conversion of units	-	-	-	15,929	15,929	-	-	-	-
Accrued expenses and other liabilities	-	-	-	7,302	7,302	-	-	-	-
Payable against purchase of investments - net	-	-	-	11,515	11,515	-	-	-	-
Dividend payable	-	-	-	4,772	4,772	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,499</b>	<b>91,499</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### **14. POST BALANCE SHEET EVENT**

On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to reverse provision against WWF. Further, it was also decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act i.e. May 21, 2015.

Accordingly, the Management Company, based on the decision taken by MUFAP, commenced accrual of provision against SWWF from May 21, 2015 and recorded the same on January 12, 2017. The details and impact of the same are disclosed in note 8 to the condensed interim financial information.

#### **15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** Date of authorization

This condensed interim financial information was authorised for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**



## **KSE Meezan Index Fund**

KSE Meezan Index Fund (KMIF) is a Shariah compliant index fund that strives to present investors with an opportunity to closely track the performance of KSE –Meezan Index 30 (KMI 30) by investing in companies of the index in relation to their weight ages.

## 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. Abdullah Ahmed Muhammad	Non-Executive	
Syed Amir Ali	Non-Executive	
Mr. Atif Azim	Independent	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Moin M. Fudda	Independent	
Mr. Mazhar Sharif	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

Dubai Islamic Bank - Hill Park  
Habib Metropolitan Bank Limited - Islamic Banking  
Meezan Bank Limited  
National Bank of Pakistan - Islamic Banking

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**KSE MEEZAN INDEX FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of KSE Meezan Index Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

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Internet www.kpmg.com.pk

## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **KSE Meezan Index Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*


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

### *Other Matters*

The figures for the quarter ended 31 December 2016 in the condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date:** 08 FEB 2017

**Karachi**

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

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2016

	Note	(Unaudited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
<b>Assets</b>			
Balances with banks		15,252	12,896
Investments	5	1,097,840	881,793
Receivable against sale of investments (net)		-	5,237
Receivable on issuance and conversion of units		2,854	1,533
Dividend receivable		5,410	2,630
Deposits, prepayments and other receivables		2,753	2,677
Preliminary expenses and floatation costs		160	361
<b>Total assets</b>		<b>1,124,269</b>	<b>907,127</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan)			
- Management Company		6,938	6,773
Payable to Central Depository Company of Pakistan Limited (CDC)			
- Trustee		195	160
Payable to Securities and Exchange Commission of Pakistan (SECP)		451	832
Payable to Meezan Bank Limited (MBL)		93	265
Payable on redemption and conversion of units		2,799	117
Payable against purchase of investments (net)		535	-
Dividend payable		-	45
Accrued expenses and other liabilities	8	16,372	17,306
<b>Total liabilities</b>		<b>27,383</b>	<b>25,498</b>
<b>Net assets</b>		<b>1,096,886</b>	<b>881,629</b>
<b>Contingencies and commitments</b>	7		
<b>Unitholders' fund (as per statement attached)</b>		<b>1,096,886</b>	<b>881,629</b>
(Number of units)			
<b>Number of units in issue</b>		<b>11,364,233</b>	<b>11,172,537</b>
(Rupees)			
<b>Net assets value per unit</b>		<b>96.52</b>	<b>78.91</b>

The annexed notes 1 to 15 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised gain / (loss) on sale of investments		3,934	(2,378)	2,324	(9,125)
Dividend income		26,430	29,279	16,166	9,395
Profit on saving accounts with banks		304	198	122	62
Other income		389	199	288	151
		<u>31,057</u>	<u>27,298</u>	<u>18,900</u>	<u>483</u>
Unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit or loss' (net)	5.1	177,693	(48,186)	152,031	21,124
<b>Total income / (loss)</b>		<b>208,750</b>	<b>(20,888)</b>	<b>170,931</b>	<b>21,607</b>
<b>Expenses</b>					
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		4,752	4,718	2,436	2,166
Sindh Sales Tax and Federal Excise Duty on management fee	6	618	1,521	317	699
Allocated expenses	9	475	36	243	36
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		945	925	482	434
Sindh Sales Tax on Trustee Fee	6	123	129	63	60
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		451	448	231	206
Auditors' remuneration		221	220	124	96
Brokerage		199	716	123	380
Charity expense		462	556	334	305
Bank and settlement charges		219	343	102	143
Amortisation of preliminary expenses and floatation costs		202	203	103	102
Fees and subscription		376	85	199	54
Legal and professional charges		33	133	-	33
Printing charges		20	20	10	7
<b>Total expenses</b>		<b>9,096</b>	<b>10,053</b>	<b>4,767</b>	<b>4,721</b>
<b>Net income / (loss) from operating activities</b>		<b>199,654</b>	<b>(30,941)</b>	<b>166,164</b>	<b>16,886</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		476	(6,021)	806	(490)
<b>Net income / (loss) for the period before taxation</b>		<b>200,130</b>	<b>(36,962)</b>	<b>166,970</b>	<b>16,396</b>
Taxation	12	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<b>200,130</b>	<b>(36,962)</b>	<b>166,970</b>	<b>16,396</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>200,130</b>	<b>(36,962)</b>	<b>166,970</b>	<b>16,396</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

Note	Six months period ended December 31,	
	2016 (Rupees in '000)	2015
Undistributed income brought forward		
- Realised	<b>326,799</b>	257,863
- Unrealised	<b>92,968</b>	110,537
	<b>419,767</b>	368,400
Final distribution for the year ended June 30, 2016: nil		
- June 30, 2015 cash dividend: @ 3.70% i.e. Rs. 1.85 per unit	-	(29,160)
Net income / (loss) for the period	<b>200,130</b>	(36,962)
	<b>200,130</b>	(66,122)
Undistributed income carried forward	<b>619,897</b>	302,278
Undistributed income / accumulated (loss) carried forward		
- Realised	<b>442,204</b>	350,464
- Unrealised	5.1 <b>177,693</b>	(48,186)
	<b>619,897</b>	302,278

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	<b>Six months period ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000)</b>	
Net assets at beginning of the period	<b>881,629</b>	1,159,323
Issue of 1,629,445 units (December 31, 2015: 1,133,242 units)	<b>138,480</b>	83,653
Issue of units for re-investment of cash dividend December 31, 2016: nil (December 31, 2015: 330,912 units)	-	23,726
Redemption of 1,437,749 units (December 31, 2015: 4,431,822 units)	<b>(122,877)</b>	(326,181)
	<b>15,603</b>	(218,802)
Element of (income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	<b>(476)</b>	6,021
Net realised income / (loss) on sale of investments	<b>3,934</b>	(2,378)
Unrealised appreciation / (diminution) in the value of investments (net)	<b>177,693</b>	(48,186)
Other net income for the period	<b>18,503</b>	13,602
Total comprehensive income for the period	<b>200,130</b>	(36,962)
Final distribution for the year ended June 30, 2016: nil - June 30, 2015 cash dividend: @ 3.70% i.e. Rs. 1.85 per unit	-	(29,160)
Net income / (loss) for the period less distribution	<b>200,130</b>	(66,122)
Net assets at end of the period	<b>1,096,886</b>	880,420
	<b>(Rupees)</b>	
Net assets value per unit at beginning of the period	<b>78.91</b>	73.55
Net assets value per unit at end of the period	<b>96.52</b>	68.81

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31,	
	2016	2015
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	200,130	(36,962)
<b>Adjustments for:</b>		
Unrealised (appreciation) / diminution on re-measurement of investments at 'fair value through profit or loss' (net)	(177,693)	48,186
Amortisation of preliminary expenses and floatation costs	202	203
Element of (income) / loss and capital gains / (losses) included in prices of units issued less those in units redeemed (net)	(476)	6,021
	<b>22,163</b>	<b>17,448</b>
<b>(Increase) / decrease in assets</b>		
Investments (net)	(38,354)	235,448
Receivable against sale of investments (net)	5,237	63,294
Dividend receivable	(2,780)	2,960
Deposits, prepayments and other receivables	(76)	(43)
	<b>(35,973)</b>	<b>301,659</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	165	528
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	35	(24)
Payable to Meezan Bank Limited (MBL)	(172)	(1)
Payable to Securities and Exchange Commission of Pakistan (SECP)	(381)	(744)
Payable against purchase of investments (net)	535	47,786
Accrued expenses and other liabilities	(934)	(1,346)
	<b>(752)</b>	<b>46,199</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(14,562)</b>	<b>365,306</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt against issuance and conversion of units	137,158	313,332
Receipts against dividend re-investment	-	23,726
Payment against redemption and conversion of units	(120,195)	(620,957)
Dividend paid	(45)	(29,160)
<b>Net cash generated from / (used in) financing activities</b>	<b>16,918</b>	<b>(313,059)</b>
Net increase in cash and cash equivalents during the period	2,356	52,247
Cash and cash equivalents at beginning of the period	12,896	11,061
Cash and cash equivalents at end of the period	<b>15,252</b>	<b>63,308</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (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 Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on March 13, 2012 and was approved by Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end fund listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). 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 Shariah Compliant 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 are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

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 annual financial statements of the Fund for the year ended June 30, 2016.

### 3. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions and directives issued



under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the SECP. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, and the NBFC Regulations, 2008, and directives issued by the SECP shall prevail.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2016

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

5. INVESTMENTS	Note	(Unaudited)	(Audited)
		December 31, 2016	June 30, 2016
(Rupees in '000)			
<b>Investments at 'fair value through profit or loss'</b>			
Held for trading - shares of listed companies	5.1	1,096,893	880,846
Investment in ordinary share - unlisted	5.2	947	947
		<b>1,097,840</b>	<b>881,793</b>

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

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain / (loss) as at December 31, 2016	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 5.1.1)	Paid-up capital of the investee company (with face value of investments)	Total Market value of investments
						(Rupees in '000)			%		
<b>Sectors / Companies</b>											
<b>Automobile Assembler</b>											
Honda Atlas Cars (Pakistan) Limited	30,700	3,300	-	2,400	31,600	11,863	21,129	9,266	1.93	0.02	1.92
Pak Suzuki Motor Company Limited	23,500	2,500	-	1,700	24,300	9,661	14,892	5,231	1.36	0.03	1.36
									<b>3.29</b>	<b>0.05</b>	<b>3.28</b>
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited	214,875	23,000	-	16,000	221,875	14,470	15,815	1,345	1.44	0.01	1.44
<b>Cement</b>											
Cherat Cement Company Limited	123,627	13,800	-	9,300	128,127	15,618	22,299	6,681	2.03	0.07	2.03
D.G.Khan Cement Company Limited	259,900	29,900	-	20,500	269,300	51,338	59,712	8,374	5.44	0.06	5.44
Fauji Cement Company Limited	817,294	91,500	-	60,500	848,294	30,567	38,241	7,674	3.49	0.06	3.48
Lucky Cement Limited	139,390	15,600	-	10,400	144,590	94,817	125,253	30,436	11.42	0.04	11.41
Maple Leaf Cement Factory Limited	256,000	26,900	-	17,600	265,300	27,993	33,847	5,854	3.09	0.05	3.08
Pioneer Cement Limited	134,598	14,900	-	9,500	139,998	15,176	19,892	4,716	1.81	0.06	1.81
									<b>27.28</b>	<b>0.34</b>	<b>27.25</b>

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain / (loss) as at December 31, 2016	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 5.1.1)	Paid-up capital of the investee company (with face value of investments)	Total Market value of investments
					(Rupees in '000)			%			
<b>Fertilizer</b>											
Dawood Hercules Corporation Limited	363,100	39,000	-	25,200	376,900	55,832	54,398	(1,434)	4.96	0.08	4.96
Engro Corporation Limited	282,300	32,000	-	21,400	292,900	96,615	92,583	(4,032)	8.44	0.06	8.43
Engro Fertilizers Limited	359,000	40,500	-	27,000	372,500	24,033	25,323	1,290	2.31	0.03	2.31
Fatima Fertilizer Company Limited	453,200	47,500	-	31,500	469,200	15,913	17,309	1,396	1.58	0.02	1.58
Fauji Fertilizer Bin Qasim Limited	20	-	-	20	-	-	-	-	0.00	0.00	0.00
Fauji Fertilizer Company Limited	1	-	-	1	-	-	-	-	0.00	0.00	0.00
									<b>17.29</b>	<b>0.19</b>	<b>17.28</b>
<b>Food &amp; Personal Care Products</b>											
Engro Foods Limited	124,200	13,300	-	9,000	128,500	20,810	24,664	3,854	2.25	0.02	2.25
Treet Corporation Limited	66,200	10,000	-	7,500	68,700	3,503	4,492	989	0.41	0.05	0.41
									<b>2.66</b>	<b>0.07</b>	<b>2.66</b>
<b>Oil &amp; Gas Exploration Companies</b>											
Mari Petroleum Company Limited	23,794	2,600	-	1,700	24,694	22,851	33,952	11,101	3.10	0.02	3.09
Pakistan Oilfields Limited	116,664	13,600	-	9,200	121,064	43,115	64,723	21,608	5.90	0.05	5.90
Pakistan Petroleum Limited (note 5.1.3)	518,978	57,100	-	38,500	537,578	83,802	101,161	17,359	9.22	0.03	9.21
									<b>18.22</b>	<b>0.10</b>	<b>18.20</b>
<b>Oil &amp; Gas Marketing Companies</b>											
Hascol Petroleum Limited	45,640	5,200	-	3,500	47,340	9,682	15,978	6,296	1.46	0.04	1.46
Shell Pakistan Limited	22	-	-	22	-	-	-	-	0.00	0.00	0.00
Sui Northern Gas Pipeline Limited	206,000	25,000	-	18,000	213,000	8,303	17,374	9,071	1.58	0.03	1.58
Sui Southern Gas Company Limited	284,500	34,500	-	24,000	295,000	8,462	10,723	2,261	0.98	0.03	0.98
									<b>4.02</b>	<b>0.10</b>	<b>4.02</b>
<b>Pharmaceuticals</b>											
GlaxoSmithKline Pakistan Limited	55,032	16,300	-	14,400	56,932	12,098	13,282	1,184	1.21	0.02	1.21
The Searle Company Limited	46,306	5,700	6,552	3,900	54,658	26,050	35,735	9,685	3.26	0.04	3.26
									<b>4.47</b>	<b>0.06</b>	<b>4.47</b>
<b>Power Generation &amp; Distribution</b>											
K-Electric Limited (note 5.1.2)	2,974,653	325,000	-	214,500	3,085,153	25,159	28,908	3,749	2.64	0.01	2.63
Kot Addu Power Company Limited	475,000	54,000	-	36,500	492,500	43,491	38,809	(4,682)	3.54	0.06	3.54
The Hub Power Company Limited	810,762	91,500	-	61,700	840,562	100,586	103,793	3,207	9.46	0.07	9.45
									<b>15.64</b>	<b>0.14</b>	<b>15.62</b>
<b>Refinery</b>											
Attock Refinery Limited	36,785	3,900	-	2,500	38,185	10,973	16,240	5,267	1.48	0.04	1.48
Byco Petroleum Pakistan Limited	209,500	28,000	-	18,000	219,500	4,571	5,092	521	0.46	0.02	0.46
									<b>1.94</b>	<b>0.06</b>	<b>1.94</b>
<b>Technology &amp; Communication</b>											
Pakistan Telecommunication Company Limited "A"	635,323	67,500	-	42,000	660,823	10,074	11,353	1,279	1.04	0.02	1.03
<b>Textile Composite</b>											
Nishat Mills Limited	189,600	20,400	-	13,500	196,500	21,774	29,921	8,147	2.73	0.06	2.73
<b>Total</b>						<b>919,200</b>	<b>1,096,893</b>	<b>177,693</b>			

5.1.1 Net assets are 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 K-Electric Limited having nominal value of Rs. 3.50 each

5.1.3 417,000 shares (June 30, 2016: 417,000 shares) of Pakistan Petroleum Limited having market value of Rs. 78.471 million as at December 31, 2016 (June 30, 2016: Rs. 64.656 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 Investment in ordinary shares-unlisted

Name Of Investee Company	Note	December 31, 2016	June 30, 2016
		(Unaudited)	(Audited)
		Number Of Shares	Carrying value (Rupees in '000)
GlaxoSmithKline consumer Healthcare Pakistan Limited	5.2.1	<b>15,279</b>	947

**5.2.1** GlaxoSmithKline Pakistan Limited (GSK) announced a de-merger scheme on December 1, 2015 whereby 3 ordinary shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited (GSK CHC) were issued for every 10 ordinary shares held in GSK. The net assets of consumer health business on the said date were Rs. 956 million i.e. 7.67% and hence, the carrying cost was allocated by applying the aforementioned percentage among GSK and GSK CHC and market price has been adjusted accordingly. GSK CHC is under the process of obtaining listing on the stock exchange.

## **6. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE / TRUSTEE FEE**

**6.1** The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company, sales load and trustee fee through Sindh Sales Tax on Services Act 2011. In the current period, Sindh Sales Tax at the rate of 13 percent (30 June 2016: 14 percent) was charged on the remuneration of Management Company, sales load and trustee fee.

**6.2** The status of Federal Excise Duty (FED) is the same as disclosed in the annual financial statements for the year ended June 30, 2016, except for the fact that while disposing the petition filed by MUFAP on September 04, 2013, the Sindh High Court (SHC), through order dated July 16, 2016, declared the said provision to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision. The mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED has been recognised in this condensed interim financial information.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision on FED on management fee with effect from June 13, 2013, till June 30, 2016, aggregating to Rs. 4.69 million (June 30, 2016: Rs. 4.69 million). Had the provision not being made, the Net Asset Value per unit of the Fund as at December 31, 2016 would have been higher by Re. 0.41 per unit (June 30, 2016: Re. 0.42 per unit).

## **7. CONTINGENCIES AND COMMITMENTS**

The status of withholding tax bonus shares is the same as disclosed in the annual financial statements for the year ended June 30, 2016. In the current period, The Searle Company issued bonus shares after withholding 5 percent shares on account of tax on bonus shares. These have not been deposited with the Government Treasury due to pending adjudication of the constitutional petition and the stay order mentioned in the annual financial statements for the year ended June 30, 2016.

There were no other contingencies and commitments outstanding as at December 31, 2016 and June 30, 2016.

## **8. ACCRUED EXPENSES AND OTHER LIABILITIES**

This includes provision for Workers' Welfare Fund (WWF) amounting to Rs. 12.897 (June 30, 2016: Rs. 12.897 million). The details are as follows:

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position, the Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective from January

12, 2017. The provision reversed on January 12, 2017, amounted to Rs. 12.897 million. This has resulted in an increase in NAV per unit of Rs. 1.10 on January 12, 2017. Had this reversal been recognized on December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 1.12 per unit.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 8.55 million. This has resulted in decrease in NAV per unit of Rs. 0.73 on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Rs. 0.75 per unit.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

#### **9. ALLOCATED EXPENSES**

During the period, fund was charged 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC regulations, 2008.

#### **10. EXPENSE RATIO**

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2016 is 1.91% which include 0.25% representing government levy, Worker Welfare Fund and SECP fee.

#### **11. 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 Executives 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 – II, Meezan Gold Fund, Meezan Asset Allocation Fund, Meezan Strategic Allocation Fund, Meezan Energy Fund 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 – Employees Gratuity Fund and Unitholders holding 10 percent or more of the Fund's net assets.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, 2003, NBFC Regulations, 2008 and the Trust Deed respectively.

Details of transactions with connected persons and balances with them for the period ended December 31, 2016 and as of that date along with comparatives are as follows:

	(Unaudited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
<b>Al Meezan Investment Management Limited (Al Meezan)</b>		
<b>- Management Company</b>		
Remuneration payable	889	700
Sindh Sales Tax and Federal Excise Duty on management fee payable	5,519	5,502
Sales load payable	11	76
Sindh Sales Tax and Federal Excise Duty on sales load payable	430	425
Allocated expenses payable	89	70
Investment as at December 31, 2016: 3,465,993 units (June 30, 2016: 3,529,375 units)	334,538	278,503
<b>Meezan Bank Limited</b>		
Sales load payable	82	265
Bank balance	4,238	4,299
Sindh Sales Tax on sales load payable	11	-
Investment as at December 31, 2016: 2,113,224 units (June 30, 2016: 2,113,224 units)	203,968	166,754
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	153	140
Sindh Sales Tax on Trustee Fee payable	42	20
Deposit	103	103
<b>Directors and executives of the Management Company</b>		
Investment as at December 31, 2016: 439,031 units (June 30, 2016: 432,596 units)	42,375	34,136
<b>Six months period ended December 31,</b>		
	<b>2016</b>	<b>2015</b>
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited</b>		
<b>- Management Company</b>		
Remuneration for the period	4,752	4,718
Sindh Sales Tax on management fee	618	1,521
Allocated expenses	475	36
Units issued: nil (December 31, 2015: 46,197 units)	-	3,312
Units redeemed: 63,382 units (December 31, 2015: nil)	5,000	-
Cash dividend paid	-	3,680
<b>Meezan Bank Limited</b>		
Profit on savings account	65	19
Cash dividend paid	-	3,909
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	945	925
Sindh Sales Tax on Trustee Fee for the period	123	129
CDS charges	29	54

	Six months period ended December 31,	
	2016	2015
	(Rupees in '000)	
<b>Meezan Capital Preservation Fund - II</b>		
Units issued: nil units (December 31, 2015: 44,749 units)	-	3,208
Units redeemed: nil (December 31, 2015: 1,165,932 units)	-	85,100
Cash dividend paid	-	3,208
<b>Directors and Executives of the Management Company</b>		
Units issued: 6435 units (December 31, 2015: 9,563 units)	585	686
Cash dividend paid	-	762

## 12. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realised or unrealised) to its unitholders.

The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of part VI to the second schedule of income tax ordinance 2001. Accordingly supertax introduced in finance Act, 2015 is also not applicable on funds (section 4B of income tax ordinance 2001).

## 13. FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value

	Carrying amount				Fair value				
	Investments	Trade and Other receivables	Cash and cash equivalents	Trade and Other payables	Total	Level 1	Level 2	Level 3	Total
<b>December 31, 2016</b>	(Rupees in '000)								
<b>Financial assets - measured at fair value</b>									
Investment - Held for trading	1,096,893	-	-	-	1,096,893	1,096,893	-	-	1,096,893
<b>Financial assets - not measured at fair value</b>									
Balances with banks	-	-	15,252	-	15,252	-	-	-	-
Investment - unlisted	947	-	-	-	947	-	-	-	-
Receivable against issuance and conversion of units	-	2,854	-	-	2,854	-	-	-	-
Dividend receivable	-	5,410	-	-	5,410	-	-	-	-
Deposit and other receivables	-	2,753	-	-	2,753	-	-	-	-
	<b>1,097,840</b>	<b>11,017</b>	<b>15,252</b>	<b>-</b>	<b>1,124,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Carrying amount					Fair value			
Investments	Trade and Other receivables	Cash and cash equivalents	Trade and Other payables	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
<b>December 31, 2016</b>								
<b>Financial liabilities - not measured at fair value</b>								
Payable to Al Meezan Investment Management Limited- Management Company	-	-	7,031	7,031	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	195	195	-	-	-	-
Payable on redemption and conversion of units	-	-	2,799	2,799	-	-	-	-
Accrued expense and other liabilities	-	-	2,495	2,495	-	-	-	-
Payable against investment	-	-	535	535	-	-	-	-
	-	-	13,055	13,055	-	-	-	-

Carrying amount					Fair value			
Investments	Trade and Other receivables	Cash and cash equivalents	Trade and Other payables	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
<b>June 30, 2016</b>								
<b>Financial assets - measured at fair value</b>								
Investment - Held for trading	880,846	-	-	880,846	880,846	-	-	880,846
<b>Financial assets - not measured at fair value</b>								
Balances with banks	-	12,896	-	12,896	-	-	-	-
Investment - unlisted	947	-	-	947	-	-	-	-
Receivable against investments	-	5,237	-	5,237	-	-	-	-
Receivable against issuance and conversion units	-	1,533	-	1,533	-	-	-	-
Dividend receivable	-	2,630	-	2,630	-	-	-	-
Deposit and other receivables	-	2,677	-	2,677	-	-	-	-
	881,793	12,077	12,896	906,766	880,846	-	-	880,846

<b>Financial liabilities - not measured at fair value</b>								
Payable to Al Meezan Investment Management Limited- Management Company	-	-	6,773	6,773	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	160	160	-	-	-	-
Payable to Meezan Bank Limited	-	-	265	265	-	-	-	-
Payable on redemption and conversion of units	-	-	117	117	-	-	-	-
Accrued expense and other liabilities	-	-	3,295	3,295	-	-	-	-
Dividend payable	-	-	45	45	-	-	-	-
	-	-	10,655	10,655	-	-	-	-

#### **14. POST BALANCE SHEET EVENT**

On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to reverse provision against WWF. Further, it was also decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act i.e. May 21, 2015.

Accordingly, the Management Company, based on the decision taken by MUFAP, commenced accrual of provision against SWWF from May 21, 2015 and recorded the same on January 12, 2017. The details and impact of the same are disclosed in note 8 to the condensed interim financial information.

#### **15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** Date of authorization

This condensed interim financial information was authorized for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**





## **Meezan Balanced Fund**

Meezan Balanced Fund (MBF) is Pakistan's first Shariah compliant balanced scheme. It seeks to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality Shariah compliant equity and Income Instruments.

## 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 Independent	Chairman
Mr. P. Ahmed	Non-Executive Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive Independent	
Syed Amir Ali	Non-Executive Independent	
Mr. Atif Azim	Non-Executive Independent	
Mr. Tasnimul Haq Farooqui	Non-Executive Independent	
Mr. Moin M. Fudda	Non-Executive Independent	
Mr. Mazhar Sharif	Non-Executive Independent	
Syed Amir Ali Zaidi	Non-Executive Independent	
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)	MCB Bank Limited - Islamic Banking
Askari Bank Limited - Islamic Banking	Meezan Bank Limited
Bank Islami Pakistan Limited	National Bank of Pakistan - Islamic Banking
Bank Alfalah - Islamic Banking Branch	Sindh Bank
Dubai Islamic Bank	Samba Bank Limited
Habib Metropolitan Bank Limited - Islamic Banking	UBL Ameen - Islamic Banking

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN BALANCED FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Balanced Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

Telephone + 92 (21) 3568 5847  
Fax + 92 (21) 3568 5095  
Internet [www.kpmg.com.pk](http://www.kpmg.com.pk)

## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Balanced Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### *Other Matters*

The figures for the quarter ended 31 December 2016 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date:** 08 FEB 2017

**Karachi**

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

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2016

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>Assets</b>			
Balances with banks		1,360,101	660,332
Investments	5	5,425,474	4,072,532
Receivables on issuance and conversion of units		71,025	84,926
Dividend receivable		15,422	7,571
Receivable against sale of investments (net)		19,587	4,020
Advances, deposits and other receivables		336,512	28,304
<b>Total assets</b>		<b>7,228,121</b>	<b>4,857,685</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		51,665	49,265
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		740	534
Payable to Securities and Exchange Commission of Pakistan (SECP)		2,488	3,768
Payable to Meezan Bank Limited (MBL)		1,774	-
Payable on redemption and conversion of units		12,565	11,793
Accrued expenses and other liabilities	8	58,128	64,639
Dividend payable		8,335	19,999
<b>Total liabilities</b>		<b>135,695</b>	<b>149,998</b>
<b>Net assets</b>		<b>7,092,426</b>	<b>4,707,687</b>
<b>Contingencies and commitments</b>	7		
<b>Unitholders' fund (as per statement attached)</b>		<b>7,092,426</b>	<b>4,707,687</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>388,578,790</b>	<b>297,201,395</b>
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<b>18.25</b>	<b>15.84</b>

The annexed notes 1 to 16 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised gain / (loss) on sale of investments		62,656	(9,306)	43,133	(12,176)
Dividend income		81,992	61,265	52,389	21,489
Profit on saving accounts with banks		37,551	29,478	22,248	17,108
Profit on term deposit receipts		2,505	5,742	2,505	2,938
Profit on sukuk certificates		41,912	29,545	19,263	13,503
Other income		68	-	68	-
		<b>226,684</b>	116,724	<b>139,606</b>	42,862
Unrealised appreciation / (diminution) on re-measurement of investments - 'at fair value through profit or loss' (net)	5.1.1.1, 5.1.1.5, 5.1.2.1 & 5.1.2.2	671,343	(14,107)	544,030	105,621
<b>Total income</b>		<b>898,027</b>	102,617	<b>683,636</b>	148,483
<b>Expenses</b>					
Remuneration to Al Meezan Investment Management Limited (Al Meezan) Management Company		58,548	43,033	32,108	22,963
Sindh Sales Tax and Federal Excise Duty on management fee	6	7,611	13,898	4,174	7,428
Allocated expenses	11	2,927	198	1,605	198
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		3,431	2,659	1,857	1,404
Sindh Sales Tax on trustee fee	6.1	446	372	241	196
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		2,488	1,832	1,364	979
Auditors' remuneration		322	320	174	148
Charity expense		1,164	728	833	344
Fees and subscription		360	98	194	60
Legal and professional charges		33	133	-	-
Brokerage expense		1,711	1,752	867	752
Bank and settlement charges		636	673	350	297
Printing expenses		153	-	148	-
<b>Total expenses</b>		<b>79,830</b>	65,696	<b>43,915</b>	34,769
<b>Net income from operating activities</b>		<b>818,197</b>	36,921	<b>639,721</b>	113,714
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		74,932	24,250	46,650	572
<b>Net income for the period before taxation</b>		<b>893,129</b>	61,171	<b>686,371</b>	114,286
Taxation	13	-	-	-	-
<b>Net income for the period after taxation</b>		<b>893,129</b>	61,171	<b>686,371</b>	114,286
<b>Other comprehensive income for the period</b>					
<i>Items that are or may be reclassified subsequently to income statement</i>					
Unrealised appreciation on re-measurement of investments classified as 'available for sale' (net)	5.2.1	39,138	7,132	33,770	14,278
<b>Total comprehensive income for the period</b>		<b>932,267</b>	68,303	<b>720,141</b>	128,564

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward		
- Realised	<b>607,343</b>	408,678
- Unrealised	<b>336,134</b>	189,493
	<b>943,477</b>	598,171
Net income for the period	<b>893,129</b>	61,171
Element of income and capital gains included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)	<b>5,054</b>	2,588
Undistributed income carried forward	<b>1,841,660</b>	661,930
Undistributed income carried forward		
- Realised	<b>1,170,317</b>	676,037
- Unrealised	<b>671,343</b>	(14,107)
	<b>1,841,660</b>	661,930

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	<b>Six months period ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000)</b>	
Net assets at beginning of the period	<b>4,707,687</b>	3,383,460
Issue of 196,399,589 units (2015: 116,304,112 units)	<b>3,309,836</b>	1,744,974
Redemption of 105,022,194 units (2015: 43,473,772 units)	<b>(1,782,432)</b>	(649,713)
	<b>1,527,404</b>	1,095,261
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	<b>(74,932)</b>	(24,250)
Net realised gain / (loss) on sale of investments	<b>62,656</b>	(9,306)
Unrealised appreciation / (diminution) in the value of investments (net)	<b>710,481</b>	(6,975)
Other income for the period (net)	<b>159,130</b>	84,584
Total comprehensive income for the period	<b>932,267</b>	68,303
Net assets at end of the period	<b>7,092,426</b>	4,522,774

	<b>(Rupees)</b>	
Net assets value per unit at beginning of the period	<b>15.84</b>	14.67
Net assets value per unit at end of the period	<b>18.25</b>	14.90

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**



## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31,	
	2016	2015
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	893,129	61,171
<b>Adjustments for:</b>		
Unrealised (appreciation) / diminution on re-measurement of investments - 'at fair value through profit or loss' (net)	(671,343)	14,107
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(74,932)	(24,250)
	<b>146,854</b>	<b>51,028</b>
<b>Increase in assets</b>		
Investments (net)	(642,461)	(922,562)
Dividend receivable	(7,851)	(1,491)
Receivable against sale of investments (net)	(15,567)	-
Advances, deposits and other receivables	(308,208)	(9,314)
	<b>(974,087)</b>	<b>(933,367)</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	2,400	9,676
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	206	175
Payable to Securities and Exchange Commission of Pakistan (SECP)	(1,280)	(303)
Payable to Meezan Bank Limited (MBL)	1,774	-
Accrued expenses and other liabilities	(6,511)	(15,299)
	<b>(3,411)</b>	<b>(5,751)</b>
<b>Net cash used in operating activities</b>	<b>(830,644)</b>	<b>(888,090)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	3,323,737	1,943,014
Payment against redemption and conversion of units	(1,781,660)	(652,957)
Dividend paid	(11,664)	(32,366)
<b>Net cash generated from financing activities</b>	<b>1,530,413</b>	<b>1,257,691</b>
Net increase in cash and cash equivalents during the period	699,769	369,601
Cash and cash equivalents at beginning of the period	660,332	438,024
Cash and cash equivalents at end of the period	<b>1,360,101</b>	<b>807,625</b>

The annexed notes 1 to 16 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, 2016 (UNAUDITED)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

**1.1** Meezan Balanced Fund (the Fund) was initially established as a closed-end scheme under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 15, 2004 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 8, 2004 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The registered office of the Management Company is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

Subsequently, on May 3, 2013, SECP vide its letter No. SCD/AMCW/MBF /512/2013 has approved the conversion of the closed end structure into an open end scheme through the establishment of the Unit Trust Scheme under the name of Meezan Balanced Fund (MBF). On June 27, 2013, SECP vide its letter No SCD/AMCW/MBF/613/2013 registered MBF (the open-end scheme) as a notified entity and has withdrawn the registration of MBF as close end scheme with effect from the effective date i.e. July 1, 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 Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP.

**1.3** 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 Shariah Compliant equity securities and Islamic income instruments such as TFCs, Islamic Sukuks (certificates of Islamic investment), musharaka certificates, Government Securities, Cash in bank accounts, Money Market Placements, Deposits, Certificates of Deposits, TDRs, Commercial Papers, Islamic alternatives of Reverse Repos, Spread Transactions, and other Shariah compliant instruments as indicated by the Commission. 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.

**1.4** 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.

**1.5** 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 Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

### 2. BASIS OF PRESENTATION

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

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 annual financial statements of the Fund for the year ended June 30, 2016.

### 3. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions and directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the SECP. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, and the NBFC Regulations, 2008, and directives issued by the SECP shall prevail.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2016

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

5. INVESTMENTS (net)	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
Investments - 'at fair value through profit or loss'	5.1	4,647,069	3,408,204
Investments - 'available for sale'	5.2	278,405	239,328
Investments - 'loans and receivables'	5.3	500,000	425,000
		<u>5,425,474</u>	<u>4,072,532</u>
<b>5.1 Investments - 'at fair value through profit or loss'</b>			
Held for trading	5.1.1	3,828,525	2,589,926
Investments at fair value through profit or loss upon initial recognition	5.1.2	818,544	818,278
		<u>4,647,069</u>	<u>3,408,204</u>
<b>5.1.1 Held for trading</b>			
Shares of listed companies 'Ordinary shares'	5.1.1.1	3,705,646	2,469,034
Sukuk certificates	5.1.1.5	122,879	120,892
		<u>3,828,525</u>	<u>2,589,926</u>

### 5.1.1 Shares of listed companies 'Ordinary shares'

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation / (diminution) as at December 31, 2016	Percentage in relation to		
									Net Assets of the Fund on the basis of investments (note 5.1.1.3)	Paid-up capital of the investee company (with face value of investments)	Total Market value of investments
(Number of shares)						(Rupees in '000)			%		
<b>Sectors / Companies</b>											
<b>Commercial Banks</b>											
Meezan Bank Limited (an associate company of the Fund)	255,000	5,000	-	260,000	-	-	-	-	-	-	-
<b>Automobile assemblers</b>											
Millat Tractors Company Limited	800	-	-	-	800	456	724	268	0.01	0.00	0.01
Indus Motors Company Limited	1,100	-	-	-	1,100	1,034	1,776	742	0.03	0.00	0.03
Pak Suzuki Motor Company Limited	60	-	-	-	60	23	37	14	0.00	0.00	0.00
Honda Atlas Cars (Pakistan) Limited	251,500	37,100	-	45,000	243,600	91,484	162,881	71,397	2.30	0.17	3.00
									<b>2.34</b>	<b>0.17</b>	<b>3.04</b>
<b>Automobile parts and accessories</b>											
Thal Limited (note 5.1.1.2)	61,000	30,000	-	61,000	30,000	12,600	15,256	2,656	0.22	0.04	0.28
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited	808,750	421,000	-	100,000	1,129,750	75,159	80,529	5,370	1.14	0.28	1.48
<b>Chemicals</b>											
ICI Pakistan Limited	95	110,000	-	-	110,095	73,402	109,405	36,003	1.54	0.12	2.02
Sitara Chemical Industries Limited	2,100	-	-	-	2,100	764	1,218	454	0.02	0.01	0.02
									<b>1.56</b>	<b>0.13</b>	<b>2.04</b>
<b>Cement</b>											
Attock Cement Pakistan Limited	402	-	-	-	402	96	135	39	0.00	0.00	0.00
Cherat Cement Company Limited	699,000	-	-	-	699,000	83,579	121,654	38,075	1.72	0.40	2.24
Pakcem Limited	16,646	-	-	16,646	-	-	-	-	-	-	-
Dewan Cement Limited	-	1,274,000	-	574,000	700,000	25,369	27,328	1,959	0.39	0.14	0.50
DG Khan Cement Company Limited	294,760	310,000	-	60,000	544,760	108,546	120,790	12,244	1.70	0.12	2.23
Fauji Cement Company Limited	2,436,500	100,000	-	500,000	2,036,500	73,185	91,805	18,620	1.29	0.15	1.69
Kohat Cement Limited	347,900	67,500	-	-	415,400	108,082	121,147	13,065	1.71	0.27	2.23
Lucky Cement Limited	331,400	69,000	-	25,000	375,400	247,301	325,194	77,893	4.59	0.12	5.99
Maple Leaf Cement Limited	280,000	350,000	-	150,000	480,000	49,442	61,238	11,796	0.86	0.09	1.13
Pioneer Cement Limited	578,000	511,500	-	-	1,089,500	120,089	154,807	34,718	2.18	0.48	2.85
									<b>14.44</b>	<b>1.77</b>	<b>18.88</b>
<b>Fertilizers</b>											
Dawood Hercules Corporation Limited	338,000	100,000	-	-	438,000	64,143	63,217	(926)	0.89	0.09	1.17
Engro Fertilizers Limited	2,173,500	50,000	-	203,500	2,020,000	130,205	137,320	7,115	1.94	0.15	2.53
Engro Corporation Pakistan Limited (note 5.1.1.4)	905,500	120,000	-	40,000	985,500	323,536	311,507	(12,029)	4.39	0.19	5.74
Fauji Fertilizer Company Limited	200	-	-	200	-	-	-	-	-	-	-
Fatima Fertilizer Limited	6,500	-	-	-	6,500	221	240	19	0.00	0.00	0.00
									<b>7.22</b>	<b>0.43</b>	<b>9.44</b>
<b>Technology &amp; Communication</b>											
Pakistan Telecommunication Company Limited "A"	10	-	-	-	10	-	-	-	-	0.00	-
<b>Paper &amp; Board</b>											
Packages Limited	322,900	-	-	117,000	205,900	130,998	175,025	44,027	2.47	0.23	3.23
<b>Refinery</b>											
Attock Refinery Limited	43,000	65,000	-	-	108,000	36,234	45,932	9,698	0.65	0.13	0.85
<b>Miscellaneous</b>											
Shifa International Hospitals Limited	64,584	-	-	-	64,584	19,375	19,854	479	0.28	0.01	0.37
<b>Oil &amp; Gas Exploration</b>											
Oil and Gas Development Company Limited	450,000	931,100	-	-	1,381,100	202,878	228,365	25,487	3.22	0.03	4.21
Pakistan Oilfields Limited	240,725	51,500	-	12,000	280,225	100,111	149,814	49,703	2.11	0.12	2.76
Pakistan Petroleum Limited	339,396	75,000	-	25,000	389,396	60,850	73,277	12,427	1.03	0.02	1.35
Mari Petroleum Company Limited	84,250	-	-	-	84,250	76,518	115,836	39,318	1.63	0.08	2.14
									<b>7.99</b>	<b>0.25</b>	<b>10.46</b>
<b>Oil and Gas Marketing</b>											
Pakistan State Oil Company Limited	332,204	75,000	-	12,000	395,204	151,074	171,601	20,527	2.42	0.15	3.16
Hascol Petroleum Limited	1,473	-	-	-	1,473	288	497	209	0.01	0.00	0.01
Sui Northern Gas Pipeline Limited	5,500	1,877,500	-	497,000	1,386,000	70,833	113,056	42,223	1.59	0.22	2.08
									<b>4.02</b>	<b>0.37</b>	<b>5.25</b>
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	83,300	26,900	-	-	110,200	85,673	105,471	19,798	1.49	0.11	1.94
Ferozsons Laboratories Limited	20,400	40,000	-	-	60,400	54,531	45,225	(9,306)	0.64	0.20	0.83
The Searle Company Limited	156,364	18,000	21,890	-	196,254	93,048	128,309	35,261	1.81	0.14	2.36
Highnoon Laboratories Limited	12,320	-	-	-	12,320	7,101	7,872	771	0.11	0.05	0.15
									<b>4.05</b>	<b>0.50</b>	<b>5.28</b>
<b>Food &amp; Personal Care Products</b>											
Engro Foods Limited	-	607,800	-	607,500	300	43	58	15	0.00	0.00	0.00
Al-Shaheer Corporation Limited	431,500	100,000	40,725	160,000	412,225	19,963	23,662	3,699	0.33	0.29	0.44
									<b>0.33</b>	<b>0.29</b>	<b>0.44</b>

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation / (diminution) as at December 31, 2016	Percentage in relation to			
									(Number of shares)	(Rupees in '000)	Net Assets of the Fund on the basis of investments (note 5.1.1.3)	Paid-up capital of the investee company (with face value of investments)
<b>Power Generation &amp; Distribution</b>												
Hub Power Company Limited	1,433,097	-	-	172,000	1,261,097	151,407	155,720	4,313	2.20	0.11	2.87	
K-Electric Limited (note 5.1.1.2)	11,125,000	9,406,000	-	700,000	19,831,000	168,248	185,816	17,568	2.62	0.07	3.42	
									<b>4.82</b>	<b>0.18</b>	<b>6.29</b>	
<b>Textile</b>												
Kohinoor Textile Mills Limited	60,000	-	-	60,000	-	-	-	-	-	-	-	
<b>Real Estate Investment Trust</b>												
Dolmen City REIT	2,728,000	-	-	-	2,728,000	29,462	29,653	191	0.42	0.12	0.55	
<b>Engineering</b>												
Crescent Steel Limited	382,250	-	-	237,000	145,250	16,647	22,395	5,748	0.32	0.19	0.41	
Amreli Steels Limited	100,000	-	-	100,000	-	-	-	-	-	-	-	
<b>Total</b>						<b>3,063,998</b>	<b>3,705,646</b>	<b>641,648</b>				

5.1.1.2 All shares have a face value of Rs. 10 each except for the shares of Thal Limited and K-Electric Limited which have a face value of Rs. 5 and Rs. 3.5 each respectively.

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

5.1.1.4 150,000 shares of Engro Corporation Limited, having market value of Rs 47.414 million as at December 31, 2016 (June 30, 2016: Rs. 49.945 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 Sukuk certificates

Name of the security	Maturity date	Profit rate	As at July 01, 2016	Purchases during the period	Sales / Matured during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation / (diminution) as at December 31, 2016	Percentage in relation to	
										(Number of certificates)	(Rupees in '000)
GoP Ijarah Sukuk Certificates - XVII (Note 5.1.1.6)	February 15, 2019	Weighted Average 6 months T-Bills	1,190	-	-	1,190	120,892	122,879	1,987	1.73	2.26
<b>Total</b>							<b>120,892</b>	<b>122,879</b>	<b>1,987</b>		

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

Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016	
			(Rupees in '000)
<b>5.1.2 Investments - 'at fair value through profit or loss upon initial recognition'</b>			
Shares of listed companies 'Ordinary shares'	5.1.2.1	46,429	53,258
Sukuk certificates	5.1.2.2	772,115	765,020
		<b>818,544</b>	<b>818,278</b>

### 5.1.2.1 Shares of listed companies 'Ordinary shares'

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation / (diminution) as at December 31, 2016	Percentage in relation to		
									Net Assets of the Fund on the basis of investments (note 5.1.1.3)	Paid-up capital of the investee company (with face value of investments)	Total Market value of investments
					(Number of shares)	(Rupees in '000)			%		
<b>Sectors / Companies</b>											
Automobile assemblers Indus Motor Company Limited	42,455	-	-	15,000	27,455	25,795	44,327	18,532	0.62	0.03	0.82
<b>Commercial Banks</b> Meezan Bank Limited (an associate company of the Fund)	277,593	-	-	277,593	-	-	-	-	-	-	-
<b>Paper and Board</b> Packages Limited	2,473	-	-	-	2,473	1,573	2,102	529	0.03	0.00	0.04
<b>Total</b>						<b>27,368</b>	<b>46,429</b>	<b>19,061</b>			

### 5.1.2.2 Sukuk certificates

Name of the investee company	Maturity	Profit rate	As at July 01, 2016	Purchases during the period	Redemptions /Matured during the period	As at December 31, 2016	Carrying value as at December 31, 2016*	Market value as at December 31, 2016*	Unrealised appreciation / (diminution) as at December 31, 2016	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 investments)	Total market value of investments
					(Number of certificates)	(Rupees in '000)			%			
<b>Secured</b>												
Engro Fertilizer Pakistan Limited - II (A+, PACRA, non-traded) (note 5.1.2.3)	July 9, 2019	6 months KIBOR plus base rate of 1.75%	12,580	-	340	12,240	63,422	63,308	(114)	1.10	0.00	1.38
K Electric Limited - (7 years) (note 5.1.2.3) (AA, JCR-VIS, non-traded)	June 17, 2022	6 months KIBOR plus base rate of 1%	87,253	-	-	87,253	441,971	449,648	7,677	7.79	0.01	9.82
Security Leasing * Corporation Limited II (note 5.1.2.3 & 5.1.2.4)	January 19, 2022	Nil	1,540	-	-	1,540	-	-	-	-	-	-
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	-	-	-	-	-	-
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	-	-	-	-	-	-
Hascol Petroleum Limited - Sukuk (note 5.1.2.3)	January 7, 2022	3 months KIBOR plus base rate of 1.50%	50,000	-	-	50,000	258,075	259,159	1,084	4.49	0.01	5.66
<b>Total</b>							<b>763,468</b>	<b>772,115</b>	<b>8,647</b>			

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

**5.1.2.3** The nominal value of these sukuk certificates is Rs 5,000 each except for the sukuk certificates of Eden Housing Limited having nominal value of Rs. 984.375 each.

