



Quarterly Report September 30, 2011



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Al Meezan Investment Management Limited

A subsidiary of Meezan Bank

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REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited, the management company is pleased to present the un-audited financial statements of the following open end equity, income and money market funds under its management for the 1st quarter ended September 30, 2011.

Equity Funds

Meezan Islamic Fund
Al Meezan Mutual Fund

Income Funds

Meezan Islamic Income Fund
Meezan Sovereign Fund

Money Market Fund

Meezan Cash Fund

Economic Review

Since the start of fiscal year, the macroeconomic scenario of Pakistan has witnessed mixed trends. On one hand, the torrential rains and floods in Sindh along with withered Pakistan-US ties created an element of uncertainty that gripped the economy during the first quarter. While, on the other hand, the seemingly positive inflation figures and restricted government borrowing from central bank had supported the start of monetary easing cycle, where State Bank reduced the policy rate by 50bps, effective 1st August 2011.

The devastating rains which hit the province of