**5.1.2.4** 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 Balanced Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at December 31, 2016, 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 certificates which are below 'investments grade' securities:

Name of the investee company	Type of investments	Value of investment before provision	Provision held as at December 31, 2016	Value of investment after provision	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	7,701	7,701	-	-	-
		<b>37,623</b>	<b>37,623</b>	-		

## 5.2 Investments - 'available for sale'

### Shares of listed companies (Ordinary shares)

Name of the investee company	As at July 01, 2016	Purchases during the period	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation as at December 31, 2016	Percentage in relation to		
								Net Assets of the Fund on the basis of investments (note 5.1.1.3)	Paid-up capital of the investee company (with face value of investments)	Total Market value of investments
		----- (Number of shares) -----			----- (Rupees in '000) -----			----- % -----		
<b>Automobile assemblers</b>										
Indus Motor Company Limited	2,075	-	-	2,075	454	3,350	2,896	0.05	0.00	0.06
<b>Banks</b>										
Meezan Bank Limited (an associate of the Fund)	1,207	-	906	301	4	20	16	0.00	0.00	0.00
BankIslami Pakistan Limited	875	-	-	875	5	11	6	0.00	0.00	0.00
								<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Fertilizers</b>										
Fauji Fertilizer Company Limited	599	-	599	-	-	-	-	-	-	-
<b>Chemicals</b>										
ICI Pakistan Limited	21	-	-	21	3	21	18	0.00	0.00	0.00
<b>Cement</b>										
Attock Cement Pakistan Limited	287	-	-	287	11	96	85	0.00	0.00	0.00
DG Khan Cement Company Limited	249	-	-	249	10	55	45	0.00	0.00	0.00
Lucky Cement Limited	7,451	-	-	7,451	887	6,455	5,568	0.09	0.00	0.12
								<b>0.09</b>	<b>0.00</b>	<b>0.12</b>
<b>Power Generation &amp; Distribution</b>										
The Hub Power Company Limited	1,134,050	-	-	1,134,050	41,921	140,033	98,112	1.97	0.10	2.58
<b>Paper and Board</b>										
Packages Limited	150,000	-	-	150,000	77,511	127,508	49,997	1.80	0.17	2.35
<b>Oil &amp; Gas</b>										
Pakistan Petroleum Limited	4,548	-	-	4,548	558	856	298	0.01	0.00	0.02
<b>Total</b>					<b>121,364</b>	<b>278,405</b>	<b>157,041</b>			
<b>Total cost of investments</b>					<b>121,364</b>					

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

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
Market value of investments	5.2	<b>278,405</b>	239,328
Less: Cost of investments		<b>121,364</b>	121,425
		<b>157,041</b>	117,903
Less: Net unrealised appreciation on re-measurement of investments classified as 'available for sale' at beginning of the period		<b>117,903</b>	114,598
		<b>39,138</b>	3,305

### 5.3 Investment - loans and receivables

Term deposit receipts - having original maturity of more than 3 months	5.3.1	<b>500,000</b>	-
Sukuk Certificates	5.3.2	-	425,000
		<b>500,000</b>	425,000

### 5.3.1 Term deposit receipts - having original maturity of more than 3 months

Name of the bank	Maturity date	Profit rate	As at July 01, 2016	TDR placed during the period	Matured during the period	As at December 31, 2016	Percentage of total value of investments
		---- % ----	----- (Rupees in '000) -----				---- % ----
Bank Islami Pakistan Limited	December 01, 2017	5.90	-	500,000	-	500,000	9.22
				<b>- 500,000</b>		<b>- 500,000</b>	

### 5.3.2 Sukuk Certificates

Name of the investee company	Maturity date	Profit rate	As at July 01, 2016	Matured during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation	Percentage of market value of total investments
			----- (Number of certificates) -----			----- (Rupees in '000) -----			
Lalpir Power Limited- CP Sukuk (note 5.3.2.1 & 5.3.2.2)	November 4, 2016	6 months KIBOR plus base rate of 0.25%	25,000	25,000	-	-	-	-	-
Engro Fertilizers Limited- CP Sukuk (note 5.3.2.1 & 5.3.2.2)	November 25, 2016	6 months KIBOR plus base rate of 0.40%	60,000	60,000	-	-	-	-	-
<b>Total</b>						<b>-</b>	<b>-</b>	<b>-</b>	

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

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

## 6. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE / TRUSTEE FEE

6.1 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company, sales load and trustee fee through Sindh Sales Tax on Services Act 2011. In the current period, tax at the rate of 13 percent (30 June 2016: 14 percent) was charged on the remuneration of Management Company, sales load and trustee fee.

6.2 The status of Federal Excise Duty (FED) is the same as disclosed in the annual financial statements for the year ended June 30, 2016, except for the fact that while disposing the petition filed by MUFAP on September 04, 2013, the Sindh High Court (SHC), through order dated July 16, 2016, declared the said provision to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision. The mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED has been recognised in this condensed interim financial information.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision for FED on management fee with effect from June 13, 2013 till June 30, 2016, aggregating to Rs. 25.57 million (June 30, 2016: Rs. 25.57 million). Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2016 would have been higher by Re. 0.07 per unit (June 30, 2016: Re. 0.09 per unit).

## 7. CONTINGENCIES AND COMMITMENTS

The status of withholding tax bonus shares is the same as disclosed in the annual financial statements for the year ended June 30, 2016. In the current period, Al Shaheer Corporation Limited and The Searle Company Limited issued bonus shares after withholding 5 percent shares on account of tax on bonus shares. These have not been deposited with the Government Treasury due to pending adjudication of the constitutional petition and the stay order mentioned in annual financial statements for the year ended June 30, 2016.



There were no other contingencies and commitments outstanding as at December 31, 2016 and June 30, 2016.

#### **8. ACCRUED EXPENSES AND OTHER LIABILITIES**

This includes provision for Workers' Welfare Fund (WWF) amounting to Rs. 37.909 million (June 30, 2016: Rs. 37.909 million). The details are as follows:

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position and after obtaining advice from the legal counsel, the Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs. 37.909 million. This has resulted in an increase in NAV per unit of Rs. 0.10 on January 12, 2017. Had this reversal been recognized on December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 0.10 per unit.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are passed through vehicles hence, they do not have any worker and no WWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, WWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from WWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 34.80 million. This has resulted in a decrease in NAV per unit of Rs. 0.09 on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Rs. 0.08 per unit.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

#### **9. EXPENSE RATIO**

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2016 is 2.73% which include 0.36% representing government levy, Worker Welfare Fund and SECP fee.

#### **10. SEGMENT REPORTING**

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

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

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

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

	For the six months period ended December 31, 2016			For the six months period ended December 31, 2015		
	Equity sub-portfolio	Debt sub-portfolio	Total	Equity sub-portfolio	Debt sub-portfolio	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Profit on sukuk certificates	-	41,912	41,912	-	29,545	29,545
Dividend income	81,992	-	81,992	61,265	-	61,265
Net realised gain / (loss) on sale of investments	62,718	(62)	62,656	(8,063)	(1,243)	(9,306)
Unrealised appreciation / (diminution) on re-measurement of investments - 'at fair value through profit or loss' (net)	660,709	10,634	671,343	(29,819)	15,712	(14,107)
Brokerage	(1,711)	-	(1,711)	(1,743)	(9)	(1,752)
<b>Total net segment income</b>	<b>803,708</b>	<b>52,484</b>	<b>856,192</b>	<b>21,640</b>	<b>44,005</b>	<b>65,645</b>
Net unallocated expenses / income			36,937			(4,474)
<b>Total net income</b>			<b>893,129</b>			<b>61,171</b>

	As at December 31, 2016			As at June 30, 2016		
	Equity sub-portfolio	Debt sub-portfolio	Total	Equity sub-portfolio	Debt sub-portfolio	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Investments - 'fair value through profit or loss'	3,752,075	894,994	4,647,069	2,522,292	885,912	3,408,204
Investments - 'available for sale'	278,405	-	278,405	239,328	-	239,328
Investment - loans and receivables	-	500,000	500,000	-	425,000	425,000
Dividend receivable	15,422	-	15,422	7,571	-	7,571
Profit receivable on sukuk certificates	-	10,835	10,835	-	14,203	14,203
<b>Total segment assets</b>	<b>4,045,902</b>	<b>1,405,829</b>	<b>5,451,731</b>	<b>2,769,191</b>	<b>1,325,115</b>	<b>4,094,306</b>
Unallocated assets			1,776,390			763,379
<b>Total assets</b>			<b>7,228,121</b>			<b>4,857,685</b>
<b>Total segment liabilities</b>	<b>3,928</b>	-	<b>3,928</b>	4,430	-	4,430
Unallocated liabilities	-	-	131,767	-	-	145,568
<b>Total liabilities</b>	<b>3,928</b>	-	<b>135,695</b>	<b>4,430</b>	-	<b>149,998</b>

There were no transactions between reportable segments.

## 11. ALLOCATED EXPENSES

During the period, fund charged 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC Regulations, 2008.

## 12. 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 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 -II, Meezan Gold Fund, Meezan Asset Allocation Fund, Meezan Strategic Allocation Fund, Meezan Energy Fund and Meezan Tahaffuz Pension Fund being the funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Employees Gratuity Fund and Unitholders holding 10% or more units of the Fund's net assets.

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

Remuneration payable to the Management Company and the trustee is determined in accordance with the provision of NBFC Rules, 2003, NBFC Regulations, 2008 and the Trust Deed respectively.

Details of transactions with connected persons and balances with them for the period ended December 31, 2016 and as of that date along with the comparative are as follows:

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited (Al Meezan) - Management Company</b>		
Remuneration payable	11,407	7,719
Sindh Sales Tax and Federal Excise Duty payable on Management Fee	32,272	31,870
Sales load payable	511	2,171
Sindh Sales Tax and Federal Excise Duty payable on sales load	6,905	7,119
Allocated expenses payable	570	386
Investment as at December 31, 2016: 853,671 units (June 30, 2016: 853,671 units)	15,580	13,522
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Remuneration payable	655	468
Sindh Sales Tax on Trustee Fee	85	66
Deposit	300	300
<b>Meezan Bank Limited (MBL)</b>		
Bank balance	77,914	65,144
Sales load payable	1,570	-
Sindh Sales Tax on sales load payable	204	-
Investment in 301 shares (June 30, 2016: 533,800 shares)	20	22,686
Investment of 18,886,746 units (June 30, 2016: 18,886,746 units)	344,683	299,166
<b>Al Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Investment of 415,271 units (June 30, 2016: 415,271 units)	7,579	6,578
<b>Directors and Executives of the Management Company</b>		
Investment of 6,015,680 units (June 30, 2016: 2,387,815 units)	109,786	37,823

**For the six months period  
ended December 31**

	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited (Al Meezan) - Management Company</b>		
Remuneration for the period	<b>58,548</b>	43,033
Sindh Sales Tax and Federal Excise Duty on management fee	<b>7,611</b>	13,898
Allocated expenses	<b>2,927</b>	198
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Remuneration for the period	<b>3,431</b>	2,659
Sindh Sales Tax on trustee fee	<b>446</b>	372
CDS Charges	<b>76</b>	77
<b>Meezan Bank Limited</b>		
Profit on saving account	<b>651</b>	636
Profit on Term Deposit Receipts	-	5,742
Shares sold: 538,499 shares (December 31, 2015: 475,000 shares)	<b>31,265</b>	23,394
Shares purchased: 5,000 shares (December 31, 2015: Nil)	<b>258</b>	-
<b>Directors and Executives of the Management Company</b>		
Units issued: 3,728,131 units (December 31, 2015: 241,811 units)	<b>61,859</b>	3,585
Units redeemed: 100,266 units (December 31, 2015: 180,675 units)	<b>1,651</b>	2,692

### 13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute sufficient income of the Fund for the year ended June 30, 2017 as reduced by capital gains (whether realised or unrealised) to its unitholders.

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. Accordingly Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value				
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
December 31, 2016									
(Rupees in '000)									
<b>Financial assets - measured at fair value</b>									
Investments - 'at fair value through profit or loss'	4,647,069	-	-	-	4,647,069	3,752,075	894,994	-	4,647,069
Investments - 'available for sale'	278,405	-	-	-	278,405	278,405	-	-	278,405

Carrying amount					Fair value			
Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
<b>500,000</b>	-	-	-	<b>500,000</b>	-	-	-	-
Balances with banks	-	1,360,101	-	1,360,101	-	-	-	-
Receivable on issuance and conversion of units	71,025	-	-	71,025	-	-	-	-
Dividend receivable	15,422	-	-	15,422	-	-	-	-
Receivable against investments	19,587	-	-	19,587	-	-	-	-
Deposits and other receivables	336,512	-	-	336,512	-	-	-	-
<b>5,425,474</b>	<b>442,546</b>	<b>1,360,101</b>	-	<b>7,228,121</b>	-	-	-	-

**Financial assets - not measured at fair value**

Investments - 'loans and receivables'	500,000	-	-	500,000	-	-	-	-
Balances with banks	-	1,360,101	-	1,360,101	-	-	-	-
Receivable on issuance and conversion of units	71,025	-	-	71,025	-	-	-	-
Dividend receivable	15,422	-	-	15,422	-	-	-	-
Receivable against investments	19,587	-	-	19,587	-	-	-	-
Deposits and other receivables	336,512	-	-	336,512	-	-	-	-

**Financial liabilities - not measured at fair value**

Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company	-	-	51,665	51,665	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	740	740	-	-	-	-
Payable on redemption and conversion of units	-	-	12,565	12,565	-	-	-	-
Payable to Meezan Bank Limited (MBL)	-	-	1,774	1,774	-	-	-	-
Accrued expenses and other liabilities	-	-	4,869	4,869	-	-	-	-
Dividend payable	-	-	8,335	8,335	-	-	-	-
	-	-	79,948	79,948	-	-	-	-

Carrying amount					Fair value			
Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								

June 30, 2016

**Financial assets - measured at fair value**

Investments - 'at fair value through profit or loss'	3,408,204	-	-	3,408,204	2,522,292	885,912	-	3,408,204
Investments - 'available for sale'	239,328	-	-	239,328	239,328	-	-	239,328

**Financial assets - not measured at fair value**

Investments - 'loans and receivables'	425,000	-	-	425,000	-	-	-	-
Balances with banks	-	660,332	-	660,332	-	-	-	-
Receivable on issuance and conversion of units	84,926	-	-	84,926	-	-	-	-
Dividend receivable	7,571	-	-	7,571	-	-	-	-
Receivable against investments	4,020	-	-	4,020	-	-	-	-
Deposits and other receivables	28,304	-	-	28,304	-	-	-	-

**Financial liabilities - not measured at fair value**

Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company	-	-	49,265	49,265	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	534	534	-	-	-	-
Payable on redemption and conversion of units	-	-	11,793	11,793	-	-	-	-
Accrued expenses and other liabilities	-	-	5,401	5,401	-	-	-	-
Dividend payable	-	-	19,999	19,999	-	-	-	-
	-	-	86,992	86,992	-	-	-	-

## **15. POST BALANCE SHEET EVENT**

On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to reverse provision against WWF. Further, it was also decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015.

Accordingly, the Management Company, based on the decision taken by MUFAP, commenced accrual of provision against SWWF from May 21, 2015 and recorded the same on January 12, 2017. The details and impact of the same are disclosed in note 8 to the condensed interim financial information.

## **16. GENERAL**

**16.1** Figures have been rounded off to the nearest thousand rupees.

**16.2** Date of authorization

This condensed interim financial information was authorised for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**



## **Meezan Asset Allocation Fund**

Meezan Asset Allocation Fund (MAAF) is a Shariah Compliant Asset Allocation Scheme. It is designed to help investors build wealth by long-term capital appreciation, diversification across asset classes and the flexibility to change investment portfolio exposure as per the outlook.

The objective of MAAF is to earn a potentially high return through asset allocation between Shariah Compliant Equity, Fixed Income and Money Market Instruments based on the fund manager's view on macroeconomic outlook of such asset classes.

## 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 Independent	Chairman
Mr. P. Ahmed	Non-Executive Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive Independent	
Syed Amir Ali	Non-Executive Independent	
Mr. Atif Azim	Non-Executive Independent	
Mr. Tasnimul Haq Farooqui	Non-Executive Independent	
Mr. Moin M. Fudda	Non-Executive Independent	
Mr. Mazhar Sharif	Non-Executive Independent	
Syed Amir Ali Zaidi	Non-Executive Independent	
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)  
Bankislami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Metropolitan Bank Limited - Islamic Banking  
Meezan Bank Limited

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ASSET ALLOCATION FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Asset Allocation Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

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## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Asset Allocation Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### *Other Matters*

The figures for the quarter ended 31 December 2016 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

Date: 08 FEB 2017

Karachi

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

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2016

	Note	(Unaudited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
<b>Assets</b>			
Balances with banks		162,538	95,752
Investments	5	746,020	274,328
Dividend receivable		3,672	780
Receivable on issuance and conversion of units		20,925	96,144
Deposits and other receivable		4,691	3,352
Preliminary expenses and floatation costs		776	867
<b>Total assets</b>		<b>938,622</b>	<b>471,223</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		2,475	3,095
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		165	70
Payable to Securities and Exchange Commission of Pakistan (SECP)		343	50
Payable to Meezan Bank Limited (MBL)		266	159
Payable against purchase of investments - (net)		561	5,894
Payable on redemption and conversion of units		75	799
Accrued expenses and other liabilities		1,111	913
Dividend payable		-	451
<b>Total liabilities</b>		<b>4,996</b>	<b>11,431</b>
<b>Net assets</b>		<b>933,626</b>	<b>459,792</b>
<b>Contingencies and commitments</b>	7		
<b>Unitholders' fund (as per statement attached)</b>		<b>933,626</b>	<b>459,792</b>
		(Number of units)	
<b>Number of units in issue</b>		<b>15,204,900</b>	<b>9,005,322</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>61.40</b>	<b>51.06</b>

The annexed notes 1 to 15 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended	Quarter ended
		December 31, 2016 (Rupees in '000)	
<b>Income</b>			
Net realised gain on sale of investments		11,500	11,214
Dividend income		14,232	9,160
Profit on saving accounts with banks		2,921	1,585
Other income		8	8
		<b>28,661</b>	<b>21,967</b>
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	5.1	123,295	110,813
<b>Total income</b>		<b>151,956</b>	<b>132,780</b>
<b>Expenses</b>			
Remuneration to Al Meezan Investment Management Limited (Al Meezan)- Management Company		5,417	3,109
Sindh Sales Tax on Management Fee	6	704	404
Allocated expenses	10	361	207
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		722	414
Sindh Sales Tax on Trustee Fee	6	94	54
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		343	197
Auditors' remuneration		126	57
Brokerage expenses		836	214
Charity expense		233	179
Bank and settlement charges		256	99
Amortisation of preliminary expenses and floatation costs		91	45
Fees and subscription		310	247
Printing expenses		15	15
<b>Total expenses</b>		<b>9,508</b>	<b>5,241</b>
<b>Net income from operating activities</b>		<b>142,448</b>	<b>127,539</b>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		14,835	6,010
<b>Net income for the period before taxation</b>		<b>157,283</b>	<b>133,549</b>
<b>Taxation</b>	11	-	-
<b>Net income for the period after taxation</b>		<b>157,283</b>	<b>133,549</b>
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income for the period</b>		<b>157,283</b>	<b>133,549</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended December 31, 2016 (Rupees in '000)
Undistributed income / (loss) brought forward		
- Realised		(5)
- Unrealised		<u>9,530</u>
		<b>9,525</b>
 Net income for the period		 <b>157,283</b>
 Undistributed income carried forward		 <u><b>166,808</b></u>
 Undistributed income carried forward		
- Realised		<b>43,513</b>
- Unrealised	5.1	<u><b>123,295</b></u>
		<u><b>166,808</b></u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND**  
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	<b>Six months period ended December 31, 2016 (Rupees in '000)</b>
Net assets at beginning of the period	<b>459,792</b>
Issue of 10,575,430 units	<b>570,847</b>
Redemption of 4,375,852 units	<b>(239,461)</b>
	<b>331,386</b>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	<b>(14,835)</b>
Net realised gain on sale of investments	<b>11,500</b>
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	<b>123,295</b>
Other income for the period (net)	<b>22,488</b>
Total comprehensive income for the period	<b>157,283</b>
Net assets at end of the period	<b>933,626</b>
	<b>(Rupees)</b>
Net asset value per unit as at beginning of the period	<b>51.06</b>
Net asset value per unit as at end of the period	<b>61.40</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended December 31, 2016 (Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation		157,283
<b>Adjustments for:</b>		
Amortisation of preliminary expenses and floatation costs		91
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	5.1	(123,295)
Element of income and capital gains included in prices of units sold less those in units redeemed (net)		(14,835)
		19,244
<b>Increase in assets</b>		
Investments (net)		(348,397)
Dividend receivable		(2,892)
Deposits and other receivable		(1,339)
		(352,628)
<b>(Decrease) / increase in liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		(620)
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		95
Payable to Securities and Exchange Commission of Pakistan (SECP)		293
Payable to Meezan Bank Limited (MBL)		107
Payable against purchase of investments - (net)		(5,333)
Accrued expenses and other liabilities		198
		(5,260)
<b>Net cash used in operating activities</b>		(338,644)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units		646,066
Payment against redemption and conversion of units		(240,185)
Dividend paid		(451)
<b>Net cash generated from financing activities</b>		405,430
Net increase in cash and cash equivalents during the period		66,786
Cash and cash equivalents at beginning of the period		95,752
Cash and cash equivalents at end of the period		162,538

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Asset Allocation 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 November 25, 2015 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) on November 16, 2015. The initial offering period of the Fund was from April 18, 2016 to April 20, 2016 and the Fund commenced its operations from April 21, 2016. 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 objective of the Fund is to earn potentially high return through asset allocation between Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income Instruments, Shariah Compliant Money Market Instruments and any other Shariah Compliant instrument as permitted by the SECP and Shariah Advisor. 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 Asset Allocation Scheme. 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 in the process of listing on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).
- 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 aforementioned guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

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, 2016.

### 3. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions and directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the SECP. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, and the NBFC Regulations, 2008, and directives issued by the SECP shall prevail.



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2016.

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the 'application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant 'judgments made by management in applying the Fund's accounting policies and the key sources of estimation' and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

5. INVESTMENTS	Note	(Unaudited)	(Audited)
		December 31, 2016	June 30, 2016
(Rupees in '000)			
<b>Investments at 'fair value through profit or loss'</b>			
Held for trading - shares of listed companies	5.1	<b>746,020</b>	<b>274,328</b>

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

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus / right issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation / (diminution) as at December 31, 2016	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 5.1.1)	Paid-up capital of the investee company (with face value of investments)	Total Market value of investments
					(Number of shares)	(Rupees in '000)		%			
<b>Sectors / Companies</b>											
<b>Automobile assembler</b>											
Honda Atlas Cars (Pakistan) Limited	24,000	-	-	-	24,000	8,618	16,047	7,429	1.72	0.02	2.15
<b>Automobile parts and accessories</b>											
Thal Limited (note.5.1.2)	-	10,000	-	-	10,000	4,200	5,085	885	0.54	0.02	0.68
<b>Cable &amp; electrical Goods</b>											
Pak Elektron Limited	125,000	222,000	-	40,000	307,000	21,149	21,883	734	2.34	0.06	2.93
<b>Cement</b>											
Cherat Cement Company Limited	40,000	60,000	-	-	100,000	12,643	17,404	4,761	1.86	0.06	2.33
D.G. Khan Cement Company Limited	25,000	150,000	-	42,000	133,000	26,319	29,490	3,171	3.16	0.03	3.95
Fauji Cement Company Limited	100,000	230,000	-	130,000	200,000	7,548	9,016	1,468	0.97	0.01	1.21
Kohat Cement Company Limited	10,000	-	-	-	10,000	2,619	2,916	297	0.31	0.01	0.39
Lucky Cement Limited	10,000	86,500	-	14,500	82,000	57,182	71,033	13,851	7.61	0.03	9.52
Maple Leaf Cement Factory Limited	-	447,500	-	100,000	347,500	34,091	44,334	10,243	4.75	0.07	5.94
Pioneer Cement Limited	30,000	100,000	-	-	130,000	14,749	18,472	3,723	1.98	0.06	2.48
									<b>20.64</b>	<b>0.27</b>	<b>25.82</b>
<b>Chemical</b>											
ICI Pakistan Limited	-	31,500	-	-	31,500	21,273	31,302	10,029	3.35	0.03	4.20
<b>Engineering</b>											
Crescent Steel and Allied Products Limited	30,000	-	-	30,000	-	-	-	-	0.00	0.00	0.00
K.S.B. Pumps Company Limited	6,000	-	-	-	6,000	1,462	2,450	988	0.26	0.05	0.33
									<b>0.26</b>	<b>0.05</b>	<b>0.33</b>

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus / right issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation / (diminution) as at December 31, 2016	Percentage in relation to				
									Net assets of the Fund on the basis of market value (see note 5.1.1)	Paid-up capital of the investee company (with face value of investments)	Total Market value of investments		
					(Number of shares)			(Rupees in '000)			%		
<b>Fertilizer</b>													
Dawood Hercules Corporation Limited	30,000	100,000	-	-	130,000	19,666	18,763	(903)	2.01	0.03	2.52		
Engro Corporation Limited (note 5.1.3)	90,000	63,000	-	4,000	149,000	48,453	47,097	(1,356)	5.04	0.03	6.31		
Engro Fertilizers Limited	835,000	-	-	60,000	775,000	49,972	52,685	2,713	5.64	0.06	7.06		
									<b>12.69</b>	<b>0.12</b>	<b>15.89</b>		
<b>Food &amp; personal care products</b>													
Al- Shaheer Corporation Limited	25,000	-	3,750	-	28,750	1,305	1,650	345	0.18	0.02	0.22		
Engro Foods Limited	-	240,000	-	240,000	-	-	-	-	0.00	0.00	0.00		
									<b>0.18</b>	<b>0.02</b>	<b>0.22</b>		
<b>Oil &amp; gas exploration companies</b>													
Mari Petroleum Company Limited	-	15,000	-	-	15,000	14,824	20,624	5,800	2.21	0.01	2.76		
Oil and Gas Development Company Limited	60,000	370,000	-	-	430,000	62,095	71,101	9,006	7.62	0.01	9.53		
Pakistan Petroleum Limited	190,000	-	-	7,000	183,000	28,374	34,437	6,063	3.69	0.01	4.62		
									<b>13.52</b>	<b>0.03</b>	<b>16.91</b>		
<b>Oil &amp; gas marketing companies</b>													
Pakistan State Oil Company Limited	40,000	26,000	-	2,800	63,200	24,438	27,442	3,004	2.94	0.02	3.68		
Sui Northern Gas Pipeline Limited	-	510,000	-	117,000	393,000	18,873	32,057	13,184	3.43	0.06	4.30		
									<b>6.37</b>	<b>0.08</b>	<b>7.98</b>		
<b>Paper &amp; board</b>													
Cherat Packaging Limited	10,000	-	-	-	10,000	3,418	3,380	(38)	0.36	0.03	0.45		
Packages Limited	29,000	13,200	-	-	42,200	27,743	35,872	8,129	3.84	0.05	4.81		
									<b>4.20</b>	<b>0.08</b>	<b>5.26</b>		
<b>Pharmaceuticals</b>													
Ferozsons Laboratories Limited	-	20,000	-	8,150	11,850	10,073	8,873	(1,200)	0.95	0.04	1.19		
Abbott Laboratories (Pakistan) Limited	34,050	-	-	10,000	24,050	18,134	23,018	4,884	2.47	0.02	3.09		
The Searle Company Limited	-	30,000	4,200	-	34,200	16,742	22,360	5,618	2.39	0.02	3.00		
									<b>5.81</b>	<b>0.08</b>	<b>7.28</b>		
<b>Power generation &amp; distribution</b>													
K-Electric Limited (note 5.1.2)	1,075,000	2,195,000	-	115,000	3,155,000	26,449	29,562	3,113	3.17	0.03	3.96		
Hub Power Company Limited	80,000	45,000	-	17,000	108,000	13,327	13,336	9	1.43	0.01	1.79		
									<b>4.60</b>	<b>0.04</b>	<b>5.75</b>		
<b>Refinery</b>													
Attock Refinery Limited	20,000	-	-	-	20,000	5,603	8,506	2,903	0.91	0.02	1.14		
<b>Technology &amp; communication</b>													
Pakistan Telecommunication Company Limited "A" 700,000	-	-	-	200,000	500,000	7,515	8,590	1,075	0.92	0.01	1.15		
<b>Textile composite</b>													
Nishat Mills Limited	-	185,000	-	92,000	93,000	10,868	14,161	3,293	1.52	0.03	1.90		
<b>Miscellaneous</b>													
Shifa International Hospitals Limited	10,000	-	-	-	10,000	3,000	3,074	74	0.33	0.02	0.41		
<b>Total</b>						<b>622,725</b>	<b>746,020</b>	<b>123,295</b>					

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 Thal Limited and K - Electric Limited which have a nominal value of Rs. 5 and Rs. 3.50 each respectively.

5.1.3 30,000 shares (June 30, 2016: 30,000 shares) of Engro Corporation Limited, having market value of Rs. 9.48 million as at December 31, 2016 (June 30, 2016: Rs. 9.99 million), have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

## 6. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE / TRUSTEE FEE

6.1 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company, sales load and trustee fee through Sindh Sales Tax on Services Act, 2011. In the current period, Sindh Sales Tax at the rate of 13 percent (June 30, 2016: 14 percent) was charged on the remuneration of Management Company, sales load and trustee fee.

- 6.2** The status of Federal Excise Duty (FED) is the same as disclosed in the annual financial statements for the year ended June 30, 2016, except for the fact that while disposing the petition filed by MUFAP on September 04, 2013, the Sindh High Court (SHC), through order dated July 16, 2016, declared the said provision to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision. The mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED has been recognised in this condensed interim financial information.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision on FED on management fee till June 30, 2016, aggregating to Rs. 0.13 million (June 30, 2016: Rs. 0.13 million). Asset Value per unit of the Fund as at December 31, 2016 would have been higher by Re. 0.00836 per unit (June 30, 2016: Re. 0.012 per unit).

## **7. CONTINGENCIES AND COMMITMENTS**

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

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. On September 8, 2015, the Sindh High Court has dismissed the suit on the basis that bonus shares are included in the definition of income and accordingly are chargeable to tax. An appeal against the judgment has been instituted and a stay order has been granted by the High Court of Sindh in favour of CISs.

In the current period, Al Shaheer Corporation Limited and The Searle Company Limited issued bonus shares after withholding 5 percent shares on account of tax on bonus shares. These have not been deposited with the Government Treasury due to pending adjudication of the constitutional petition and the stay order.

There were no other contingencies and commitments outstanding as at December 31, 2016 and June 30, 2016.

## **8. SINDH WORKER WELFARE FUND**

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position and after obtaining advice from the legal counsel, the Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no WWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, WWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from WWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 3.95 million for a period from April 21, 2016 to January 12, 2017. This has resulted in decrease in NAV per unit of Rs. 0.25 on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Rs. 0.26 per unit.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

## 9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, Directors and Executives of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Energy Fund, Meezan Balanced Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund – II, Meezan Strategic Allocation Fund, Meezan Gold Fund 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 - Employees Gratuity Fund and Unitholders holding 10 percent or more of the Fund's net assets.

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

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

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

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited</b>		
<b>- Management Company</b>		
Remuneration payable	1,095	460
Sindh Sales Tax and Federal Excise Duty on management fee payable	287	209
Sales load payable	464	868
Sindh sales tax and Federal Excise Duty on sales load payable	556	623
Allocated expense payable	73	31
Formation cost payable	-	904
<b>Meezan Bank Limited</b>		
Sales load payable	235	159
Sindh Sales Tax on sales load payable	31	-
Bank balance	39,438	2,507
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	146	61
Sindh Sales Tax on Trustee Fee payable	19	9
Deposits	100	100
<b>Directors and Executives of the Management Company</b>		
Investments as at December 31, 2016: 14,738 units (June 30, 2016: nil)	905	-
<b>Unitholders holding 10% or more units of the Fund</b>	-	50,747

For the six months  
period ended  
December 31, 2016  
(Unaudited)  
(Rupees in '000)

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

Remuneration for the period	5,417
Sindh Sales Tax on management fee for the period	<u>704</u>
Allocated expenses	<u>361</u>

**Meezan Bank Limited**

Profit on saving account	<u>508</u>
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**Central Depository Company of Pakistan Limited - Trustee**

Remuneration for the period	722
Sindh Sales Tax on Trustee Fee for the period	<u>94</u>
CDS charges	<u>32</u>

**Directors and Executives of the Management Company**

Units issued: 15,580 units	875
Units redeemed: 842 units	<u>50</u>

**10. ALLOCATED EXPENSES**

During the period, fund was charged 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC Regulations, 2008.

**11. TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non- Banking Finance Companies and Notified Entities Regulation, 2008 the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute sufficient income of the Fund for the year ended June 30, 2017, as reduced by capital gains (whether realised or unrealised) to its unitholders.

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. Accordingly, Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

**12. EXPENSE RATIO**

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2016 is 2.63% which include 0.32% representing government levy, Worker Welfare Fund and SECP fee.

### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value			
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
<b>December 31, 2016</b>									
(Rupees in '000)									
<b>Financial assets - measured at fair value</b>									
Investments	746,020	-	-	-	746,020	746,020	-	-	746,020
<b>Financial assets - not measured at fair value</b>									
Balances with banks	-	-	162,538	-	162,538	-	-	-	-
Dividend receivable	-	3,672	-	-	3,672	-	-	-	-
Receivable on issuance and conversion of units	-	20,925	-	-	20,925	-	-	-	-
Deposits and other receivable	-	3,135	-	-	3,135	-	-	-	-
	<b>746,020</b>	<b>27,732</b>	<b>162,538</b>	<b>-</b>	<b>190,270</b>	<b>746,020</b>	<b>-</b>	<b>-</b>	<b>746,020</b>
<b>Financial liabilities - not measured at fair value</b>									
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	2,741	2,741	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	165	165	-	-	-	-
Payable against investments - net	-	-	-	561	561	-	-	-	-
Payable on redemption and conversion of units	-	-	-	75	75	-	-	-	-
Accrued expenses and other liabilities	-	-	-	599	599	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,141</b>	<b>4,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>June 30, 2016</b>									
(Rupees in '000)									
<b>Financial assets - measured at fair value</b>									
Investments	274,328	-	-	-	274,328	274,328	-	-	274,328
<b>Financial assets - not measured at fair value</b>									
Balances with banks	-	-	95,752	-	95,752	-	-	-	-
Dividend receivable	-	780	-	-	780	-	-	-	-
Receivable on issuance and conversion of units	-	96,144	-	-	96,144	-	-	-	-
Deposits and other receivable	-	3,352	-	-	3,352	-	-	-	-
	<b>274,328</b>	<b>100,276</b>	<b>95,752</b>	<b>-</b>	<b>470,356</b>	<b>274,328</b>	<b>-</b>	<b>-</b>	<b>274,328</b>
<b>Financial liabilities - not measured at fair value</b>									
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	3,095	3,095	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	70	70	-	-	-	-
Payable to Meezan Bank Limited	-	-	-	159	159	-	-	-	-
Payable against investments - net	-	-	-	5,894	5,894	-	-	-	-
Payable on redemption and conversion of units	-	-	-	799	799	-	-	-	-
Accrued expenses and other liabilities	-	-	-	601	601	-	-	-	-
Dividend payable	-	-	-	451	451	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,069</b>	<b>11,069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### **14. POST BALANCE SHEET EVENT**

On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act, 2014.

Accordingly, the Management Company, based on the decision taken by MUFAP, commenced accrual of provision against SWWF from May 21, 2015 and recorded the same on January 12, 2017. The details and impact of the same are disclosed in note 8 to the condensed interim financial information.

#### **15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

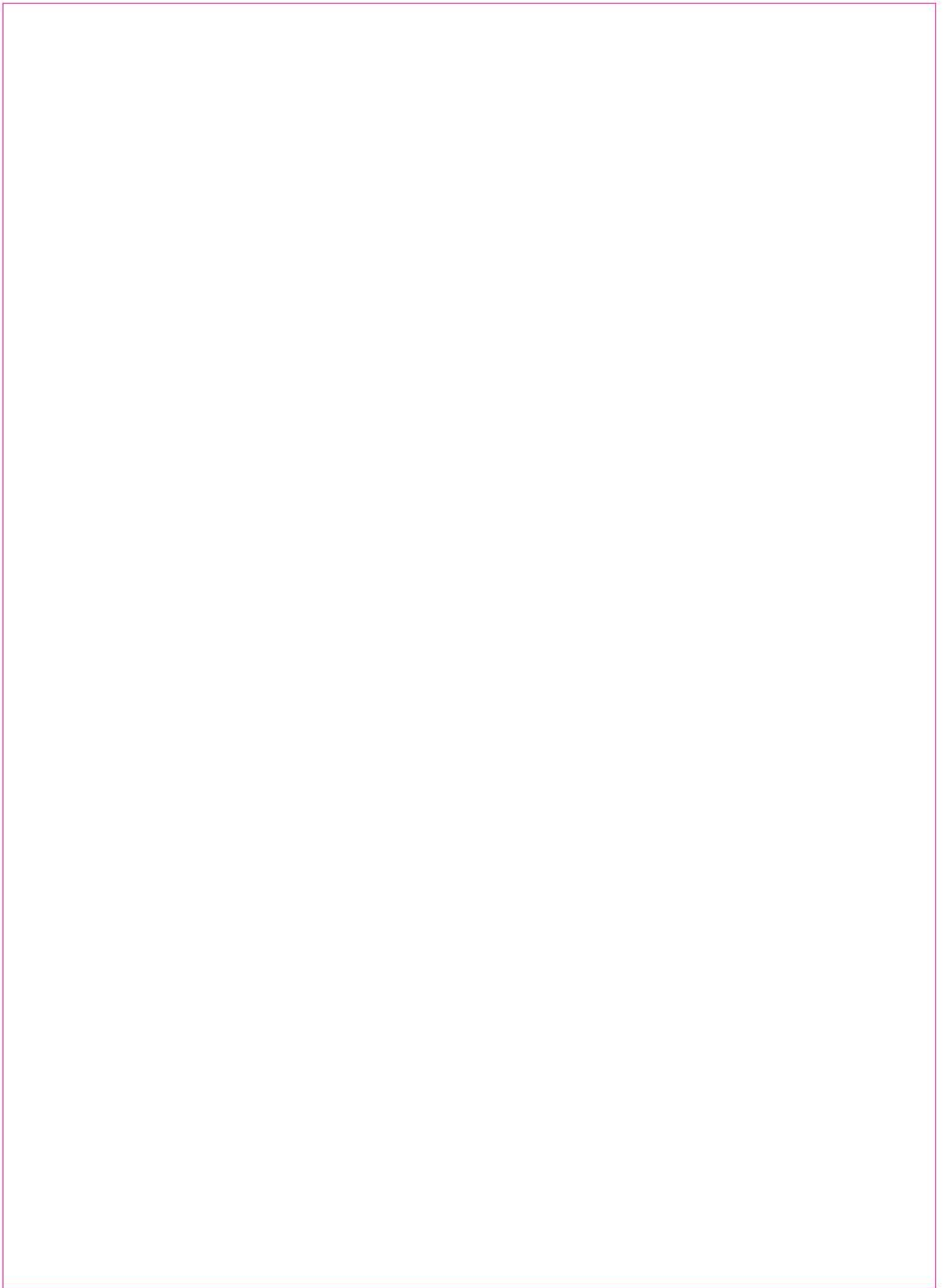
**15.2** Date of authorization

This condensed interim financial information was authorised for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**







## **Meezan Energy Fund**

Meezan Energy Fund (MEF) is a Shariah Compliant Energy Sector (Equity) Scheme. It is an actively managed fund offering a simple way to take exposure to Shariah compliant energy sector stocks available at Pakistan Stock Exchange (PSX).

## 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 Independent	Chairman
Mr. P. Ahmed	Non-Executive Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive Independent	
Syed Amir Ali	Non-Executive Independent	
Mr. Atif Azim	Non-Executive Independent	
Mr. Tasnimul Haq Farooqui	Non-Executive Independent	
Mr. Moin M. Fudda	Non-Executive Independent	
Mr. Mazhar Sharif	Non-Executive Independent	
Syed Amir Ali Zaidi	Non-Executive Independent	
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

Meezan Bank Limited  
Habib Metropolitan Bank Limited - Islamic Banking

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ENERGY FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Energy Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from November 30, 2016 to December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

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

## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Energy Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the period ended 31 December 2016 (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

Date: 08 FEB 2017

Karachi

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

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2016

	Note	(Unaudited) December 31, 2016 (Rupees in '000)
<b>Assets</b>		
Balances with banks	4	115,198
Investments	5	559,225
Receivable on issuance and conversion of units		1,774
Dividend receivable		710
Deposits and other receivables	6	664
Preliminary expenses and floatation costs	7	983
<b>Total assets</b>		<b>678,554</b>
<b>Liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	8	3,195
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	9	103
Payable to Securities and Exchange Commission of Pakistan (SECP)	10	44
Payable to Meezan Bank Limited (MBL)		36
Payable on redemption and conversion of units		41,246
Accrued expenses and other liabilities	11	615
<b>Total liabilities</b>		<b>45,239</b>
<b>Net assets</b>		<b>633,315</b>
<b>Contingencies and commitments</b>	14	
<b>Unitholders' fund (as per statement attached)</b>		<b>633,315</b>
		(Number of units)
<b>Number of units in issue</b>	15	<b>11,723,417</b>
		(Rupees)
<b>Net assets value per unit</b>		<b>54.02</b>

The annexed notes 1 to 24 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM NOVEMBER 30, 2016 TO DECEMBER 31, 2016 (UNAUDITED)

	Note	For the period from November 30, 2016 to December 31, 2016 (Rupees in '000)
<b>Income</b>		
Net realised loss on sale of investments		(757)
Dividend income		710
Profit on saving accounts with banks		488
		<u>441</u>
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	5.1	<u>41,826</u>
<b>Total income</b>		<b>42,267</b>
<b>Expenses</b>		
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company	8.1	925
Sindh Sales Tax on Management Fee	8.2	120
Allocated expense	21	46
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	9	93
Sindh Sales Tax on Trustee fee	9.1	12
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	10	44
Auditors' remuneration	16	28
Brokerage Expense		659
Charity expense		47
Bank and settlement charges		152
Amortisation of preliminary expenses and floatation costs	7	17
Fees and subscription		47
<b>Total expenses</b>		<u>2,190</u>
<b>Net income from operating activities</b>		<b>40,077</b>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		<u>7,067</u>
<b>Net income for the period before taxation</b>		<b>47,144</b>
Taxation	22	-
<b>Net income for the period after taxation</b>		<b>47,144</b>
Other comprehensive income for the period		-
<b>Total comprehensive income for the period</b>		<u><b>47,144</b></u>

The annexed notes 1 to 24 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 NOVEMBER 30, 2016 TO DECEMBER 31, 2016 (UNAUDITED)

	<b>Note</b>	<b>For the period from November 30, 2016 to December 31, 2016 (Rupees in '000)</b>
Net income for the period		<b>47,144</b>
Undistributed income carried forward		<b>47,144</b>
Undistributed income carried forward		
- Realised		<b>5,318</b>
- Unrealised	5.1	<b>41,826</b>
		<b>47,144</b>

The annexed notes 1 to 24 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 PERIOD FROM NOVEMBER 30, 2016 TO DECEMBER 31, 2016 (UNAUDITED)

	Note	For the period from November 30, 2016 to December 31, 2016 (Rupees in '000)
Net assets at beginning of the period		-
Issue of 13,969,843 units		<b>713,591</b>
Redemption of 2,246,426 units		<b>(120,353)</b>
		<b>593,238</b>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		<b>(7,067)</b>
Net realised loss on sale of investments		<b>(757)</b>
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	5.1	<b>41,826</b>
Other income for the period (net)		<b>6,075</b>
Total comprehensive income for the period		<b>47,144</b>
Net assets at end of the period		<b>633,315</b>
		<b>(Rupees)</b>
Net assets value per unit at beginning of the period		-
Net assets value per unit at end of the period		<b>54.02</b>

The annexed notes 1 to 24 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 NOVEMBER 30, 2016 TO DECEMBER 31, 2016 (UNAUDITED)

	Note	For the period from November 30, 2016 to December 31, 2016 (Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation		47,144
<b>Adjustments for</b>		
Amortisation of preliminary expenses and floatation costs	7	17
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	5.1	(41,826)
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		(7,067)
		(1,732)
<b>Increase in assets</b>		
Investments (net)		(517,399)
Dividend receivable		(710)
Deposits and other receivables		(664)
Preliminary expenses and floatation costs		(1,000)
		(519,773)
<b>Increase in liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		3,195
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		103
Payable to Securities and Exchange Commission of Pakistan (SECP)		44
Payable to Meezan Bank Limited (MBL)		36
Accrued expenses and other liabilities		615
		3,993
<b>Net cash used in operating activities</b>		<b>(517,512)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units		711,817
Payment against redemption and conversion of units		(79,107)
<b>Net cash generated from financing activities</b>		<b>632,710</b>
Net increase in cash and cash equivalents during the period		115,198
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	4	115,198

The annexed notes 1 to 24 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 NOVEMBER 30, 2016 TO DECEMBER 31, 2016 (UNAUDITED)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Energy 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 September 09, 2016 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 objective of the Fund is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector / segment / industry, as defined in the constitutive documents. 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** 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 in the process of listing on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The Fund is categorized as an Open End Shariah Compliant (Islamic) Equity Scheme in accordance with Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP).
- 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 are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

#### 2.1 Statement of compliance

This condensed interim financial information 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 Rules, 2003 (the NBFC Rules) , the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations, 2008) and directives issued by the SECP. Wherever, the requirements of the NBFC Rules,

the NBFC Regulations, 2008, and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules, the NBFC Regulations, 2008, and the said directives shall prevail.

## **2.2 Basis of measurement**

These condensed interim financial information have been prepared on the basis of historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at fair value.

## **2.3 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.

## **2.4 Critical accounting estimates and judgements**

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

- a) Classification and valuation of financial instruments (notes 3.1 and 5);
- b) Amortisation of preliminary expenses and floatation costs (notes 3.6 and 7);
- c) Taxation (note 3.8 and 22).

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover

three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Fund's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Fund's financial statements.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
  - Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Fund's financial statements.
  - Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Fund's financial statements.
  - IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The above amendments are not likely to have an impact on Fund's financial statements.

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

The principal accounting policies applied in the preparation of this condensed interim financial information are set out below. These policies have been consistently applied, unless otherwise stated.

#### **3.1 Financial instruments**

##### **3.1.1 Classification**

The Fund classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets, at the time of initial recognition and re-evaluates this classification on a regular basis.

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

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

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

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

##### **(b) 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 at 'fair value through profit or loss'.

##### **3.1.2 Regular way contract**

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

##### **3.1.3 Recognition**

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

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

#### **3.1.4 Measurement**

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

Subsequent to initial recognition, instruments classified as financial assets 'at fair value through profit or loss' are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

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

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

#### **3.1.5 Fair value measurement principles**

The fair value of shares of listed companies is based on their price quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) at the reporting date without any deduction for estimated future selling costs.

#### **3.1.6 Derecognition**

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

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

#### **3.1.7 Offsetting of financial instruments**

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

#### **3.2 Unitholders' fund**

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

#### **3.3 Issuance and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer

price represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

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

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

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

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

#### **3.5 Provisions**

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

#### **3.6 Preliminary expenses and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years commencing from November 30, 2016 in accordance with the requirements of the trust deed of the Fund.

#### **3.7 Net assets value per unit**

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

#### **3.8 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income in which case it is recognised in other comprehensive income.

#### *Current*

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, which arises from assessments / developments during the period.

#### *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 utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

### **3.9 Revenue recognition**

- (i) Gains / (losses) arising on sale of investments are included in the Income Statement currently, on the date when the transaction takes place.
- (ii) Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- (iii) Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the date of book closure of the investee company / institution declaring the dividend.
- (iv) Profit on saving accounts with banks are recorded on effective yield method.

### **3.10 Expenses**

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

### **3.11 Earnings per unit**

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

### **3.12 Cash and cash equivalents**

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at cost. Cash comprises current and saving accounts 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 or other purposes.



### 3.13 Distribution

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

### 4. BALANCES WITH BANKS

	Note	(Unaudited) December 31, 2016 (Rupees in '000)
On saving accounts	4.1	115,188
On current accounts		10
		<u>115,198</u>

4.1 The balances in saving accounts have an expected profit ranging from 2.40 % to 3.59% per annum.

### 5. INVESTMENTS

	Note	(Unaudited) December 31, 2016 (Rupees in '000)
<b>Investments at 'fair value through profit or loss'</b>		
Ordinary shares - Held for trading	5.1	559,225
		<u>559,225</u>

#### 5.1 Ordinary shares - Held for trading

Name of the investee company	Purchases during the period	Bonus / right issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation / (diminution) as at December 31, 2016	Percentage in relation to		
								Net Assets of the Fund on the basis of investments (note 5.1.1)	Paid-up capital of the investee company (with face value of investments)	Total Market value of investments
	(Number of shares)			(Rupees in '000)			%			
<b>Sectors / Companies</b>										
<b>Oil &amp; Gas Exploration Companies</b>										
Mari Petroleum Company Limited	38,950	-	-	38,950	46,973	53,553	6,580	8.46	0.04	9.58
Oil and Gas Development Company Limited	658,000	-	-	658,000	99,180	108,800	9,620	17.18	0.02	19.46
Pakistan Oilfields Limited	185,000	-	-	185,000	90,170	98,905	8,735	15.62	0.08	17.69
Pakistan Petroleum Limited	217,000	-	-	217,000	36,575	40,835	4,260	6.45	0.01	7.30
								<b>47.71</b>	<b>0.15</b>	<b>54.03</b>
<b>Oil &amp; Gas Marketing Companies</b>										
Hascol Petroleum Limited	83,000	-	83,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	125,000	-	-	125,000	51,478	54,276	2,798	8.57	0.05	9.71
Sui Northern Gas Pipelines Limited	620,000	-	-	620,000	42,301	50,573	8,272	7.99	0.10	9.04
Sui Southern Gas Company Limited	500,000	-	-	500,000	18,967	18,175	(792)	2.87	0.06	3.25
								<b>19.43</b>	<b>0.21</b>	<b>22.00</b>
<b>Power Generation &amp; Distribution</b>										
The Hub Power Company Limited	500,000	-	-	500,000	61,500	61,740	240	9.75	0.04	11.03
K-Electric Limited (note 5.1.2)	5,000,000	-	-	5,000,000	46,000	46,850	850	7.40	0.02	8.38
								<b>17.15</b>	<b>0.06</b>	<b>19.41</b>
<b>Refinery</b>										
Attock Refinery Limited	60,000	-	-	60,000	24,255	25,518	1,263	4.03	0.07	4.56
<b>Total</b>					<b>517,399</b>	<b>559,225</b>	<b>41,826</b>			

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 K-Electric Limited which have nominal value of Rs. 3.50 each.

## 6. DEPOSITS AND OTHER RECEIVABLES

	Note	(Unaudited) December 31, 2016 (Rupees in '000)
Profit receivable on saving accounts with banks		460
Advance Tax		4
Deposit		200
		<u>664</u>

## 7. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs		1,000
Less: Amortisation during the period	7.1	(17)
		<u>983</u>

7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund i.e. November 30, 2016, restricted to one percent of Pre-IPO capital, and are being amortised over a period of five years in accordance with the trust deed of the Fund.

## 8. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED (Al Meezan) - Management Company

	Note	(Unaudited) December 31, 2016 (Rupees in '000)
Management fee	8.1	909
Sindh Sales Tax on management fee	8.2	118
Sales load		889
Sindh Sales Tax on sales load	8.2	234
Formation cost payable		1,000
Allocated expense	21	45
		<u>3,195</u>

8.1 As per regulation 61 of amended Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Management Company of the fund is entitled to an accrued remuneration equal to an amount not exceeding 2 percent of average annual net assets in case of Equity Scheme. The remuneration of the Management Company has been charged at the rate of 2 percent per annum for the period ended December 31, 2016.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011. In the current period, SST at the rate of 13 percent was charged on the remuneration of Management Company and sales load.

8.3 The mutual funds have been excluded from levy of Federal Excise Duty (FED) vide Finance Act, 2016, hence, no provision of FED has been made in this condensed interim financial information.

## 9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) - Trustee

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed in accordance with the tariff specified therein, based on the daily net assets value of the Fund.

The remuneration of the trustee for the period ended December 31, 2016 has been calculated as per the following applicable tariff:

<b>Net assets (Rupees)</b>	<b>Tariff</b>
Upto Rs. 1 billion	Rs. 0.7 million or 0.20% p.a. of NAV, whichever is higher.
Over Rs. 1 billion	Rs. 2.0 million plus 0.10% p.a. of NAV, on amount exceeding Rs.1 billion.

- 9.1** A notification (SRB-3-4/TP/01/2015/86554 dated June 13, 2015) was issued by Sindh Revenue Board (SRB), which introduced amendments in Sindh Sales Tax on Services Act, 2011. As a result of these amendments, the Fund recognised sales tax on trustee fee at the rate of 13 percent in the current period.

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

Under the provisions of the amended Non-Banking Finance Companies and Notified Entities Regulations 2008, a collective investment scheme categorised as an equity scheme is required to pay an annual fee to the SECP, an amount equal to 0.095% of the average annual net assets of the Scheme.

During the period, fee charged at the rate of 0.095%. The fee is payable to the SECP within three months of the close of the financial year.

#### **11. ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>Note</b>	<b>(Unaudited) December 31, 2016 (Rupees in '000)</b>
Auditors' remuneration		<b>28</b>
Withholding tax payable		<b>480</b>
Shariah advisory fee		<b>47</b>
Profit Payable to Pre-IPO investors		<b>13</b>
Charity payable	11.1	<b>47</b>
		<b>615</b>

- 11.1** According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund.

#### **12. SINDH WORKERS' WELFARE FUND (SWWF)**

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position and after obtaining advice from the legal counsel, the Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP

reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles, hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017 amounted to Rs. 1.31 million for a period from November 30, 2016 to January 12, 2017. This has resulted in decrease in NAV per unit of Re. 0.10 on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Re. 0.08 per unit.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

### 13. EXPENSE RATIO

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2016 is 4.88% which include 0.39% representing government levy, Worker Welfare Fund and SECP fee.

### 14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2016.

### 15. NUMBER OF UNITS IN ISSUE

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

	(Unaudited) December 31, 2016 (Rupees in '000)
Total units in issue at beginning of the period	-
Units issued during the period	13,969,843
Units redeemed during the period	(2,246,426)
Total units in issue at end of the period	<u>11,723,417</u>

15.2 All units carry equal rights and are entitled to dividend and share in the net asset value of the Fund.

### 16. AUDITORS' REMUNERATION

	For the Period from December 31, 2016 (Unaudited) (Rupees in '000)
Statutory audit fee	16
Half year review fee	8
Other certifications and services	4
	<u>28</u>

## 17. 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 Executives of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Asset Allocation Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund – II, Meezan Strategic Allocation Fund, Meezan Gold Fund 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 - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Rules, 2003, NBFC Regulations, 2008 and the Trust Deed.

Details of transactions with connected persons and balances with them for the period ended December 31, 2016 are as follows:

	<b>(Unaudited) December 31, 2016 (Rupees in '000)</b>
<b>Al Meezan Investment Management Limited - (Al Meezan ) Management Company</b>	
Remuneration payable	<u>909</u>
Sindh Sales Tax on management fee payable	<u>118</u>
Sales load payable	<u>889</u>
Sindh sales tax on sales load payable	<u>234</u>
Allocated expense payable	<u>45</u>
Formation cost payable	<u>1,000</u>
Investment as at December 31, 2016: 4,000,000 units	<u>216,080</u>
<b>Meezan Bank Limited</b>	
Bank balance	<u>102,139</u>
Sales load payable	<u>32</u>
Sindh sales tax on sales load payable	<u>4</u>
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>	
Trustee fee payable	<u>91</u>
Sindh Sales Tax on Trustee fee payable	<u>12</u>
Deposits	<u>200</u>
<b>Directors and Executives of the Management Company</b>	
Investment as at December 31, 2016: 10,868 units	<u>587</u>
<b>Unitholders holding 10% or more of the Fund</b>	
Investments as at December 31, 2016: 7,397,852 units	<u>399,632</u>

	<b>For the period from November 30, 2016 to December 31, 2016 (Rupees in '000)</b>
<b>Al Meezan Investment Management Company Limited - (Al Meezan) Management Company</b>	
Remuneration for the period	<u>925</u>
Sindh Sales Tax on management fee for the period	<u>120</u>
Allocated expenses	<u>46</u>
Units issued: 4,000,000 units	<u>200,000</u>
<b>Meezan Bank Limited</b>	
Profit on saving account	<u>293</u>
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>	
Remuneration fee for the period	<u>93</u>
Sindh sales tax on Trustee fee for the period	<u>12</u>
CDS charges	<u>3</u>
<b>Directors and Executives of the Management Company</b>	
Units issued: 10,868 units	<u>574</u>
<b>Unitholders holding 10% or more of the Fund</b>	
Units issued: 7,397,852 units	<u>369,893</u>

## 18. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies:

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

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

Risks managed and measured by the Fund are explained below:

### 18.1 Credit risk

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

Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of dividends receivable on equity securities and receivable against sale of investments.

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. Credit risk on dividend receivable is minimal due to statutory protection. Further, all transactions in securities are executed through approved brokers and in case of equity, transactions settled through National Clearing Company of Pakistan Limited (NCCPL), thus the risk of default is considered to be minimal. In accordance with the risk management policy of the Fund, the Investment Committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

Credit rating wise analysis of bank balances of the Fund are tabulated below:

	Rating agency	(Unaudited) December 31, 2016	
		(Rupees in '000)	%
AA+	PACRA	13,059	11.34
AA	JCR-VIS	102,139	88.66
		<u>115,198</u>	<u>100.00</u>

The maximum exposure to credit risk as at December 31, 2016 is tabulated below:

**Financial Assets exposed to credit risk**

	(Unaudited) December 31, 2016 (Rupees in '000)
Balances with banks	115,198
Receivable on issuance and conversion of units	1,774
Dividend receivable	710
Deposits and other receivables	660
	<u>118,342</u>

None of the financial assets were considered to be past due or impaired as on December 31, 2016.

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

Due to the Fund's long outstanding business relationships with these counter parties and after giving due consideration to their strong financial standing, the Fund does not expect any non performance by these counter parties on their obligations to the Fund.

## 18.2 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholder's redemptions at any time. The Fund manages the liquidity risk by maintaining maturities of financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets. The Fund's investments are considered to be readily realisable as they are all listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

In accordance with the risk management policy of the Fund, the Fund manager monitors the liquidity position on a daily basis, which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

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

In addition to unitholders' fund, analysis of the Fund's financial liabilities into relevant maturity grouping as at December 31, 2016 is tabulated below:

	December 31, 2016 (Unaudited)				Total
	Maturity upto				
	Three months	Six months	One year	More than one year	
	(Rupees in '000)				
<b>Financial Liabilities:</b>					
Payable to Al Meezan Investment Management Limited - Management Company	3,195	-	-	-	3,195
Payable to Central Depository Company of Pakistan Limited - Trustee	103	-	-	-	103
Payable to Meezan Bank Limited	36	-	-	-	36
Payable on redemption and conversion of units	41,246	-	-	-	41,246
Accrued expenses and other liabilities	135	-	-	-	135
	<b>44,715</b>	-	-	-	<b>44,715</b>

## 18.3 Market risk

### 18.3.1 Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the Fund in which the investment is made, change in business circumstances of the Fund, industry environment and / or the economy in general.



The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the unit holders from investment in Shariah compliant investments for the given level of risks. The Fund's market risk is managed on a daily basis by the investment committee in accordance with the policies and procedures laid down by the Securities and Exchange Commission of Pakistan. Further, it is managed by monitoring exposure to marketable securities and by complying with the internal risk management policies and regulations laid down in NBFC Regulations, 2008.

The Fund's overall market positions are monitored on a quarterly basis by the Board of Directors of the Management Company.

Details of the Fund's investment portfolio exposed to price risk, at the reporting date are disclosed in these condensed interim financial information. As at December 31, 2016, the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the KSE Meezan Index (KMI) 30 index. The Fund's policy is to concentrate the investment portfolio in sectors where management believe the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

The net assets of the Fund will increase / decrease by Rs 5.59 million if the prices of equity vary due to increase / decrease in KMI 30 Index by 1% with all other factors held constant.

The Fund manager uses KMI as a reference point in making investment decisions. However, the Fund manager does not manage the Fund's investment strategy to track KMI or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at December 31, 2016 and the historical correlation of the securities comprising the portfolio to the KMI. The composition of the Fund's investment portfolio and the correlation thereof to KMI, is expected to change over time. Accordingly, the sensitivity analysis prepared as of December 31, 2016 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of KMI.

### **18.3.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

#### *Cash flow interest rate risk*

The Fund's interest rate risk arises from the balances in saving accounts. At December 31, 2016, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the period then ended would have been higher / lower by Rs. 1.15 million mainly as a result of finance income.

#### *Fair value interest rate risk*

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

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on the settlement date.

As at December 31, 2016 (Unaudited)					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
(Rupees in '000)					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Balances with banks	2.40% to 3.59%	115,188	-	10	115,198
Investments		-	-	559,225	559,225
Receivable on issuance and conversion of units		-	-	1,774	1,774
Dividend receivable		-	-	710	710
Deposits and other receivables		-	-	660	660
		115,188	-	562,379	677,567
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	3,195	3,195
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	103	103
Payable to Meezan Bank Limited		-	-	36	36
Payable on redemption and conversion of units		-	-	41,246	41,246
Accrued expenses and other liabilities		-	-	135	135
		-	-	44,715	44,715
<b>On-balance sheet gap</b>		115,188	-	517,664	632,852
<b>Off-balance sheet financial instruments</b>					
		-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-
<b>Total interest rate sensitivity gap</b>		115,188	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		115,188	115,188	115,188	

### 18.3.3 Currency risk

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

## 19. UNITHOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restrictions on the subscription and redemption of units.

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

The Fund meets the requirement of sub-regulation 54 (3a) of NBFC regulations, 2008 which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

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

## 20. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the year end date. The quoted market prices used for financial assets held by the Fund is current bid price.

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

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

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

- Level 1: Quoted market price (unadjusted) in active markets for an 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 (that is, as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

The following table presents assets that are measured at fair value as at December 31, 2016:

Note	Carrying amount					Fair value			
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
December 31, 2016									
(Rupees in '000)									
<b>Financial assets</b>									
<b>- measured at fair value</b>									
Investments	559,225	-	-	-	559,225	559,225	-	-	559,225
<b>Financial assets</b>									
<b>- not measured at fair value</b>									
Balances with banks	18.1	-	115,198	-	115,198	-	-	-	-
Receivable on issuance and conversion of units	18.1	1,774	-	-	1,774	-	-	-	-
Dividend receivable	18.1	710	-	-	710	-	-	-	-
Deposits and other receivables	18.1	660	-	-	660	-	-	-	-
	<b>559,225</b>	<b>3,144</b>	<b>115,198</b>	<b>-</b>	<b>677,567</b>	<b>559,225</b>	<b>-</b>	<b>-</b>	<b>559,225</b>



**24. GENERAL**

**24.1** There are no corresponding figures as the Fund commenced its operations from November 30, 2016.

**24.2** Date of authorization

These financial statements were authorized for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**





## Meezan Gold Fund

Meezan Gold Fund (MGF) is Pakistan's first Shariah Compliant Gold Fund. It invests in gold instruments in the most efficient manner, to provide maximum exposure to prices of Gold in a Shariah Compliant (Islamic) manner. This is done by investing significant portion of the Fund's net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange (PMEX).

## 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 Independent	Chairman
Mr. P. Ahmed	Non-Executive Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive Independent	
Syed Amir Ali	Non-Executive Independent	
Mr. Atif Azim	Non-Executive Independent	
Mr. Tasnimul Haq Farooqui	Non-Executive Independent	
Mr. Moin M. Fudda	Non-Executive Independent	
Mr. Mazhar Sharif	Non-Executive Independent	
Syed Amir Ali Zaidi	Non-Executive Independent	
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

Meezan Bank Limited  
Sindh Bank Limited  
United Bank Limited

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN GOLD FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Gold Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

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

## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Gold Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*


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

### *Other Matters*

The figures for the quarter ended 31 December 2016 in the condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date:** 08 FEB 2017

**Karachi**

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

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



## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2016

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>Assets</b>			
Balances with banks		29,723	126,315
Investment in gold	5	346,541	280,244
Profit receivable on saving accounts		278	142
Receivable on issuance and conversion of units		4,127	20,197
<b>Total assets</b>		<b>380,669</b>	<b>426,898</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		1,118	1,676
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		62	48
Payable to Securities and Exchange Commission of Pakistan (SECP)		144	106
Payable on redemption and conversion of units		681	101,318
Payable to Meezan Bank Limited (MBL)		27	-
Accrued expenses and other liabilities		704	1,724
Dividend payable		-	912
<b>Total liabilities</b>		<b>2,736</b>	<b>105,784</b>
<b>Net assets</b>		<b>377,933</b>	<b>321,114</b>
<b>Contingencies and commitments</b>	7		
<b>Unitholders' fund (as per statement attached)</b>		<b>377,933</b>	<b>321,114</b>
(Number of units)			
<b>Number of units in issue</b>		<b>7,710,007</b>	<b>5,889,254</b>
(Rupees)			
<b>Net assets value per unit</b>		<b>49.02</b>	<b>54.53</b>

The annexed notes 1 to 15 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2016 (UNAUDITED)

Note	Six months period ended December 31,		For the period from August 18, 2015 to Quarter ended December 31,	
	2016	2015	2016	2015
	(Rupees in '000)		(Rupees in '000)	
<b>Income</b>				
	707	451	309	321
Profit on saving accounts with banks	1	-	1	-
Realised gain on sale of investments	61	-	61	-
Other income	<u>769</u>	<u>451</u>	<u>371</u>	<u>321</u>
Unrealised diminution on re-measurement of investment in gold	5.1 (38,572)	(4,918)	(38,025)	(2,406)
<b>Total loss</b>	<u>(37,803)</u>	<u>(4,467)</u>	<u>(37,654)</u>	<u>(2,085)</u>
<b>Expenses</b>				
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company	1,766	615	361	440
Sindh Sales Tax and Federal Excise Duty on Management Fee	6 255	198	72	141
Allocated expenses	8 192	5	98	218
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	326	70	167	50
Sindh Sales Tax on Trustee Fee	6.1 42	10	21	7
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	144	31	74	22
Auditors' remuneration	120	118	53	80
Brokerage expense	16	11	7	11
Fees and subscription	150	11	86	2
Bank and settlement charges	1,518	348	874	5
Printing expenses	11	-	11	-
<b>Total expenses</b>	<u>4,540</u>	<u>1,417</u>	<u>1,824</u>	<u>976</u>
<b>Net loss from operating activities</b>	<u>(42,343)</u>	<u>(5,884)</u>	<u>(39,478)</u>	<u>(3,061)</u>
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	(123)	(686)	(435)	(256)
<b>Net loss for the period before taxation</b>	<u>(42,466)</u>	<u>(6,570)</u>	<u>(39,913)</u>	<u>(3,317)</u>
<b>Taxation</b>	12 -	-	-	-
<b>Net loss for the period after taxation</b>	<u>(42,466)</u>	<u>(6,570)</u>	<u>(39,913)</u>	<u>(3,317)</u>
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>(42,466)</u>	<u>(6,570)</u>	<u>(39,913)</u>	<u>(3,317)</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**



**CONDENSED INTERIM DISTRIBUTION STATEMENT**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

Note	Six months period ended December 31, 2016 (Rupees in '000)	For the period from August 18, 2015 to December 31, 2015
Undistributed income brought forward		
- Realised	224	-
- Unrealised	22,866	-
	<u>23,090</u>	<u>-</u>
Net loss for the period	<u>(42,466)</u>	(6,570)
Accumulated loss carried forward	<u>(19,376)</u>	<u>(6,570)</u>
Accumulated loss carried forward		
- Realised	19,196	(1,652)
- Unrealised	5.1 (38,572)	(4,918)
	<u>(19,376)</u>	<u>(6,570)</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	<b>Six months period ended December 31, 2016</b>	For the period from August 18, 2015 to December 31, 2015
	<b>(Rupees in '000)</b>	
Net assets at beginning of the period	<b>321,114</b>	-
Issue of 5,016,273 units (2015: 3,536,477 units)	<b>280,804</b>	174,064
Redemption of 3,195,520 units (2015: 1,027,100 units)	<b>(181,642)</b>	(49,275)
	<b>99,162</b>	124,789
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	<b>123</b>	686
Unrealised diminution on re-measurement of investment in gold	<b>(38,572)</b>	(4,918)
Other loss for the period (net)	<b>(3,894)</b>	(1,652)
Total comprehensive income for the period	<b>(42,466)</b>	(6,570)
Net assets at end of the period	<b>377,933</b>	118,905
	<b>(Rupees)</b>	
Net assets value per unit at beginning of the period	<b>54.53</b>	-
Net assets value per unit at end of the period	<b>49.02</b>	47.38

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**



## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31, 2016	For the period from August 18, 2015 to December 31, 2015
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	(42,466)	(6,570)
<b>Adjustments for:</b>		
Unrealised diminution on re-measurement of investment in gold	38,572	4,918
Element of loss and capital losses included in prices of units sold less those in units redeemed (net)	123	686
	(3,771)	(966)
<b>(Increase) / decrease in assets</b>		
Investment in gold (net)	(104,869)	(88,985)
Other receivable	-	(100)
Profit receivable on saving accounts	(136)	(120)
	(105,005)	(89,205)
<b>(Decrease) / increase in liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	(558)	413
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	14	20
Payable to Securities and Exchange Commission of Pakistan (SECP)	38	31
Payable to Meezan Bank Limited (MBL)	27	11
Accrued expenses and other liabilities	(1,020)	381
	(1,499)	856
<b>Net cash used in operating activities</b>	(110,275)	(89,315)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	296,874	174,064
Payment against redemption and conversion of units	(282,279)	(27,975)
Dividend paid	(912)	-
<b>Net cash generated from financing activities</b>	13,683	146,089
Net decrease in cash and cash equivalents during the period	(96,592)	56,774
Cash and cash equivalents at beginning of the period	126,315	-
Cash and cash equivalents at end of the period	29,723	56,774

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Gold 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 October 15, 2014 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) on September 23, 2014. The Fund commenced its operations on 18 August 2015. 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 an open-ended Shariah Compliant Commodity Fund that aims to provide maximum exposure to prices of Gold in a Shariah Compliant (Islamic) manner, by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange (PMEX). Furthermore, all investments of the Fund's property shall be in accordance with the Shariah as advised by the Shariah Advisor. The Fund shall also be subject to the rules and regulations framed by the State Bank of Pakistan with regard to the foreign currency. The investments in Gold contracts listed at the Commodity Exchange shall be subject to the PMEX Regulations and/or rules and regulations of the pertinent Commodity Exchange, if the Commodity Exchange is other than PMEX. All pertinent contracts, agreements and documents of PMEX shall be approved by Shariah Advisor. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The Fund is in the process of listing on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).
- 1.3** Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as Shariah Compliant Commodity Scheme.
- 1.4** The Management Company of the Fund has been given quality rating of AM2++ by JCR-VIS Credit Rating Company Limited.
- 1.5** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (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.



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, 2016.

### 3. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions and directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the SECP. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives, issued by the SECP shall prevail.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2016.

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

5. INVESTMENT IN GOLD	Note	(Unaudited)	(Audited)
		December 31, 2016	June 30, 2016
(Rupees in '000)			

Investment in gold	5.1	<u>346,541</u>	<u>280,244</u>
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#### 5.1 Investment in gold

Commodity	As at July 01, 2016	Purchases during the period	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised loss	Percentage in relation to Net assets of the Fund on the basis of market value of investments (note 5.1.1)
	(Tola)				(Rupees in '000)			%
TOLAGOLD	5,200	1,935	1	7,131	385,113	346,541	(38,572)	91.69
<b>Total</b>					<u>385,113</u>	<u>346,541</u>	<u>(38,572)</u>	

**5.1.1** Net Assets are defined in Regulation 66 of NBFC Regulations, 2008.

**5.1.2** The Pakistan Merchantile Exchange (PMEX) delivers refined Gold in TOLA Bars. These are physically held by PMEX under their custody in the vaults of a commercial bank.

**5.1.3** The investment in gold of Rs. 346.541 million has been measured at fair value based on the quoted market price in active markets.

## **6. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE / TRUSTEE FEE**

**6.1** The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company, sales load and trustee fee through Sindh Sales Tax on Services Act 2011. In the current period, Sindh Sales Tax at the rate of 13 percent (June 30, 2016: 14 percent) was charged on the remuneration of Management Company, sales load and trustee fee.

**6.2** The status of Federal Excise Duty (FED) is the same as disclosed in the annual financial statements for the year ended June 30, 2016, except for the fact that while disposing the petition filed by MUFAP on September 04, 2013, the Sindh High Court (SHC), through order dated July 16, 2016, declared the said provision to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision. The mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED has been recognised in this condensed interim financial information.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision on FED on management fee till June 30, 2016, aggregating to Rs. 0.34 million (June 30, 2016: Rs. 0.34 million). Had the provision not being made, the Net Asset Value per unit of the Fund as at December 31, 2016 would have been higher by Re. 0.043 per unit (June 30, 2016: Re. 0.058 per unit).

## **7. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2016 and June 30, 2016.

## **8. ALLOCATED EXPENSES**

During the period, fund was charged 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC Regulations, 2008.

## **9. SINDH WORKERS' WELFARE FUND (SWWF)**

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs), obtained a legal opinion dated December 5, 2016 on the matter and according to this opinion, there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. The parties to the case could file a review petition before the Supreme Court within 30 days. However, no petition was filed within the aforementioned period against the order of Supreme Court.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles, hence, they do not have any worker and no WWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, WWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from WWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017 amounted to Rs. 0.53 million for a period from August 18, 2015 to January 12, 2017. This has resulted in decrease in NAV per unit of Rs. 0.07 on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Rs. 0.07 per unit.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

#### **10. EXPENSE RATIO**

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2016 is 2.36% which include 0.23% representing government levy, Worker Welfare Fund and SECP fee.

#### **11. 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 executives of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Asset Allocation Fund, Meezan Energy Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund – II, Meezan Strategic Allocation Fund 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 - Employees Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

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

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

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

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
<b>(Rupees in '000)</b>		
<b>AI Meezan Investment Management Limited (AI Meezan)</b>		
<b>- Management Company</b>		
Remuneration payable	332	366
Sindh Sales Tax and Federal Excise Duty on management fee payable	457	439
Sales load payable	-	485
Sindh sales tax and Federal Excise Duty on sales load payable	297	362
Allocated expenses	32	24
Investments as at December 31, 2016: 702,463 units (June 30, 2016: 384,001 units)	34,435	20,940
<b>Meezan Bank Limited</b>		
Bank balance	3,619	126,315
Sales load payable	24	-
Sindh sales tax on sales load payable	3	-
Investments as at December 31, 2016: 1,000,000 units (June 30, 2016: 1,000,000 units)	49,020	54,530
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	55	42
Sindh Sales Tax on trustee fee payable	7	6
<b>Directors and Executives of the Management Company</b>		
Investments as at December 31, 2016: 193,999 units (June 30, 2016: 167,824 units)	9,510	9,151
<b>Unitholders holding 10% or more of units of the Fund</b>		
	45,319	-
	<b>Six months period ended December 31, 2016 (Unaudited) (Rupees in '000)</b>	<b>For the period from August 18, 2015 to December 31, 2015</b>
<b>AI Meezan Investment Management Company Limited - Management Company</b>		
Remuneration for the period	1,766	615
Sindh Sales Tax and Federal Excise Duty on management fee for the period	255	198
Allocated expenses	192	5
Units issued: 1,040,545 units (December 31, 2015 : 801,906 units)	58,000	39,000
Units redeemed: 722,083 units (December 31, 2015 : 590,593 units)	40,000	28,000
<b>Meezan Bank Limited</b>		
Profit on saving account	649	451
Units issued: nil (December 31, 2015: 1,000,000 units)	-	50,000
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	326	70
Sindh Sales Tax on trustee fee for the period	42	10
<b>Directors and Executives of the Management Company</b>		
Units issued: 68,428 units (December 31, 2015: 15,797 units)	3,558	750
Units redeemed: 63,129 units (December 31, 2015: 10,600 units)	3,402	506

## 12. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as Management Company intends to distribute sufficient income of the Fund for the year ended June 30, 2017 as reduced by capital gains (whether realised or unrealised) to its unitholders.

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. Accordingly, Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

## 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value			
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
December 31, 2016	(Rupees in '000)								
<b>Financial assets - measured at fair value</b>	-	-	-	-	-	-	-	-	-
<b>Financial assets - not measured at fair value</b>									
Balances with banks	-	-	29,723	-	29,723	-	-	-	-
Profit receivable on saving accounts	-	278	-	-	278	-	-	-	-
Receivable on issuance and conversion of units	-	4,127	-	-	4,127	-	-	-	-
	-	4,405	29,723	-	34,128	-	-	-	-
<b>Financial liabilities - not measured at fair value</b>									
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	-	-	-	1,118	1,118	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	62	62	-	-	-	-
Payable on redemption and conversion of units	-	-	-	681	681	-	-	-	-
Payable to Meezan Bank Limited (MBL)	-	-	-	27	27	-	-	-	-
Accrued expenses and other liabilities	-	-	-	660	660	-	-	-	-
	-	-	-	2,548	2,548	-	-	-	-

	Carrying amount					Fair value			
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
<b>June 30, 2016</b>	(Rupees in '000)								
<b>Financial assets - measured at fair value</b>	-	-	-	-	-	-	-	-	-
<b>Financial assets - not measured at fair value</b>									
Balances with banks	-	-	126,315	-	126,315	-	-	-	-
Profit receivable on saving accounts	-	142	-	-	142	-	-	-	-
Receivable on issuance and conversion of units	-	20,197	-	-	20,197	-	-	-	-
	-	20,339	126,315	-	146,654	-	-	-	-
<b>Financial liabilities - not measured at fair value</b>									
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	-	-	-	1,676	1,676	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	48	48	-	-	-	-
Payable on redemption and conversion of units	-	-	-	101,318	101,318	-	-	-	-
Accrued expenses and other liabilities	-	-	-	602	602	-	-	-	-
Dividend payable	-	-	-	912	912	-	-	-	-
	-	-	-	104,556	104,556	-	-	-	-

#### 14. POST BALANCE SHEET EVENT

On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act, 2014.

Accordingly, the Management Company, based on the decision taken by MUFAP, commenced accrual of provision against SWWF from August 18, 2015 and recorded the same on January 12, 2017. The details and impact of the same are disclosed in note 9 to the condensed interim financial information.

#### 15. GENERAL

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

15.2 Date of authorization

This condensed interim financial information was authorised for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**



## **Meezan Islamic Income Fund**

Meezan Islamic Income Fund is Pakistan's first Shariah compliant income fund scheme. The purpose of Meezan Islamic Income Fund is to provide investors with a safe and stable stream of Halal income on their investments and to generate superior long term risk adjusted returns.

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

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

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

### TRUSTEE

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

### AUDITORS

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

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

Allied Bank Limited	Habib Bank Limited - Islamic Banking
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 Al Habib Limited - Islamic Banking	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan - Islamic Banking
Bankislami Pakistan Limited	Samba Bank Limited
Burj Bank Limited	Sindh Bank Limited
Dubai Islamic Bank Pakistan Limited	UBL Ameen - Islamic Banking
Faysal Bank Limited - Islamic Banking	

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ISLAMIC INCOME FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Income Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

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## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Islamic Income Fund** ("the Fund") as at 31 December 2016, and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*


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

### *Other Matters*

The figures for the quarter ended 31 December 2016 in the condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date:** 08 FEB 2017

**Karachi**

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

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2016

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>Assets</b>			
Balances with banks	5	1,860,847	2,505,300
Investments	6	6,173,107	6,098,995
Receivable against Bai Muajjal	7	743,969	-
Receivable on issuance and conversion of units		36,286	858,248
Deposits, prepayments and other receivables		880,003	85,746
<b>Total assets</b>		<b>9,694,212</b>	<b>9,548,289</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		69,437	65,583
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		950	734
Payable to Securities and Exchange Commission of Pakistan (SECP)		4,097	6,220
Payable to Meezan Bank Limited (MBL)		367	1,234
Payable on redemption and conversion of units		130,126	337,862
Accrued expenses and other liabilities	10	52,964	85,239
<b>Total liabilities</b>		<b>257,941</b>	<b>496,872</b>
<b>Net assets</b>		<b>9,436,271</b>	<b>9,051,417</b>
<b>Contingencies and commitments</b>	8		
<b>Unitholders' fund (as per statement attached)</b>		<b>9,436,271</b>	<b>9,051,417</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>179,374,700</b>	<b>176,505,403</b>
<b>(Rupees)</b>			
<b>Net asset value per unit</b>		<b>52.61</b>	<b>51.28</b>

The annexed notes 1 to 17 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Profit on saving accounts with banks		129,427	128,201	72,399	86,605
Profit on term deposit receipts		75,867	51,366	44,995	28,066
Profit on sukuk certificates		135,379	87,648	63,598	45,774
Realised gain on sale of sukuk certificates (net)		12,113	20,296	12,498	19,125
Other income		593	1,877	526	129
		<b>353,379</b>	<b>289,388</b>	<b>194,016</b>	<b>179,699</b>
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	6.1.1 & 6.1.3	30,359	62,038	4,190	53,367
<b>Total income</b>		<b>383,738</b>	<b>351,426</b>	<b>198,206</b>	<b>233,066</b>
<b>Expenses</b>					
Remuneration to Al Meezan Investment Management Limited - (Al Meezan) Management Company		81,962	57,210	43,605	35,133
Sindh Sales Tax and Federal Excise Duty on Management Fee	9	10,655	18,445	5,669	11,327
Allocated expenses	12	5,464	436	2,907	436
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		4,631	3,470	2,438	2,042
Sindh Sales Tax on Trustee Fee	9.1	602	486	317	286
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		4,098	2,861	2,180	1,757
Auditors' remuneration		357	355	154	154
Fees and subscription		596	180	292	104
Legal and professional charges		33	165	-	32
Brokerage expense		144	274	144	244
Bank and settlement charges		104	84	51	59
Printing expense		351	106	302	106
<b>Total expenses</b>		<b>108,997</b>	<b>84,072</b>	<b>58,059</b>	<b>51,680</b>
<b>Net income from operating activities</b>		<b>274,741</b>	<b>267,354</b>	<b>140,147</b>	<b>181,386</b>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed (net)		(37,024)	70,133	(49,918)	31,824
<b>Net income for the period before taxation</b>		<b>237,717</b>	<b>337,487</b>	<b>90,229</b>	<b>213,210</b>
Taxation	14	-	-	-	-
<b>Net income for the period after taxation</b>		<b>237,717</b>	<b>337,487</b>	<b>90,229</b>	<b>213,210</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>237,717</b>	<b>337,487</b>	<b>90,229</b>	<b>213,210</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM DISTRIBUTION STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended December 31,	
		2016 (Rupees in '000)	2015
Undistributed income brought forward			
- Realised		<b>115,433</b>	308,543
- Unrealised		<b>24,368</b>	22,460
		<b>139,801</b>	331,003
Final distribution for the year ended June 30, 2016			
- cash dividend: nil (June 30, 2015: @ 6.80% i.e. Rs. 3.40 per unit)		-	(267,165)
Net income for the period		<b>237,717</b>	337,487
Undistributed income carried forward		<b>377,518</b>	401,325
Undistributed income carried forward			
- Realised		<b>347,159</b>	339,287
- Unrealised	6.1.1 & 6.1.3	<b>30,359</b>	62,038
		<b>377,518</b>	401,325

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

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

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31,	
	2016 (Rupees in '000)	2015
Net assets at beginning of the period	9,051,417	4,263,000
Issuance of 263,157,503 units (December 31, 2015: 207,526,296 units)	<b>13,685,415</b>	10,751,983
Issuance of units for re-investment of cash dividend: nil (December 31, 2015: 4,720,443 units)	-	240,035
Redemption of 260,288,206 units (December 31, 2015: 102,066,860 units)	<b>(13,575,302)</b>	(5,319,238)
	<b>110,113</b>	5,672,780
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	<b>37,024</b>	(70,133)
Realised gain on sale of sukuk certificates	<b>12,113</b>	20,296
Unrealised appreciation in the value of investments (net)	<b>30,359</b>	62,038
Other income for the period (net)	<b>195,245</b>	255,153
Total comprehensive income for the period	<b>237,717</b>	337,487
Final distribution for the year ended June 30, 2016 - cash dividend: nil (June 30, 2015: @ 6.80% i.e. Rs. 3.40 per unit)	-	(267,165)
Net income for the period less distribution	<b>237,717</b>	70,322
Net assets at end of the period	<b>9,436,271</b>	9,935,969
	(Rupees)	
Net assets value per unit at beginning of the period	<b>51.28</b>	54.25
Net assets value per unit at end of the period	<b>52.61</b>	52.64

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

Note	Six months period ended December 31,	
	2016	2015
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	237,717	337,487
<b>Adjustments for</b>		
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	(30,359)	(62,038)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	37,024	(70,133)
	<b>244,382</b>	<b>205,316</b>
<b>Decrease / (increase) in assets</b>		
Investments (net)	456,247	(2,847,890)
Receivable against Bai Muajjal	(743,969)	-
Deposits, prepayments and other receivables	(794,257)	18,296
	<b>(1,081,979)</b>	<b>(2,829,594)</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	3,854	17,834
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	216	359
Payable to Securities and Exchange Commission of Pakistan (SECP)	(2,123)	(1,900)
Payable to Meezan Bank Limited	(867)	(328)
Accrued expenses and other liabilities	(32,275)	(4,067)
	<b>(31,195)</b>	<b>11,898</b>
<b>Net cash used in operating activities</b>	<b>(868,792)</b>	<b>(2,612,380)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	14,507,377	10,751,983
Receipts against re-investment of cash dividend	-	240,035
Payments against redemption and conversion of units	(13,783,038)	(6,449,909)
Dividend paid	-	(267,165)
<b>Net cash generated from financing activities</b>	<b>724,339</b>	<b>4,274,944</b>
Net (decrease) / increase in cash and cash equivalents during the period	<b>(144,453)</b>	<b>1,662,564</b>
Cash and cash equivalents at beginning of the period	2,505,300	2,559,304
Cash and cash equivalents at end of the period	5.2 <b>2,360,847</b>	<b>4,221,868</b>

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

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (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 listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). 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 Open End Shariah Compliant (Islamic) Income Scheme in accordance with Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP).
- 1.4** The Fund has been given a stability rating of A-(f) by JCR - VIS Credit Rating Company Limited. The Management Company of the Fund has been given quality rating of AM2++ by JCR - VIS Credit Rating Company Limited.
- 1.5** Title to the assets of the Fund are in the name of CDC as a trustee of the Fund.

### 2. BASIS OF PRESENTATION

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

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 annual financial statements of the Fund for the year ended June 30, 2016.

### 3. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions and directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives



issued by the SECP. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, and the NBFC Regulations, 2008, and directives issued by the SECP shall prevail.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2016.

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

	Note	(Unaudited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
<b>5. BALANCES WITH BANKS</b>			
In saving accounts	5.1	<b>1,848,540</b>	2,488,524
In current accounts		<b>12,307</b>	16,776
		<b>1,860,847</b>	<b>2,505,300</b>
<b>5.1</b> The balance in saving accounts bears expected profit which ranges from 2.40% to 6.00% per annum (June 30, 2016: 2.50% to 6.10% per annum).			
	Note	(Unaudited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
<b>5.2 Cash and cash equivalents</b>			
Balances with banks	5	<b>1,860,847</b>	2,505,300
Term Deposit Receipts - having original maturity of 3 months or less	6.2	<b>500,000</b>	-
		<b>2,360,847</b>	<b>2,505,300</b>
<b>6. INVESTMENTS</b>			
Investments - 'at fair value through profit or loss'	6.1	<b>3,113,107</b>	3,337,995
Investments - 'loans and receivables'	6.2	<b>3,060,000</b>	2,761,000
		<b>6,173,107</b>	<b>6,098,995</b>

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
<b>(Rupees in '000)</b>			
<b>6.1 Investments at 'fair value through profit or loss'</b>			
- Held for trading	6.1.1	<b>1,041,618</b>	1,278,746
- Investments 'at fair value through profit or loss upon initial recognition'	6.1.3	<b>2,071,489</b>	2,059,249
		<b>3,113,107</b>	3,337,995

#### 6.1.1 Held for trading - Sukuk certificates

Name of the security	Maturity date	Profit rate	As at July 01, 2016	Purchases during the period	Sales / redemptions during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation	Percentage in relation to	
			----- (Number of certificates) -----			----- (Rupees in '000) -----			----- (%) -----		
GoP Ijarah Sukuk Certificates - XVI (note 6.1.2)	December 18, 2018	Weighted average 6 months T-Bills	340	-	-	340	34,269	34,833	564	0.37	0.56
GoP Ijarah Sukuk Certificates - XVII (note 6.1.2)	February 15, 2019	Weighted average 6 months T-Bills	12,250	7,000	9,500	9,750	1,000,240	1,006,785	6,545	10.67	16.31
<b>Total</b>							<b>1,034,509</b>	<b>1,041,618</b>	<b>7,109</b>		

6.1.2 The nominal value of the GoP Ijarah 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 01, 2016	Purchases during the period	Sales / redemptions during the period	As at December 31, 2016	*Carrying value as at December 31, 2016	*Market value as at December 31, 2016	Unrealised (diminution)/ appreciation	Percentage in relation to		
			----- (Number of certificates) -----			----- (Rupees in '000) -----			----- % -----			
Arzoo Textile Mills Limited (note 6.1.4 & 6.1.5) *	April 15, 2014	6 months Kibor plus base rate of 2%	14,000	-	-	14,000	-	-	-	9.46	-	
Eden Housing Limited (note 6.1.4 & 6.1.5) *	September 29, 2014	6 months Kibor plus base rate of 2.5%	59,400	-	-	59,400	-	-	-	12.32	-	
Security Leasing Corporation Limited II (note 6.1.4 & 6.1.5) *	January 19, 2022	Nil	3,081	-	-	3,081	-	-	-	6.67	-	
Engro Fertilizer Limited (note 6.1.4) (AA-, PACRA, non-traded)	July 9, 2019	6 months Kibor plus base rate of 1.75%	78,625	-	2,125	76,500	396,395	395,675	(723)	4.19	13.28	
Hascol Petroleum Limited (note 6.1.4) (AA-, JCR-VIS, non-traded)	January 06, 2022	3 months Kibor plus base rate of 1.50%	60,000	-	-	60,000	309,675	310,991	1,316	3.30	15.00	
K-Electric Limited (sukuk 2) (note 6.1.4) (AA-, JCR-VIS, non-traded)	March 19, 2017	3 months Kibor plus base rate of 2.25%	35,600	-	-	35,600	177,649	179,546	1,897	1.90	4.75	
K-Electric Limited (sukuk 4) (note 6.1.4) (AA+, JCR-VIS, non-traded)	June 17, 2022	3 months Kibor plus base rate of 1.00%	230,000	-	-	230,000	1,164,517	1,185,277	20,760	12.56	5.23	
<b>Total</b>							<b>2,048,239</b>	<b>2,071,489</b>	<b>23,250</b>			

\* 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 except for the sukuk certificates of Eden Housing Limited having nominal value of Rs. 984.375 each.

**6.1.5** The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (Management Company) classified Meezan Islamic Income Fund (the Fund) as 'Income Scheme' in accordance with the said circular. As at December 31, 2016, 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 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	Non-traded sukuk certificates	58,472	58,472	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	15,403	15,403	-	-	-
		<b>143,875</b>	<b>143,875</b>	-		

6.2 Investments - loans and receivables	Note	(Unaudited)	(Audited)
		December 31, 2016	June 30, 2016
(Rupees in '000)			
Term Deposit Receipts			
- having original maturity of 3 months or less	6.2.1	500,000	-
- having original maturity of more than 3 months	6.2.1	2,560,000	1,861,000
Sukuk Certificates	6.2.2	-	900,000
		<b>3,060,000</b>	<b>2,761,000</b>

**6.2.1 Investments - loans and receivables - Term deposit receipts**

Name of the bank	Maturity date	Profit rate	As at July 01, 2016	Term deposit receipts placed during the period	Matured during the period	As at December 31, 2016	Percentage of total market value of investments
			----- (Rupees in '000) -----				---- % ----
Albaraka Bank (Pakistan) Limited	January 31, 2017	6.25	-	500,000	-	500,000	8.10
BankIslami Pakistan Limited	December 1, 2017	5.90	920,000	800,000	920,000	800,000	12.96
Dubai Islamic Bank Pakistan Limited	September 6, 2017	6.10	506,000	550,000	506,000	550,000	8.91
Dubai Islamic Bank Pakistan Limited	November 21, 2016	6.25 to 6.50	435,000	-	435,000	-	-
MCB Bank Limited - Islamic banking	September 6, 2017	6.10	-	700,000	-	700,000	11.34
Habib Metropolitan Bank Limited - Islamic banking	March 22, 2017	6.15	-	510,000	-	510,000	8.26
			<b>1,861,000</b>	<b>3,060,000</b>	<b>1,861,000</b>	<b>3,060,000</b>	

**6.2.2 Investments - loans and receivables - Sukuk certificates**

Name of the security	Maturity date	Profit rate	As at July 01, 2016	Purchases during the period	Matured during the period	As at December 31, 2016	*Carrying value as at December 31, 2016	*Market value as at December 31, 2016	Percentage of total market value of investments
			----- (Number of certificates) -----			-- (Rupees in '000) --		---- % ----	
Engro Fertilizer Limited CP Sukuk (note 6.2.2.1 & 6.2.2.2) (AA-, PACRA)	November 25, 2016	6 months Kibor plus base rate of 0.40%	750	-	750	-	-	-	-
Lalpir Power Limited CP Sukuk (note 6.2.2.1 & 6.2.2.2)	November 04, 2016	6 months Kibor plus base rate of 0.25%	30,000	-	30,000	-	-	-	-
<b>Total</b>									

**6.2.2.1** The nominal value of these sukuk certificates is Rs 5,000 each except for the CP sukuk of Engro Fertilizer Limited having nominal value of Rs. 1,000,000 each.

**6.2.2.2** The securities were 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.

#### **7. RECEIVABLE AGAINST BAI MUAJJAL**

The return on this product is 5.7% (June 30, 2016: nil). The balance is maturing on June 20, 2017. The sale of sukuk has been made to a bank with a credit rating of AA.

#### **8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2016 and June 30, 2016.

#### **9. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE / TRUSTEE FEE**

**9.1** The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company, sales load and trustee fee through Sindh Sales Tax on Services Act 2011. In the current period, Sindh Sales Tax at the rate of 13 percent (June 30, 2016: 14 percent) was charged on the remuneration of Management Company, sales load and trustee fee.

**9.2** The status of Federal Excise Duty (FED) is the same as disclosed in the annual financial statements for the year ended June 30, 2016, except for the fact that while disposing the petition filed by MUFAP on September 04, 2013, the Sindh High Court (SHC), through order dated July 16, 2016, declared the said provision to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision. The mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED has been recognised in this condensed interim financial information.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision on FED on management fee with effect from June 13, 2013, till June 30, 2016, aggregating to Rs. 42.71 million. Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Re.0.24 (June 30, 2016: Re. 0.24) per unit.

#### **10. ACCRUED EXPENSES AND OTHER LIABILITIES**

This includes provision for Workers' Welfare Fund (WWF) amounting to Rs. 45.46 million (June 30, 2016: Rs. 45.46 million). The details are as follows:

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective from January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs. 45.46 million. This has resulted in an increase in NAV per unit of Rs. 0.24 on January 12, 2017. Had this reversal been recognized on December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 0.25 per unit.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded

back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 12.44 million. This has resulted in a decrease in NAV per unit of Rs. 0.06 on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Rs. 0.06 per unit.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

#### 11. 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 Executives of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Asset Allocation Fund, Meezan Energy Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund – II, Meezan Strategic Allocation Fund, Meezan Gold Fund 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 - Employees Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

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

Remuneration payable to the Management Company and the trustee is determined in accordance with the provision of NBFC Rules 2003, NBFC Regulations, 2008 and the Trust Deed respectively.

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

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	15,099	10,990
Sales load payable	-	405
Allocated expenses payable	1,007	733
Certificate charges payable	1	1
Sindh Sales Tax and Federal Excise Duty on management fee	50,958	50,534
Sindh Sales Tax and Federal Excise Duty on sales load	2,372	2,920
Investment of 14,640,388 units (June 30, 2016: 17,419,761 units)	770,231	893,285
<b>Meezan Bank Limited</b>		
Balances with bank	10,814	366,815
Sales load payable	325	1,234
Sindh Sales Tax on sales load	42	-
Profit receivable on saving account	407	238
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	841	644
Sindh Sales Tax on Trustee Fee payable	109	90
Deposit	100	100

	<b>(Unaudited) December 31, 2016</b>	<b>(Audited) June 30, 2016</b>
	<b>(Rupees in '000)</b>	
<b>Meezan Financial Planning Funds of Fund - MAAP - II</b> Investment of nil (June 30, 2016: 1,670,003 units)	-	85,638
<b>Meezan Financial Planning Funds of Fund - MAAP - III</b> Investments of 12,321,033 units (June 30, 2016: 7,853,062 units)	<b>648,170</b>	402,705
<b>Meezan Financial Planning Funds of Fund - MAAP - IV</b> Investments of 3,936,790 units (June 30, 2016: 2,139,131 units)	<b>207,115</b>	109,695
<b>Meezan Strategic Allocation Fund - MSAP - I</b> Investments of 13,126,892 units (June 30, 2016: nil)	<b>690,606</b>	-
<b>Meezan Strategic Allocation Fund - MSAP - II</b> Investments of 988,781 units (June 30, 2016: nil)	<b>52,019</b>	-
<b>Al Meezan Investment Management Limited - Employees' Gratuity Fund</b> Investments of 202,725 units (June 30, 2016: 202,725 units)	<b>10,665</b>	10,396
<b>Directors and Executives of the Management Company</b> Investments of 237,896 units (June 30, 2016: 1,422,459 units)	<b>12,516</b>	72,944
	<b>Six months period ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited) (Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited - Management Company</b> Remuneration for the period	<b>81,962</b>	57,210
Sindh Sales Tax and Federal Excise Duty on management fee	<b>10,655</b>	18,445
Allocated expenses	<b>5,464</b>	436
Units issued: 16,522,097 units (December 31, 2015: 4,102,117 units)	<b>857,000</b>	213,140
Units redeemed: 19,301,470 units (December 31, 2015: 191,022 units)	<b>1,009,000</b>	10,000
Cash dividend paid	-	33,054
<b>Meezan Bank Limited</b> Profit on saving account	<b>1,102</b>	679
<b>Central Depository Company of Pakistan Limited - Trustee</b> Remuneration for the period	<b>4,631</b>	3,470
Sindh Sales Tax on trustee fee	<b>602</b>	486
CDS Charges	<b>3</b>	32
<b>Meezan Capital Preservation Fund - II</b> Units issued: 25,503,769 units (December 31, 2015: 25,433,557 units)	<b>1,329,868</b>	1,311,992
Units redeemed: 25,503,769 units (December 31, 2015: 2,970,100 units)	<b>1,339,775</b>	155,500
Cash dividend paid	-	3,582
<b>Meezan Financial Planning Funds of Fund - MAAP - I</b> Units issued: 437,512 (December 31, 2015: 11,376,888 units)	<b>23,000</b>	591,257
Units redeemed: 437,512 (December 31, 2015: 7,866,149 units)	<b>23,013</b>	410,350

**Six months period ended  
December 31,**

	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	
	<b>(Rupees in '000)</b>	
<b>Meezan Financial Planning Funds of Fund - MAAP - II</b>		
Units issued: nil (December 31, 2015: 7,694,885 units)	-	404,024
Units redeemed: 1,670,003 units (December 31, 2015: 3,799,392 units)	<b>87,842</b>	<b>200,000</b>
<b>Meezan Financial Planning Funds of Fund - MAAP - III</b>		
Units issued: 11,505,524 units (December 31, 2015: nil)	<b>593,500</b>	-
Units redeemed: 7,037,553 units (December 31, 2015: nil)	<b>366,240</b>	-
<b>Meezan Financial Planning Funds of Fund - MAAP - IV</b>		
Units issued: 9,248,843 units (December 31, 2015: nil)	<b>475,120</b>	-
Units redeemed: 7,451,184 units (December 31, 2015: nil)	<b>383,725</b>	-
<b>Meezan Strategic Allocation Fund - MSAP I</b>		
Units issued: 42,088,108 units (December 31, 2015: nil)	<b>2,202,000</b>	-
Units redeemed: 28,961,216 units (December 31, 2015: nil)	<b>1,517,290</b>	-
<b>Meezan Strategic Allocation Fund - MSAP II</b>		
Units issued: 988,781 units (December 31, 2015: nil)	<b>52,000</b>	-
<b>Al Meezan Investment Management Limited - Employees' Gratuity Fund</b>		
Units issued: nil (December 31, 2015: 135,667 units)	-	7,043
Cash dividend paid	-	130
<b>Directors and Executives of the Management Company</b>		
Units issued: 230,658 units (December 31, 2015: 247,115 units)	<b>12,020</b>	12,736
Units redeemed: 1,415,221 units (December 31, 2015: 119,259 units)	<b>73,149</b>	6,142
Cash dividend paid	-	4,205

**12. ALLOCATED EXPENSES**

During the period, the fund was charged 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC Regulations, 2008.

**13. EXPENSE RATIO**

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS/ the fund. TER of the fund for the period ended December 31, 2016 is 1.99% which include 0.28% representing government levy, Worker Welfare Fund and SECP fee.

**14. TAXATION**

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

the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realised or unrealised) to its unitholders.

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. Accordingly, Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

## 15. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value				
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
<b>December 31, 2016</b>	(Rupees in '000)								
<b>Financial assets</b>									
<b>- measured at fair value</b>									
Investment - Held for trading	1,041,618	-	-	-	1,041,618	-	1,041,618	-	1,041,618
Investments - at fair value upon initial recognition	2,071,489	-	-	-	2,071,489	-	2,071,489	-	2,071,489
<b>Financial assets - not measured at fair value</b>									
Balances with banks	-	-	1,860,847	-	1,860,847	-	-	-	-
Investments - 'loans and receivables'	2,560,000	-	500,000	-	3,060,000	-	-	-	-
Receivable against Bai Muajjal	-	743,969	-	-	743,969	-	-	-	-
Receivable on issuance and conversion of units	-	36,286	-	-	36,286	-	-	-	-
Deposits and other receivables	-	878,165	-	-	878,165	-	-	-	-
	<u>5,673,107</u>	<u>1,658,420</u>	<u>2,360,847</u>	<u>-</u>	<u>9,692,374</u>	<u>-</u>	<u>3,113,107</u>	<u>-</u>	<u>3,113,107</u>
<b>Financial liabilities - not measured at fair value</b>									
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	-	-	-	69,437	69,437	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	950	950	-	-	-	-
Payable to Meezan Bank Limited (MBL)	-	-	-	367	367	-	-	-	-
Payable on redemption and conversion of units	-	-	-	130,126	130,126	-	-	-	-
Accrued expenses and other liabilities	-	-	-	1,047	1,047	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,927</u>	<u>201,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



	Carrying amount				Fair value				
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
<b>June 30, 2016</b>	(Rupees in '000)								
<b>Financial assets - measured at fair value</b>									
Investment - Held for trading	1,278,746	-	-	-	1,278,746	-	1,278,746	-	1,278,746
Investments - at fair value upon initial recognition	2,059,249	-	-	-	2,059,249	-	2,059,249	-	2,059,249
<b>Financial assets - not measured at fair value</b>									
Balances with banks	-	-	2,505,300	-	2,505,300	-	-	-	-
Investments - 'loans and receivables' Receivable on issuance and conversion of units	2,761,000	-	-	-	2,761,000	-	-	-	-
Deposits and other receivables	-	858,248	-	-	858,248	-	-	-	-
	-	84,289	-	-	84,289	-	-	-	-
	<u>6,098,995</u>	<u>942,537</u>	<u>2,505,300</u>	<u>-</u>	<u>9,546,832</u>	<u>-</u>	<u>3,337,995</u>	<u>-</u>	<u>3,337,995</u>
<b>Financial liabilities - not measured at fair value</b>									
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	-	-	-	65,583	65,583	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	734	734	-	-	-	-
Payable to Meezan Bank Limited (MBL)	-	-	-	1,234	1,234	-	-	-	-
Payable on redemption and conversion of units	-	-	-	337,862	337,862	-	-	-	-
Accrued expenses and other liabilities	-	-	-	933	933	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,346</u>	<u>406,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 16. POST BALANCE SHEET EVENT

On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to reverse provision against WWF. Further, it was also decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015.

Accordingly, the Management Company, based on the decision taken by MUFAP, commenced accrual of provision against SWWF from May 21, 2015 and recorded the same on January 12, 2017. The details and impact of the same are disclosed in note 10 to the condensed interim financial information.

## 17. GENERAL

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

17.2 Date of authorization

This condensed interim financial information was authorised for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**





## **Meezan Sovereign Fund**

Meezan Sovereign Fund is Pakistan's first Shariah compliant government securities fund. The purpose of the fund is to provide maximum possible preservation of capital and a reasonable rate of return by investing primarily in Shariah compliant Government Securities.

## 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 Independent	Chairman
Mr. P. Ahmed	Non-Executive Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive Independent	
Syed Amir Ali	Non-Executive Independent	
Mr. Atif Azim	Non-Executive Independent	
Mr. Tasnimul Haq Farooqui	Non-Executive Independent	
Mr. Moin M. Fudda	Non-Executive Independent	
Mr. Mazhar Sharif	Chief Executive	
Mr. Mohammad Shoab, CFA	Non-Executive	
Syed Amir Ali Zaidi	Non-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	Habib Metropolitan Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking	MCB Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking	Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited	National Bank of Pakistan - Islamic Banking
Faysal Bank Limited - Islamic Banking	Sindh Bank Limited - Islamic Banking
Habib Bank Limited - Islamic Banking	UBL Ameen

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN SOVEREIGN FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Sovereign Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

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## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Sovereign Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### *Other Matters*

The figures for the quarter ended 31 December 2016 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date:** 08 FEB 2017

**Karachi**

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

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2016

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>Assets</b>			
Balances with banks	5	1,464,428	3,709,604
Investments	6	7,912,507	6,112,385
Receivable on issuance and conversion of units		230,027	641,331
Deposits, prepayments and other receivables		127,607	85,882
<b>Total assets</b>		<b>9,734,569</b>	<b>10,549,202</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		86,134	86,166
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		800	737
Payable to Meezan Bank Limited (MBL)		540	232
Payable to Securities and Exchange Commission of Pakistan (SECP)		3,496	6,797
Payable on redemption and conversion of units		331,386	2,354,412
Accrued expenses and other liabilities	9	142,720	156,112
<b>Total liabilities</b>		<b>565,076</b>	<b>2,604,456</b>
<b>Net assets</b>		<b>9,169,493</b>	<b>7,944,746</b>
<b>Contingencies and commitments</b>	8		
<b>Unitholders' fund (as per statement attached)</b>		<b>9,169,493</b>	<b>7,944,746</b>
(Number of units)			
<b>Number of units in issue</b>		<b>174,250,973</b>	<b>156,386,988</b>
(Rupees)			
<b>Net assets value per unit</b>		<b>52.62</b>	<b>50.80</b>

The annexed notes 1 to 16 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Profit on saving accounts with banks		56,882	87,174	27,183	51,247
Profit on sukuk certificates		213,378	201,845	112,109	59,331
Net realised loss on sale of sukuk certificates		-	(41,216)	-	(24,803)
Other income		732	-	732	-
		<b>270,992</b>	247,803	<b>140,024</b>	85,775
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' (net)	6.1	121,021	84,147	89,189	97,760
<b>Total income</b>		<b>392,013</b>	331,950	<b>229,213</b>	183,535
<b>Expenses</b>					
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		46,613	42,033	24,474	17,832
Sindh Sales Tax and Federal Excise Duty on Management Fee	7	6,081	13,551	3,203	5,749
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		3,870	3,531	2,021	1,525
Sindh Sales Tax on Trustee Fee	7	504	501	262	220
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		3,496	3,152	1,836	1,337
Auditors' remuneration		266	265	133	112
Fees and subscription		543	167	203	100
Legal and professional charges		33	133	-	-
Brokerage		165	226	18	27
Bank and settlement charges		102	160	70	90
Allocated expenses	11	4,661	427	2,447	427
Printing expenses		-	72	-	-
<b>Total expenses</b>		<b>66,334</b>	64,218	<b>34,667</b>	27,419
<b>Net income from operating activities</b>		<b>325,679</b>	267,732	<b>194,546</b>	156,116
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed (net)		(8,381)	46,050	(16,759)	73,959
<b>Net income for the period before taxation</b>		<b>317,298</b>	313,782	<b>177,787</b>	230,075
Taxation	13	-	-	-	-
<b>Net income for the period after taxation</b>		<b>317,298</b>	313,782	<b>177,787</b>	230,075
<b>Other comprehensive income for the period</b>					
<i>Items that are or may be reclassified subsequently to income statement</i>					
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale' (net)		-	(6,979)	-	12,080
<b>Total comprehensive income for the period</b>		<b>317,298</b>	306,803	<b>177,787</b>	242,155

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**



## CONDENSED INTERIM DISTRIBUTION STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended December 31,	
		2016 (Rupees in '000)	2015
Undistributed income / accumulated (loss) brought forward			
- Realised		<b>193,509</b>	783,971
- Unrealised		<b>47,688</b>	(47,805)
		<b>241,197</b>	736,166
Net income for the period		<b>317,298</b>	313,782
Final distribution for the year ended June 30, 2016			
- cash dividend: nil (June 30, 2015: 6.90% i.e. Rs. 3.45 per unit)		-	(553,891)
Element of loss and capital losses included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments (net)		-	(1,026)
Undistributed income carried forward		<b>558,495</b>	495,031
Undistributed income / accumulated (losses) carried forward			
- Realised		<b>437,474</b>	410,884
- Unrealised	6.1	<b>121,021</b>	84,147
		<b>558,495</b>	495,031

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	<b>7,944,746</b>	8,656,701
Issue of 261,084,415 units (December 31, 2015: 241,761,459 units)	<b>13,516,788</b>	12,380,130
Issue of units for re-investment of cash dividend : nil (December 31, 2015: 6,576,704)	-	352,756
Redemption of 243,220,430 units (December 31, 2015: 206,561,940 units)	<b>(12,617,720)</b>	(10,579,414)
	<b>899,068</b>	2,153,472
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed (net) for the period	<b>8,381</b>	(46,050)
Net realised loss on sale of sukuk certificates	-	(41,216)
Unrealised appreciation in the value of investments (net)	<b>121,021</b>	77,168
Net other income for the period	<b>196,277</b>	270,851
Total comprehensive income for the period	<b>317,298</b>	306,803
Final distribution for the year ended June 30, 2016 - Cash dividend: nil (June 30, 2015: 6.80% i.e. Rs. 3.45 per unit)	-	(553,891)
Net income for the period less distribution	<b>317,298</b>	(247,088)
Net assets at the end of the period	<b>9,169,493</b>	10,517,035
	<b>(Rupees)</b>	
Net assets value per unit at beginning of the period	<b>50.80</b>	53.92
Net assets value per unit at end of the period	<b>52.62</b>	51.98

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

Six months period ended  
December 31,  
2016 2015  
(Rupees in '000)

### CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	317,298	313,782
<b>Adjustments for</b>		
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	(121,021)	(84,147)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	8,381	(46,050)
	<b>204,658</b>	<b>183,585</b>
<b>(Increase) / decrease in assets</b>		
Investments (net)	(1,679,101)	(573,468)
Deposits, prepayments and other receivables	(41,725)	93,742
	<b>(1,720,826)</b>	<b>(479,726)</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	(32)	4,026
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	63	(146)
Payable to Securities and Exchange Commission of Pakistan (SECP)	(3,301)	(7,061)
Payable to Meezan Bank Limited (MBL)	308	(466)
Accrued expenses and other liabilities	(13,392)	(5,837)
	<b>(16,354)</b>	<b>(9,484)</b>
<b>Net cash used in operating activities</b>	<b>(1,532,522)</b>	<b>(305,625)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	13,928,092	12,459,613
Receipts against dividend re-investment	-	352,756
Payments against redemption and conversion of units	(14,640,746)	(13,438,650)
Dividend paid	-	(553,891)
<b>Net cash used in financing activities</b>	<b>(712,654)</b>	<b>(1,180,172)</b>
Net decrease in cash and cash equivalents during the period	<b>(2,245,176)</b>	<b>(1,485,797)</b>
Cash and cash equivalents at beginning of the period	<b>3,709,604</b>	<b>3,234,525</b>
Cash and cash equivalents at end of the period	<b>1,464,428</b>	<b>1,748,728</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (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 Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The Management Company of the Fund has been given quality rating of AM2++ and the stability rating of the Fund is AA(f) given by JCR-VIS Credit Rating Company Limited.
- 1.5** Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund.

### 2. BASIS OF PRESENTATION

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

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, 2016.

### 3. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions and directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the SECP. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, and the NBFC Regulations, 2008, and directives issued by the SECP shall prevail.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2016.

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
<b>5. BALANCES WITH BANKS</b>		(Rupees in '000)	
In saving accounts	5.1	<b>1,436,573</b>	3,693,945
In current accounts		<b>27,855</b>	15,659
		<b>1,464,428</b>	<b>3,709,604</b>

5.1 The balance in saving accounts have an expected profit which ranges from 2.40% to 6.00% per annum (June 30, 2016: 2.50% to 6.10% per annum).

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
<b>6. INVESTMENTS</b>		(Rupees in '000)	
Investments - 'at fair value through profit or loss'	6.1	<b>7,912,507</b>	6,112,385

Name of the security	Maturity date	Profit rate	As at July 01, 2016	Purchased during the period	Sales / Matured during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised (loss) / gain as at December 31, 2016	Percentage in relation to	
			----- (Number of certificates) -----			----- (Rupees in '000) -----			Net assets of the fund on the basis of market value		Total market value of investments
GoP Ijarah Sukuk Certificates - XVI (note 6.1.1)	December 18, 2018	Weighted average 6 months T-Bills	33,340	-	-	33,340	3,360,339	3,415,683	55,344	37.25	43.17
GoP Ijarah Sukuk Certificates - XVII (note 6.1.1)	February 15, 2019	Weighted average 6 months T-Bills	26,350	13,000	-	39,350	4,002,147	4,063,281	61,134	44.31	51.35
GoP Ijarah Sukuk Certificates - XVIII (note 6.1.1)	March 29, 2019	Weighted average 6 months T-Bills	750	3,500	-	4,250	429,000	433,543	4,543	4.73	5.48
<b>Total</b>							<b>7,791,486</b>	<b>7,912,507</b>	<b>121,021</b>		
<b>Total cost of investments</b>							<b>7,791,486</b>				

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

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

**7.1** The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company, sales load and trustee fee through Sindh Sales Tax on Services Act 2011. In the current period, Sindh Sales Tax at the rate of 13 percent (30 June 2016: 14 percent) was charged on the remuneration of Management Company, sales load and trustee fee.

**7.2** The status of Federal Excise Duty (FED) is the same as disclosed in the annual financial statements for the year ended June 30, 2016, except for the fact that while disposing the petition filed by MUFAP on September 04, 2013, the Sindh High Court (SHC), through order dated July 16, 2016, declared the said provision to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision. The mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED has been recognised in this condensed interim financial information.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision on FED on management fee with effect from June 13, 2013, till June 30, 2016, aggregating to Rs. 63.59 million (June 30, 2016: Rs. 63.59 million). Had the provision not being made, the Net Asset Value per unit of the Fund as at December 31, 2016 would have been higher by Re. 0.36 per unit (June 30, 2016: Re. 0.41 per unit).

## **8. CONTINGENCIES AND COMMITMENTS**

The status of super tax is the same as disclosed in the annual financial statements for the year ended June 30 2016. There were no other contingencies and commitments outstanding as at December 31, 2016 and June 30, 2016.

## **9. ACCRUED EXPENSES AND OTHER LIABILITIES**

This includes provision for Workers' Welfare Fund (WWF) amounting to Rs. 133.886 million (30 June 2016: 133.886 million). The details are as follows:

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective from January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs. 133.886 million. This has resulted in an increase in NAV per unit of Re. 0.78 on January 12, 2017. Had this reversal been recognized on December 31, 2016, the NAV per unit of the Fund would have been higher by Re. 0.77 per unit.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB

that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no WWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, WWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from WWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 16.397 million. This has resulted in a decrease in NAV per unit of Rs. 0.10 on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Rs. 0.08 per unit.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

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

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, Directors and Executives of the Management Company, Meezan Islamic Fund, Meezan Gold Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Islamic Income Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Balanced Fund, Meezan Capital Preservation Fund – II, Meezan Asset Allocation Fund, Meezan Energy Fund, Meezan Strategic Allocation Fund and Meezan Tahaffuz Pension Fund being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Employees Gratuity Fund and Unitholders holding 10 percent or more of the funds' net assets.

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

Remuneration payable to the management company and the trustee is determined in accordance with the provisions of NBFC Rules, 2003, NBFC Regulations, 2008, and the Trust Deed respectively.

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

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited (Al Meezan) - Management Company</b>		
Remuneration payable	8,582	7,841
Sindh Sales Tax and Federal Excise Duty payable on Management Fee	74,371	74,353
Sales load payable	-	855
Sindh Sales Tax and Federal Excise Duty payable on sales load	2,321	2,331
Allocated expenses payable	860	786
<b>Meezan Bank Limited (MBL)</b>		
Balances with bank	230,390	43,281
Profit receivable on saving accounts	524	243
Sales load payable	462	232
Sindh sales tax on sales load payable	78	-
Investments as at December 31, 2016: 21,593,102 units (June 30, 2016: 21,593,102 units)	1,136,229	1,096,930

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Trustee fee payable	706	647
Sales Tax payable on trustee fee	94	90
Deposit	100	100
<b>Meezan Financial Planning Fund of Funds</b>		
Investment in 2,906,791 units		
- Aggressive Allocation Plan (June 30, 2016: 2,649,023 units)	152,955	134,570
Investment in 6,441,272 units		
- Conservative Allocation Plan (June 30, 2016: 4,354,238 units)	338,940	221,195
Investment in 7,213,483 units		
- Moderate Allocation Plan (June 30, 2016: 3,609,945 units)	379,573	183,385
Investment in nil - MCPP - I (June 30, 2016: 12,153,662 units)	-	617,406
Investment in 33,844,825 units - MCPP - II (June 30, 2016: 38,471,290 units)	1,780,915	1,954,342
Investment in 4,965,220 units - MAAP - I (June 30, 2016: 3,011,305 units)	261,270	152,974
Investment in 2,512,690 units - MAAP - II (June 30, 2016: 876,557 units)	132,218	44,529
<b>Meezan Capital Preservation Fund - II</b>		
Investment in nil (June 30, 2016: 4,447,944 units)	-	225,956
<b>Directors and Executives of the Management Company</b>		
Investment in 68,547 units (June 30, 2016: 67,068 units)	3,607	3,407
<b>For the six months period ended December 31</b>		
	2016	2015
	(Unaudited)	
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited (Al Meezan) - Management Company</b>		
Remuneration for the period	46,613	42,033
Sindh Sales Tax and Federal Excise Duty on Management Fee	6,081	13,551
Allocated expenses	4,661	427
Units issued: nil (December 31, 2015: 7,649,936 units)	-	393,000
Units redeemed: nil (December 31, 2015: 2,173,053 units)	-	111,850
<b>Meezan Bank Limited (MBL)</b>		
Profit on saving accounts	971	659
Shariah advisor fee	-	33
Units redeemed: nil (December 31, 2015: 35,113,662 units)	-	1,792,417
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Remuneration for the period	3,870	3,531
Sindh Sales Tax on trustee fee	504	501
CDS Charges	3	3
<b>Al Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Units issued: nil units (December 31, 2015: 3,064 units)	-	155
Cash dividend paid	-	155



**For the six months period  
ended December 31**

	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	
	<b>(Rupees in '000)</b>	
<b>Meezan Financial Planning Fund of Funds</b>		
<b>MFPF - Aggressive Allocation Plan</b>		
Units issued: 1,974,344 units (December 31, 2015: 537,879 units)	<b>103,185</b>	27,454
Units redeemed: 1,716,576 units (December 31, 2015: 198,223 units)	<b>90,240</b>	10,118
Cash dividend paid	-	6,682
<b>MFPF - Conservative Allocation Plan</b>		
Units issued: 7,019,241 units (December 31, 2015: 1,390,396 units)	<b>365,344</b>	70,718
Units redeemed: 4,932,207 units (December 31, 2015: 2,951,129 units)	<b>258,600</b>	149,610
Cash dividend paid	-	17,196
<b>MFPF - Moderate Allocation Plan</b>		
Units issued: 5,300,653 units (December 31, 2015: 606,641 units)	<b>277,706</b>	30,922
Units redeemed: 1,697,115 units (December 31, 2014: 1,196,232 units)	<b>88,600</b>	60,811
Cash dividend paid	-	12,025
<b>MFPF - Meezan Capital Preservation Plan I</b>		
Units issued: 6,310,639 units (December 31, 2015: 35,315,784 units)	<b>325,780</b>	1,817,209
Units redeemed: 18,464,301 units (December 31, 2015: 24,029,479 units)	<b>952,198</b>	1,234,887
Cash dividend paid	-	15,628
<b>MFPF - Meezan Capital Preservation Plan II</b>		
Units issued: 55,963,748 units (December 31, 2015: 67,918,454 units)	<b>2,889,385</b>	3,489,240
Units redeemed: 60,590,213 units (December 31, 2015: 33,222,549 units)	<b>3,127,680</b>	1,703,186
Cash dividend paid	-	29,979
<b>MFPF - Meezan Asset Allocation Plan - I</b>		
Units issued: 5,767,039 units (December 31, 2015: 15,329,129 units)	<b>295,000</b>	780,000
Units redeemed: 3,813,124 units (December 31, 2015: 15,329,129 units)	<b>197,820</b>	781,014
<b>MFPF - Meezan Asset Allocation Plan II</b>		
Units issued: 3,614,960 units (December 31, 2015: 38,933 units)	<b>185,000</b>	2,000
Units redeemed: 1,978,827 units (December 31, 2015: 38,933 units)	<b>102,470</b>	2,024
<b>Meezan Capital Preservation Fund III</b>		
Units issued: nil (December 31, 2015: 3,836,414 units)	-	194,889
Units redeemed: nil (December 31, 2015: 9,369,567 units)	-	477,647
Cash dividend paid	-	19,089
<b>Meezan Capital Preservation Fund II</b>		
Units issued: 3,163,924 units (December 31, 2015: 2,151,429 units)	<b>161,500</b>	109,186
Units redeemed: 7,611,868 units (December 31, 2015: 7,799,416 units)	<b>390,928</b>	397,624
Cash dividend paid	-	19,486
<b>Directors and Executives of the Management Company</b>		
Units issued: 144,368 units (December 31, 2015: 109,773 units)	<b>7,557</b>	5,684
Units redeemed: 142,889 units (December 31, 2015: 187,368 units)	<b>7,483</b>	9,548
Cash dividend paid	-	612

## 11. ALLOCATED EXPENSES

During the period, fund was charged 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC regulations, 2008.

## 12. EXPENSE RATIO

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2016 is 1.42% which include 0.2% representing government levy, Worker Welfare Fund and SECP fee.

## 13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realised or unrealised) to its unitholders.

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. Accordingly Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

## 14. FINANCIAL INSTRUMENTS - FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value				
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
December 31, 2016									
									(Rupees in '000)
<b>Financial assets</b>									
- measured at fair value									
Investments	7,912,507	-	-	-	7,912,507	-	7,912,507	-	7,912,507
<b>Financial assets - not measured at fair value</b>									
Balances with banks	-	-	1,464,428	-	1,464,428	-	-	-	-
Deposits and other receivables	-	127,332	-	-	127,332	-	-	-	-
	<u>7,912,507</u>	<u>127,332</u>	<u>1,464,428</u>	<u>-</u>	<u>9,504,267</u>	<u>-</u>	<u>7,912,507</u>	<u>-</u>	<u>7,912,507</u>

Investments	Carrying amount				Fair value			
	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company	-	-	-	86,134	86,134	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	800	800	-	-	-
Payable to Meezan Bank Limited (MBL)	-	-	-	540	540	-	-	-
Payable on redemption and conversion of units	-	-	-	331,386	331,386	-	-	-
Accrued expenses and other liabilities	-	-	-	8,834	8,834	-	-	-
	-	-	-	427,694	427,694	-	-	-

Investments	Carrying amount				Fair value			
	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								

June 30, 2016

**Financial assets - not measured at fair value**  
Investments

6,112,385	-	-	-	6,112,385	-	6,112,385	-	6,112,385
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**Financial assets - not measured at fair value**

Balances with banks  
Receivable on issuance and conversion of units  
Deposits and other receivables

-	-	3,709,604	-	3,709,604	-	-	-	-
-	641,331	-	-	641,331	-	-	-	-
-	85,739	-	-	85,739	-	-	-	-
6,112,385	727,070	3,709,604	-	10,549,059	-	6,112,385	-	6,112,385

**Financial liabilities - not measured at fair value**

Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company  
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee  
Payable to Meezan Bank Limited (MBL)  
Payable on redemption and conversion of units  
Accrued expenses and other liabilities

-	-	-	86,166	86,166	-	-	-	-
-	-	-	737	737	-	-	-	-
-	-	-	232	232	-	-	-	-
-	-	-	2,354,412	2,354,412	-	-	-	-
-	-	-	2,319	2,319	-	-	-	-
-	-	-	2,443,866	2,443,866	-	-	-	-

## **15. POST BALANCE SHEET EVENT**

On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to reverse provision against WWF. Further, it was also decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act i.e. May 21, 2015.

Accordingly, the Management Company, based on the decision taken by MUFAP, commenced accrual of provision against SWWF from May 21, 2015 and recorded the same on January 12, 2017. The details and impact of the same are disclosed in note 9 to the condensed interim financial information.

## **16. GENERAL**

**16.1** Figures have been rounded off to the nearest thousand rupees.

**16.2** Date of authorization

This condensed interim financial information was authorised for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**



## **Meezan Cash Fund**

Meezan Cash Fund is Pakistan's first Shariah compliant money market fund. MCF aims to bring you stable and Halal returns through avoiding volatility of both long-term fixed income securities and stock markets.

## 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. Abdullah Ahmed Muhammad	Non-Executive	
Syed Amir Ali	Non-Executive	
Mr. Atif Azim	Independent	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Moin M. Fudda	Independent	
Mr. Mazhar Sharif	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 Sultan Trust Building No.2, Beaumont Road, Karachi - 75530.

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

Askari Bank Limited - Islamic Banking	Habib Metropolitan Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking	MCB Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking	Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited	National Bank of Pakistan - Islamic Banking
Faysal Bank Limited - Islamic Banking	Sindh Bank Limited - Islamic Banking
Habib Bank Limited - Islamic Banking	UBL Ameen

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN CASH FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Cash Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

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

## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Cash Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### *Other Matters*

The figures for the quarter ended 31 December 2016 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date:** 08 FEB 2017

**Karachi**

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

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



## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2016

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>Assets</b>			
Balances with banks	5	2,865,874	2,038,551
Investments	6	500,000	800,000
Receivable on issuance and conversion of units		324,932	1,143,931
Profit receivable on saving accounts with banks		30,191	42,088
Deposits and prepayments		454	564
<b>Total assets</b>		<b>3,721,451</b>	<b>4,025,134</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		28,165	28,124
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		570	616
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,265	3,752
Payable on redemption and conversion of units		22,712	485,498
Dividend payable		-	25
Accrued expenses and other liabilities	9	62,170	75,337
<b>Total liabilities</b>		<b>114,882</b>	<b>593,352</b>
<b>Net assets</b>		<b>3,606,569</b>	<b>3,431,782</b>
<b>Contingencies and commitments</b>	7		
<b>Unitholders' fund (as per statement attached)</b>		<b>3,606,569</b>	<b>3,431,782</b>
(Number of units)			
<b>Number of units in issue</b>		<b>70,285,752</b>	<b>68,440,635</b>
(Rupees)			
<b>Net assets value per unit</b>		<b>51.31</b>	<b>50.14</b>

The annexed notes 1 to 16 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Profit on saving accounts with banks		79,328	161,247	40,300	88,681
Profit on term deposit receipts		15,827	15,958	7,751	7,618
Profit on sukuk certificates		6,845	17,349	4,604	4,604
Realised loss on sale of sukuk certificates (net)		-	(3,580)	-	(8)
Other income		-	5	-	5
		<b>102,000</b>	<b>190,979</b>	<b>52,655</b>	<b>100,900</b>
Unrealised appreciation on re-measurement of investments at fair value through profit or loss' (net)		-	18	-	22
<b>Total income</b>		<b>102,000</b>	<b>190,997</b>	<b>52,655</b>	<b>100,922</b>
<b>Expenses</b>					
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		16,861	31,733	8,357	17,479
Sindh Sales Tax and Federal Excise Duty on Management Fee	8	2,192	10,233	1,086	5,637
Allocated Expenses	10	1,686	168	836	201
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		1,643	2,758	816	1,500
Sindh Sales Tax on trustee fee	8.1	214	386	107	210
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		1,265	2,381	627	1,312
Auditors' remuneration		275	271	130	128
Fees and subscription		473	169	201	101
Legal and professional charges		33	65	-	32
Brokerage expense		-	74	-	1
Bank and settlement charges		110	102	50	23
<b>Total expenses</b>		<b>24,752</b>	<b>48,340</b>	<b>12,210</b>	<b>26,624</b>
<b>Net income from operating activities</b>		<b>77,248</b>	<b>142,657</b>	<b>40,445</b>	<b>74,298</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		5,024	(67,688)	4,941	(95,737)
<b>Net income / (loss) for the period before taxation</b>		<b>82,272</b>	<b>74,969</b>	<b>45,386</b>	<b>(21,439)</b>
Taxation	13	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<b>82,272</b>	<b>74,969</b>	<b>45,386</b>	<b>(21,439)</b>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>82,272</b>	<b>74,969</b>	<b>45,386</b>	<b>(21,439)</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**



## CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31,	
	2016	2015
	(Rupees in '000)	
Undistributed income brought forward		
- Realised	16,456	11,339
- Unrealised	-	1,796
	<u>16,456</u>	<u>13,135</u>
Net income for the period	82,272	74,969
	<u>98,728</u>	<u>88,104</u>
Undistributed income carried forward		
Undistributed income carried forward		
- Realised	98,728	88,086
- Unrealised	-	18
	<u>98,728</u>	<u>88,104</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31,	
	2016 (Rupees in '000)	2015
Net assets at beginning of the period	3,431,782	7,617,739
Issue of 170,217,999 units (2015: 157,208,536 units)	8,664,874	7,980,324
Redemption of 168,372,882 units (2015: 245,052,218 units)	(8,567,335)	(12,448,981)
	97,539	(4,468,657)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed (net)	(5,024)	67,688
Net realised loss on sale of sukuk certificates	-	(3,580)
Unrealised appreciation in the value of investments (net)	-	18
Other income for the period (net)	82,272	78,531
Total comprehensive income for the period	82,272	74,969
Net assets at end of the period	3,606,569	3,291,739
	(Rupees)	
Net assets value per unit at beginning of the period	50.14	50.10
Net assets value per unit at end of the period	51.31	51.26

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

Six months period ended  
December 31,  
2016                      2015  
(Rupees in '000)

### CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	82,272	74,969
<b>Adjustments for :</b>		
Unrealised (appreciation) on re-measurement of investments 'at fair value through profit or loss' (net)	-	(18)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(5,024)	67,688
	<b>77,248</b>	142,639
<b>Decrease / (increase) in assets</b>		
Investments (net)	300,000	586,764
Deposits and prepayments	110	110
Profit receivable on saving accounts with banks	11,897	(46,503)
	<b>312,007</b>	540,371
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	41	6,917
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	(46)	125
Payable to Securities and Exchange Commission of Pakistan (SECP)	(2,487)	(594)
Payable to Meezan Bank Limited (MBL)	-	33
Brokerage payable	-	(25)
Accrued expenses and other liabilities	(13,167)	(14,268)
	<b>(15,659)</b>	(7,812)
<b>Net cash generated from operating activities</b>	<b>373,596</b>	675,198
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	9,483,873	11,485,439
Payments against redemption and conversion of units	(9,030,121)	(12,751,833)
Dividend paid	(25)	(3,820)
<b>Net cash generated from / (used in) financing activities</b>	<b>453,727</b>	(1,270,214)
Net increase / (decrease) in cash and cash equivalents during the period	<b>827,323</b>	(595,016)
Cash and cash equivalents at beginning of the period	<b>2,038,551</b>	3,177,258
Cash and cash equivalents at end of the period	<b>2,865,874</b>	2,582,242

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (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. The Fund shall seek to maximise preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and Shariah compliant debt securities. 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 Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The Management Company has been given a quality rating of AM2++ and the stability rating of the Fund is AA(f) given by JCR-VIS Credit Rating Company Limited.
- 1.5** Title to the assets of the Fund are held in the name of CDC as a Trustee.

### 2. BASIS OF PRESENTATION

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

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 annual financial statements of the Fund for the year ended June 30, 2016.

### 3. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions and directives issued

under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the SECP. In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, and the NBFC Regulations, 2008, and directives issued by the SECP shall prevail.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2016.

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>5. BALANCES WITH BANKS</b>			
In saving accounts	5.1 & 5.2	<b>2,864,954</b>	2,025,730
In current accounts		<b>920</b>	12,821
		<b>2,865,874</b>	2,038,551

**5.1** The balances in saving accounts have an expected profit ranging from 2.40% to 6.10% per annum (June 30, 2016 : 2.50 % to 6.20 % per annum).

**5.2** The balances include Rs. 19.8 million (June 30, 2016: Rs. 36.06 million) with related party, Meezan Bank Limited, on which average return is earned at 2.40% (June 30, 2016: 2.50%) per annum.

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>6. INVESTMENTS</b>			
Investments - 'loans and receivables'			
- Term Deposit Receipts (TDR)	6.1	<b>500,000</b>	500,000
Investments - 'loans and receivables' - Sukuk Certificates	6.2	<b>-</b>	300,000
		<b>500,000</b>	800,000

## 6.1 Loans and receivables - Term deposit receipts (TDR)

Name of the bank	Maturity	Profit rate	As at July 01, 2016	Term Deposit Receipts placed during the period	Matured during the period	As at December 31, 2016	Percentage in relation to	
							Net assets of the fund on the basis of market value (6.2.3)	Total market value of investments
		---- (%) ----	----- (Rupees in '000) -----				----- % -----	
Bank Alfalah Limited	September 23, 2016	6.20%	500,000	-	(500,000)	-	-	-
Habib Metropolitan Bank Limited	March 22, 2017	6.15%	-	500,000	-	500,000	13.86	100.00
<b>Total</b>						<b>500,000</b>		

## 6.2 Loans and receiveables - Sukuk Certificates

Name of the issuer / security	Maturity date	Profit rate	As at July 01, 2016	Purchases during the period	Sales / maturity during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised appreciation	Percentage in relation to	
										Net assets of the fund on the basis of market value (6.2.3)	Total market value of investments
			----- (Number of certificates) -----			----- (Rupees in '000) -----			----- % -----		
Lalpir Power Limited - Sukuk (Note 6.2.1 & 6.2.2)	November 04, 2016	6 months KIBOR plus base rate of 0.25%	300,000	-	300,000	-	-	-	-	-	-
<b>Total</b>											

6.2.1 The nominal value of the sukuk certificate was Rs 5,000 each.

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

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

## 7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2016 and June 30, 2016.

## 8. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE / TRUSTEE FEE

8.1 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company, sales load and trustee fee through Sindh Sales Tax on Services Act 2011. In the current period, Sindh Sales Tax at the rate of 13 percent (June 30, 2016: 14 percent) was charged on the remuneration of Management Company, sales load and trustee fee.

8.2 The status of Federal Excise Duty (FED) is the same as disclosed in the annual financial statements for the year ended June 30, 2016, except for the fact that while disposing the petition filed by MUFAP on September 04, 2013, the Sindh High Court (SHC), through order dated July 16, 2016, declared the said provision to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision. The mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED has been recognised in this condensed interim financial information.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision for FED on management fee with effect from June 13, 2013, till June 30, 2016, aggregating to Rs. 21.45 million (June 30, 2016: Rs. 21.45 million). Had the provision not been made, the net asset value per unit of the Fund as at December 31, 2016 would have been higher by Re. 0.31 per unit (June 30, 2016: Re. 0.31 per unit)..

## 9. ACCRUED EXPENSES AND OTHER LIABILITIES

This includes provision for Workers' Welfare Fund (WWF) amounting to Rs. 58.58 million (June 30, 2016: Rs. 58.58 million). The details are as follows:



The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs. 58.58 million. This has resulted in an increase in NAV per unit of Re. 0.85 on January 12, 2017. Had this reversal been recognized on December 31, 2016, the NAV per unit of the Fund would have been higher by Re. 0.83 per unit.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no WWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, WWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from WWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 4.88 million. This has resulted in decrease in NAV per unit of Re. 0.07 on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Re. 0.05 per unit.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

#### **10. ALLOCATED EXPENSES**

During the period, fund charged 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC Regulations, 2008.

#### **11. EXPENSE RATIO**

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 31, 2016 is 1.47% which include 0.22% representing government levy, Worker Welfare Fund and SECP fee.

## 12. 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 Executives of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, KSE Meezan Index Fund, Meezan Energy Fund, Meezan Financial Planning Fund of Funds, Meezan Balanced Fund, Meezan Capital Preservation Fund – II, Meezan Gold Fund, Meezan Strategic Allocation Fund, Meezan Asset Allocation Fund 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 - Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

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

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

Details of transactions with connected persons and balances with them for the period ended December 31, 2016 and as of that date along with comparatives are as follows:

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited (Al Meezan) - Management Company</b>		
Remuneration payable	2,602	2,772
Sindh Sales Tax and Federal Excise Duty payable on management fee	25,026	25,075
Allocated expenses payable	537	277
<b>Meezan Bank Limited (MBL)</b>		
Balance with bank	19,810	36,056
Profit receivable on saving accounts	391	414
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Trustee fee payable	464	540
Sindh Sales Tax on trustee fee payable	106	76
Deposit	100	100
<b>Meezan Financial Planning Fund of Funds - Meezan Capital Preservation Plan-I</b>		
Investment of nil (June 30, 2016: 46,815 units)	-	2,347
<b>Meezan Financial Planning Fund of Funds - Meezan Capital Preservation Plan-II</b>		
Investment of 16,565,279 units (June 30, 2016: nil)	849,964	-
<b>Meezan Capital Preservation Fund - II</b>		
Investment of nil (June 30, 2016: 2,531,020 units)	-	126,905

	(Unaudited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
<b>Meezan Financial Planning Fund of Funds - Meezan Asset Allocation Plan-I</b> Investment of 448,512 units (June 30, 2016: nil)	<u>23,013</u>	<u>-</u>
<b>Meezan Financial Planning Fund of Funds - Meezan Asset Allocation Plan-II</b> Investment of 1,711,988 units (June 30, 2016: nil)	<u>87,842</u>	<u>-</u>
<b>Directors and Executives of the Management Company</b> Investment of 119,172 units (June 30, 2016: 184,356 units)	<u>6,115</u>	<u>9,244</u>
<b>For the six months period ended December 31</b>		
	<b>2016</b>	<b>2015</b>
	(Unaudited) (Rupees in '000)	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	<u>16,861</u>	<u>31,733</u>
Sindh Sales Tax and Federal Excise Duty on management fee	<u>2,192</u>	<u>10,233</u>
Allocated expenses	<u>1,686</u>	<u>168</u>
Units issued: nil (December 31, 2015: 4,935,429 units)	<u>-</u>	<u>250,000</u>
Units redeemed: nil (December 31, 2015: 13,100,380 units)	<u>-</u>	<u>667,912</u>
<b>Meezan Bank Limited</b>		
Profit on saving accounts	<u>406</u>	<u>10,396</u>
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Trustee fee for the period	<u>1,643</u>	<u>2,758</u>
Sindh Sales Tax on trustee fee for the period	<u>214</u>	<u>386</u>
CDS Charges	<u>3</u>	<u>2</u>
<b>Al Meezan Investment Management Limited - Employees' Gratuity Fund</b>		
Units redeemed: nil (December 31, 2015: 47,160 units)	<u>-</u>	<u>2,412</u>
<b>Meezan Capital Preservation Fund - I</b>		
Units issued: 26,128,081 units (December 31, 2015: 2,809,690 units)	<u>1,339,325</u>	<u>141,500</u>
Units redeemed: 28,659,101 units (December 31, 2015: 8,379,975 units)	<u>1,468,196</u>	<u>423,411</u>
<b>Meezan Financial Planning Fund of Funds - Meezan Capital Preservation Plan-I</b>		
Units issued: 32,708,833 units (December 31, 2015: 28,347,642 units)	<u>1,661,298</u>	<u>1,442,729</u>
Units redeemed: 32,755,648 units (December 31, 2015: 29,939,071 units)	<u>1,667,263</u>	<u>1,531,991</u>
<b>Meezan Financial Planning Fund of Funds - Meezan Capital Preservation Plan-II</b>		
Units issued: 55,029,854 units (December 31, 2015: 47,481,251 units)	<u>2,798,000</u>	<u>2,409,495</u>
Units redeemed: 38,464,575 units (December 31, 2015: 68,554,225 units)	<u>1,949,385</u>	<u>3,499,341</u>
<b>Meezan Financial Planning Fund of Funds - Meezan Asset Allocation Plan - I</b>		
Units issued: 448,512 units (December 31, 2015: 17,878,903 units)	<u>23,013</u>	<u>906,714</u>
Units redeemed: nil (December 31, 2015: 17,878,903 units)	<u>-</u>	<u>909,257</u>

	For the six months period ended December 31	
	2016 (Unaudited) (Rupees in '000)	2015
<b>Meezan Financial Planning Fund of Funds - Meezan Asset Allocation Plan - II</b>		
Units issued: 1,711,988 units (December 31,2015: nil unit)	87,842	-
Units redeemed: nil (December 31,2015: nil unit)	-	-
<b>Directors and Executives of the Management Company</b>		
Units issued: 28,474 units (December 31,2015: 157,724 units)	1,453	7,983
Units redeemed: 93,658 units (December 31,2015: 137,394 units)	4,806	6,948

### 13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realised or unrealised) to its unitholders.

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. Accordingly Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

### 14. FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value			
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
<b>December 31, 2016</b>	(Rupees in '000)								
<b>Financial assets</b>									
- measured at fair value	-	-	-	-	-	-	-	-	-
<b>Financial assets</b>									
- not measured at fair value									
Balances with banks	-	-	2,865,874	-	2,865,874	-	-	-	-
Investments - 'loans and receivables'									
- Term Deposit Receipts	500,000	-	-	-	500,000	-	-	-	-
Receivable on issuance and conversion of units	-	324,932	-	-	-	-	-	-	-
Profits Receivables	-	30,191	-	-	-	-	-	-	-
Deposits	-	300	-	-	300	-	-	-	-
	<b>500,000</b>	<b>355,423</b>	<b>2,865,874</b>	<b>-</b>	<b>3,721,297</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Carrying amount					Fair value			
Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total

(Rupees in '000)

**Financial liabilities**

**- not measured at fair value**

Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	-	-	-	28,165	28,165	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	570	570	-	-	-	-
Payable on redemption and conversion of units	-	-	-	22,712	22,712	-	-	-	-
Accrued expenses and other liabilities	-	-	-	588	588	-	-	-	-
	-	-	-	52,035	52,035	-	-	-	-

Carrying amount					Fair value			
Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total

(Rupees in '000)

**June 30, 2016**

**Financial assets**

**- measured at fair value**

**Financial assets**

**- not measured at fair value**

Investments - 'loans and receivables' - Term Deposit Receipts	500,000	-	-	-	500,000	-	-	-	-
Investments - 'loans and receivables' - Sukuk Certificates	300,000	-	-	-	300,000	-	-	-	-
Balances with banks	-	-	2,038,551	-	2,038,551	-	-	-	-
Receivable on issuance and conversion of units	-	1,143,931	-	-	1,143,931	-	-	-	-
Profits Receivables	-	42,088	-	-	42,088	-	-	-	-
Deposits	-	300	-	-	300	-	-	-	-
	800,000	1,186,319	2,038,551	-	4,024,870	-	-	-	-

**Financial liabilities**

**- not measured at fair value**

Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	-	-	-	28,124	28,124	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	616	616	-	-	-	-
Payable on redemption and conversion of units	-	-	-	485,498	485,498	-	-	-	-
Dividend payable	-	-	-	25	25	-	-	-	-
Accrued expenses and other liabilities	-	-	-	707	707	-	-	-	-
	-	-	-	514,970	514,970	-	-	-	-

## **15. POST BALANCE SHEET EVENT**

On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to reverse provision against WWF. Further, it was also decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act i.e. May 21, 2015.

Accordingly, the Management Company, based on the decision taken by MUFAP, commenced accrual of provision against SWWF from May 21, 2015 and recorded the same on January 12, 2017. The details and impact of the same are disclosed in note 9 to the condensed interim financial information.

## **16. GENERAL**

**16.1** Figures have been rounded off to the nearest thousand rupees.

**16.2** Date of authorization

This condensed interim financial information was authorised for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**



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

Meezan Financial Planning Fund of Funds invests in Shariah compliant Fixed Income and Equity mutual funds in line with the risk tolerance of the investor and in doing so; it strives to generate returns on investment aligned with respective allocation plans.

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

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

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

### TRUSTEE

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

### AUDITORS

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

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

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

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN FINANCIAL PLANNING FUND OF FUNDS**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Financial Planning Fund of Funds (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

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## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Financial Planning Fund of Funds** ("the Fund") as at 27 December 2016 and 31 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### *Emphasis of Matter*


Without qualifying our conclusion, we draw attention to note 1.7 to the condensed interim financial information, which states that the condensed interim financial information of Meezan Capital Preservation Plan I (MCPPI) and Meezan Capital Preservation Plan II (MCPPII) have not been prepared on going concern basis as, MCPPI matured on 27 October 2016 and MCPPII will mature on 25 March 2017.

### *Other Matters*

The figures for the period from 01 October 2017 to 27 October 2017 and quarter ended 31 December 2016 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date:** 08 FEB 2017

**Karachi**

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

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT OCTOBER 27, 2016 AND DECEMBER 31, 2016

As at December 31, 2016 (Unaudited)										As at October 27, 2016 (Unaudited)
Note	Aggressive	Moderate	Conservative	MCPPI-I	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPPI-I	Total
(Rupees in '000)										
<b>Assets</b>										
Balances with banks	81,734	66,422	5,831	7,584	5	9,983	3,295	2,303	1,676,547	1,853,704
Investments	509,851	759,147	451,920	3,300,643	1,461,690	1,103,178	3,352,319	1,043,713	-	11,982,461
Preliminary expenses and floatation cost	-	-	255	-	-	-	-	-	-	255
Receivable on issuance and conversion of units	107,615	50	4,163	-	-	-	-	-	-	111,828
Receivable against sale of investments (net)	-	-	8,200	-	-	-	7,010	-	-	15,210
Profit receivable on saving accounts with banks	29	123	41	14	16	18	72	48	742	1,103
<b>Total assets</b>	<b>699,229</b>	<b>825,742</b>	<b>470,410</b>	<b>3,308,241</b>	<b>1,461,711</b>	<b>1,113,179</b>	<b>3,362,696</b>	<b>1,046,064</b>	<b>1,677,289</b>	<b>13,964,561</b>
<b>Liabilities</b>										
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	465	722	577	9,675	3,391	1,920	7,047	2,756	4,623	31,176
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	45	51	54	227	103	80	241	75	107	983
Payable to Meezan Bank Limited (MBL)	24	-	19	-	-	-	-	-	-	43
Payable to Securities and Exchange Commission of Pakistan (SECP)	240	223	212	1,499	647	477	1,455	435	509	5,697
Payable on redemption and conversion of units	1,955	2,499	9,138	126	34	5	6,652	-	-	20,409
Payable against purchase of investments (net)	5,800	-	-	-	-	-	-	-	-	5,800
Accrued expenses and other liabilities	3,166	2,624	3,272	438	1,199	75	552	200	15,340	26,866
<b>Total liabilities</b>	<b>11,695</b>	<b>6,119</b>	<b>13,272</b>	<b>11,965</b>	<b>5,374</b>	<b>2,557</b>	<b>15,947</b>	<b>3,466</b>	<b>20,579</b>	<b>90,974</b>
<b>Net assets</b>	<b>687,534</b>	<b>819,623</b>	<b>457,138</b>	<b>3,296,276</b>	<b>1,456,337</b>	<b>1,110,622</b>	<b>3,346,749</b>	<b>1,042,598</b>	<b>1,656,710</b>	<b>13,873,587</b>
<b>Contingencies and Commitments</b>	6									
<b>Unitholders' fund (as per statement attached)</b>	<b>687,534</b>	<b>819,623</b>	<b>457,138</b>	<b>3,296,276</b>	<b>1,456,337</b>	<b>1,110,622</b>	<b>3,346,749</b>	<b>1,042,598</b>	<b>1,656,710</b>	<b>13,873,587</b>
(Number of units)										
<b>Number of units in issue</b>	<b>7,893,556</b>	<b>11,052,475</b>	<b>6,934,732</b>	<b>58,597,924</b>	<b>22,208,832</b>	<b>16,826,914</b>	<b>51,319,844</b>	<b>18,103,306</b>	<b>33,134,195</b>	
(Rupees)										
<b>Net assets value per unit</b>	<b>87.10</b>	<b>74.16</b>	<b>65.92</b>	<b>56.25</b>	<b>65.57</b>	<b>66.00</b>	<b>65.21</b>	<b>57.59</b>	<b>50.00</b>	

The annexed notes 1 to 15 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 ASSETS AND LIABILITIES

## AS AT OCTOBER 27, 2016 AND DECEMBER 31, 2016

As at June 30, 2016 (Audited)

	Aggressive	Moderate	Conservative	MCPPI-I	MCPPI-II	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	Total
(Rupees in '000)										
<b>Assets</b>										
Balances with banks	1,250	8,622	2,701	11,454	5,398	8,009	21,477	11,225	48,753	118,889
Investments	5 448,568	366,770	294,927	1,591,746	3,061,757	1,282,841	913,648	2,862,723	443,913	11,266,893
Preliminary expenses and floatation cost	-	-	357	-	-	-	-	-	-	357
Receivable on issuance and conversion of units	956	351	33,854	-	-	-	-	-	-	59,215
Profit receivable on saving accounts with banks	22	18	9	29	16	14	33	80	176	397
<b>Total assets</b>	<b>450,796</b>	<b>375,761</b>	<b>331,848</b>	<b>1,603,229</b>	<b>3,067,171</b>	<b>1,290,864</b>	<b>935,158</b>	<b>2,874,028</b>	<b>552,057</b>	<b>11,480,912</b>
<b>Liabilities</b>										
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	468	539	547	4,581	9,647	3,386	1,912	7,015	3,888	31,983
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	35	26	29	112	205	92	67	205	21	792
Payable to Meezan Bank Limited (MBL)	3	-	-	-	-	-	-	-	1,035	1,038
Payable to Securities and Exchange Commission of Pakistan (SECP)	366	305	233	1,488	2,912	951	419	904	22	7,600
Payable on redemption and conversion of units	411	1,020	208	-	1	32	-	-	-	1,672
Dividend Payable	25	165	53	142	802	3,788	2,629	356	269	8,229
Accrued expenses and other liabilities	8 6,619	7,105	4,122	21,260	18,970	4,709	4,904	14,541	14,889	97,119
<b>Total liabilities</b>	<b>7,927</b>	<b>9,160</b>	<b>5,192</b>	<b>27,583</b>	<b>32,537</b>	<b>12,958</b>	<b>9,931</b>	<b>23,021</b>	<b>20,124</b>	<b>148,433</b>
<b>Net assets</b>	<b>442,869</b>	<b>366,601</b>	<b>326,656</b>	<b>1,575,646</b>	<b>3,034,634</b>	<b>1,277,906</b>	<b>925,227</b>	<b>2,851,007</b>	<b>531,933</b>	<b>11,332,479</b>
<b>Contingencies and Commitments</b>										
<b>Unitholders' fund (as per statement attached)</b>	<b>442,869</b>	<b>366,601</b>	<b>326,656</b>	<b>1,575,646</b>	<b>3,034,634</b>	<b>1,277,906</b>	<b>925,227</b>	<b>2,851,007</b>	<b>531,933</b>	<b>11,332,479</b>
(Number of units)										
<b>Number of units in issue</b>	<b>6,036,493</b>	<b>5,612,498</b>	<b>5,380,605</b>	<b>28,317,037</b>	<b>59,824,077</b>	<b>23,650,020</b>	<b>16,899,207</b>	<b>52,765,904</b>	<b>10,985,112</b>	
(Rupees)										
<b>Net assets value per unit</b>	<b>73.37</b>	<b>65.32</b>	<b>60.71</b>	<b>55.64</b>	<b>50.73</b>	<b>54.03</b>	<b>54.75</b>	<b>54.03</b>	<b>48.42</b>	

The annexed notes 1 to 15 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED OCTOBER 27, 2016 AND DECEMBER 31, 2016 (UNAUDITED)

From  
July 1, to  
October  
27, 2016

		Six months period ended December 31, 2016								Total		
		Aggressive	Moderate	Conservative	MCPPI-I	MAAP-I	MAAP-II	MAAP-IV	MCPPI-I			
Note		(Rupees in '000)										
<b>Income</b>												
	Realised gain on sale of investments	30,067	11,822	16,645	175,875	21,840	13,206	34,665	3,338	97,601	405,059	
	Realised loss on sale of investments	-	-	-	-	-	-	-	(21)	(184)	(205)	
	Back end load income	-	-	-	3,266	566	135	2,516	132	143	6,758	
	Profit on saving accounts with banks	117	255	151	78	97	200	105	266	799	2,068	
	Other income	36	20	-	-	7	-	5	-	81	149	
		30,220	12,097	16,796	179,219	22,510	13,541	37,291	3,715	98,440	413,829	
	Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss' (net)	5.1	63,117	51,354	22,248	151,691	242,829	177,794	547,131	154,203	-	1,410,367
	<b>Total income</b>	<b>93,337</b>	<b>63,451</b>	<b>39,044</b>	<b>330,910</b>	<b>265,339</b>	<b>191,335</b>	<b>584,422</b>	<b>157,918</b>	<b>98,440</b>	<b>1,824,196</b>	
<b>Expenses</b>												
	Remuneration to Al Meezan - Management Company	56	96	62	43	36	76	42	87	83	581	
7	Sindh Sales Tax on Management Fee	7	12	8	6	5	10	5	11	11	75	
12	Allocated Expenses	253	234	223	1,577	680	502	1,531	458	535	5,993	
	Remuneration to CDC - Trustee	195	181	172	1,216	525	387	1,180	353	413	4,622	
7	Sindh Sales Tax on Trustee Fee	25	24	22	158	68	50	153	46	54	600	
	Annual fee to SECP	240	223	212	1,499	647	477	1,455	435	509	5,697	
	Auditors' remuneration	16	16	12	106	44	30	86	31	28	369	
	Fees and subscription	8	7	5	48	21	18	46	14	19	186	
	Amortisation of preliminary expenses and floatation costs	-	-	102	-	-	-	-	-	-	102	
	Legal and Professional charges	1	1	1	9	4	3	8	2	5	34	
	Bank and settlement charges	1	2	-	-	3	-	-	-	-	6	
	Printing charges	17	13	12	113	48	31	106	19	60	419	
	<b>Total expenses</b>	<b>819</b>	<b>809</b>	<b>831</b>	<b>4,775</b>	<b>2,081</b>	<b>1,584</b>	<b>4,612</b>	<b>1,456</b>	<b>1,717</b>	<b>18,684</b>	
	<b>Net income from operating activities</b>	<b>92,518</b>	<b>62,642</b>	<b>38,213</b>	<b>326,135</b>	<b>263,258</b>	<b>189,751</b>	<b>579,810</b>	<b>156,462</b>	<b>96,723</b>	<b>1,805,512</b>	
	Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)	15,895	35,041	(2,082)	(2,291)	(6,959)	(398)	(5,938)	9,540	(27,599)	15,209	
	<b>Net income for the period before taxation</b>	<b>108,413</b>	<b>97,683</b>	<b>36,131</b>	<b>323,844</b>	<b>256,299</b>	<b>189,353</b>	<b>573,872</b>	<b>166,002</b>	<b>69,124</b>	<b>1,820,721</b>	
	Taxation	10	-	-	-	-	-	-	-	-	-	
	<b>Net income for the period after taxation</b>	<b>108,413</b>	<b>97,683</b>	<b>36,131</b>	<b>323,844</b>	<b>256,299</b>	<b>189,353</b>	<b>573,872</b>	<b>166,002</b>	<b>69,124</b>	<b>1,820,721</b>	
	Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	
	<b>Total comprehensive income for the period</b>	<b>108,413</b>	<b>97,683</b>	<b>36,131</b>	<b>323,844</b>	<b>256,299</b>	<b>189,353</b>	<b>573,872</b>	<b>166,002</b>	<b>69,124</b>	<b>1,820,721</b>	

The annexed notes 1 to 15 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED OCTOBER 27, 2016 AND DECEMBER 31, 2016 (UNAUDITED)

Note	Six months period ended December 31, 2015					For the period from July 10, 2015 to December 31, 2015	For the period from November 27, 2015 to December 31, 2015	Total	
	Aggressive	Moderate	Conservative	MCPP-I	MCPP-II	MAAP-I	MAAP-II		
	(Rupees in '000)								
<b>Income</b>									
Net realised (loss) / gain on sale of investments	(896)	(3,331)	(7,899)	(22,828)	(47,894)	5,103	535	(77,210)	
Dividend income	15,455	18,791	20,421	61,405	86,359	-	-	202,431	
Profit on saving accounts with banks	76	81	158	94	129	618	77	1,233	
Other income	-	-	-	4,035	1,995	110	-	6,140	
	14,635	15,541	12,680	42,706	40,589	5,831	612	132,594	
Unrealised (diminution) / appreciation on re-measurement of investments at fair value through profit or loss' (net)	5.1	(7,033)	(6,427)	(4,284)	(6,604)	9,807	(8,653)	524	(22,670)
<b>Total income</b>		7,602	9,114	8,396	36,102	50,396	(2,822)	1,136	109,924
<b>Expenses</b>									
Remuneration to AI Meezan Investment Management Limited (AI Meezan) - Management Company		22	98	91	25	11	75	17	339
Sindh Sales Tax and Federal Excise Duty on Management Fee	7	7	31	30	8	4	24	6	110
Allocated Expenses	12	17	13	11	68	135	53	9	306
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee		146	124	97	633	1,231	310	11	2,552
Sindh Sales Tax on Trustee Fee	7	20	17	14	89	172	43	2	357
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		176	149	117	762	1,481	373	13	3,071
Auditors' remuneration		14	13	10	101	118	26	1	283
Fees and subscription		8	7	10	4	4	4	-	37
Amortisation of preliminary expenses and floatation costs		-	-	101	-	-	-	-	101
Legal and Professional charges		10	8	6	40	78	2	-	144
Bank and settlement charges		2	3	1	-	-	3	1	10
Printing charges		12	11	7	56	114	5	-	205
<b>Total expenses</b>		434	474	495	1,786	3,348	918	60	7,515
<b>Net income / (loss) from operating activities</b>		7,168	8,640	7,901	34,316	47,048	(3,740)	1,076	102,409
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed (net)		(116)	(26)	(143)	(1,331)	(460)	(7,795)	3,553	(6,318)
<b>Net income / (loss) for the period before taxation</b>		7,052	8,614	7,758	32,985	46,588	(11,535)	4,629	96,091
Taxation	10	-	-	-	-	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		7,052	8,614	7,758	32,985	46,588	(11,535)	4,629	96,091
Other comprehensive income for the period		-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		7,052	8,614	7,758	32,985	46,588	(11,535)	4,629	96,091

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

# CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED OCTOBER 27, 2016 AND DECEMBER 31, 2016 (UNAUDITED)

For the period from October 1, 2016 to October 27, 2016

		For the quarter ended December 31, 2016								Total		
		Aggressive	Moderate	Conservative	MCPP-I	MAAP-I	MAAP-II	MAAP-IV	MCPP-I	Total		
Note		(Rupees in '000)										
<b>Income</b>												
	Realised gain on sale of investments	29,160	10,887	16,326	128,749	11,276	6,090	12,167	2,742	75,790	293,187	
	Back end load income	-	-	-	932	5	99	1,625	91	-	2,752	
	Profit on saving accounts with banks	80	162	100	34	66	81	30	18	735	1,306	
	Other income	36	20	-	-	7	-	5	-	81	149	
		29,276	11,069	16,426	129,715	11,354	6,270	13,827	2,851	76,606	297,394	
	Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss' (net)	5.1	40,194	36,444	12,948	92,855	176,862	130,348	401,915	126,533	(56,167)	961,932
	<b>Total income</b>	<b>69,470</b>	<b>47,513</b>	<b>29,374</b>	<b>222,570</b>	<b>188,216</b>	<b>136,618</b>	<b>415,742</b>	<b>129,384</b>	<b>20,439</b>	<b>1,259,326</b>	
<b>Expenses</b>												
	Remuneration to Al Meezan - Management Company	47	75	45	20	21	30	17	7	52	314	
	Sindh Sales Tax on Management Fee	7	6	9	6	3	3	4	2	1	7	
	Allocated Expenses	12	136	135	132	800	345	258	782	242	123	
	Remuneration to CDC - Trustee		105	105	102	617	267	199	603	187	96	
	Sindh Sales Tax on Trustee Fee	7	13	14	13	80	34	26	78	24	13	
	Annual fee to SECP		129	129	125	760	328	245	743	230	117	
	Auditors' remuneration		11	12	8	79	31	20	56	22	11	
	Fees and subscription		5	4	2	19	8	10	18	7	3	
	Amortisation of preliminary expenses and floatation costs		-	-	52	-	-	-	-	-	52	
	Legal and Professional charges		1	1	1	9	4	3	8	2	5	
	Bank and settlement charges		1	1	-	-	3	-	-	-	5	
	Printing charges		16	12	11	104	44	30	99	18	390	
	<b>Total expenses</b>	<b>470</b>	<b>497</b>	<b>497</b>	<b>2,491</b>	<b>1,088</b>	<b>825</b>	<b>2,406</b>	<b>740</b>	<b>483</b>	<b>9,497</b>	
	<b>Net income from operating activities</b>	<b>69,000</b>	<b>47,016</b>	<b>28,877</b>	<b>220,079</b>	<b>187,128</b>	<b>135,793</b>	<b>413,336</b>	<b>128,644</b>	<b>19,956</b>	<b>1,249,829</b>	
	Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		15,806	33,534	(3,448)	(924)	(6,053)	(339)	(4,495)	(188)	(27,458)	6,435
	<b>Net income / (loss) for the quarter before taxation</b>	<b>84,806</b>	<b>80,550</b>	<b>25,429</b>	<b>219,155</b>	<b>181,075</b>	<b>135,454</b>	<b>408,841</b>	<b>128,456</b>	<b>(7,502)</b>	<b>1,256,264</b>	
	Taxation	10	-	-	-	-	-	-	-	-	-	
	<b>Net income / (loss) for the quarter after taxation</b>	<b>84,806</b>	<b>80,550</b>	<b>25,429</b>	<b>219,155</b>	<b>181,075</b>	<b>135,454</b>	<b>408,841</b>	<b>128,456</b>	<b>(7,502)</b>	<b>1,256,264</b>	
	Other comprehensive income for the quarter		-	-	-	-	-	-	-	-	-	
	<b>Total comprehensive income for the quarter</b>	<b>84,806</b>	<b>80,550</b>	<b>25,429</b>	<b>219,155</b>	<b>181,075</b>	<b>135,454</b>	<b>408,841</b>	<b>128,456</b>	<b>(7,502)</b>	<b>1,256,264</b>	

The annexed notes 1 to 15 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED OCTOBER 27, 2016 AND DECEMBER 31, 2016 (UNAUDITED)

Note	Quarter ended December 31, 2015						For the period from November 27, 2015 to December 31, 2015	Total	
	Aggressive	Moderate	Conservative	MCPPI	MCPPI-II	MAAP-I	MAAP-II		
<b>Income</b>									
	(297)	(1,146)	(947)	7,206	24,062	4,089	535	33,502	
Net realised (loss) / gain on sale of investments	21	24	17	43	9	234	77	425	
Profit on saving accounts with banks	-	-	-	2,560	1,070	110	-	3,740	
Other income	(276)	(1,122)	(930)	9,809	25,141	4,433	612	37,667	
Unrealised appreciation on re-measurement of investments at fair value through profit or loss' (net)	5.1	15,072	12,431	7,733	44,009	51,660	18,023	524	149,452
<b>Total income</b>	14,796	11,309	6,803	53,818	76,801	22,456	1,136	187,119	
<b>Expenses</b>									
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company	13	51	43	16	8	40	17	188	
Sindh Sales Tax and Federal Excise Duty on Management Fee	7	4	16	14	5	3	6	61	
Allocated Expenses	12	17	13	11	68	135	9	306	
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	71	64	51	314	619	171	11	1,301	
Sindh Sales Tax on Trustee Fee	7	10	9	7	44	87	24	2	183
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	88	75	59	381	741	207	13	1,564	
Auditors' remuneration	7	7	5	51	59	14	1	144	
Fees and subscription	4	4	5	2	2	2	-	19	
Amortisation of preliminary expenses and floatation costs	-	-	51	-	-	-	-	51	
Legal and Professional charges	5	4	3	20	39	1	-	72	
Bank and settlement charges	1	2	1	-	-	2	1	7	
Printing charges	6	6	4	28	57	3	-	104	
<b>Total expenses</b>	226	251	254	929	1,750	530	60	4,000	
<b>Net income from operating activities</b>	14,570	11,058	6,549	52,889	75,051	21,926	1,076	183,119	
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed (net)	(58)	(13)	(72)	(666)	(230)	(4,331)	3,553	(1,817)	
<b>Net income for the quarter before taxation</b>	14,512	11,045	6,477	52,223	74,821	17,595	4,629	181,302	
Taxation	10	-	-	-	-	-	-	-	
<b>Net income for the quarter after taxation</b>	14,512	11,045	6,477	52,223	74,821	17,595	4,629	181,302	
Other comprehensive income for the quarter	-	-	-	-	-	-	-	-	
<b>Total comprehensive income for the quarter</b>	14,512	11,045	6,477	52,223	74,821	17,595	4,629	181,302	

The annexed notes 1 to 15 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 ENDED OCTOBER 27, 2016 AND DECEMBER 31, 2016 (UNAUDITED)

From July  
1, 2016 to  
October  
27, 2016

### Six months period ended December 31, 2016

	Aggressive	Moderate	Conservative	MCPPI-I	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPPI-I	Total
	(Rupees in '000)									
Undistributed income / (accumulated loss) brought forward										
- Realised	107,345	66,828	56,767	24,832	20,488	16,973	41,877	(5,726)	120,478	449,862
- Unrealised	16,462	4,508	(4,108)	18,860	74,917	63,294	170,835	(11,597)	43,914	377,085
	123,807	71,336	52,659	43,692	95,405	80,267	212,712	(17,323)	164,392	826,947
Distribution on October 26, 2016 @ 18.12% (Rs. 9.06 per unit) in the form of bonus units	-	-	-	-	-	-	-	-	(256,088)	(256,088)
Net income for the period	108,413	97,683	36,131	323,844	256,299	189,353	573,872	166,002	69,124	1,820,721
Undistributed income / (accumulated loss) carried forward	232,220	169,019	88,790	367,536	351,704	269,620	786,584	148,679	(22,572)	2,391,580
Undistributed income / (accumulated loss) carried forward										
- Realised	169,103	117,665	66,542	215,845	108,875	91,826	239,453	(5,524)	(22,572)	981,213
- Unrealised	63,117	51,354	22,248	151,691	242,829	177,794	547,131	154,203	-	1,410,367
	232,220	169,019	88,790	367,536	351,704	269,620	786,584	148,679	(22,572)	2,391,580

The annexed notes 1 to 15 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 ENDED OCTOBER 27, 2016 AND DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31, 2015					For the period from July 10, 2015 to December 31, 2015	For the period from November 27, 2015 to December 31, 2015	Total
	Aggressive	Moderate	Conservative	M CPP-I	M CPP-II	MAAP-I	MAAP-II	
Undistributed income brought forward								
- Realised	61,683	35,241	29,192	14,093	2,929	-	-	143,138
- Unrealised	42,171	30,353	26,499	101,204	10,737	-	-	210,964
	103,854	65,594	55,691	115,297	13,666	-	-	354,102
Final distribution for the year ended June 30, 2015								
- cash dividend:								
M CPP-I @ 0.04% i.e. Rs. 0.02 per unit (June 30, 2014: nil)	-	-	-	(590)	-	-	-	(590)
M CPP-II @ 0.10% i.e. Rs. 0.05 per unit (June 30, 2014: nil)	-	-	-	-	(3,068)	-	-	(3,068)
Net income / (loss) for the period	7,052	8,614	7,758	32,985	46,588	(11,535)	4,629	96,091
Undistributed income / (accumulated loss) carried forward	110,906	74,208	63,449	147,692	57,186	(11,535)	4,629	446,535
Undistributed income / (accumulated loss) carried forward								
- Realised	117,939	80,635	67,733	154,296	47,379	(2,882)	4,105	469,205
- Unrealised	(7,033)	(6,427)	(4,284)	(6,604)	9,807	(8,653)	524	(22,670)
	110,906	74,208	63,449	147,692	57,186	(11,535)	4,629	446,535

The annexed notes 1 to 15 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 PERIOD ENDED OCTOBER 27, 2016 AND DECEMBER 31, 2016 (UNAUDITED)

From July  
1, 2016 to  
October  
27, 2016

Six months period ended December 31, 2016

	Aggressive	Moderate	Conservative	MCPP-I	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPP-II	Total
	(Rupees in '000)									
Net assets at beginning of the period	442,869	366,601	326,656	3,034,634	1,277,906	925,227	2,851,007	531,933	1,575,646	11,332,479
Issue of units: Aggressive: 7,808,958 units, Moderate: 10,986,766 units, Conservative: 9,831,098 units, MCPP I: nil, MAAP I: nil, MAAP II: nil, MAAP III: nil, MAAP IV: 7,901,651 units MCPP I: nil,	650,414	784,235	626,734	-	-	-	-	393,819	-	2,455,202
Issue of 4,868,448 bonus units for the period ended October 26, 2016 (note 8.2)	-	-	-	-	-	-	-	-	243,422	243,422
Redemption of units: Aggressive: 5,951,895 units, Moderate: 5,546,789 units, Conservative: 8,276,971 units, MCPP I: 1,226,153 units, MAAP I: 1,441,188 units, MAAP II: 72,293 units, MAAP III: 1,446,060 units, MAAP IV: 783,457 units MCPP I: 51,290 units,	(498,267)	(393,855)	(534,465)	(64,493)	(84,827)	(4,356)	(84,068)	(39,616)	(2,993)	(1,706,940)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	152,147	390,380	92,269	(64,493)	(84,827)	(4,356)	(84,068)	354,203	240,429	991,684
	(15,895)	(35,041)	2,082	2,291	6,959	398	5,938	(9,540)	27,599	(15,209)
Realised gain on sale of investments	30,067	11,822	16,645	175,875	21,840	13,206	34,665	3,338	97,601	405,059
Realised loss on sale of investments	-	-	-	-	-	-	-	(21)	(184)	(205)
Unrealised appreciation on re-measurement of investments at fair value through profit or loss (net)	63,117	51,354	22,248	151,691	242,829	177,794	547,131	154,203	-	1,410,367
Net other income / (loss) for the period	15,229	34,507	(2,762)	(3,722)	(8,370)	(1,647)	(7,924)	8,482	(28,293)	5,500
Total comprehensive income for the period	108,413	97,683	36,131	323,844	256,299	189,353	573,872	166,002	69,124	1,820,721
Distribution on October 26, 2016 @ 18.12% (Rs. 9.06 per unit)	-	-	-	-	-	-	-	-	(256,088)	(256,088)
Net income for the period less distribution	108,413	97,683	36,131	323,844	256,299	189,353	573,872	166,002	(186,964)	1,564,633
Net assets at end of the period	687,534	819,623	457,138	3,296,276	1,456,337	1,110,622	3,346,749	1,042,598	1,656,710	13,873,587
	(Rupees)									
Net assets value per unit at beginning of the period	73.37	65.32	60.71	50.73	54.03	54.75	54.03	48.42	55.64	
Net assets value per unit at end of the period	87.10	74.16	65.92	56.25	65.57	66.00	65.21	57.59	50.00	

The annexed notes 1 to 15 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 PERIOD ENDED OCTOBER 27, 2016 AND DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31, 2015					For the period from July 10, 2015 to December 31, 2015	For the period from November 27, 2015 to December 31, 2015	Total
	Aggressive	Moderate	Conservative	MCPPI-I	MCPPI-II	MAAP-I	MAAP-II	
	(Rupees in '000)							
Net assets at beginning of the period	356,415	320,046	237,421	1,590,238	3,081,799	-	-	5,585,919
Issue of units: Aggressive: 938,273 units, Moderate: 922,745 units, Conservative: 1,280,897 units, MCPPI-I: Nil, MCPPI-II: Nil, MAAP-I: 26,579,804 units, MAAP-II: 13,632,957 units	66,582	60,928	80,215	-	-	1,332,984	685,201	2,225,910
Issue of units for re-investment of cash dividend: Aggressive: Nil, Conservative: Nil, Moderate: Nil, MCPPI-I: 9,364 units, MCPPI-II: 48,728 units, MAAP-I: Nil, MAAP-II: Nil	-	-	-	581	2,737	-	-	3,318
Redemption of units: Aggressive: 530,158 units, Moderate: 1,213,942 units, Conservative: 1,408,580 units, MCPPI-I: 1,384,063 units, MCPPI-II: 821,552 units, MAAP-I: 2,339,961 units, MAAP-II: Nil	(38,106)	(79,677)	(88,182)	(75,994)	(41,969)	(128,735)	-	(452,663)
	28,476	(18,749)	(7,967)	(75,413)	(39,232)	1,204,249	685,201	1,776,565
Element of loss / (income) and capital / losses (gains) included in prices of units issued less those in units redeemed (net)	116	26	143	1,331	460	7,795	(3,553)	6,318
Net realised (loss) / gain on sale of investments	(896)	(3,331)	(7,899)	(22,828)	(47,894)	5,103	535	(77,210)
Unrealised (diminution) / appreciation on re-measurement of investments' at fair value through profit or loss' (net)	(7,033)	(6,427)	(4,284)	(6,604)	9,807	(8,653)	524	(22,670)
Net other income for the period	14,981	18,372	19,941	62,417	84,675	(7,985)	3,570	195,971
Total comprehensive income / (loss) for the period	7,052	8,614	7,758	32,985	46,588	(11,535)	4,629	96,091
Final distribution for the year ended June 30, 2015 - cash dividend: MCPPI-I at the rate of 0.04% i.e. Rs. 0.02 per unit (June 30, 2014: nil)	-	-	-	(590)	-	-	-	(590)
MCPPI-II at the rate of 0.10% i.e. Rs. 0.05 per unit (June 30, 2014: nil)	-	-	-	-	(3,068)	-	-	(3,068)
Net income for the period less distribution	7,052	8,614	7,758	33,575	49,656	(11,535)	4,629	99,749
Net assets at end of the period	392,059	309,937	237,355	1,548,551	3,086,547	1,200,509	686,277	7,461,235
	(Rupees)							
Net assets value per unit at beginning of the period	70.06	64.29	61.27	53.91	50.22	-	-	
Net assets value per unit at end of the period	71.34	66.13	63.35	55.06	50.94	49.53	50.34	

The annexed notes 1 to 15 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 ENDED OCTOBER 27, 2016 AND DECEMBER 31, 2016 (UNAUDITED)

From July  
1, 2016 to  
October  
27, 2016

	Six months period ended December 31, 2016									
	Aggressive	Moderate	Conservative	MCPPI-I	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPPI-I	Total
	(Rupees in '000)									
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Net income for the period before taxation	108,413	97,683	36,131	323,844	256,299	189,353	573,872	166,002	69,124	1,820,721
<b>Adjustments for</b>										
Unrealised appreciation re-measurement of investments at fair value through profit or loss (net)	(63,117)	(51,354)	(22,248)	(151,691)	(242,829)	(177,794)	(547,131)	(154,203)	-	(1,410,367)
Amortisation of preliminary expenses and floatation costs	-	-	102	-	-	-	-	-	-	102
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(15,895)	(35,041)	2,082	2,291	6,959	398	5,938	(9,540)	27,599	(15,209)
	29,401	11,288	16,067	174,444	20,429	11,957	32,679	2,259	96,723	395,247
<b>Decrease / (Increase) in assets</b>										
Investments (net)	1,834	(341,023)	(134,745)	(87,195)	63,980	(11,736)	57,535	(445,597)	1,591,746	694,799
Receivable against sale of investments (net)	-	-	(8,200)	-	-	-	(7,010)	-	-	(15,210)
Profit receivable on saving accounts with banks	(7)	(105)	(31)	2	(2)	15	8	128	(713)	(705)
	1,827	(341,128)	(142,976)	(87,193)	63,978	(11,721)	50,533	(445,469)	1,591,033	678,884
<b>Increase / (Decrease) in liabilities</b>										
Remuneration to Al Meezan - Management	(3)	183	30	28	5	8	32	(1,132)	42	(807)
Remuneration to CDC - Trustee	10	25	24	22	11	13	36	54	(5)	190
Payable to MBL	21	-	19	-	-	-	-	(1,035)	-	(995)
Annual fee to SECP	(126)	(82)	(21)	(1,413)	(304)	58	551	413	(979)	(1,903)
Payable against purchase of investments (net)	5,800	-	-	-	-	-	-	-	-	5,800
Accrued expenses and other liabilities	(3,453)	(4,481)	(850)	(18,532)	(3,510)	(4,829)	(13,989)	(14,689)	(5,920)	(70,253)
	2,249	(4,355)	(798)	(19,895)	(3,798)	(4,750)	(13,370)	(16,389)	(6,862)	(67,968)
<b>Net cash generated from / (used in) operating activities</b>	<b>33,477</b>	<b>(334,195)</b>	<b>(127,707)</b>	<b>67,356</b>	<b>80,609</b>	<b>(4,514)</b>	<b>69,842</b>	<b>(459,599)</b>	<b>1,680,894</b>	<b>1,006,163</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts against issuance and conversion of units	543,755	784,536	656,425	-	-	-	-	453,034	-	2,437,750
Payments against redemption and conversion of units	(496,723)	(392,376)	(525,535)	(64,368)	(84,825)	(4,351)	(77,416)	(39,616)	(15,659)	(1,700,869)
Dividend paid	(25)	(165)	(53)	(802)	(3,788)	(2,629)	(356)	(269)	(142)	(8,229)
<b>Net cash generated from / (used in) financing activities</b>	<b>47,007</b>	<b>391,995</b>	<b>130,837</b>	<b>(65,170)</b>	<b>(88,613)</b>	<b>(6,980)</b>	<b>(77,772)</b>	<b>413,149</b>	<b>(15,801)</b>	<b>728,652</b>
Net increase / (decrease) in cash and cash equivalents during the period	80,484	57,800	3,130	2,186	(8,004)	(11,494)	(7,930)	(46,450)	1,665,093	1,734,815
Cash and cash equivalents at beginning of the period	1,250	8,622	2,701	5,398	8,009	21,477	11,225	48,753	11,454	118,889
Cash and cash equivalents at end of the period	81,734	66,422	5,831	7,584	5	9,983	3,295	2,303	1,676,547	1,853,704

The annexed notes 1 to 15 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 ENDED OCTOBER 27, 2016 AND DECEMBER 31, 2016 (UNAUDITED)

	Six months period ended December 31, 2015					For the period from July 10, 2015 to December 31, 2015	For the period from November 27, 2015 to December 31, 2015	Total
	Aggressive	Moderate	Conservative	MCPP-I	MCPP-II	MAAP-I	MAAP-II	
(Rupees in '000)								
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net income / (loss) for the period	7,052	8,614	7,758	32,985	46,588	(11,535)	4,629	96,091
<b>Adjustments for</b>								
Unrealised diminution / (appreciation) on re-measurement of investments at fair value through profit or loss' (net)	7,033	6,427	4,284	6,604	(9,807)	8,653	(524)	22,670
Amortisation of preliminary expenses and floatation costs	-	-	101	-	-	-	-	101
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	116	26	143	1,331	460	7,795	(3,553)	6,318
	14,201	15,067	12,286	40,920	37,241	4,913	552	125,180
<b>(Increase) / decrease in assets</b>								
Investments (net)	(53,359)	68,390	116,778	41,643	2,995	(1,208,952)	(404,535)	(1,437,040)
Profit receivable on saving accounts with banks	8	57	34	16	7	(16)	(71)	35
	(53,351)	68,447	116,812	41,659	3,002	(1,208,968)	(404,606)	(1,437,005)
<b>Increase / (decrease) in liabilities</b>								
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	27	3	50	(32)	(8)	3,340	11,168	14,548
Payable to the Central Depository Company of Pakistan Limited (CDC) - Trustee	30	20	11	131	267	180	11	650
Payable to Meezan Bank Limited (MBL)	-	(2)	-	2	5	2	-	7
Payable to Securities and Exchange Commission of Pakistan (SECP)	(151)	(158)	(269)	(352)	357	373	13	(187)
Accrued expenses and other liabilities	(10)	(399)	(115)	(73)	66	35	10	(486)
	(104)	(536)	(323)	(324)	687	3,930	11,202	14,532
<b>Net cash (used in) / generated from operating activities</b>	(39,254)	82,978	128,775	82,255	40,930	(1,200,125)	(392,852)	(1,297,293)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Receipts against issuance and conversion of units	78,936	84,512	80,236	-	-	1,332,984	685,201	2,261,870
Payments against redemption and conversion of units	(42,723)	(199,127)	(244,476)	(75,994)	(41,784)	(128,735)	-	(732,839)
Receipt against Re-investment	-	-	-	581	2,737	-	-	3,317
Dividend payable	-	-	-	(590)	(3,068)	-	-	(3,658)
<b>Net cash generated from / (used in) financing activities</b>	36,213	(114,615)	(164,240)	(76,003)	(42,115)	1,204,249	685,201	1,528,690
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>								
	(3,041)	(31,637)	(35,465)	6,252	(1,185)	4,124	292,349	231,397
Cash and cash equivalents at beginning of the period	4,513	44,016	37,237	2,827	2,605	-	-	91,198
Cash and cash equivalents at end of the period	1,472	12,379	1,772	9,079	1,420	4,124	292,349	322,595

The annexed notes 1 to 15 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 ENDED OCTOBER 27, 2016 AND DECEMBER 31, 2016 (UNAUDITED)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Financial Planning Fund of Funds (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on July 27, 2012 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund is registered as a Notified entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) issued through S.R.O.1203(I)/2008 on November 21, 2008. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.
- 1.2** The Fund has been formed to enable the unitholders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah compliant Fund of Funds Scheme listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). Units are offered for public subscription on a continuous basis except for six plans Meezan Capital Preservation Plan-I (MCPPI) Meezan Capital Preservation Plan-II (MCPPII), Meezan Asset Allocation Plan-I (MAAP-I), Meezan Asset Allocation Plan-II (MAAP-II), Meezan Asset Allocation Plan-III (MAAP-III) and Meezan Asset Allocation Plan-IV (MAAP-IV) in which the offer of units is discontinued after the end of the subscription period, however the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund. The fund property of different types of allocation plans shall be accounted for and maintained separately in books of accounts, which shall collectively constitute the Fund property of the Scheme.
- 1.5** The Management Company of the Fund has been given quality rating of AM2++ by JCR-VIS Credit Rating Company Limited.
- 1.6** 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, MCPPI, MCPPII, MAAP-I, MAAP-II, MAAP-III and MAAP-IV 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. The brief description of the plans is as follows:

Aggressive Allocation Plan (Aggressive)	<i>High risk - Long term investor</i> This plan invests at least 65 percent of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.
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Moderate Allocation Plan (Moderate)	<i>Moderate risk - Medium and long term investor</i> This plan invests at least 45 percent of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.
Conservative Allocation Plan (Conservative)	<i>Low risk - Medium and short term investor</i> This plan invests at least 20 percent of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.
Meezan Capital Preservation Plan I (MCPP-I)	<i>Low risk - High return along with capital preservation upon maturity</i> This plan was based on the Constant Proportion Portfolio Insurance (CPPI) methodology and might invest up to 100 percent in equity or fixed income, depending on the market conditions. This plan was matured on October 27, 2016.
Meezan Capital Preservation Plan II (MCPP-II)	<i>Low risk - High return along with capital preservation upon maturity</i> This plan is based on the Constant Proportion Portfolio Insurance (CPPI) methodology and may invest up to 100 percent in equity or fixed income, depending on the market conditions. The initial maturity of this plan is two years after the close of the subscription period (i.e. March 26, 2015) . Units shall be subject to front end load and back end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.
Meezan Asset Allocation Plan I (MAAP-I)	<i>Low risk - High return through asset allocation</i> The allocation plan can invest its portfolio between the Equity asset classes/ Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. October 20, 2015). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.
Meezan Asset Allocation Plan II (MAAP-II)	<i>Low risk - High return along through asset allocation</i> The allocation plan can invest its portfolio between the Equity asset classes/ Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. January 11, 2016). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.
Meezan Asset Allocation Plan III (MAAP-III)	<i>Low risk - High return along through asset allocation</i> The allocation plan can invest its portfolio between the Equity asset classes/ Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. March 30, 2016). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.
Meezan Asset Allocation Plan IV (MAAP-IV)	<i>Low risk - High return along through asset allocation</i> The allocation plan can invest its portfolio between the Equity asset classes/ Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. July 22, 2016). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.



Each allocation plan announces separate Net Asset Value which ranks Pari Passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

- 1.7** During the period, Meezan Capital Preservation Plan I (MCPPI) has been matured on dated October 27, 2016. Resultantly, the financial information has not been prepared on a going concern basis. Therefore, the assets and liabilities are measured at lower of their carrying amount and fair value less cost to sell.

According to the offering document of Meezan Capital Preservation Plan II (MCPPII), the initial maturity of the plan is March 25, 2017. Resultantly, the financial information has not been prepared on a going concern basis. Therefore, the assets and liabilities are measured at lower of their carrying amount and fair value less cost to sell.

After the initial maturity on March 25, 2017, the Management Company may announce a subsequent maturity, to commence from the day following the close of a subsequent initial period. As discussed in detail in note 1.3 to the financial information, the new subscription may be opened in MCPPII by the Management Company. During the new subscription period, the existing unitholders shall have an option to either remain invested in the allocation plan or exit the allocation plan through redemption of units, without any applicable back end load / contingent load.

## **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.

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, 2016.

## **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 Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever, the requirement of the NBFC Rules, the NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules, the NBFC Regulations and the said directives shall prevail.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2016

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

**As at December 31, 2016 (Unaudited)**

	Aggressive	Moderate	Conservative	MCPPI-I	MCPPI-II	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	Total	
<b>Note</b>	(Rupees in '000)										
<b>5. INVESTMENTS</b>											
Investments - "at fair value through profit or loss" - held for trading	5.1	509,851	759,147	451,920	-	3,300,643	1,461,690	1,103,178	3,352,319	1,043,713	11,982,461

**5.1 At fair value through profit or loss - held for trading - units of mutual funds**

Name of Investee Funds	As at July 01, 2016	Purchases during the period	Sale during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain	Percentage of Market value to total investments
	(Number of units)				(Rupees in '000)			(Percentage)
<b>Aggressive Allocation Plan</b>								
Meezan Islamic Fund	4,742,448	2,533,438	2,990,393	4,285,493	296,991	356,896	59,905	70.00
Meezan Sovereign Fund	2,649,023	1,974,344	1,716,576	2,906,791	149,743	152,955	3,212	30.00
					<b>446,734</b>	<b>509,851</b>	<b>63,117</b>	<b>100</b>
<b>Moderate Allocation Plan</b>								
Meezan Islamic Fund	2,769,750	3,272,822	1,484,773	4,557,799	333,634	379,574	45,940	50.00
Meezan Sovereign Fund	3,609,945	5,300,653	1,697,115	7,213,483	374,159	379,573	5,414	50.00
					<b>707,793</b>	<b>759,147</b>	<b>51,354</b>	<b>100</b>
<b>Conservative Allocation Plan</b>								
Meezan Islamic Fund	1,113,606	1,553,589	1,310,568	1,356,627	97,011	112,980	15,969	25.00
Meezan Sovereign Fund	4,354,238	7,019,241	4,932,207	6,441,272	332,661	338,940	6,279	75.00
					<b>429,672</b>	<b>451,920</b>	<b>22,248</b>	<b>100</b>
<b>Meezan Capital Preservation Plan I</b>								
Al Meezan Mutual Fund	-	3,499,470	3,499,470	-	-	-	-	-
Meezan Islamic Fund	14,680,450	1,605,687	16,286,137	-	-	-	-	-
Meezan Cash Fund	46,815	32,708,833	32,755,648	-	-	-	-	-
Meezan Sovereign Fund	12,153,662	6,310,639	18,464,301	-	-	-	-	-
					-	-	-	-
<b>Meezan Capital Preservation Plan II</b>								
Al Meezan Mutual Fund	4,912,176	2,991,027	-	7,903,203	148,370	178,217	29,847	5.40
Meezan Islamic Fund	15,391,100	7,515,588	17,004,362	5,902,326	400,821	491,546	90,725	14.89
Meezan Cash Fund	-	55,029,854	38,464,575	16,565,279	849,000	849,964	964	25.75
Meezan Sovereign Fund	38,471,290	55,963,748	60,590,213	33,844,825	1,750,761	1,780,916	30,155	53.96
					<b>3,148,952</b>	<b>3,300,643</b>	<b>151,691</b>	<b>100</b>
<b>Meezan Asset Allocation Plan I</b>								
Al Meezan Mutual Fund	3,263,441	-	-	3,263,441	58,710	73,591	14,881	5.05
Meezan Islamic Fund	16,178,167	1,596,790	4,520,692	13,254,265	883,461	1,103,815	220,354	75.51
Meezan Sovereign Fund	3,011,305	5,767,039	3,813,124	4,965,220	253,677	261,271	7,594	17.87
Meezan Islamic Income Fund	-	437,512	437,512	-	-	-	-	-
Meezan Cash Fund	-	448,512	-	448,512	23,013	23,013	-	1.57
					<b>1,218,861</b>	<b>1,461,690</b>	<b>242,829</b>	<b>100</b>

## 5.1 At fair value through profit or loss - held for trading - units of mutual funds

Name of Investee Funds	As at July 01, 2016	Purchases during the period	Sale during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain	Percentage of Market value to total investments
	----- (Number of units) -----				----- (Rupees in '000) -----			(Percentage)
<b>Meezan Asset Allocation Plan II</b>								
Meezan Islamic Fund	11,833,268	1,419,440	2,648,507	10,604,201	708,887	883,118	174,231	80.05
Meezan Sovereign Fund	876,557	3,614,960	1,978,827	2,512,690	128,655	132,218	3,563	11.99
Meezan Islamic Income Fund	1,670,003	-	1,670,003	-	-	-	-	-
Meezan Cash Fund	-	1,711,988	-	1,711,988	87,842	87,842	-	7.96
					<b>925,384</b>	<b>1,103,178</b>	<b>177,794</b>	<b>100</b>
<b>Meezan Asset Allocation Plan III</b>								
Al Meezan Mutual Fund	17,952,133	-	-	17,952,133	322,959	404,821	81,862	12.08
Meezan Islamic Fund	32,276,978	3,828,389	8,494,759	27,610,608	1,847,707	2,299,411	451,704	68.59
Meezan Islamic Income Fund	7,853,062	11,505,524	7,037,553	12,321,033	634,522	648,087	13,565	19.33
					<b>2,805,188</b>	<b>3,352,319</b>	<b>547,131</b>	<b>100</b>
<b>Meezan Asset Allocation Plan IV</b>								
Al Meezan Mutual Fund	-	3,764,581	-	3,764,581	71,000	84,891	13,891	8.13
Meezan Islamic Fund	5,047,854	4,348,446	369,559	9,026,741	615,997	751,747	135,750	72.03
Meezan Islamic Income Fund	2,139,131	9,248,843	7,451,184	3,936,790	202,513	207,075	4,562	19.84
					<b>889,510</b>	<b>1,043,713</b>	<b>154,203</b>	<b>100</b>
<b>Total investments in units of mutual funds</b>								
Al Meezan Mutual Fund	26,127,750	10,255,078	3,499,470	32,883,358	601,039	741,520	140,481	6.19
Meezan Islamic Fund	104,033,621	27,674,189	55,109,750	76,598,060	5,184,509	6,379,087	1,194,578	53.24
Meezan Cash Fund	46,815	89,899,187	71,220,223	18,725,779	959,855	960,819	964	8.01
Meezan Sovereign Fund	65,126,020	85,950,624	93,192,363	57,884,281	2,989,656	3,045,873	56,217	25.42
Meezan Islamic Income Fund	11,662,196	21,191,879	16,596,252	16,257,823	837,035	855,162	18,127	7.14
					<b>10,572,094</b>	<b>11,982,461</b>	<b>1,410,367</b>	<b>100</b>

## 6. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at October 27, 2016 and December 31, 2016 except for the matter referred in note 8.1 to this condensed interim financial information.

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

**7.1** The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company, sales load and trustee fee through Sindh Sales Tax on Services Act 2011. In the current period, Sindh Sales Tax at the rate of 13 percent (June 30, 2016: 14 percent) was charged on the remuneration of Management Company, sales load and trustee fee.

**7.2** The status of Federal Excise Duty (FED) is the same as disclosed in the annual financial statements for the year ended June 30, 2016, except for the fact that while disposing the petition filed by MUFAP on September 04, 2013, the Sindh High Court (SHC), through order dated July 16, 2016, declared the said provision to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision. The mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED has been recognised in this condensed interim financial information.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision on FED on management fee with effect from June 13, 2013, till June 30, 2016, aggregating Rs. 0.036 million, Rs. 0.031 million, Rs. 0.033 million and Rs. 0.049 million, Rs. 0.016 million, Rs. 0.026 million, 0.028 million and 0.004 million in Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan, MCPP-I, MCPP-II, MAAP- I, MAAP-II and MAAP-III, respectively. Had the provision not being made, the impact on Net Assets Value per unit as at October 27, 2016 in MCPP-I and December 31, 2016 in Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan, MCPP-II, MAAP- I, MAAP-II, MAAP-III would not have been significant.

## 8. ACCRUED EXPENSES AND OTHER LIABILITIES

This includes provision for Workers' Welfare Fund (WWF) amounting to Rs. 2.69 million, Rs. 1.45 million, Rs. 1.74 million, Rs. 2.35 million and Rs. 0.28 million (June 30, 2016: 2.69 million, Rs. 1.45 million, Rs. 1.74 million, Rs. 2.35 million and Rs. 0.28 million) for Aggressive Allocation Plan, Conservative Allocation Plan, Moderate Allocation Plan, MCPP - I and MCPP - II respectively and withholding tax on bonus shares amounting to Rs. 12.67 million on MCPP-I. The details are as follows:

- 8.1** The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honorable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective from January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs. 2.69 million, Rs. 1.45 million, Rs. 1.74 million, Rs. 2.35 million and Rs. 0.28 million for Aggressive Allocation Plan, Conservative Allocation Plan, Moderate Allocation Plan, MCPP-I, MCPP-II, respectively. This has resulted in an increase in NAV per unit of Re. 0.34, Re. 0.21, Re. 0.15 and Re. 0.01 on January 12, 2017 for Aggressive Allocation Plan, Conservative Allocation Plan, Moderate Allocation Plan and MCPP-II respectively. Had this reversal been recognized on December 31, 2016 for Aggressive Allocation Plan, Conservative Allocation Plan, Moderate Allocation Plan and MCPP-II and on October 27, 2016 for MCPP-I, the NAV per unit of the Fund would have been higher by Re. 0.34, Re. 0.21, Re. 0.16, Re. 0.01 and Re. 0.07 per unit respectively.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 3.97 million, Rs. 1.36 million, Rs. 3.31 million, Rs. 13.64 million, Rs. 8.56 million, Rs. 6.77 million, Rs. 19.89 million and Rs. 3.81 million for Aggressive Allocation Plan, Conservative Allocation Plan, Moderate Allocation Plan, MCPP-II, MAAP-I, MAAP-II, MAAP-III and MAAP-IV respectively. This has resulted in a decrease in NAV per unit of Re. 0.50, Re. 0.20, Re. 0.30, Re. 0.23, Re. 0.39, Re. 0.40, Re. 0.39, and Re. 0.21 on January 12, 2017 for Aggressive Allocation Plan, Conservative Allocation Plan, Moderate Allocation Plan, MCPP-II, MAAP-I, MAAP-II, MAAP-III and MAAP-IV respectively. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Re. 0.46, Re. 0.17, Re. 0.26, Re. 0.22, Re. 0.35, Re. 0.37, Re. 0.36 and Re. 0.18 per unit for Aggressive Allocation Plan, Conservative Allocation Plan, Moderate Allocation Plan, MCPP-II, MAAP-I, MAAP-II, MAAP-III and MAAP-IV, respectively.

The provision that should have been made for SWWF in MCPP-I would have amounted to Rs. 4.04 million. Had this provision been recognized on October 27, 2016, the NAV per unit of the Fund would have been lower by Re. 0.12. The net amount, if required to be paid, will be borne by the Management Company.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 - 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

- 8.2** This represents bonus shares net of withholding tax. The Fund announced distribution on October 26, 2016 for Rs. 9.06 per unit in the form of bonus units. The units were issued after deduction of withholding tax amounting to Rs. 12.67 million, which is outstanding as at October 26, 2016.

## 9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, Directors and Executives of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Asset Allocation Fund, Meezan Energy Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Islamic Income Fund, Meezan Capital Preservation Fund – II, Meezan Strategic Allocation Fund, Meezan Gold Fund, Meezan Tahaffuz Pension Fund, Meezan Strategic Allocation Fund, and Meezan Energy 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 - Employees Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, 2003, NBFC Regulations, 2008, and the Trust Deed respectively.

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

	December 31, 2016 (Unaudited)									October 27, 2016 (Unaudited)
	Aggressive	Moderate	Conservative	MCPP-II	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPP-I	Total
(Rupees in '000)										
<b>Al Meezan Investment Management Limited</b>										
<b>- Management Company</b>										
Remuneration Payable	21	44	24	8	2	9	3	2	53	166
Sindh Sales Tax and Federal Excise Duty on Management fee Payable	21	45	34	50	18	31	32	5	41	277
Sales load payable	31	149	28	-	-	-	1	-	-	209
Sindh Sales Tax and Federal Excise Duty on Sales load payable	368	425	458	9,341	3,250	1,788	6,735	2,663	4,406	29,434
Allocated Expenses payable	48	59	52	276	121	92	276	86	123	1,133
Investment of 105,614 units - Conservative Allocation Plan	-	-	6,962	-	-	-	-	-	-	6,962
Investment of 494,071 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	32,609	-	-	-	32,609
Investment of 2,568,004 units - Meezan Asset Allocation Plan-III	-	-	-	-	-	-	167,460	-	-	167,460
<b>Meezan Bank Limited</b>										
Bank balance	36,192	64,512	5,073	7,584	5	9,983	3,295	2,303	1,676,547	1,805,494
Profit receivable	26	99	40	14	16	18	72	48	742	1,075
Sales load payable	21	-	17	-	-	-	-	-	-	38
Sindh sales tax on sales load payable	3	-	2	-	-	-	-	-	-	5
Investment of 3,964,321 units - Meezan Capital Preservation Plan-I	-	-	-	222,993	-	-	-	-	-	222,993

	December 31, 2016 (Unaudited)									October 27, 2016 (Unaudited)
	Aggressive	Moderate	Conservative	MCPP-I	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPP-I	Total
	(Rupees in '000)									
<b>Central Depository Company of Pakistan Limited- Trustee</b>										
Trustee fee payable	40	45	49	200	91	71	213	66	95	870
Sindh Sales Tax on trustee fee payable	5	6	5	27	12	9	28	9	12	113
<b>Directors and Executives of the Management Company</b>										
Investment of 27,828 units - Aggressive Allocation Plan	2,424	-	-	-	-	-	-	-	-	2,424
Investment of 11,998 units - Moderate Allocation Plan	-	890	-	-	-	-	-	-	-	890
Investment of 11,410 units - Conservative Allocation Plan	-	-	752	-	-	-	-	-	-	752
Investment of 311,840 units - Meezan Capital Preservation Plan-II	-	-	-	17,541	-	-	-	-	-	17,541
Investment of 4,011 units - Meezan Asset Allocation Plan-I	-	-	-	-	263	-	-	-	-	263
<b>Meezan Islamic Fund</b>										
Investment of 4,285,493 units - Aggressive Allocation Plan	356,896	-	-	-	-	-	-	-	-	356,896
Investment of 4,557,799 units - Moderate Allocation Plan	-	379,574	-	-	-	-	-	-	-	379,574
Investment of 1,356,627 units - Conservative Allocation Plan	-	-	112,980	-	-	-	-	-	-	112,980
Investment of 5,902,326 units - Meezan Capital Preservation Plan-II	-	-	-	491,546	-	-	-	-	-	491,546
Investment of 13,254,264 units - Meezan Asset Allocation Plan-I	-	-	-	-	1,103,815	-	-	-	-	1,103,815
Investment of 10,604,201 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	883,118	-	-	-	883,118
Investment of 27,610,608 units - Meezan Asset Allocation Plan-III	-	-	-	-	-	-	2,299,411	-	-	2,299,411
Investment of 9,026,741 units - Meezan Asset Allocation Plan-IV	-	-	-	-	-	-	-	751,747	-	751,747
<b>Meezan Sovereign Fund</b>										
Investment of 2,906,791 units - Aggressive Allocation Plan	152,955	-	-	-	-	-	-	-	-	152,955
Investment of 7,213,483 units - Moderate Allocation Plan	-	379,573	-	-	-	-	-	-	-	379,573
Investment of 6,441,272 units - Conservative Allocation Plan	-	-	338,940	-	-	-	-	-	-	338,940
Investment of 33,844,825 units - Meezan Capital Preservation Plan-II	-	-	-	1,780,916	-	-	-	-	-	1,780,916
Investment of 4,965,220 units - Meezan Asset Allocation Plan-I	-	-	-	-	261,271	-	-	-	-	261,271
Investment of 2,512,690 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	132,218	-	-	-	132,218
<b>All Meezan Mutual fund</b>										
Investment of 7,903,203 units - Meezan Capital Preservation Plan-II	-	-	-	178,217	-	-	-	-	-	178,217
Investment of 3,263,441 units - Meezan Asset Allocation Plan-I	-	-	-	-	73,591	-	-	-	-	73,591
Investment of 17,952,133 units - Meezan Asset Allocation Plan-III	-	-	-	-	-	-	404,821	-	-	404,821
Investment of 3,764,581 units - Meezan Asset Allocation Plan-IV	-	-	-	-	-	-	-	84,891	-	84,891
<b>Meezan Cash Fund</b>										
Investment of 16,565,279 units - Meezan Capital Preservation Plan-II	-	-	-	849,964	-	-	-	-	-	849,964
Investment of 448,512 units - Meezan Asset Allocation Plan I	-	-	-	-	23,013	-	-	-	-	23,013
Investment of 1,711,988 units - Meezan Asset Allocation Plan II	-	-	-	-	-	87,842	-	-	-	87,842
<b>Meezan Islamic Income Fund</b>										
Investment of 12,321,033 units - Meezan Asset Allocation Plan-III	-	-	-	-	-	-	648,087	-	-	648,087
Investment of 3,936,790 units - Meezan Asset Allocation Plan-IV	-	-	-	-	-	-	-	207,075	-	207,075
<b>Unit Holders holding 10% or more units of the Fund</b>	159,016	203,516	48,448	-	261,011	199,924	-	230,689	155,788	1,258,393
	June 30, 2016 (Audited)									
	Aggressive	Moderate	Conservative	MCPP-II	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPP-I	Total
	(Rupees in '000)									
<b>All Meezan Investment Management Limited - Management Company</b>										
Management fee payable	7	8	3	5	6	16	8	24	9	86
Sindh Sales Tax and Federal Excise Duty on Management fee	19	41	32	50	17	32	33	8	36	268
Sales load payable	42	49	30	-	7	-	6	1,137	-	1,271
Sindh Sales Tax and Federal Excise Duty on Sales load payable	364	410	458	9,341	3,250	1,788	6,735	2,697	4,406	29,449
Allocated expenses	36	31	24	251	106	76	233	22	130	909
Investment of 105,614 units - Conservative Allocation Plan	-	-	6,412	-	-	-	-	-	-	6,412
Investment of 2,791,385 units - MCPP I	-	-	-	-	-	-	-	-	155,313	155,313
Investment of 494,071 units - MAAP II	-	-	-	-	-	27,050	-	-	-	27,050
Investment of 2,568,004 units - MAAP I	-	-	-	-	-	-	138,749	-	-	138,749

June 30, 2016 (Audited)

	Aggressive	Moderate	Conservative	MCPP-II	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPP-I	Total
(Rupees in '000)										
<b>Meezan Bank Limited</b>										
Bank balance	185	8,157	2,584	5,398	7,999	21,477	11,225	48,753	11,454	117,232
Sales load payable	3	-	-	-	-	-	-	1,035	-	1,038
Profit receivable	20	17	11	16	14	34	80	176	29	397
Investment of 3,964,321 units - MCPP I	-	-	-	201,110	-	-	-	-	-	201,110
<b>Central Depository Company of Pakistan Limited - Trustee</b>										
Trustee fee payable	35	26	29	205	92	67	205	21	112	792
<b>Directors and Executives of the Management Company</b>										
Investment of 46,045 units - Aggressive Allocation Plan	3,378	-	-	-	-	-	-	-	-	3,378
Investment of 11,986 units - Moderate Allocation Plan	-	783	-	-	-	-	-	-	-	783
Investment of 11,410 units - Conservative Allocation Plan	-	-	693	-	-	-	-	-	-	693
Investment of 22,667 units - MCPP I	-	-	-	-	-	-	-	-	1,261	1,261
Investment of 311,840 units - MCPP II	-	-	-	15,820	-	-	-	-	-	15,820
Investment of 4,011 units - MAAP I	-	-	-	-	217	-	-	-	-	217
<b>Meezan Islamic Fund</b>										
Investment of 4,742,448 units - Aggressive Allocation Plan	313,997	-	-	-	-	-	-	-	-	313,997
Investment of 2,769,750 units - Moderate Allocation Plan	-	183,385	-	-	-	-	-	-	-	183,385
Investment of 1,113,606 units - Conservative Allocation Plan	-	-	73,732	-	-	-	-	-	-	73,732
Investment of 14,680,450 units - MCPP I	-	-	-	-	-	-	-	-	971,993	971,993
Investment of 15,391,100 units - MCPP II	-	-	-	1,019,045	-	-	-	-	-	1,019,045
Investment of 16,178,167 units - MAAP I	-	-	-	-	1,071,156	-	-	-	-	1,071,156
Investment of 11,833,268 units - MAAP II	-	-	-	-	-	783,481	-	-	-	783,481
Investment of 32,276,978 units - MAAP III	-	-	-	-	-	-	2,137,059	-	-	2,137,059
Investment of 5,047,845 units - MAAP IV	-	-	-	-	-	-	-	334,218	-	334,218
<b>Meezan Sovereign Fund</b>										
Investment of 2,649,023 units - Aggressive Allocation Plan	134,571	-	-	-	-	-	-	-	-	134,571
Investment of 3,609,945 units - Moderate Allocation Plan	-	183,385	-	-	-	-	-	-	-	183,385
Investment of 4,354,238 units - Conservative Allocation Plan	-	-	221,195	-	-	-	-	-	-	221,195
Investment of 12,153,662 units - MCPP I	-	-	-	-	-	-	-	-	617,406	617,406
Investment of 38,471,290 units - MCPP II	-	-	-	1,954,342	-	-	-	-	-	1,954,342
Investment of 3,011,305 units - MAAP I	-	-	-	-	152,976	-	-	-	-	152,976
Investment of 876,557 units - MAAP II	-	-	-	-	-	44,529	-	-	-	44,529
<b>Meezan Cash Fund</b>										
Investment of 46,815 units - MCPP I	-	-	-	-	-	-	-	-	2,347	2,347
<b>All Meezan Mutual Fund</b>										
Investment of 4,912,176 units - MCPP I	-	-	-	88,370	-	-	-	-	-	88,370
Investment of 3,263,441 units - MAAP I	-	-	-	-	58,709	-	-	-	-	58,709
Investment of 17,952,133 units - MAAP III	-	-	-	-	-	-	322,959	-	-	322,959
<b>Meezan Islamic Income Fund</b>										
Investment of 1,670,003 units - MAAP II	-	-	-	-	-	85,638	-	-	-	85,638
Investment of 7,853,062 units - MAAP II	-	-	-	-	-	-	402,705	-	-	402,705
Investment of 2,139,131 units - MAAP IV	-	-	-	-	-	-	-	109,695	-	109,695
<b>Unit Holders holding 10% or more units of the Fund</b>	133,948	93,088	33,000	-	215,059	165,839	-	-	173,361	814,295

	For the period ended December 31, 2016 (Unaudited)								For the Period ended October 27, 2016 (Unaudited)	
	Aggressive	Moderate	Conservative	MCPP-I	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPPI	Total
	(Rupees in '000)									
<b>AlMeezan Investment Management Limited</b>										
<b>-Management Company</b>										
Remuneration for the period	56	96	62	43	36	76	42	87	83	581
Sindh Sales Tax on management fee	7	12	8	6	5	10	5	11	11	75
Allocated expense	253	234	223	1,577	680	502	1,531	458	535	5,993
Units issued: 480,509 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	25,290	25,290
Units redeemed: 3,271,894 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	163,595	163,595
<b>Meezan Bank Limited</b>										
Profit on saving account	115	224	149	79	97	200	105	266	799	2,034
<b>Central Depository Company of Pakistan Limited - Trustee</b>										
Trustee fee for the period	195	181	172	1,216	525	387	1,180	353	413	4,622
Sindh Sales Tax on trustee fee	25	24	22	158	68	50	153	46	54	600
<b>Directors and Executives of the Management Company</b>										
Units issued: 3,902 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	205	205
Units redeemed: 18,217 units - Aggressive Allocation Plan	1,414	-	-	-	-	-	-	-	-	1,414
Units redeemed: 26,569 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	1,328	1,328
<b>Meezan Islamic Fund</b>										
Units purchased: 2,533,438 units - Aggressive Allocation Plan	188,230	-	-	-	-	-	-	-	-	188,230
Units purchased: 3,272,822 units - Moderate Allocation Plan	-	253,200	-	-	-	-	-	-	-	253,200
Units purchased: 1,553,589 units - Conservative Allocation Plan	-	-	115,725	-	-	-	-	-	-	115,725
Units purchased: 1,605,687 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	109,000	109,000
Units purchased: 7,515,588 units - Meezan Capital Preservation Plan-I	-	-	-	530,000	-	-	-	-	-	530,000
Units purchased: 1,596,790 units - Meezan Asset Allocation Plan-I	-	-	-	-	112,000	-	-	-	-	112,000
Units purchased: 1,419,440 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	101,000	-	-	-	101,000
Units purchased: 3,828,389 units - Meezan Asset Allocation Plan-III	-	-	-	-	-	-	274,000	-	-	274,000
Units purchased: 4,348,446 units - Meezan Asset Allocation Plan-IV	-	-	-	-	-	-	-	307,000	-	307,000
Units sold: 2,990,393 units - Aggressive Allocation Plan	233,075	-	-	-	-	-	-	-	-	233,075
Units sold: 1,484,773 units - Moderate Allocation Plan	-	113,106	-	-	-	-	-	-	-	113,106
Units sold: 1,310,568 units - Conservative Allocation Plan	-	-	104,369	-	-	-	-	-	-	104,369
Units sold: 16,286,137 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	1,164,107	1,164,107
Units sold: 17,004,362 units - Meezan Capital Preservation Plan-I	-	-	-	1,289,000	-	-	-	-	-	1,289,000
Units sold: 4,520,692 units - Meezan Asset Allocation Plan-I	-	-	-	-	318,000	-	-	-	-	318,000
Units sold: 2,648,507 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	185,000	-	-	-	185,000
Units sold: 8,494,759 units - Meezan Asset Allocation Plan-III	-	-	-	-	-	-	593,500	-	-	593,500
Units Sold: 369,559 units - Meezan Asset Allocation Plan-IV	-	-	-	-	-	-	-	27,000	-	27,000
<b>Meezan Sovereign Fund</b>										
Units purchased: 1,974,344 units - Aggressive Allocation Plan	103,185	-	-	-	-	-	-	-	-	103,185
Units purchased: 5,300,653 units - Moderate Allocation Plan	-	277,706	-	-	-	-	-	-	-	277,706
Units purchased: 7,019,241 units - Conservative Allocation Plan	-	-	365,344	-	-	-	-	-	-	365,344
Units purchased: 6,310,639 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	325,780	325,780
Units purchased: 55,963,748 units - Meezan Capital Preservation Plan-I	-	-	-	2,889,385	-	-	-	-	-	2,889,385
Units purchased: 5,767,039 units - Meezan Asset Allocation Plan-I	-	-	-	-	295,000	-	-	-	-	295,000
Units purchased: 3,614,960 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	185,000	-	-	-	185,000
Units sold: 1,716,576 units - Aggressive Allocation Plan	90,240	-	-	-	-	-	-	-	-	90,240
Units sold: 1,697,115 units - Moderate Allocation Plan	-	88,600	-	-	-	-	-	-	-	88,600
Units sold: 4,932,207 units - Conservative Allocation Plan	-	-	258,600	-	-	-	-	-	-	258,600
Units sold: 18,464,301 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	952,546	952,546
Units sold: 60,590,213 units - Meezan Capital Preservation Plan-I	-	-	-	3,127,680	-	-	-	-	-	3,127,680
Units sold: 3,813,124 units - Meezan Asset Allocation Plan-I	-	-	-	-	197,820	-	-	-	-	197,820
Units sold: 1,978,827 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	102,470	-	-	-	102,470



	For the period ended December 31, 2016 (Unaudited)									For the Period ended October 27, 2016 (Unaudited)
	Aggressive	Moderate	Conservative	MCPP-I	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPP-I	Total
(Rupees in '000)										
<b>Meezan Cash Fund</b>										
Units purchased: 32,808,833 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	1,661,298	1,661,298
Units purchased: 55,029,854 units - Meezan Capital Preservation Plan-II	-	-	-	2,796,000	-	-	-	-	-	2,796,000
Units Purchased: 448,512 units - Meezan Asset Allocation Plan-I	-	-	-	-	23,013	-	-	-	-	23,013
Units Purchased: 1,711,988 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	87,842	-	-	-	87,842
Units sold: 38,464,575 units - Meezan Capital Preservation Plan-II	-	-	-	1,949,385	-	-	-	-	-	1,949,385
<b>All Meezan Mutual Fund</b>										
Units purchased: 3,499,470 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	66,000	66,000
Units purchased: 2,991,027 units - Meezan Capital Preservation Plan-II	-	-	-	60,000	-	-	-	-	-	60,000
Units purchased: 3,764,581 units - Meezan Asset Allocation Plan-IV	-	-	-	-	-	-	-	71,000	-	71,000
Units sold: 3,499,470 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	67,673	67,673
<b>Meezan Islamic Income Fund</b>										
Units purchased: 437,512 units - Meezan Asset Allocation Plan-I	-	-	-	-	23,000	-	-	-	-	23,000
Units purchased: 11,505,524 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	-	593,500	-	-	593,500
Units purchased: 9,248,843 units - Meezan Asset Allocation Plan-IV	-	-	-	-	-	-	-	475,005	-	475,005
Units Sold: 437,512 units - Meezan Asset Allocation Plan-I	-	-	-	-	23,013	-	-	-	-	23,013
Units Sold: 1,670,003 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	87,842	-	-	-	87,842
Units sold: 7,037,553 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	-	366,200	-	-	366,200
Units sold: 7,451,184 units - Meezan Asset Allocation Plan-IV	-	-	-	-	-	-	-	383,725	-	383,725
For the period ended December 31, 2015 (Unaudited)										
	Aggressive	Moderate	Conservative	MCPP-I	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPP-I	Total
(Rupees in '000)										
<b>All Meezan Investment Management Limited - Management Company</b>										
Remuneration for the period	22	98	91	11	75	17	-	-	25	339
Sindh Sales Tax and Federal Excise Duty on Management Fee	7	31	30	4	24	6	-	-	8	110
Allocated Expense	17	13	11	135	53	9	-	-	68	306
<b>Meezan Bank Limited</b>										
Profit on saving account	74	79	158	129	618	77	-	-	94	1,229
<b>Central Depository Company of Pakistan Limited - Trustee</b>										
Trustee fee for the period	146	124	97	1,231	310	11	-	-	633	2,552
Sindh Sales Tax on Trustee Fee	20	17	14	172	43	2	-	-	89	357
<b>Directors and Executives of the Management Company</b>										
Units Issued: 11,617 units - Aggressive Allocation Plan	830	-	-	-	-	-	-	-	-	830
Units Issued: 7 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	-	-
Units Issued: 267 units - Meezan Capital Preservation Plan-II	-	-	-	15	-	-	-	-	-	15
Units Issued: 3,924 units - Meezan Asset Allocation Plan-I	-	-	-	-	202	-	-	-	-	202
Units Redeemed: 899 units - Aggressive Allocation Plan	64	-	-	-	-	-	-	-	-	64
Units Redeemed: 750 units - Moderate Allocation Plan	49	-	-	-	-	-	-	-	49	-
Units Redeemed: 11 units - Meezan Asset Allocation Plan-I	-	-	-	-	1	-	-	-	-	1
Cash Dividend paid	-	-	-	15	-	-	-	-	-	15
<b>Meezan Islamic Fund</b>										
Units Purchased: 916,650 units - Aggressive Allocation Plan	54,711	-	-	-	-	-	-	-	-	54,711
Units Purchased: 432,300 units - Moderate Allocation Plan	-	25,652	-	-	-	-	-	-	-	25,652
Units Purchased: 356,116 units - Conservative Allocation Plan	-	-	21,361	-	-	-	-	-	-	21,361
Units Purchased: 1,743,568 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	103,777	103,777
Units Purchased: 8,168,676 units - Meezan Capital Preservation Plan-II	-	-	-	492,380	-	-	-	-	-	492,380
Units Purchased: 16,088,828 units - Meezan Asset Allocation Plan-I	-	-	-	-	975,500	-	-	-	-	975,500
Units Purchased: 3,336,113 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	200,000	-	-	-	200,000
Units Sold: 298,572 units - Aggressive Allocation Plan	17,792	-	-	-	-	-	-	-	-	17,792
Units Sold: 996,792 units - Moderate Allocation Plan	-	60,822	-	-	-	-	-	-	-	60,822
Units Sold: 832,597 units - Conservative Allocation Plan	-	-	51,347	-	-	-	-	-	-	51,347
Units Sold: 11,897,535 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	701,652	701,652
Units Sold: 19,750,658 units - Meezan Capital Preservation Plan-II	-	-	-	1,143,688	-	-	-	-	-	1,143,688

For the period ended December 31, 2015 (Unaudited)										
	Aggressive	Moderate	Conservative	MCPP-II	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	MCPP-I	Total
	(Rupees in '000)									
<b>Meezan Sovereign Fund</b>										
Units Purchased: 537,879 units - Aggressive Allocation Plan	27,454	-	-	-	-	-	-	-	-	27,454
Units Purchased: 606,642 units - Moderate Allocation Plan	-	30,922	-	-	-	-	-	-	-	30,922
Units Purchased: 1,390,396 units - Conservative Allocation Plan	-	-	70,718	-	-	-	-	-	-	70,718
Units Purchased: 35,315,784 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	1,817,209	1,817,209
Units Purchased: 67,918,455 units - Meezan Capital Preservation Plan-II	-	-	-	3,489,240	-	-	-	-	-	3,489,240
Units Purchased: 15,328,112 units - Meezan Asset Allocation Plan-I	-	-	-	-	780,000	-	-	-	-	780,000
Units Purchased: 38,933 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	2,000	-	-	-	2,000
Units Sold: 198,223 units - Aggressive Allocation Plan	10,118	-	-	-	-	-	-	-	-	10,118
Units Sold: 1,196,232 units - Moderate Allocation Plan	-	60,811	-	-	-	-	-	-	-	60,811
Units Sold: 2,951,129 units - Conservative Allocation Plan	-	-	149,610	-	-	-	-	-	-	149,610
Units Sold: 24,029,479 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	1,234,887	1,234,887
Units Sold: 33,222,549 units - Meezan Capital Preservation Plan-II	-	-	-	1,703,186	-	-	-	-	-	1,703,186
Units Sold: 15,328,112 units - Meezan Asset Allocation Plan-I	-	-	-	-	781,014	-	-	-	-	781,014
Units Sold: 38,933 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	2,024	-	-	-	2,024
<b>Meezan Cash Fund</b>										
Units Purchased: 28,347,641 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	1,442,729	1,442,729
Units Purchased: 47,481,251 units - Meezan Capital Preservation Plan-II	-	-	-	2,409,495	-	-	-	-	-	2,409,495
Units Purchased: 17,878,903 units - Meezan Asset Allocation Plan-I	-	-	-	-	906,714	-	-	-	-	906,714
Units Sold: 29,939,070 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	-	-	1,531,991	1,531,991
Units Sold: 68,554,225 units - Meezan Capital Preservation Plan-II	-	-	-	3,499,341	-	-	-	-	-	3,499,341
Units Sold: 17,878,903 units - Meezan Asset Allocation Plan-I	-	-	-	-	909,257	-	-	-	-	909,257
<b>All Meezan Mutual Fund</b>										
Units Purchased: 5,295,567 units - Meezan Capital Preservation Plan-I	-	-	-	-	-	-	86,000	-	86,000	172,000
Units Purchased: 3,121,175 units - Meezan Asset Allocation Plan-I	-	-	-	-	51,000	-	51,000	-	-	102,000
<b>Meezan Islamic Income Fund</b>										
Units Purchased: 11,376,889 units - Meezan Asset Allocation Plan-I	-	-	-	-	591,257	-	-	-	-	591,257
Units Purchased: 7,694,885 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	404,024	-	-	-	404,024
Units Sold: 7,866,149 units - Meezan Asset Allocation Plan-I	-	-	-	-	410,350	-	-	-	-	410,350
Units Sold: 3,799,392 units - Meezan Asset Allocation Plan-II	-	-	-	-	-	200,000	-	-	-	200,000

## 10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2017 as reduced by capital gains (whether realised or unrealised) to its unitholders.

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. Accordingly Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

## 11. FINANCIAL INSTRUMENTS - FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Investments	Carrying amount				Fair value			
	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
<b>Financial assets - measured at fair value</b>								
Investments	11,982,461	-	-	11,982,461	11,982,461	-	-	11,982,461
<b>Financial assets - not measured at fair value</b>								
Balances with banks	-	1,853,704	-	1,853,704	-	-	-	-
Receivable on issuance and conversion of units	111,828	-	-	111,828	-	-	-	-
Receivable against sale of investments (net)	15,210	-	-	15,210	-	-	-	-
Profit receivable on saving accounts with banks	1,103	-	-	1,103	-	-	-	-
	<b>11,982,461</b>	<b>128,141</b>	<b>1,853,704</b>	<b>13,964,306</b>	<b>11,982,461</b>	<b>-</b>	<b>-</b>	<b>11,982,461</b>

**Financial liabilities - not measured at fair value**

Payable to Al Meezan Investment Management Limited - Management Company	-	-	31,176	31,176	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	983	983	-	-	-	-
Payable to Meezan Bank Limited (MBL)	-	-	43	43	-	-	-	-
Payable on redemption and conversion of units	-	-	20,409	20,409	-	-	-	-
Payable against purchase of investments (net)	-	-	5,800	5,800	-	-	-	-
Accrued expenses and other liabilities	-	-	816	816	-	-	-	-
	-	-	<b>59,227</b>	<b>59,227</b>	-	-	-	-

Investments	Carrying amount				Fair value			
	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total

June 30, 2016

(Rupees in '000)

**Financial assets - measured at fair value**

Investments	11,266,893	-	-	11,266,893	11,266,893	-	-	11,266,893
<b>Financial assets - not measured at fair value</b>								
Balances with banks	-	118,889	-	118,889	-	-	-	-
Receivable on issuance and conversion of units	94,376	-	-	94,376	-	-	-	-
Profit receivable on saving accounts with banks	397	-	-	397	-	-	-	-
	<b>11,266,893</b>	<b>94,773</b>	<b>118,889</b>	<b>11,480,555</b>	<b>11,266,893</b>	<b>-</b>	<b>-</b>	<b>11,266,893</b>

**Financial liabilities - not measured at fair value**

Payable to Al Meezan Investment Management Limited - Management Company	-	-	31,983	31,983	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	792	792	-	-	-	-
Payable to Meezan Bank Limited (MBL)	-	-	1,038	1,038	-	-	-	-
Payable on redemption and conversion of units	-	-	1,672	1,672	-	-	-	-
Dividend Payable	-	-	8,229	8,229	-	-	-	-
Accrued expenses and other liabilities	-	-	417	417	-	-	-	-
	-	-	<b>44,131</b>	<b>44,131</b>	-	-	-	-

## **12. ALLOCATED EXPENSES**

During the period, fund was charged 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC Regulations, 2008.

## **13. EXPENSE RATIO**

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS/ the fund. TER for the period ended December 31, 2016 is 0.32%, 0.34%, 0.37%, 0.30%, 0.30%, 0.31%, 0.32%, 0.30% and 0.32% for Aggressive Allocation Plan, Conservative Allocation Plan, Moderate Allocation Plan, MCPP-1 MCPP-II, MAAP-I, MAAP-II, MAAP-III and MAAP-IV, respectively, which includes 0.11% representing government levy, Worker Welfare Fund and SECP fee in each allocation plan.

## **14. POST BALANCE SHEET EVENT**

**14.1** The Fund disbursed the due amount to unitholders between October 24, 2016 to November 4, 2016 according to their holding as at October 27, 2016, subsequent to the maturity of the Fund as detailed in note 1.2. However, payments were made after retaining funds for remuneration payable to Management Company and Government levies payable in respect of Sindh Worker's Welfare Fund, FED and SECP fees.

**14.2** On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to reverse provision against WWF. Further, it was also decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act, 2014 i.e. May 21, 2015.

The details and impact of the same are disclosed in note 8.1 to the condensed interim financial information.

## **15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** Date of authorization

This condensed interim financial information was authorised for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**



## **Meezan Strategic Allocation Fund**

Meezan Strategic Allocation Fund(MSAF) is a Shariah Compliant Allocation Fund. The fund actively allocate its portfolio between the equity schemes and fixed income/money market schemes based on the macroeconomic view of the fund manager on such asset classes.

## 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 Independent	Chairman
Mr. P. Ahmed	Non-Executive Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive Independent	
Syed Amir Ali	Non-Executive Independent	
Mr. Atif Azim	Non-Executive Independent	
Mr. Tasnimul Haq Farooqui	Non-Executive Independent	
Mr. Moin M. Fudda	Non-Executive Independent	
Mr. Mazhar Sharif	Non-Executive Independent	
Syed Amir Ali Zaidi	Non-Executive Independent	
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

Meezan Bank Limited  
Habib Metropolitan Bank Limited - Islamic Banking

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN STRATEGIC ALLOCATION FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Strategic Allocation Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from October 19, 2016 to December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

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

## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Strategic Allocation Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the period ended 31 December 2016 (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

Date: 08 FEB 2017

Karachi

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

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



## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2016 (UNAUDITED)

	MSAP-I	MSAP-II	Total	
Note	(Rupees in '000)			
<b>Assets</b>				
Balances with banks	4	26,048	14,507	40,555
Investments	5	2,758,006	529,400	3,287,406
Receivable on issuance and conversion of units		-	6,635	6,635
Other receivables	6	568	39	607
<b>Total assets</b>		<b>2,784,622</b>	<b>550,581</b>	<b>3,335,203</b>
<b>Liabilities</b>				
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	7	341	2,499	2,840
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	8	213	6	219
Payable to Securities and Exchange Commission of Pakistan (SECP)	9	333	6	339
Accrued expenses and other liabilities	10	26,751	2	26,753
<b>Total liabilities</b>		<b>27,638</b>	<b>2,513</b>	<b>30,151</b>
<b>Net assets</b>		<b>2,756,984</b>	<b>548,068</b>	<b>3,305,052</b>
<b>Contingencies and Commitments</b>	12			
<b>Unitholders' fund (as per statement attached)</b>		<b>2,756,984</b>	<b>548,068</b>	<b>3,305,052</b>
		(Number of units)		
<b>Number of units in issue</b>	14	<b>49,748,511</b>	<b>10,890,692</b>	
		(Rupees)		
Net assets value per unit		<b>55.42</b>	<b>50.32</b>	

The annexed notes 1 to 22 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

		For the period from October 19, 2016 to December 31, 2016 MSAP-I	For the period from December 22, 2016 to December 31, 2016 MSAP-II	Total
	Note	(Rupees in '000)		
<b>Income</b>				
Net realised gain on sale of investments		3,028	-	3,028
Profit on saving accounts with banks		872	40	912
Back end load		39	-	39
		<u>3,939</u>	<u>40</u>	<u>3,979</u>
Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss' (net)	5.1	213,267	3,400	216,667
<b>Total income</b>		<u>217,206</u>	<u>3,440</u>	<u>220,646</u>
<b>Expenses</b>				
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company	7.1	311	32	343
Sindh Sales Tax on Management Fee	7.2	61	4	65
Allocated expenses	7.4	350	6	356
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	8	306	5	311
Sindh Sales Tax on Trustee Fee	8.1	40	1	41
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	9	333	6	339
Auditors' remuneration	11	58	1	59
Fees and subscription		72	1	73
Bank and settlement charges		2	1	3
<b>Total expenses</b>		<u>1,533</u>	<u>57</u>	<u>1,590</u>
<b>Net income from operating activities</b>		<u>215,673</u>	<u>3,383</u>	<u>219,056</u>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		53,886	152	54,038
<b>Net income for the period before taxation</b>		<u>269,559</u>	<u>3,535</u>	<u>273,094</u>
Taxation	20	-	-	-
<b>Net income for the period after taxation</b>		<u>269,559</u>	<u>3,535</u>	<u>273,094</u>
Other comprehensive income for the period		-	-	-
<b>Total comprehensive income for the period</b>		<u>269,559</u>	<u>3,535</u>	<u>273,094</u>

The annexed notes 1 to 22 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 ENDED DECEMBER 31, 2016 (UNAUDITED)

	For the period from October 19, 2016 to December 31, 2016 MSAP-I	For the period from December 22, 2016 to December 31, 2016 MSAP-II	Total
Note	(Rupees in '000)		
Net income for the period	269,559	3,535	273,094
Undistributed income carried forward	<u>269,559</u>	<u>3,535</u>	<u>273,094</u>
Undistributed income carried forward			
- Realised	56,292	135	56,427
- Unrealised	5.1 <u>213,267</u>	<u>3,400</u>	<u>216,667</u>
	<u>269,559</u>	<u>3,535</u>	<u>273,094</u>

The annexed notes 1 to 22 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 PERIOD ENDED DECEMBER 31, 2016 (UNAUDITED)

	<b>For the period from October 19, 2016 to December 31, 2016 MSAP-I</b>	<b>For the period from December 22, 2016 to December 31, 2016 MSAP-II</b>	<b>Total</b>
	(Rupees in '000)		
Net assets at beginning of the period	-	-	-
Issue of units:			
MSAP - I: 49,894,498 units	<b>2,549,910</b>	-	<b>2,549,910</b>
MSAP - II: 10,953,824 units	-	<b>547,844</b>	<b>547,844</b>
Redemption of units:			
MSAP - I: 145,987 units	<b>(8,599)</b>	-	<b>(8,599)</b>
MSAP - II: 63,132 units	-	<b>(3,159)</b>	<b>(3,159)</b>
	<b>2,541,311</b>	<b>544,685</b>	<b>3,085,996</b>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	<b>(53,886)</b>	<b>(152)</b>	<b>(54,038)</b>
Net realised gain on sale of investments	<b>3,028</b>	-	<b>3,028</b>
Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss' (net)	<b>213,267</b>	<b>3,400</b>	<b>216,667</b>
Other income for the period (net)	<b>53,264</b>	<b>135</b>	<b>53,399</b>
Total comprehensive income for the period	<b>269,559</b>	<b>3,535</b>	<b>273,094</b>
Net assets at end of the period	<b>2,756,984</b>	<b>548,068</b>	<b>3,305,052</b>
Net assets value per unit at beginning of the period	-	-	
Net assets value per unit at end of the period	<b>55.42</b>	<b>50.32</b>	

The annexed notes 1 to 22 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 ENDED DECEMBER 31, 2016 (UNAUDITED)

	For the period from October 19, 2016 to December 31, 2016 MSAP-I	For the period from December 22, 2016 to December 31, 2016 MSAP-II	Total
Note	(Rupees in '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period	269,559	3,535	273,094
<b>Adjustments for:</b>			
Unrealised appreciation on re-measurement of investments - 'at fair value through profit or loss' (net)	5.1 (213,267)	(3,400)	(216,667)
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(53,886)	(152)	(54,038)
	2,406	(17)	2,389
<b>Increase in assets</b>			
Investments (net)	(2,544,739)	(526,000)	(3,070,739)
Other receivables	(568)	(39)	(607)
	(2,545,307)	(526,039)	(3,071,346)
<b>Increase in liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	341	2,499	2,840
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	213	6	219
Payable to Securities and Exchange Commission of Pakistan (SECP)	333	6	339
Accrued expenses and other liabilities	26,751	2	26,753
	27,638	2,513	30,151
<b>Net cash used in operating activities</b>	(2,515,263)	(523,543)	(3,038,806)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds against issuance and conversion of units	2,549,910	541,209	3,091,119
Payments against redemption and conversion of units	(8,599)	(3,159)	(11,758)
<b>Net cash generated from financing activities</b>	2,541,311	538,050	3,079,361
Net increase in cash and cash equivalents during the period	26,048	14,507	40,555
Cash and cash equivalents at beginning of the period	-	-	-
Cash and cash equivalents at end of the period	4 26,048	14,507	40,555

The annexed notes 1 to 22 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 NOVEMBER 30, 2016 TO DECEMBER 31, 2016 (UNAUDITED)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Strategic Allocation 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 September 8, 2016 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 October 10, 2016. 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 equity schemes and fixed income / money market schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis except for one new plan Meezan Strategic Allocation Plan - I (MSAP-I) in which the offer of units is discontinued after the end of the subscription period, however the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund. The Fund is in the process of listing on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).
- 1.4** Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund. The fund property of different types of allocation plans shall be accounted for and maintained separately in books of accounts, which shall collectively constitute the Fund property of the Scheme.
- 1.5** The Management Company of the Fund has been given quality rating of AM2++ by JCR-VIS Credit Rating Company Limited.
- 1.6** 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 Meezan Strategic Allocation Plan-I (MSAP-I) and Meezan Strategic Allocation Plan-II (MSAP-II) by investing in Shariah compliant fixed 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.
- 1.7** In the current period, two plans Meezan Strategic Allocation Plan-I (MSAP-I) and Meezan Strategic Allocation Plan-II (MSAP-II) were introduced.

The brief description of the plans is as follows:

Meezan Strategic Allocation Plan-I (MSAP-I)	<p><i>Low risk - High return along through asset allocation</i></p> <p>The allocation plan can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. December 2, 2016). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.</p>
Meezan Strategic Allocation Plan-II (MSAP-II)	<p><i>Low risk - High return along through asset allocation</i></p> <p>The allocation plan can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period. The units are still being offered for public subscription till December 31, 2016. Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.</p>

Each allocation plan announces separate Net Asset Value which ranks pari passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

## 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.

### 2.1 Statement of compliance

This condensed interim financial information 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 Rules, 2003 (the NBFC Rules) , the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations, 2008) and directives issued by the SECP. Wherever, the requirements of the NBFC Rules, the NBFC Regulations, 2008, and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules, the NBFC Regulations, 2008, and the said directives shall prevail.

### 2.2 Basis of measurement

This condensed interim financial information have been prepared on historical cost basis except for investments classified as 'at fair value through profit or loss' which is measured at fair value.

### 2.3 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.

## **2.4 Critical accounting estimates and judgments**

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

- a) Classification and valuation of financial instruments (notes 3.1 and 5);
- b) Taxation (note 3.7 and 20).

## **2.5 Standard, interpretations and amendments to approved accounting standards that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after January 01, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after January 01, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 01, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after January 01, 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Fund's financial statements.



Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after January 01, 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after January 01, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after January 01, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this condensed interim financial information are set out below. These policies have been consistently applied, unless otherwise stated.

#### 3.1 Financial instruments

##### 3.1.1 Classification

The Fund classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets are acquired. The management determines the appropriate classification of its financial assets at the time of initial recognition and re-evaluates this classification on a regular basis.

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

An instrument is classified as 'at fair value through profit or loss' if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as 'at fair value through profit or

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

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

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

#### **(b) 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 'at fair value through profit or loss'.

#### **3.1.2 Regular way contracts**

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

#### **3.1.3 Recognition**

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

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

#### **3.1.4 Measurement**

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

Subsequent to initial recognition, instruments classified as 'financial assets at fair value through profit or loss' are measured at fair value. Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognized in the Income Statement.

Financial assets classified as 'loans and receivables' are carried at amortized cost using the effective yield method, less impairment losses, if any.

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

### **3.1.5 Fair value measurement principles**

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

### **3.1.6 Derecognition**

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

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

### **3.1.7 Offsetting of financial instruments**

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

### **3.2 Unitholders' fund**

Unitholders' fund of each sub funds representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

### **3.3 Issuance and redemption of units**

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

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

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

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

Each sub Fund records that portion of the element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealized gain / (loss) held

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

### **3.5 Provisions**

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

### **3.6 Net assets value per Unit**

The net assets value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of each allocation plan by the number of units in issue of the respective allocation plan at the period end.

### **3.7 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly in other comprehensive income in which case it is recognised in other comprehensive income.

#### *Current*

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge of prior years, which arises from assessments / developments during the period.

#### *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 utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

**3.7.1** The income of the Fund is exempt from income tax under clause 99 of Part I to the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90 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 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

### **3.8 Revenue recognition**

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

### **3.9 Expenses**

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

### **3.10 Cash and cash equivalents**

Cash and cash equivalents are carried on the Statement of Assets and Liabilities at cost. Cash comprises current and saving accounts 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 or other purposes.

### **3.11 Segment Reporting**

Operating segments are reported in the manner consistent with the internal reporting used by the investment committee. The investment committee of the Management Company makes the strategic resource allocation on behalf of the Fund. The Fund has determined the operating segment based on the requirements of the Trust Deed and reports reviewed by its investment committee for taking strategic decisions. Therefore, the operating segments are MSAP-I and MSAP-II. Segment wise assets, liabilities, revenues and operating results have been disclosed in the Statement of Assets and Liabilities and Income Statement and Statement of Comprehensive Income.

### **3.12 Earnings per unit**

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

### **3.13 Distribution**

Distribution (including bonus units) is recognized in the period in which they are approved.

		(Unaudited) December 31, 2016		
		MSAP-I	MSAP-II	Total
<b>4. BALANCES WITH BANKS</b>	<b>Note</b>	(Rupees in '000)		
Saving accounts	4.1	26,048	14,507	40,555

4.1 The balances in saving accounts have an expected profit which ranges from 2.40% to 3.59% per annum.

		(Unaudited) December 31, 2016		
		MSAP-I	MSAP-II	Total
<b>5. INVESTMENTS</b>	<b>Note</b>	(Rupees in '000)		
<b>Investments - 'at fair value through profit or loss'</b>				
- Held for trading	5.1	2,758,006	529,400	3,287,406

Name of the investee funds	Purchases during the period	Bonus issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain	Percentage in relation to Market value of Total Investments
	(Number of units)			(Rupees in '000)				%
<b>Meezan Strategic Allocation Plan-I</b>								
Al Meezan Mutual Fund	12,884,648	-	-	12,884,648	264,000	290,549	26,549	10.53
Meezan Islamic Fund	21,337,446	-	-	21,337,446	1,593,000	1,776,982	183,982	64.43
Meezan Islamic Income Fund	42,088,108	-	28,961,216	13,126,892	687,739	690,475	2,736	25.04
					<b>2,544,739</b>	<b>2,758,006</b>	<b>213,267</b>	<b>100.00</b>
<b>Meezan Strategic Allocation Plan-II</b>								
Al Meezan Mutual Fund	9,559,486	-	-	9,559,486	214,000	215,566	1,566	40.72
Meezan Islamic Fund	3,143,894	-	-	3,143,894	260,000	261,824	1,824	49.46
Meezan Islamic Income Fund	988,781	-	-	988,781	52,000	52,010	10	9.82
					<b>526,000</b>	<b>529,400</b>	<b>3,400</b>	<b>100.00</b>
<b>Total investments in units of mutual funds</b>								
Al Meezan Mutual Fund	22,444,134	-	-	22,444,134	478,000	506,115	28,115	12.97
Meezan Islamic Fund	24,481,340	-	-	24,481,340	1,853,000	2,038,806	185,806	85.76
Meezan Islamic Income Fund	43,076,889	-	28,961,216	14,115,673	739,739	742,485	2,746	1.27
					<b>3,070,739</b>	<b>3,287,406</b>	<b>216,667</b>	<b>100.00</b>

		(Unaudited) December 31, 2016		
		MSAP-I	MSAP-II	Total
<b>6. OTHER RECEIVABLES</b>	<b>Note</b>	(Rupees in '000)		
Profit receivable on saving accounts with banks		534	39	573
Advance Tax		34	-	34
		<b>568</b>	<b>39</b>	<b>607</b>
<b>7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED (AL MEEZAN) - MANAGEMENT COMPANY</b>				
Management fee	7.1	86	32	118
Sindh Sales Tax on Management fee	7.2	32	4	36
Sales load		-	2,174	2,174
Sindh Sales Tax on Sales Load	7.2	-	283	283
Allocated expense	7.4	223	6	229
		<b>341</b>	<b>2,499</b>	<b>2,840</b>

- 7.1** The remuneration of the Management Company has been charged at the rate of 1 percent per annum on cash and cash equivalents for the period ended December 31, 2016.
- 7.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011. In the current period SST at the rate of 13 percent was charged on the remuneration of Management Company and sales load.
- 7.3** The mutual funds have been excluded from levy of Federal Excise Duty (FED) vide Finance Act, 2016, hence, no provision of FED has been made in this condensed interim information.
- 7.4** A statutory notification (S.R.O. No. 1160 (I)/2015 dated November 25, 2015) was issued by the Securities and Exchange Commission of Pakistan (SECP), which introduced amendments in Non-Banking Finance Companies and Notified Entities Regulations, 2008. As a result of these amendments, the Management Company may charge fees and expenses related to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CIS) upto a maximum of 0.1% of average annual net assets of the Scheme.

**8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) - TRUSTEE**

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed in accordance with the tariff specified therein, based on the daily net assets value of the Fund.

The remuneration of the Trustee for the period ended December 31, 2016 has been calculated as per the following applicable tariff:

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

- 8.1** A notification (SRB-3-4/TP/01/2015/86554 dated June 13, 2015) was issued by Sindh Revenue Board (SRB), which introduced amendments in Sindh Sales Tax on Services Act, 2011. As a result of these amendments, the Fund recognised sales tax on trustee fee at the rate of 13 percent in the current period.

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

This represents annual fee at the rate of 0.095 percent of the average annual net assets of the fund payable to SECP under regulation 62 read with Schedule II of NBFC Regulation 2008. Provided that for Collective Investment Schemes which on quarterly average basis have at least 1,000 retail investors and more than 50% of Net Assets are held by individual investors, provided that the maximum investment by a single retail investor (considered eligible for calculating the threshold of 1,000) does not exceed 1% of the Net Assets shall pay the annual fee at the rate of 0.076% for the next three years from the date of notification of these regulations.

During the period, fees charges at the rate of 0.095%. The fee is payable to the SECP within three months of the close of the financial year.

		(Unaudited) December 31, 2016		
		MSAP-I	MSAP-II	Total
		(Rupees in '000)		
10. ACCRUED EXPENSES AND OTHER LIABILITIES	Note			
Auditors' remuneration	11	58	1	59
Withholding tax payable		1,971	-	1,971
Shariah advisor fee payable		72	1	73
Sales load		21,814	-	21,814
Sindh Sales Tax on Sales Load		2,836	-	2,836
		<u>26,751</u>	<u>2</u>	<u>26,753</u>
11. AUDITORS' REMUNERATION				
Statutory audit fee		17	1	18
Half year review fee		30	-	30
Certification fee		11	-	11
		<u>58</u>	<u>1</u>	<u>59</u>

#### 12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2016.

#### 13. SINDH WORKERS' WELFARE FUND (SWWF)

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated November 10, 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position and after obtaining advice from the legal counsel, the Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 6.65 million and Rs. 0.43 million in MSAP-I and MSAP-II respectively for a period from the commencement of plans till January 12, 2017. This has resulted in decrease in NAV per unit of Re. 0.13 and Re. 0.03 in MSAP-I and MSAP-II respectively on January 12, 2017. Had this provision been recognized on December 31, 2016, the NAV per unit of the Fund would have been lower by Re. 0.11 and Re. 0.01 in MSAP-I and MSAP-II per unit respectively.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

#### 14. NUMBER OF UNITS IN ISSUE

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



(Unaudited) December 31, 2016	
MSAP-I	MSAP-II
(Rupees in '000)	
-	-
49,894,498	10,953,824
(145,987)	(63,132)
<u>49,748,511</u>	<u>10,890,692</u>

Total units in issue at beginning of the period  
Units issued during the period  
Units redeemed during the period  
Total units in issue at end of the period

#### 15. EXPENSE RATIO

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Allocation Plans for the period ended December 31, 2016 are 0.45% and 0.83% which include 0.13% and 0.16% representing government levy, Worker Welfare Fund and SECP fee for MSAP-I and MSAP-II respectively.

#### 16. 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 executives of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Asset Allocation Fund, Meezan Energy Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund – II, Meezan Gold Fund 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 - Employees Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, 2003, NBFC Regulations, 2008, and the Trust Deed respectively.

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

	(Unaudited) December 31, 2016		
	MSAP-I	MSAP-II	Total
	(Rupees in '000)		
<b>Al Meezan Investment Management Limited</b>			
<b>- Management Company</b>			
Management fee payable	86	32	118
Sindh Sales Tax on Management fee	32	4	36
Sales load payable	-	2,174	21,174
Sindh Sales Tax on Sales load payable	-	283	283
Allocated expenses payable	223	6	229
Investment of 1,999,600 units - MSAP-II	-	100,620	100,620

	(Unaudited) December 31, 2016		
	MSAP-I	MSAP-II	Total
	(Rupees in '000)		
<b>Meezan Bank Limited</b>			
Bank balance	26,038	14,507	40,545
Sales load payable	-	-	-
Profit Receivable	534	38	572
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Trustee Fee payable	188	5	193
Sindh Sales Tax on Trustee Fee Payable	25	1	26
<b>Directors and Executives of the Management Company</b>			
Investment of 5,770 units - MSAP-I	320	-	320
<b>Al Meezan Mutual Fund</b>			
Investment of 12,884,648 units - MSAP-I	290,549	-	290,549
Investment of 9,559,486 units - MSAP-II	-	215,566	215,566
<b>Meezan Islamic Fund</b>			
Investment of 21,337,446 units - MSAP-I	1,776,982	-	1,776,982
Investment of 3,143,894 units - MSAP-II	-	261,824	261,824
<b>Meezan Islamic Income Fund</b>			
Investment of 13,126,892 units - MSAP-I	690,475	-	690,475
Investment of 988,781 units - MSAP-II	-	52,010	52,010
<b>Unit Holders holding 10% or more units of the Fund</b>			
Investment of 5,704,874 units - MSAP-II	-	287,069	287,069
	<b>For the period from October 19, 2016 to December 31, 2016 MSAP-I</b>	<b>For the period from December 22, 2016 to December 31, 2016 MSAP-II</b>	<b>Total</b>
	(Rupees in '000)		
<b>Al Meezan Investment Management Limited - Management Company</b>			
Remuneration for the period	311	32	343
Sindh Sales Tax on management fee	61	4	65
Allocated expenses	350	6	356
Units issued: 1,999,600 units - MSAP-II	-	100,000	100,000
<b>Meezan Bank Limited</b>			
Profit on saving account	872	39	911
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Trustee fee	306	5	311
Sindh Sales Tax on trustee fee	40	1	41
<b>Directors and executives of the Management Company</b>			
Units issued: 5,770 units - MSAP-I	300	-	300

	For the period from October 19, 2016 to December 31, 2016 MSAP-I	For the period from December 22, 2016 to December 31, 2016 MSAP-II	Total
	(Rupees in '000)		
<b>Al Meezan Mutual Fund</b>			
Purchase of 12,884,648 units - MSAP-I	264	-	264
Purchase of 9,559,486 units - MSAP-II	-	214	214
<b>Meezan Islamic Fund</b>			
Purchase of 21,337,446 units - MSAP-I	1,593	-	1,593
Purchase of 3,143,894 units - MSAP-II	-	260	260
<b>Meezan Islamic Income Fund</b>			
Purchase of 42,088,108 units - MSAP-I	2,202	-	2,202
Purchase of 988,781 units - MSAP-II	-	52	52
Sale of 28,961,216 units - MSAP-I	1,517	-	1,517
<b>Unit Holders holding 10% or more units of the Fund</b>			
Units issued: 5,704,874 units - MSAP-II	-	287,069	287,069

## 17. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies:

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

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the investment committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008 and the directives issued by the SECP.

Risks managed and measured by the Fund are explained below:

### 17.1 Credit risk

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

Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, dividends receivable on mutual fund units, receivable on conversion and issuance of units and receivable against sale of investments and investment in mutual funds.

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

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

The maximum exposure to credit risk as at December 31, 2016 is tabulated below:

	(Unaudited) December 31, 2016		
	MSAP-I	MSAP-II	Total
	(Rupees in '000)		
<b>FINANCIAL ASSETS</b>			
Balances with banks	26,048	14,507	40,555
Investment in mutual funds	2,758,006	529,400	3,287,406
Receivable on issuance and conversion of units	-	6,635	6,635
Other receivables	534	39	573
	<u>2,784,588</u>	<u>550,581</u>	<u>3,335,169</u>

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

	Rating	(Unaudited) December 31, 2016	
		(Rupees in '000)	(Percentage)
AA	JCR-VIS	40,545	99.98
AA+	PACRA	10	0.02
		<u>40,555</u>	<u>100</u>

None of the financial assets were considered to be past due or impaired as on December 31, 2016.

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

## 17.2 Liquidity risk

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

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

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

An analysis of the Fund's liabilities into relevant maturity grouping as at December 31, 2016 is tabulated below:

	December 31, 2016				Total
	Maturity upto				
	Three months	Six months	One year	More than one year	
	(Rupees in '000)				
<b>MSAP-I</b>					
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	341	-	-	-	341
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	213	-	-	-	213
Accrued expenses and other liabilities	24,780	-	-	-	24,780
	<b>25,334</b>	-	-	-	<b>25,334</b>
<b>MSAP-II</b>					
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	2,499	-	-	-	2,499
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	6	-	-	-	6
Accrued expenses and other liabilities	2	-	-	-	2
	<b>2,507</b>	-	-	-	<b>2,507</b>

Units of the Fund are redeemable on demand at the option of the unitholder, however, the Fund does not anticipate significant redemption of units.

### 17.3 Market Risk

#### 17.3.1 Price risk

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

The market risk is managed by monitoring exposure to marketable securities and by complying with the internal risk management policies and regulations laid down in NBFC Regulations, 2008.

Details of the Fund's investment portfolio exposed to price risk, at the reporting date are disclosed in note 5 to these condensed interim financial information. At December 31, 2016, the Fund's overall exposure to price risk is limited to investments in mutual funds.

### 17.3.2 Interest rate risk

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

#### Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in savings accounts. During the period ended December 31, 2016, the net income would have increased / (decreased) by Rs. 0.26 million, Rs. 0.15 million in Meezan Strategic Allocation Plan I and Meezan Strategic Allocation Plan II respectively, had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

#### Fair value interest rate risk

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

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on the settlement date.

Effective yield / interest rate	As at December 31, 2016			Not exposed to yield / interest rate risk	Total
	Exposed to yield / interest rate risk				
	Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Balance with banks	2.40% to 3.59%	40,555	-	-	40,555
Investments		-	-	3,287,406	3,287,406
Receivable on issuance and conversion of units		-	-	6,635	6,635
Other receivables		-	-	573	573
		40,555	-	3,294,614	3,335,169
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		-	-	2,840	2,840
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		-	-	219	219
Accrued expenses and other liabilities		-	-	27,841	27,841
<b>On-balance sheet gap</b>		40,555	-	3,266,773	3,307,328
<b>Off-balance sheet financial instruments</b>					
<b>Off-balance sheet gap</b>		-	-	-	-
<b>Total interest rate sensitivity gap</b>		40,555	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		40,555	40,555	40,555	

### 17.3.3 Currency risk

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

## 18. UNITHOLDERS' FUND RISK MANAGEMENT

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

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

The Fund has no restrictions on the subscription and redemption of units.

The Fund meets the requirement of sub-regulation 54(3a) of NBFC Regulations, 2008, which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

## 19. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the year end date. The quoted market prices used for financial assets held by the Fund is current bid price.

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

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

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

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

The following table presents financial instruments that are measured at fair value as at December 31, 2016:

Note	Carrying amount					Fair value				
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total	
December 31, 2016										
(Rupees in '000)										
<b>Financial assets</b>										
<b>- measured at fair value</b>										
Investments	3,287,406	-	-	-	3,287,406	3,287,406	-	-	3,287,406	
<b>Financial assets</b>										
<b>- not measured at fair value</b>										
Balances with banks	19.1	-	40,555	-	40,555	-	-	-	-	
Receivable on issuance and conversion of units	19.1	-	6,635	-	6,635	-	-	-	-	
Other receivables	19.1	-	573	-	573	-	-	-	-	
		<u>3,287,406</u>	<u>7,208</u>	<u>40,555</u>	<u>-</u>	<u>3,335,169</u>	<u>3,287,406</u>	<u>-</u>	<u>-</u>	<u>3,287,406</u>
<b>Financial liabilities</b>										
<b>- not measured at fair value</b>										
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	19.1	-	-	2,840	2,840	-	-	-	-	
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	19.1	-	-	219	219	-	-	-	-	
Accrued expenses and other liabilities	19.1	-	-	24,782	24,782	-	-	-	-	
		<u>-</u>	<u>-</u>	<u>27,841</u>	<u>27,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

19.1 The Fund has not disclosed fair value for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

## 20. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ended June 30, 2017, as reduced by capital gains (whether realised or unrealised) to its unitholders.

## 21. POST BALANCE SHEET EVENT

On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act, 2014.



Accordingly, the Management Company, based on the decision taken by MUFAP, commenced accrual of provision against SWWF from October 19, 2016 and December 22, 2016 in MSAP - I and MSAP - II, respectively and recorded the same on January 12, 2017. The details and impact of the same are disclosed in note 13 to the condensed interim financial information.

## **22. GENERAL**

**22.1** Figures have been rounded off to the nearest thousand rupees.

**22.2** There are no corresponding figures in Meezan Strategic Allocation Plan I and Meezan Strategic Allocation Plan II as these plans commenced its operations from October 19, 2016 and December 22, 2016 respectively.

**22.3** Date of authorization

These financial statements were authorised for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**





## **Meezan Capital Preservation Fund II**

This fund intends to earn a potentially high return through dynamic asset allocation between Shariah Compliant equities and Shariah compliant income / money market based collective investment schemes.

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

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

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

### TRUSTEE

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

### AUDITORS

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

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

Meezan Bank Limited

### LEGAL ADVISER

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

### TRANSFER AGENT

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

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN CAPITAL PRESERVATION FUND – II**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Capital Preservation Fund – II (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from July 01, 2016 to December 27, 2016 in accordance with the provisions of the following:

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

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

Karachi, February 17, 2017





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

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## **Auditor's report on review of Condensed Interim Financial Information to the Unitholders**

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Capital Preservation Fund II** ("the Fund") as at 27 December 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unitholders' fund, condensed interim cash flow statement and notes thereto for the period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### *Emphasis of Matter*


Without qualifying our conclusion, we draw attention to note 1.7 to the condensed interim financial information, which describes that the going concern basis for preparing the condensed interim financial information has not been used as the Fund matured on 27 December 2016.

### *Other Matters*

The figures for the period from 1 October 2017 to 27 December 2016 in this condensed interim financial information have not been reviewed and no conclusions have been expressed thereon.

**Date:** 08 FEB 2017

**Karachi**

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

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

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 27, 2016

	Note	(Unaudited) December 27, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>Assets</b>			
Balances with bank		1,339,967	647,463
Investments	5	-	1,196,425
Other receivables		345	357
<b>Total assets</b>		<b>1,340,312</b>	<b>1,844,245</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		6,440	6,886
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		104	183
Payable to Securities and Exchange Commission of Pakistan (SECP)		477	1,687
Payable on redemption of units		-	587,750
Accrued expenses and other liabilities	8	15,848	27,190
<b>Total liabilities</b>		<b>22,869</b>	<b>623,696</b>
<b>Net assets</b>		<b>1,317,443</b>	<b>1,220,549</b>
<b>Contingencies and Commitments</b>	7		
<b>Unitholders' fund (as per statement attached)</b>		<b>1,317,443</b>	<b>1,220,549</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>26,348,836</b>	<b>19,886,731</b>
<b>(Rupees)</b>			
<b>Net assets value per unit</b>		<b>50.00</b>	<b>61.38</b>

The annexed notes 1 to 15 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 AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED DECEMBER 27, 2016 (UNAUDITED)

	Note	Period ended		For the period from October 1, 2016 to December 27, 2016		Quarter ended
		December 27, 2016	December 31, 2015	December 27, 2016	December 27, 2016	December 31, 2015
(Rupees in '000)						
<b>Income</b>						
Net realised gain / (loss) on sale of investments		112,643	(45,056)	93,883		(1,889)
Profit on saving accounts with bank		1,332	37	95		16
Dividend income		-	79,447	-		-
Back end load		51	2,046	14		781
		<b>114,026</b>	<b>36,474</b>	<b>93,992</b>		<b>(1,092)</b>
Unrealised appreciation / (diminution) on re-measurement of investments - 'fair value through profit or loss' (net)	5.1	-	3,804	(46,327)		71,477
<b>Total income</b>		<b>114,026</b>	<b>40,278</b>	<b>47,665</b>		<b>70,385</b>
<b>Expenses</b>						
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company		357	10	74		5
Sindh Sales Tax and Federal Excise Duty on management fee	6	46	4	9		2
Remuneration to Central Depository Company (CDC) - Trustee		599	974	296		483
Sindh Sales Tax on Trustee Fee	6.1	78	136	39		20
Annual fee to Securities and Exchange Commission of Pakistan (SECP)		477	847	237		420
Auditors' remuneration		103	150	20		65
Fees and subscription		184	76	23		43
Legal and professional charges		33	133	-		33
Amortisation of preliminary expenses and floatation costs		-	1,260	-		630
Bank and settlement charges		1	1	-		-
Allocated expenses	9	636	97	316		97
<b>Total expenses</b>		<b>2,514</b>	<b>3,688</b>	<b>1,014</b>		<b>1,798</b>
<b>Net income from operating activities</b>		<b>111,512</b>	<b>36,590</b>	<b>46,651</b>		<b>68,587</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)		(74,259)	(578)	(73,856)		(175)
<b>Net income for the period before taxation</b>		<b>37,253</b>	<b>36,012</b>	<b>(27,205)</b>		<b>68,412</b>
Taxation	13	-	-	-		-
<b>Net income / (loss) for the period after taxation</b>		<b>37,253</b>	<b>36,012</b>	<b>(27,205)</b>		<b>68,412</b>
Other comprehensive income for the period		-	-	-		-
<b>Total comprehensive income for the period</b>		<b>37,253</b>	<b>36,012</b>	<b>(27,205)</b>		<b>68,412</b>

The annexed notes 1 to 15 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 ENDED DECEMBER 27, 2016 (UNAUDITED)

	Period ended	
	December 27, 2016	December 31, 2015
	(Rupees in '000)	
Undistributed income brought forward		
- Realised	312,337	78,880
- Unrealised	20,547	130,688
	<b>332,884</b>	209,568
Distribution on December 26, 2016 @ 33.98% (Rs. 16.99 per unit) (December 31, 2015: nil) in the form of bonus units	<b>(348,326)</b>	-
Net income for the period	<b>37,253</b>	36,012
Undistributed income carried forward	<b>21,811</b>	245,580
Undistributed income carried forward		
- Realised	21,811	241,776
- Unrealised	-	3,804
	<b>21,811</b>	245,580

The annexed notes 1 to 15 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 PERIOD ENDED DECEMBER 27, 2016 (UNAUDITED)

	Note	Period ended	
		December 27, 2016	December 31, 2015
(Rupees in '000)			
Net assets at beginning of the period		<b>1,220,549</b>	2,235,552
Issue of 6,513,537 bonus units for the period ended December 27, 2016 (December 31, 2015: nil)	8.2	<b>337,002</b>	-
Redemption of 51,432 units (December 31, 2015: 773,130 units)		<b>(3,294)</b>	(43,232)
		<b>333,708</b>	(43,232)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)		<b>74,259</b>	578
Net realised gain / (loss) on sale of investments		<b>112,643</b>	(45,056)
Unrealised appreciation on re-measurement of investment (net)		-	3,804
Other comprehensive (loss) / income for the period (net)		<b>(75,390)</b>	77,264
Total comprehensive income for the period		<b>37,253</b>	36,012
Interim distribution on December 27, 2016 @ 33.98% (Rs. 16.99 per unit)		<b>(348,326)</b>	-
Net income for the period less distribution		<b>(311,073)</b>	36,012
Net assets at end of the period		<b>1,317,443</b>	2,228,910
Net assets value per unit at the beginning of the period		<b>61.38</b>	55.17
Net assets value per unit at the end of the period		<b>50.00</b>	56.08

The annexed notes 1 to 15 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 PERIOD ENDED DECEMBER 27, 2016 (UNAUDITED)

	Period ended	
	December 27, 2016	December 31, 2015
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	37,253	36,012
<b>Adjustments for:</b>		
Unrealised appreciation on re-measurement of investments - 'fair value through profit or loss' (net)	-	(3,804)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	74,259	578
Amortisation of preliminary expenses and floatation costs	-	1,260
	<b>111,512</b>	<b>34,046</b>
<b>Decrease in assets</b>		
Investments - net	1,196,425	10,459
Prepayments and other receivables	12	36
	<b>1,196,437</b>	<b>10,495</b>
<b>Decrease in liabilities</b>		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	(446)	214
Payable to Central Depository Company Limited (CDC) - Trustee	(79)	28
Payable to Securities and Exchange Commission of Pakistan (SECP)	(1,210)	(781)
Payable to Meezan Bank Limited (MBL)	-	11
Accrued expenses and other liabilities	(22,666)	(17)
	<b>(24,401)</b>	<b>(545)</b>
<b>Net cash generated from operating activities</b>	<b>1,283,548</b>	<b>43,996</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments against redemption of units	(591,044)	(43,361)
<b>Net cash used in financing activities</b>	<b>(591,044)</b>	<b>(43,361)</b>
Net increase in cash and cash equivalents during the period	692,504	635
Cash and cash equivalents at beginning of the period	647,463	257
Cash and cash equivalents at end of the period	<b>1,339,967</b>	<b>892</b>

The annexed notes 1 to 15 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 ENDED DECEMBER 27, 2016 (UNAUDITED)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Capital Preservation Fund - II (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on March 28, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund is registered as a Notified Entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) issued through S.R.O.1203(I)/2008 on November 21, 2008. The Fund commenced its operations from June 28, 2014. SECP granted exemption for preparation of accounts as at June 30, 2014 vide its letter no. SCD/AMCW/MCPF II/004/2014. 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. 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 an open ended mutual fund listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). 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 five percent if transferred / redeemed before maturity of the Fund. The units of the Fund were initially offered to the public (IPO) in June 2014. The Initial Maturity of the Fund was two years from the date of commencement of the Fund which has been extended as per the discretion of the Management till December 27, 2016.
- 1.3** The Fund is categorized as Shariah Compliant Fund of Fund Scheme in accordance with Circular No.7 issued by Securities and Exchange Commission of Pakistan.
- 1.4** The objective of the Fund is to earn a potentially high return through dynamic asset allocation between Shariah compliant equities and Shariah compliant income / money market based Collective Investment Schemes, while providing capital preservation of the principal investment at completion of the duration of fund. 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.
- 1.5** The Management Company has been given a quality rating of AM2++ by JCR - VIS Credit Rating Company of Pakistan Limited.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a Trustee.
- 1.7** According to the offering document of the Fund, the initial maturity of the Fund was June 27, 2016. After the initial maturity, the Management Company announced a subsequent maturity till December 27, 2016, to commence from the day following the close of the initial period as discussed in detail in note 1.2 to this condensed interim financial information. Accordingly, this condensed interim financial information have not been prepared on a going concern basis. Therefore, the assets and liabilities are measured at lower of their carrying amount and fair value less cost to sell.

## **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.

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, 2016.

## **3. STATEMENT OF COMPLIANCE**

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008, and directives issued by the SECP shall prevail.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2016.

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

(Unaudited) (Audited)  
December 27, June 30,  
2016 2016  
(Rupees in '000)

## 5. INVESTMENTS

Investments 'at fair value through profit or loss'

- held for trading	5.1	-	1,196,425
		-	1,196,425

### 5.1 Investments 'at fair value through profit or loss' - held for trading

Name of the investee funds	As at July 01, 2016	Purchases during the period	Bonus issue	Sales during the period	As at December 27, 2016	Carrying value as at December 27, 2016	Market value as at December 27, 2016	Unrealised appreciation as at December 27, 2016	Percentage in relation to	
	(Number of units)				(Rupees in '000)				Net assets of the fund on the basis of market value	Total market value of investments
										%
Al-Meezan Mutual Fund	-	5,186,722	-	5,186,722	-	-	-	-	-	-
Meezan Islamic Fund	12,740,732	1,541,121	-	14,281,853	-	-	-	-	-	-
Meezan Islamic Income Fund	-	25,503,769	-	25,503,769	-	-	-	-	-	-
Meezan Sovereign Fund	4,447,944	3,163,924	-	7,611,868	-	-	-	-	-	-
Meezan Cash Fund	2,531,020	26,128,081	-	28,659,101	-	-	-	-	-	-
<b>Total</b>										

## 6. SINDH SALES TAX AND FEDERAL EXCISE DUTY ON MANAGEMENT FEE / TRUSTEE FEE

**6.1** The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company, sales load and trustee fee through Sindh Sales Tax on Services Act 2011. During the period, Sindh Sales Tax at the rate of 13 percent (till June 30, 2016: 14 percent) was charged on the remuneration of Management Company, sales load and trustee fee.

**6.2** The status of Federal Excise Duty (FED) is the same as disclosed in the annual financial statements for the year ended June 30, 2016, except for the fact that while disposing the petition filed by MUFAP on September 04, 2013, the Sindh High Court (SHC), through order dated July 16, 2016, declared the said provision to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision. The mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED has been recognised in this condensed interim financial information.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision on FED on management fee with effect from June 28, 2014, till June 30, 2016, aggregating to Rs. 0.11 million (Jun 2016: Rs. 0.11 million). Had the provision not been made, the impact on Net Asset Value per unit of the Fund as at December 31, 2016 would not have been significant.

## 7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 27, 2016 except for the matter referred in note 8.1 to this condensed interim financial information.

## 8. ACCRUED EXPENSES AND OTHER LIABILITIES

This includes provision for Workers' Welfare Fund (WWF) amounting to Rs. 4.277 million (June 30, 2016: Rs. 4.277 million) and withholding tax on bonus shares amounting to Rs. 11.324 million.

**8.1** The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at

various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed. The provision that should have been reversed amounted to Rs. 4.277 million. Had this reversal been recognized on December 27, 2016, the NAV per unit of the Fund would have been higher by Re. 0.16 per unit.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision that should have been made for SWWF would have amounted to Rs. 5.68 million. Had this provision been recognized on December 27, 2016, the NAV per unit of the Fund would have been lower by Re. 0.22 per unit. The net amount, if required to be paid, will be borne by the Management Company.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant. Accordingly, the above disclosure has been included in this condensed interim financial information.

- 8.2** This represents bonus shares net of withholding tax. The Fund announced distribution on December 26, 2016 for Rs. 16.99 per unit in the form of bonus units. The units were issued after deduction of withholding tax amounting to Rs. 11.324 million, which is outstanding as at December 27, 2016.

## **9. ALLOCATED EXPENSES**

During the period, fund was charged 0.1% of average annual net assets as allocated expense according to Regulation 60 of NBFC Regulations, 2008.

## **10. EXPENSE RATIO**

In the current period, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the period ended December 27, 2016 is 0.39% which include 0.09% representing government levy, Worker Welfare Fund and SECP fee.

## **11. 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 Executives

of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Asset Allocation Fund, Meezan Islamic Income Fund, Meezan Energy Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund, Meezan Gold Fund 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 - Employees Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

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

Remuneration payable to the management company and the trustee is determined in accordance with the provisions of NBFC Rules 2003, NBFC Regulations, 2008 and the Trust Deed respectively.

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

	(Unaudited) December 27, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	73	387
Sindh Sales Tax and Federal Excise Duty payable on management fee	135	180
Sindh Sales Tax and Federal Excise Duty payable on sales load	6,134	6,134
Allocated expenses	98	185
Investment as at December 27, 2016: 4,312,213 units (June 30, 2015: 3,259,889 units)	215,611	200,092
<b>Meezan Bank Limited</b>		
Balances with bank	1,339,967	647,463
Profit receivable on savings account	345	357
<b>Unitholders holding 10 percent or more of the Fund's net assets</b>		
Investment as at December 27, 2016: 2,645,620 units (June 30, 2016: 6,408,085 units)	132,281	393,328
<b>Central Depository Company of Pakistan Limited- Trustee</b>		
Trustee fee payable	92	160
Sindh Sales Tax on trustee fee payable	12	23
<b>Meezan Islamic Fund</b>		
Investment as at December 27, 2016: nil (June 30, 2016: 12,740,732 units)	-	843,564
<b>Meezan Cash Fund</b>		
Investment as at December 27, 2016: nil (June 30, 2016: 2,531,020 units)	-	126,905
<b>Meezan Sovereign Fund</b>		
Investment as at December 27, 2016: nil (June 30, 2016: 4,447,944 units)	-	225,956
<b>Directors and officers of the Management Company</b>		
Investments as at December 31, 2016: 264,938 units (June 30, 2016: 200,284 units)	13,247	12,293



	Period ended December 27, 2016	Six months period ended December 31, 2015
	(Unaudited) (Rupees in '000)	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	357	10
Sindh Sales Tax and Federal Excise Duty on management fee	46	4
Allocated expenses	636	97
Bonus units issued: 1,052,325 units (December 31, 2015: nil)	52,616	-
<b>Meezan Bank Limited</b>		
Profit on saving account	1,332	37
Bonus units issued: 1,497,850 units (December 31, 2015: nil)	74,893	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	599	974
Sindh Sales Tax on trustee fee	78	136
<b>Meezan Islamic Fund</b>		
Units purchased: 1,541,121 units (December 31, 2015: 6,415,263 units)	107,000	390,170
Units sold: 14,281,853 units (December 31, 2015: 14,595,745 units)	1,044,127	859,825
Transaction cost paid	-	-
Cash dividend received	-	53,170
<b>Al-Meezan Mutual Fund</b>		
Units purchased: 5,186,722 units (December 31, 2015: nil)	100,000	-
Units sold: 5,186,722 units (December 31, 2015: nil)	103,734	-
Transaction cost paid	-	-
<b>KSE Meezan Index Fund</b>		
Units purchased: nil (December 31, 2015: 44,749 units)	-	3,208
Units sold: nil (December 31, 2015: 1,165,932 units)	-	85,100
Cash dividend received	-	3,208
<b>Meezan Islamic Income Fund</b>		
Units purchased: 25,503,769 units (December 31, 2015: 25,433,557 units)	1,329,868	1,311,992
Units sold: 25,503,769 units (December 31, 2015: 2,970,100 units)	1,339,775	155,500
Cash dividend received	-	3,582
<b>Meezan Cash Fund</b>		
Units purchased: 26,128,081 units (December 31, 2015: 2,809,690 units)	1,339,325	141,500
Units sold: 28,659,101 units (December 31, 2015: 8,379,975 units)	1,468,196	423,411
<b>Meezan Sovereign Fund</b>		
Units purchased: 3,163,924 units (December 31, 2015: 2,151,429 units)	161,500	109,186
Units sold: 7,611,868 units (December 31, 2015: 7,799,416 units)	390,928	397,624
Cash dividend received	-	19,486
<b>Directors and executive of the Management Company</b>		
Bonus units issued: 64,654 units (December 31, 2015: nil)	3,233	-

## 12. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value			
	Investments	Other receivables	Cash and cash equivalents	Trade and other payables	Total	Level 1	Level 2	Level 3	Total
<b>December 27, 2016</b>	(Rupees in '000)								
<b>Financial assets - measured at fair value</b>									
Investments	-	-	-	-	-	-	-	-	-
<b>Financial assets - not measured at fair value</b>									
<b>Balances with bank</b>	-	-	1,339,967	-	1,339,967	-	-	-	-
Other receivables	-	345	-	-	345	-	-	-	-
	-	345	1,339,967	-	1,340,312	-	-	-	-
<b>Financial liabilities - not measured at fair value</b>									
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	6,440	6,440	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	104	104	-	-	-	-
Accrued expenses and other liabilities	-	-	-	210	210	-	-	-	-
	-	-	-	6,754	6,754	-	-	-	-
<b>June 30, 2016</b>	(Rupees in '000)								
<b>Financial assets - measured at fair value</b>									
Investments	1,196,425	-	-	-	1,196,425	1,196,425	-	-	1,196,425
<b>Financial assets - not measured at fair value</b>									
<b>Balances with bank</b>	-	-	647,463	-	647,463	-	-	-	-
Other receivables	-	357	-	-	357	-	-	-	-
	1,196,425	357	647,463	-	1,844,245	1,196,425	-	-	1,196,425
<b>Financial liabilities - not measured at fair value</b>									
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	6,886	6,886	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	183	183	-	-	-	-
Payable on redemption of units	-	-	-	587,750	587,750	-	-	-	-
Accrued expenses and other liabilities	-	-	-	317	317	-	-	-	-
	-	-	-	595,136	595,136	-	-	-	-

### **13. TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company distributed sufficient income of the fund for the period ended December 27, 2016 as reduced by capital gains (whether realised or unrealised) to its unitholders.

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. Accordingly, Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

### **14. POST BALANCE SHEET EVENT**

**14.1** The Fund disbursed the due amount to unitholders between December 28, 2016 to January 6, 2017 according to their holding as at December 27, 2016, subsequent to the maturity of the Fund as detailed in note 1.2. However, payments were made after retaining funds for remuneration payable to Management Company and Government levies payable in respect of Sindh Worker's Welfare Fund, FED and SECP fees.

**14.2** On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to reverse provision against WWF. Further, it was also decided to recognize provision against Sindh Workers Welfare Fund (SWWF) from the date of enactment of SWWF Act i.e. May 21, 2015.

The details and impact of the same are disclosed in note 8.1 to the condensed interim financial information.

### **15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand rupees.

**15.2** Date of authorization

This condensed interim financial information was authorized for issue on February 08, 2017 by the Board of Directors of the Management Company.

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

**Chief Executive**

**Director**





## **Meezan Tahaffuz Pension Fund**

Meezan Tahaffuz Pension Fund is Pakistan's first and the largest Shariah Compliant Voluntary Pension Scheme. MTPF is the best way to save and invest for your post-retirement needs and it has the potential to deliver superior returns with the added advantage of providing immense Tax Benefits\* which significantly enhances the yield on your investment.

## FUND INFORMATION

### PENSION FUND MANAGER

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre,  
Shahrah-e-Faisal, Karachi 74400, Pakistan.  
Phone: (9221) 35630722-6, 111-MEEZAN  
Fax: (9221) 35678143, 35630808  
Website: www.almeezangroup.com  
E-mail: info@almeezangroup.com

### BOARD OF DIRECTORS OF THE PENSION FUND MANAGER

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

### CFO & COMPANY SECRETARY OF THE PENSION FUND MANAGER

Syed Owais Wasti

### AUDIT COMMITTEE

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

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. 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

Deloitte Yousuf Adil  
Chartered Accountants  
Cavish Court, A-35, Block 7&8,  
KCHSU, Shahrah-e-Faisal, Karachi-75350, Pakistan

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

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

Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Sindh Bank Pakistan 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  
SITE Branch  
Plot # B/9-C, Estate Avenue, SITE, Karachi.  
Phone: (9221) 3206 2891 Fax: 3255 2771  
Website: www.meezanbank.com

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



**Deloitte Yousuf Adil**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Shahrah-e-Faisal  
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## **AUDITORS' REPORT TO THE PARTICIPANTS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Meezan Tahaffuz Pension Fund** ("the Fund") as at December 31, 2016 and the related condensed interim income statement and statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim contribution table, condensed interim number of units in issue and notes to the accounts for the six months period ended December 31, 2016 (here-in-after referred to as the "condensed interim financial information"). **Al Meezan Investment Management Limited** ("Pension Fund Manager") is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and statement of comprehensive income for the three months period ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2016.

### **Scope of Review**

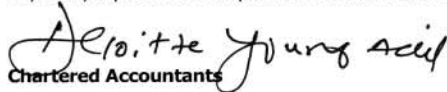
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### **Other Matter**

The condensed interim financial information for the six months period ended December 31, 2015 and financial statements for the year ended June 30, 2016, were reviewed and audited respectively by another firm of chartered accountants who, through their review report dated February 25, 2016 and audit report dated August 31, 2016, expressed an unqualified conclusion and opinion respectively thereon.

  
Chartered Accountants

### **Engagement Partner:**

Naresh Kumar

**Date:** February 16, 2017

**Place:** Karachi

Member of  
**Deloitte Touche Tohmatsu Limited**

## CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2016

Note	December 31, 2016 (Unaudited)					June 30, 2016 (Audited) Total	
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund	Total		
	(Rupees in '000)						
<b>Assets</b>							
Bank balances	5	183,393	153,992	280,192	5,909	623,486	543,527
Investments	6	5,268,429	2,031,812	220,298	35,655	7,556,194	5,897,147
Dividend receivable		13,363	-	-	-	13,363	12,078
Advance, deposits and other receivables	7	13,876	150,534	6,949	51	171,410	33,605
Receivable against sale of investments (net)		16,319	-	-	-	16,319	-
Receivable against change of plan / change of fund manager / issuance of units		5,317	-	3,438	1,103	9,858	181,449
<b>Total assets</b>		<b>5,500,697</b>	<b>2,336,338</b>	<b>510,877</b>	<b>42,718</b>	<b>8,390,630</b>	<b>6,667,806</b>
<b>Liabilities</b>							
Payable to Al Meezan Investment Management Limited - pension fund manager	8	24,471	12,655	3,250	59	40,435	37,713
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		450	187	41	4	682	571
Payable to auditors		73	73	72	59	277	216
Payable to Securities and Exchange Commission of Pakistan (SECP)		779	349	78	6	1,212	1,732
Payable against purchase of investments (net)		-	-	-	-	-	12,724
Payable against withdrawal / change of plan		2,954	10,185	7,060	-	20,199	19,307
Accrued expenses and other liabilities	9	64,527	7,019	1,657	139	73,342	45,520
<b>Total liabilities</b>		<b>93,254</b>	<b>30,468</b>	<b>12,158</b>	<b>267</b>	<b>136,147</b>	<b>117,783</b>
<b>Net assets</b>		<b>5,407,443</b>	<b>2,305,870</b>	<b>498,719</b>	<b>42,451</b>	<b>8,254,483</b>	<b>6,550,023</b>
<b>Contingencies and commitments</b>	10						
<b>Participants' sub-funds</b> (as per statement attached)		<b>5,407,443</b>	<b>2,305,870</b>	<b>498,719</b>	<b>42,451</b>	<b>8,254,483</b>	<b>6,550,023</b>
		(Number of units)					
<b>Number of units in issue</b>		<b>8,836,030</b>	<b>10,950,932</b>	<b>2,397,334</b>	<b>481,864</b>		
		(Rupees)					
<b>Net assets value per unit</b>		<b>611.98</b>	<b>210.56</b>	<b>208.03</b>	<b>88.10</b>		

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

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

**Chief Executive**

**Director**



# CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016 (UNAUDITED)

Note	For the six months ended December 31, 2016				Total	For the six months ended December 31, 2015
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund		
(Rupees in '000)						
<b>Income</b>						
	-	36,425	4,123	-	40,548	39,671
	4,390	2,820	7,589	73	14,872	16,492
	-	21,808	1,532	-	23,340	7,089
	97,569	-	-	-	97,569	65,390
6.1, 6.2, & 6.3	909,705	19,702	2,110	-	931,517	124,574
6.5	-	-	-	(4,876)	(4,876)	-
	115,020	-	-	-	115,020	772
	<b>1,126,684</b>	<b>80,755</b>	<b>15,354</b>	<b>(4,803)</b>	<b>1,217,990</b>	<b>253,988</b>
<b>Expenses</b>						
8.1	35,047	15,687	3,496	252	54,482	36,450
8.2 & 8.3	4,556	2,039	454	33	7,082	11,751
	2,147	962	214	15	3,338	
	279	125	28	2	434	358
	779	349	78	6	1,212	810
	83	83	82	59	307	246
	11	11	11	23	56	99
	3,455	20	-	6	3,481	2,534
	113	28	16	159	316	638
	1,511	-	-	-	1,511	1,078
11	21,644	1,360	235	-	23,239	4,135
	<b>69,625</b>	<b>20,664</b>	<b>4,614</b>	<b>555</b>	<b>95,458</b>	<b>60,644</b>
	<b>1,057,059</b>	<b>60,091</b>	<b>10,740</b>	<b>(5,358)</b>	<b>1,122,532</b>	<b>193,344</b>
	3,495	6,525	763	(377)	10,406	9,282
	<b>1,060,554</b>	<b>66,616</b>	<b>11,503</b>	<b>(5,735)</b>	<b>1,132,938</b>	<b>202,626</b>
14	-	-	-	-	-	-
	<b>1,060,554</b>	<b>66,616</b>	<b>11,503</b>	<b>(5,735)</b>	<b>1,132,938</b>	<b>202,626</b>
<b>Other comprehensive income for the period</b>						
<b>Items that can be reclassified to income statement in subsequent periods</b>						
	-	-	-	-	-	(395)
	<b>1,060,554</b>	<b>66,616</b>	<b>11,503</b>	<b>(5,735)</b>	<b>1,132,938</b>	<b>202,231</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED DECEMBER 31, 2016 (UNAUDITED)

Note	For the quarter ended December 31, 2016					For the quarter ended December 31, 2015
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund	Total	Total
	(Rupees in '000)					
<b>Income</b>						
Profit from sukuk certificates	-	19,124	1,992	-	21,116	16,651
Profit on saving accounts with banks	2,915	623	3,217	34	6,789	9,620
Profit on term deposit receipts	-	11,275	1,396	-	12,671	4,349
Dividend income	68,059	-	-	-	68,059	25,331
Unrealised appreciation/(diminution) on 're-measurement of investments at 'fair value through profit or loss' (net)	716,977	13,119	1,657	-	731,753	220,694
Unrealised diminution on investment in gold	-	-	-	(3,888)	(3,888)	-
Net realised gain on sale of investments	93,409	-	-	-	93,409	(6,491)
<b>Total income</b>	<b>881,360</b>	<b>44,141</b>	<b>8,262</b>	<b>(3,854)</b>	<b>929,909</b>	<b>270,154</b>
<b>Expenses</b>						
Remuneration to Al Meezan Investment Management Limited - pension fund manager	8.1	18,474	8,034	1,776	158	28,442
Sindh Sales Tax and Federal Excise Duty on management fee	8.2 & 8.3	2,401	1,044	230	21	3,696
Remuneration of Central Depository Company of Pakistan Limited (CDC) - Trustee		1,115	485	107	9	1,716
Sindh Sales Tax on trustee fee		145	63	14	1	223
Fee to Securities and Exchange Commission of Pakistan (SECP)		411	179	40	4	634
Auditors' remuneration		37	37	36	36	146
Legal and professional charges		-	-	-	-	-
Brokerage		2,071	17	-	1	2,089
Bank and settlement charges		40	15	8	93	156
Charity expense		1,159	-	-	-	1,159
Provision for Workers' Welfare Fund (WWF)	11	17,011	809	137	-	17,957
<b>Total expenses</b>		<b>42,864</b>	<b>10,683</b>	<b>2,348</b>	<b>323</b>	<b>56,218</b>
<b>Net income / (loss) from operating activities</b>		<b>838,496</b>	<b>33,458</b>	<b>5,914</b>	<b>(4,177)</b>	<b>873,691</b>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed (net)		(4,946)	6,152	794	(241)	1,759
<b>Net income / (loss) for the quarter before taxation</b>		<b>833,550</b>	<b>39,610</b>	<b>6,708</b>	<b>(4,418)</b>	<b>875,450</b>
Taxation	14	-	-	-	-	-
<b>Net income / (loss) for the quarter after taxation</b>		<b>833,550</b>	<b>39,610</b>	<b>6,708</b>	<b>(4,418)</b>	<b>875,450</b>
<b>Other comprehensive income for the quarter</b>						
<b>Items that can be reclassified to income statement in subsequent periods</b>						
Unrealised diminution on re-measurement of investment classified as "available for sale" (net)		-	-	-	-	(27)
<b>Total comprehensive income for the quarter</b>		<b>833,550</b>	<b>39,610</b>	<b>6,708</b>	<b>(4,418)</b>	<b>875,450</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016 (UNAUDITED)

Note	For the six months ended December 31, 2016				Total	For the six months ended December 31, 2015
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund		
(Rupees in '000)						
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net income / (loss) for the period before taxation	1,060,554	66,616	11,503	(5,735)	1,132,938	202,626
<b>Adjustments for non-cash items</b>						
Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss' (net)	(909,705)	(19,702)	(2,110)	-	(931,517)	(124,574)
Unrealised diminution on investment in gold	-	-	-	4,876	4,876	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed (net)	(3,495)	(6,525)	(763)	377	(10,406)	(9,282)
	147,354	40,389	8,630	(482)	195,891	68,770
<b>Increase in assets</b>						
Investments (net)	(396,224)	(226,651)	(69,000)	(40,531)	(732,406)	(699,280)
Receivable against sale of investments (net)	(16,319)	-	-	-	(16,319)	(7,627)
Dividend receivable	(1,285)	-	-	-	(1,285)	(509)
Advance, deposits and other receivables	(8,546)	(125,777)	(3,431)	(51)	(137,805)	(14,489)
	(422,374)	(352,428)	(72,431)	(40,582)	(887,815)	(721,905)
<b>Increase / (decrease) in liabilities</b>						
Payable to Al Meezan Investment Management Limited - pension fund manager	2,031	542	90	59	2,722	7,802
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	88	17	2	4	111	87
Payable to Securities and Exchange Commission of Pakistan (SECP)	(302)	(177)	(47)	6	(520)	(353)
Payable against purchase of investments (net)	(12,724)	-	-	-	(12,724)	(33,365)
Payable to auditors	1	1	-	59	61	5
Accrued expenses and other liabilities	26,097	1,351	235	139	27,822	4,752
	15,191	1,734	280	267	17,472	(21,072)
<b>Net cash used in operating activities</b>	(259,829)	(310,305)	(63,521)	(40,797)	(674,452)	(674,207)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Receipts of contribution / change of plan / change of fund manager / issuance of units	864,010	519,201	135,699	48,750	1,567,660	800,481
Payments on withdrawal / change of plan	(516,536)	(206,919)	(87,750)	(2,044)	(813,249)	(351,900)
Net cash generated from financing activities	347,474	312,282	47,949	46,706	754,411	448,581
Net increase / (decrease) in cash and cash equivalents during the period	87,645	1,977	(15,572)	5,909	79,959	(225,626)
Cash and cash equivalents at beginning of the period	95,748	152,015	295,764	-	543,527	455,016
Cash and cash equivalents at end of the period	5	183,393	280,192	5,909	623,486	229,390

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016 (UNAUDITED)

	For the six months ended December 31, 2016			For the period from August 04, 2016 to December 31, 2016	Total	For the six months ended December 31, 2015
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund		Total
	(Rupees in '000)					
<b>Net assets at beginning of the period</b>	<b>4,099,339</b>	<b>1,997,375</b>	<b>453,309</b>	<b>-</b>	<b>6,550,023</b>	<b>4,476,521</b>
Amount received on issuance of units (2016: Equity sub fund: 1,425,818 units Debt sub fund: 2,180,526 units; Money market sub fund: 587,902 units; Gold sub fund: 503,737 units) (2015: Equity sub fund: 1,074,990 units Debt sub fund: 1,186,925 units; Money market sub fund: 304,825 units)	<b>768,679</b>	<b>456,121</b>	<b>121,416</b>	<b>49,853</b>	<b>1,396,069</b>	<b>759,140</b>
Amount paid on withdrawal of units (2016: Equity sub fund: 922,618 units Debt sub fund: 997,635 units; Money market sub fund: 421,072 units; Gold sub fund: 21,873 units) (2015: Equity sub fund: 405,738 units; Debt sub fund: 593,975 units; Money market sub fund: 219,073 units)	<b>(517,634)</b>	<b>(207,717)</b>	<b>(86,746)</b>	<b>(2,044)</b>	<b>(814,141)</b>	<b>(338,145)</b>
	<b>251,045</b>	<b>248,404</b>	<b>34,670</b>	<b>47,809</b>	<b>581,928</b>	<b>420,995</b>
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed (net)	<b>(3,495)</b>	<b>(6,525)</b>	<b>(763)</b>	<b>377</b>	<b>(10,406)</b>	<b>(9,282)</b>
Net realised gain on sale of investments	<b>115,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,020</b>	<b>772</b>
Unrealised appreciation/(diminution) on re-measurement of investments at fair value through profit or loss (net)	<b>909,705</b>	<b>19,702</b>	<b>2,110</b>	<b>(4,876)</b>	<b>926,641</b>	<b>124,179</b>
Other net income / loss for the period	<b>35,829</b>	<b>46,914</b>	<b>9,393</b>	<b>(859)</b>	<b>91,277</b>	<b>77,280</b>
Total comprehensive income for the period	<b>1,060,554</b>	<b>66,616</b>	<b>11,503</b>	<b>(5,735)</b>	<b>1,132,938</b>	<b>202,231</b>
<b>Net assets at end of the period</b>	<b>5,407,443</b>	<b>2,305,870</b>	<b>498,719</b>	<b>42,451</b>	<b>8,254,483</b>	<b>5,090,465</b>

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CONTRIBUTION TABLE

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016 (UNAUDITED)

	For the six months ended December 31, 2016						For the period from August 04, 2016 to December 31, 2016		Total	For the six months ended December 31, 2015
	Equity sub fund		Debt sub fund		Money market sub fund		Gold sub fund			Total
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	(Rupees in '000)	(Rupees in '000)
<b>Contribution net of front end fee received during the quarter</b>										
Individuals - issue of units	1,425,818	768,679	2,180,526	456,121	587,902	121,416	503,737	49,853	1,396,069	759,140

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM NUMBER OF UNITS IN ISSUE FOR THE SIX MONTHS ENDED DECEMBER 31, 2016 (UNAUDITED)

	For the six months ended December 31, 2016			For the period from August 04, 2016 to December 31, 2016
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund
	----- (Number of units) -----			
Total units in issue at beginning of the period	8,332,830	9,768,041	2,230,504	-
Add: Units issued / converted / reallocated during the period	1,425,818	2,180,526	587,902	503,737
Less: Units redeemed / converted / reallocated during the period	(922,618)	(997,635)	(421,072)	(21,873)
Total units in issue at the end of the period	<u>8,836,030</u>	<u>10,950,932</u>	<u>2,397,334</u>	<u>481,864</u>

	For the six months ended December 31, 2015		
	Equity sub fund	Debt sub fund	Money market sub fund
	----- (Number of units) -----		
Total units in issue at beginning of the period	6,576,270	7,146,942	1,729,099
Add: Units issued / converted / reallocated during the period	1,074,990	1,186,925	304,825
Less: Units redeemed / converted / reallocated during the period	(405,738)	(593,975)	(219,073)
Total units in issue at the end of the period	<u>7,245,522</u>	<u>7,739,892</u>	<u>1,814,851</u>

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

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

**Chief Executive**

**Director**

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## FOR THE SIX MONTHS ENDED DECEMBER 31, 2016 (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 Sarah-e-Faisal, Karachi 74400, Pakistan.

The Fund offers a saving mechanism where an individual saves from his / her income during work life in order to retain financial security and comfort in terms of regular income stream after retirement. The Fund comprises of four Shariah compliant sub funds namely Equity Sub-Fund, Debt Sub-Fund Money Market Sub-Fund and Gold Sub-Fund (collectively the "Sub-Funds"). During the period, the pension fund manager launched gold sub fund on August 04, 2016, with SECP approval dated April 6, 2016, that aims to provide maximum exposure to prices in gold in a Shariah compliant manner. Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and any unique circumstances. The Fund offers six types of allocation schemes to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility, Variable Volatility and Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. Allocation scheme can be selected initially at the time of opening of account and subsequently the allocation and percentages may change twice in a financial year. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimization through diversification.

**1.2** Summary of significant investment policy for each of the Sub-Fund is as follows:

- The Equity Sub-Fund shall invest at least 90% of net assets in listed equity securities based on quarterly average investment calculated on daily basis. Investment in single company shall not exceed 10% of NAV or paid-up capital of the investee company, whichever is lower. Surplus funds may be invested in Government Securities with maturity of less than one year or deposits with Banks which are rated not less than "A" by a rating agency registered with the Commission.
- The Debt Sub-Fund shall consist of debt securities with maturity of not more than 5 years. At least 25% net assets of the Debt Sub-Fund shall be invested in debt securities issued by the Federal Government. However, if such shariah compliant securities are not available, the assets of shariah compliant Debt Sub Fund may be deposited in Islamic Commercial Banks, having not less than "A+" rating. Up to 25% of net assets of Debt Sub-Fund may be deposited with Banks having rating of not less than "AA Plus".
- The Money Market Sub-Fund consists of short term debt instruments with weighted average maturity up to one year. Shariah Compliant Money Market Sub Fund can invest in shariah compliant government securities where the time to maturity may be up to three years.
- The Gold Sub Fund consist of physical gold and aims to provide opportunities of capital appreciation and maximum exposure to price of gold in a Shariah Compliant manner, by investing a significant portion of net assets in deliverable gold base contracts available on Pakistan Mercantile Exchange (PMEX).

- 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.
- 1.5** Title to the assets of the Sub Funds are held in the name of CDC as a Trustee of the Fund.
- 1.6** JCR-VIS Credit Rating Company Limited has assigned management quality rating of 'AM2++' to the Pension Fund Manager.

## **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 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provision and directives issued under the Companies Ordinance, 1984, the Voluntary Pension System Rules, 2005 (the VPS Rules) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provision of / or directives issued under the Companies Ordinance, 1984, the VPS Rules, 2005 and directives issued by the SECP have been followed.

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

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 annual financial statements of the Fund for the year ended June 30, 2016. The accounting policies followed in preparation of interim financial information are same which were disclosed in annual financial statements, except below:

As stated above, during the period, the Pension Fund Manager launched Gold Sub-Fund and made investment in gold based contracts which are available on the Pakistan Mercantile Exchange (PMEX). For recognition and measurement of investment in gold-based contracts, the investment is initially recognized at fair value less (spot rate fixed by PMEX less cost to sell). Subsequent to initial recognition, these are measured at fair value (spot rate fixed by PMEX less cost to sell). Gain or loss arising from changes in fair value less cost to sell are recognized in the income statement in the period of change.



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, 2016.

Note	December 31, 2016 (Un-audited)					June 30, 2016 (Audited) Total
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund	Total	
----- (Rupees in '000) -----						
<b>5. BANK BALANCES</b>						
Current accounts	1,858	-	-	-	1,858	1,676
Savings accounts	5.1 181,535	153,992	280,192	5,909	621,628	541,851
	<b>183,393</b>	<b>153,992</b>	<b>280,192</b>	<b>5,909</b>	<b>623,486</b>	543,527

5.1 The balance in savings accounts carry expected profit which ranges from 2.40% to 6.10% (June 30, 2016: 2.50% to 6.20%) per annum.

## 6. INVESTMENTS

Held-for-trading						
- shares of listed companies	6.1 5,268,429	-	-	-	5,268,429	3,962,500
- sukuk certificates	6.2 -	1,249,360	130,298	-	1,379,658	1,206,750
	<b>5,268,429</b>	<b>1,249,360</b>	<b>130,298</b>	<b>-</b>	<b>6,648,087</b>	5,169,250
Investments designated at 'fair value through profit or loss upon initial recognition'	6.3 -	52,452	-	-	52,452	51,897
Loans and receivables	6.4 -	730,000	90,000	-	820,000	676,000
Investment in gold	6.5 -	-	-	35,655	35,655	-
	<b>5,268,429</b>	<b>2,031,812</b>	<b>220,298</b>	<b>35,655</b>	<b>7,556,194</b>	5,897,147

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

Name of the investee company	As at July 01, 2016	Purchases during the period	Cost of purchase	Bonus / rights issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain / (loss)	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2 below)	Percentage of paid-up capital of investee company
	---(Number of shares)---		(Rupees in '000)		---(Number of shares)---		(Rupees in '000)			%	
<b>Equity Sub Fund</b>											
<b>Sector / companies</b>											
<b>Automobile Assembler</b>											
Indus Motor Company Limited	60,605	-	-	-	15,000	45,605	42,848	73,631	30,783	1.36	0.06
Pak Suzuki Motor Company Limited	2,733	-	-	-	2,733	-	-	-	-	-	-
Honda Atlas Cars Pakistan Limited	165,300	102,200	53,068	-	40,100	227,400	97,071	152,049	54,978	2.81	0.16
Millat Tractors Limited	14,450	-	-	-	14,450	-	-	-	-	-	-
										<b>4.17</b>	<b>0.22</b>
<b>Automobile Parts &amp; Accessories</b>											
Thal Limited (note 6.1.1)	60,345	35,000	14,825	-	60,345	35,000	14,825	17,799	2,974	0.33	0.09
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited	1,354,000	275,000	19,829	-	-	1,629,000	107,365	116,115	8,750	2.15	0.41
<b>Cement</b>											
D.G Khan Cement Company Limited	887,900	210,000	43,159	-	205,000	892,900	172,655	197,983	25,328	3.66	0.20
Lucky Cement Limited	419,906	84,000	64,191	-	63,800	440,106	294,534	381,246	86,712	7.05	0.14
Fauji Cement Company Limited	5,104,500	150,000	5,850	-	2,140,000	3,114,500	111,876	140,402	28,526	2.60	0.23
Cherat Cement Company Limited	1,156,000	-	-	-	390,000	766,000	91,591	133,315	41,724	2.47	0.43
Pioneer Cement Company Limited	1,309,000	378,400	44,342	-	117,300	1,570,100	172,263	223,096	50,833	4.13	0.69
Maple Leaf Cement Factory Limited	-	732,500	74,376	-	325,000	407,500	42,271	51,989	9,718	0.96	0.08
Kohat Cement Company Limited	516,400	20,000	4,800	-	150,000	386,400	100,858	112,690	11,832	2.08	0.25
Dewan Cement Limited	-	3,156,500	105,577	-	2,216,500	940,000	33,760	36,698	2,938	0.68	0.19
Pakcem Limited (formerly Lafarge Pakistan)	400,000	-	-	-	400,000	-	-	-	-	-	-
										<b>23.63</b>	<b>2.21</b>

Name of the investee company	As at July 01, 2016	Purchases during the period	Cost of purchase	Bonus / rights issue	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain / (loss)	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2 below)	Percentage of paid-up capital of investee company
	---(Number of shares)---		(Rupees in '000)		------(Number of shares)-----		------(Rupees in '000)-----			%	
<b>Chemical</b>											
ICI Pakistan Limited	136,470	23,000	15,648	-	25,000	134,470	64,406	133,627	69,221	2.47	0.15
Sitara Chemical Industries Limited	74,700	-	-	-	38,100	36,600	13,322	21,228	7,906	0.39	0.17
Alkzo Nobel Pakistan Limited	1,500	-	-	-	1,500	-	-	-	-	-	-
Ghani Gases Limited	1,071,440	-	-	-	1,067,500	3,940	77	103	26	-	0.01
										<b>2.86</b>	<b>0.33</b>
<b>Engineering</b>											
K.S.B Pumps Company Limited	141,500	-	-	-	-	141,500	34,476	57,767	23,291	1.07	1.07
Amrell Steels Limited	625,000	-	-	-	200,000	425,000	19,984	28,301	8,317	0.52	0.14
Crescent Steel & Allied Products Limited	441,500	-	-	-	436,700	4,800	550	740	190	0.01	0.01
										<b>1.60</b>	<b>1.22</b>
<b>Fertilizer</b>											
Fauji Fertilizer Company Limited	598	-	-	-	598	-	-	-	-	-	-
Engro Corporation Limited (note 6.1.3)	988,300	120,900	37,069	-	30,000	1,079,200	356,191	341,124	(15,067)	6.31	0.21
Engro Fertilizers Limited	3,012,000	300,000	20,400	-	425,000	2,887,000	187,074	196,258	9,184	3.63	0.22
Dawood Hercules Corporation Limited	473,400	100,000	15,325	-	9,500	563,900	84,379	81,388	(2,991)	1.51	0.12
										<b>11.45</b>	<b>0.55</b>
<b>Food and Personal Care Products</b>											
Engro Foods Limited	12,500	440,000	64,785	-	452,500	-	-	-	-	-	-
National Foods Limited	-	47,000	17,517	-	-	47,000	17,517	17,625	108	0.33	0.09
Al-Shaheer Corporation Limited	2,022,400	130,000	7,427	113,760	2,233,000	33,160	1,569	1,903	334	0.04	0.02
										<b>0.37</b>	<b>0.11</b>
<b>Oil and Gas Exploration Companies</b>											
Oil and Gas Development Company Limited	900,800	860,000	131,232	-	-	1,760,800	255,605	291,148	35,543	5.38	0.04
Pakistan Oilfields Limited	65,050	395,000	192,157	-	16,000	444,050	208,776	237,398	28,622	4.39	0.19
Pakistan Petroleum Limited	730,657	197,000	35,209	-	41,000	886,657	142,120	166,851	24,731	3.09	0.04
Mari Petroleum Company Limited	202,200	43,200	57,603	-	5,000	240,400	236,704	330,528	93,824	6.11	0.22
										<b>18.97</b>	<b>0.49</b>
<b>Oil and Gas Marketing Companies</b>											
Pakistan State Oil Company Limited	554,133	25,000	9,922	-	51,000	528,133	198,795	229,321	30,526	4.24	0.19
Attock Petroleum Limited	34,120	-	-	-	-	34,120	14,929	23,359	8,430	0.43	0.04
Sui Northern Gas Pipelines Limited	-	2,203,000	116,118	-	770,000	1,433,000	76,380	116,890	40,510	2.16	0.23
Sui Southern Gas Company Limited	-	500,000	20,709	-	-	500,000	-	-	-	-	-
Hascol Petroleum Limited	70,600	21,700	5,434	-	88,000	4,300	1,052	1,451	399	0.03	-
										<b>6.86</b>	<b>0.46</b>
<b>Paper and Board</b>											
Packages Limited	455,801	-	-	-	-	455,801	289,990	387,454	97,464	7.17	0.52
Cherat Packaging Limited	141,000	-	-	-	-	141,000	48,190	47,655	(535)	0.88	0.48
										<b>8.05</b>	<b>1.00</b>
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	107,300	42,000	35,700	-	9,750	139,550	108,989	133,562	24,573	2.47	0.14
Glaxosmithkline Pakistan Limited	-	50,000	10,500	-	50,000	-	-	-	-	-	-
Ferozsons Laboratories Limited	70,850	40,000	34,000	-	20,750	90,100	85,650	67,462	(18,188)	1.25	0.30
The Searle Company Limited	171,010	10,000	5,374	23,941	-	204,951	97,061	133,995	36,934	2.48	0.15
Highnoon Laboratories Limited	42,744	-	-	-	37,450	5,294	3,051	3,383	332	0.06	0.02
										<b>6.26</b>	<b>0.61</b>
<b>Power Generation &amp; Distribution</b>											
The Hub Power Company Limited	1,905,845	192,200	23,641	-	100,000	1,998,045	240,450	246,719	6,269	4.56	0.17
Kot Addu Power Company Limited	488,000	-	-	-	488,000	-	-	-	-	-	-
K-Electric Limited (note 6.1.1)	16,829,500	9,477,500	84,987	-	3,538,500	22,768,500	191,323	213,341	22,018	3.95	0.24
										<b>8.51</b>	<b>0.41</b>
<b>Refinery</b>											
Attock Refinery Limited	105,000	75,000	27,075	-	-	180,000	56,489	76,554	20,065	1.42	0.21
<b>Textile Composite</b>											
Nishat Mills Limited	-	435,000	61,007	-	186,500	248,500	35,419	37,838	2,418	0.70	0.07
Kohinoor Textile Mills Limited	93,500	-	-	-	93,500	-	-	-	-	-	-
										<b>0.70</b>	<b>0.07</b>
<b>Glass &amp; Ceramics</b>											
Tariq Glass Industries Limited	1,500	-	-	-	1,500	-	-	-	-	-	-
<b>Miscellaneous</b>											
Shifa International Hospitals Limited	92,360	-	-	-	71,400	20,960	6,288	6,443	155	0.12	0.04
<b>Total</b>			<b>1,458,856</b>				<b>4,358,723</b>	<b>5,268,429</b>	<b>909,705</b>		

**6.1.1** All shares have a nominal value of Rs. 10 each except Thal Limited having nominal value of Rs. 5 and K-Electric Limited having nominal value of Rs. 3.50.

**6.1.2** Net assets are as defined in Rule 2(1)(m) of VPS Rules.

**6.1.3** 145,000 shares of Engro Corporation Limited having market value of Rs. 45.83 million as at December 31, 2016, have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

## 6.2 'Held for trading' - sukuk certificates

Name of the security	Maturity date	Profit rate per annum	As at July 01, 2016	Purchases during the period	Cost of purchase	Sales during the period	Maturity during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain	Percentage of net assets on the basis of market value of the respective sub fund (see note 6.1.2)
			Number of certificates	(Rupees in '000)	----- Number of certificates -----		----- (Rupees in '000) -----		----- (%) -----			
<b>Debt Sub Fund</b>												
GoP - Ijarah sukuk XVI (note 6.2.1)	December 18, 2018	Weighted average 6 months T-Bills	3,780	-	-	-	-	3,780	380,986	387,261	6,275	16.79
GoP - Ijarah sukuk XVII (note 6.2.1)	February 15, 2019	Weighted average 6 months T-Bills	6,620	-	-	-	-	6,620	672,526	683,581	11,055	29.65
GoP - Ijarah sukuk XVIII (note 6.2.1)	March 29, 2019	Weighted average 6 months T-Bills	250	1,500	151,650	-	-	1,750	176,700	178,518	1,818	7.74
<b>Total</b>					<b>151,650</b>				<b>1,230,212</b>	<b>1,249,360</b>	<b>19,148</b>	
<b>Money Market Sub Fund</b>												
GoP - Ijarah sukuk XVI (note 6.2.1)	December 18, 2018	Weighted average 6 months T-Bills	1,040	-	-	-	-	1,040	104,822	106,548	1,726	21.36
GoP - Ijarah sukuk XVII (note 6.2.1)	February 15, 2019	Weighted average 6 months T-Bills	230	-	-	-	-	230	23,366	23,750	384	4.76
<b>Total</b>					<b>-</b>				<b>128,188</b>	<b>130,298</b>	<b>2,110</b>	

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

## 6.3 Investments '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 01, 2016	Purchases during the period	Cost of purchase	Sales during the period	Redemptions / matured during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain	Percentage of net assets on the basis of market value (see note 6.1.2)
			Number of certificates	(Rupees in '000)	----- Number of certificates -----		----- (Rupees in '000) -----		----- (%) -----			
<b>Debt Sub Fund</b>												
Eden Housing Limited (note 6.3.1)	September 29, 2014	3 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	-	-	-	-
Security Leasing	January 19, 2022	-	154	-	-	-	-	154	-	-	-	-
K-Electric Limited - II (note 6.3.2)	March 19, 2017	3 months Kibor plus base rate of 2.25%	10,400	-	-	-	-	10,400	51,898	52,452	554	2.27
<b>Total</b>					<b>-</b>				<b>51,898</b>	<b>52,452</b>	<b>554</b>	
<b>Money Market Sub Fund</b>												
Security Leasing Corporation Limited II (note 6.3.2.2)	January 19, 2022	-	154	-	-	-	-	154	-	-	-	-
<b>Total</b>					<b>-</b>				<b>-</b>	<b>-</b>	<b>-</b>	

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.

#### 6.4 Loans and receivables

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2015
(Rupees in '000)			
<b>Debt Sub Fund</b>			
Sukuk certificates	6.4.1	-	29,000
Term Deposit Receipts (TDR)	6.4.2	730,000	626,000
		<u>730,000</u>	<u>655,000</u>
<b>Money Market Sub Fund</b>			
Sukuk certificates	6.4.1	-	21,000
Term Deposit Receipts (TDR)	6.4.2	90,000	-
		<u>90,000</u>	<u>21,000</u>

Name of the investee company	Maturity date	Profit rate per annum	As at July 01, 2016	Purchases during the period	Cost of purchase	Sales during the period	Redemptions / matured during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 6.1.2)
			Number of certificates	(Rupees in '000)	Number of certificates				(Rupees in '000)		(%)	
<b>Debt Sub Fund</b>												
Engro Fertilizer Limited CP (note 6.4.1.1)	Novemeber 25, 2016	6 months Kibor plus base rate of 0.40%	29	-	29,000	-	29	-	-	-	-	-
<b>Total</b>					<u>29,000</u>							
<b>Money Market Sub Fund</b>												
Engro Fertilizer Limited CP (note 6.4.1.1)	Novemeber 25, 2016	6 months Kibor plus base rate of 0.40%	21	-	21,000	-	21	-	-	-	-	-
<b>Total</b>					<u>21,000</u>							

6.4.1.1 The nominal value of these Commercial Paper (CP) sukuk of Engro Fertilizer Limited is Rs. 1,000,000 each.

Name of the Bank	Maturity date	Profit rate per annum	Face Value				Rating	Percentage of net assets value on the basis of total value of investments of the respective sub fund (see note 6.1.2)
			As at July 01, 2016	TDR's placed during the period	Matured during the period	As at December 31, 2016		
(Rupees in '000)								(%)
<b>Debt Sub Fund</b>								
Dubai Islamic Bank Pakistan Limited	September 05, 2017	6.10%	144,000	330,000	144,000	330,000	A+	14.31
Meezan Bank Limited	June 22, 2016	5.55% - 6.71%	-	-	-	-	AA	-
Bank Islami Pakistan Limited	September 29, 2016	6.52%	125,000	-	125,000	-	A+	-
Bank Al Falah Limited	September 22, 2016	6.05%	357,000	-	357,000	-	AA	-
Habib Metropolitan Bank Limited	March 21, 2017	6.15%	-	400,000	-	400,000	AA+	17.35
<b>Total</b>						<u>730,000</u>		
<b>Money Market Sub Fund</b>								
Habib Metropolitan Bank Limited	March 21, 2017	6.15%	-	90,000	-	90,000	AA+	18.05

## 6.5 Investment in gold

Commodity	As at August 04, 2016	Purchases during the period	Sales during the period	As at December 31, 2016	Carrying value as at December 31, 2016	Market value as at December 31, 2016	Unrealised loss	Net Assets of the Fund on the basis of Investments (note 6.1.2)
	Quantity in Tola			(Rupees in '000)				
Tola Gold	-	734	-	734	40,531	35,655	(4,876)	83.99
<b>Total</b>					<b>40,531</b>	<b>35,655</b>	<b>(4,876)</b>	

**6.5.1** The Pakistan Mercantile Exchange (PMEX) delivers refined Gold in 10 TOLA Bars. These are physically held by PMEX under their custody in the vaults of a commercial bank.

**6.5.2** The investment in gold of Rs. 35.655 million has been measured at fair value (spot rate fixed by PMEX less cost to sell) based on the quoted market price in active markets.

## 7. ADVANCE, DEPOSITS AND OTHER RECEIVABLES

Note	December 31, 2016 (Un-Audited)					June 30, 2016 (Audited) Total
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund	Total	
	(Rupees in '000)					
Security Deposits	2,600	100	100	-	2,800	2,800
Profit receivable on saving accounts with banks and Term Deposit Receipts	6,529	16,592	6,097	51	29,269	12,224
Profit receivable on sukuk certificates	-	18,842	752	-	19,594	18,581
Advance against IPO investments	7.1	-	115,000	-	115,000	-
Withholding tax on dividends		4,747	-	-	4,747	-
	<b>13,876</b>	<b>150,534</b>	<b>6,949</b>	<b>51</b>	<b>171,410</b>	<b>33,605</b>

**7.1** Represents advance paid to subscribe Sukuk certificate of Fatima Fertilizer Company Limited.

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

Note	December 31, 2016 (Un-Audited)					June 30, 2016 (Audited) Total	
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund	Total		
	(Rupees in '000)						
Management remuneration	8.1	6,728	2,795	616	53	10,192	5,287
Sindh Sales Tax and Federal Excise Duty on management fee	8.2 & 8.3	17,743	9,860	2,634	6	30,243	15,489
		<b>24,471</b>	<b>12,655</b>	<b>3,250</b>	<b>59</b>	<b>40,435</b>	<b>20,776</b>

- 8.1** Under the provisions of the Trust Deed, the pension fund manager is entitled to an annual management fee not exceeding 1.5% of the net assets of each sub-fund calculated during the year for determining the net asset value of the units of the sub-funds.
- 8.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Pension Fund Manager and sales load through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011. During the year SST at the rate of 13 percent (30 June 2016: 14 percent) was charged on the remuneration of Pension Fund Manager and sales load.
- 8.3** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the pension fund manager has been applied effective from June 13, 2013. The pension fund manager is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in Supreme Court of Pakistan, the pension fund manager, as a matter of abundant caution, has made a provision on FED on remuneration of Pension Fund Manager with effect from June 13, 2013, aggregating to Rs. 15.068 million, Rs. 8.535 million and Rs. 2.312 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Had the provision not being made, the Net Asset Value per unit as at December 31, 2016 would have been higher by Rs. 1.71 (June 30, 2016: Rs. 1.81) per unit, Rs. 0.78 (June 30, 2016: Rs. 0.87) per unit and Rs. 0.96 (June 30, 2016: Rs. 1.04) per unit for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

## 9. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	December 31, 2016 (Unaudited)					June 30, 2016 (Audited) Total	
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund	Total		
	(Rupees in '000)						
Provision for Workers' Welfare Fund (WWF)	11	58,046	6,982	1,654	-	66,682	43,443
Charity payable		3,017	-	-	-	3,017	2,007
Brokerage payable		3,443	37	3	-	3,483	49
Payable to custodian of Gold		-	-	-	139	139	-
Sindh Sales Tax withheld on brokerage		21	-	-	-	21	21
		<b>64,527</b>	<b>7,019</b>	<b>1,657</b>	<b>139</b>	<b>73,342</b>	45,520

## 10. CONTINGENCIES AND COMMITMENTS

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

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

In the current period, Al Shaheer Corporation Limited and Searle Company Limited (June 30, 2016: Hascol Petroleum Limited, Al Shaheer Corporation Limited, Searle Company Limited and Highnoon Laboratories Limited) issued bonus shares after withholding 5 percent shares on account of tax on bonus shares. These have not been deposited by the Companies with the Government Treasury due to pending adjudication of the aforementioned Constitutional Petition and the stay order.

There were no other contingencies and commitments outstanding as at December 31, 2016.

## 11. WORKERS' WELFARE FUND (WWF) AND SINDH WORKERS' WELFARE FUND (SWWF)

The detailed disclosure of Workers' Welfare Fund (WWF) is given in the annual financial statements for the year ended June 30, 2016. However, in the current period, the Supreme Court of Pakistan passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring also the insertion of amendments introduced in the Finance Acts 2006 and 2008 pertaining to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), as unlawful and thereby striking down the amendments introduced through the said Finance Acts.

In the wake of the decision made by the Supreme Court of Pakistan, the Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs), obtained a legal opinion dated December 5, 2016 on the matter and according to the opinion, there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. The parties to the case could file a review petition before the Supreme Court within 30 days. However, no petition was filed within the aforementioned period against the order of Supreme Court. After deliberating the position, the Mutual Fund Association of Pakistan (MUFAP) in its Extra Ordinary General Meeting held on January 12, 2017 decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017. As a result, the provisions amounted to Rs. 58.046 million, Rs. 6.982 million and Rs. 1.654 million for Equity Sub-Fund, Debt Sub-Fund and Money Market-Sub Fund were reversed subsequently.

Furthermore, the Sindh Revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion by the consultant dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by Sindh Workers Welfare Fund Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF would continue. Consequently, the provision was made for SWWF subsequently, amounted to Rs. 39.707 million, Rs. 3.423 million and Rs. 0.641 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively.

MUFAP also communicated its decision on treatment of reversal of provision of WWF and recognition of provision related to SWWF to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017. Had the impact of the aforesaid matters been recognized as of December 31, 2016, the NAV per unit of the Fund would have been higher by Rs. 2.075, Rs. 0.3250 and Rs. 0.4227 per unit for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

## 12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited 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 Management Company, Directors and Executives of the Management Company, Meezan Islamic Fund, Al Meezan Mutual Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Asset Allocation Fund, Meezan Energy Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Fund – II, Meezan Strategic Allocation Fund and Meezan Gold 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 - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

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 are carried out in the normal course of business at contracted rates and terms determined in accordance with market rates.

### 12.1 Balances outstanding as at period / year end

	December 31, 2016 (Unaudited)					June 30, 2016 (Audited) Total
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund	Total	
(Rupees in '000)						
<b>Al Meezan Investment Management Limited (Al Meezan) - Pension Fund Manager</b>						
Remuneration payable	6,728	2,795	616	53	10,192	7,715
Sindh Sales Tax and Federal Excise Duty on management fee	17,743	9,860	2,634	6	30,243	29,998
Investments as at December 31, 2016: (Equity sub fund: 260,077 units; Gold Sub Fund: 300,000) as at June 30, 2016 (Equity sub fund: 260,077 units)	159,162	-	-	26,430	185,592	127,945
<b>Meezan Bank Limited (MBL)</b>						
Bank balance	16,095	1,408	1,625	3,575	22,703	21,392
Term Deposit Receipts	-	-	-	-	-	-
Profit receivable on Term Deposit Receipts	-	936	-	-	936	936
Profit receivable on saving account	140	-	-	51	191	5
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>						
Trustee fee payable	398	166	37	3	604	500
Sindh Sales Tax on trustee fee payable	52	21	4	1	78	71
Deposits	100	100	100	-	300	300
<b>Directors and Executives of the Pension Fund Manager</b>						
Investments as at December 31, 2016: (Equity sub fund: 774,127 units; Debt Sub Fund: 569,285 units; Money Market Sub Fund: 22,443 units; Gold Sub Fund: 174,842 Units) as at June 30, 2016: (Equity sub fund: 743,922 units; Debt sub fund: 470,634 units; Money Market sub fund: 17,003 units)	473,766	119,857	4,668	15,403	613,694	465,663



## 12.2 Transactions during the period

Six months ended December 31, 2016 (Unaudited)					For the six months ended December 31, 2015 (Unaudited) Total
Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund	Total	

(Rupees in '000)

### Al Meezan Investment Management Limited (Al Meezan) - Pension Fund Manager

Remuneration for the period	35,047	15,687	3,496	252	54,482	36,450
Sindh Sales Tax and Federal Excise Duty on management fee	4,556	2,039	454	33	7,082	11,751
Units Issued: (Gold sub fund: 300,000 units)	-	-	-	30,000	30,000	-

### Meezan Bank Limited (MBL)

Profit on Term Deposit Receipts	-	-	-	-	-	3,992
Profit on savings account	142	8	4	73	227	621

### Central Depository Company of Pakistan Limited (CDC) - Trustee

Remuneration for the period	2,147	962	214	15	3,338	2,545
Sindh Sales Tax on trustee fee	279	125	28	2	434	358
CDS Charges for the period	100	3	3	-	106	109

### Directors and Executives of the Pension Fund Manager

Units issued (Equity Sub Fund: 85,064 units; Debt Sub Fund: 132,815 units; Money Market Sub Fund: 7,108 units; Gold sub fund: 174,842 units)	47,793	27,884	1,468	17,038	94,183	39,423
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Units redeemed / reallocated (Equity Sub Fund: 54,859 units; Debt Sub Fund: 34,164 units; Money Market Sub Fund: 1,668 units; Gold sub fund: nil units)

	30,735	7,115	347	-	38,197	2,928
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## 13. 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 date (i.e, unobservable inputs). During the period ended December 31, 2016, 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.

During the period ended December 31, 2016, 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.

**13.1** The additional disclosures due to the adoption of IFRS 13 Fair value measurement are as follows:

Note	Carrying amount					Fair value				
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total	
December 31, 2016										
(Rupees in '000)										
<b>Financial assets</b>										
<b>- measured at fair value</b>										
Investments										
- Held-for-trading										
- shares of listed companies	5,268,429	-	-	-	5,268,429	5,268,429	-	-	5,268,429	
- sukuk certificates	1,379,658	-	-	-	1,379,658	-	1,379,658	-	1,379,658	
- Investments designated at fair value through profit or loss upon initial recognition <sup>1</sup>	52,452	-	-	-	52,452	-	52,452	-	52,452	
- Available for sale - sukuk certificates	-	-	-	-	-	-	-	-	-	
	<b>6,700,539</b>	-	-	-	<b>6,700,539</b>	<b>5,268,429</b>	<b>1,432,110</b>	-	<b>6,700,539</b>	
<b>Financial assets</b>										
<b>- not measured at fair value</b>										
Bank balances	13.2	-	-	623,486	-	623,486	-	-	-	
Investments										
- Loans and receivables	13.2	820,000	-	-	-	820,000	-	-	-	
Receivable against sale of investments (net)	13.2	-	16,319	-	-	16,319	-	-	-	
Dividend receivable	13.2	-	13,363	-	-	13,363	-	-	-	
Advance, deposits and other receivables	13.2	-	171,410	-	-	171,410	-	-	-	
Receivable against change of plan / change of fund manager / issuance of units	13.2	-	9,858	-	-	9,858	-	-	-	
		<b>820,000</b>	<b>210,950</b>	<b>623,486</b>	-	<b>1,654,436</b>	-	-	-	
<b>Total</b>		<b>7,520,539</b>	<b>210,950</b>	<b>623,486</b>	-	<b>8,354,975</b>	<b>5,268,429</b>	<b>1,432,110</b>	-	<b>6,700,539</b>
<b>Financial liabilities</b>										
<b>- not measured at fair value</b>										
Payable to Al Meezan Investment Management Limited (Al Meezan) - pension fund manager	13.2	-	-	-	40,435	40,435	-	-	-	
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	13.2	-	-	-	682	682	-	-	-	
Payable to auditors	13.2	-	-	-	277	277	-	-	-	
Payable against purchase of investments (net)	13.2	-	-	-	-	-	-	-	-	
Payable against withdrawal / change of plan	13.2	-	-	-	20,199	20,199	-	-	-	
Accrued expenses and other liabilities	13.2	-	-	-	6,639	6,639	-	-	-	
		-	-	-	<b>68,232</b>	<b>68,232</b>	-	-	-	

**13.2** The Fund has not disclosed the fair values for these financial assets and liabilities, as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

**14. TAXATION**

The income of the Fund is exempt from income tax under clause 57(3) (viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision has been made for current and deferred taxation in this condensed interim financial information.

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. Accordingly, Supertax and any other taxes introduced in Finance Act, 2015 is also not applicable on fund.

**15. POST BALANCE SHEET EVENT**

On January 11, 2017, the Mutual Fund Association of Pakistan (MUFAP) in its extra ordinary general meeting decided to reverse provision against WWF and recognize provision against Sindh Workers' Welfare Fund (SWWF) from the date of enactment of SWWF Act i.e. May 21, 2015.

Accordingly, the Pension Fund Manager, based on the decision taken by MUFAP, recorded impact of the aforesaid matters in books of the Fund subsequent to the six month period end December 31, 2016, on January 12, 2017. The details and impact of the same are disclosed in note 11 to the condensed interim financial information.

**16. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on February 08, 2017 by the Board of Directors of the pension fund manager.

**17. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

**Chief Executive**







**Director**



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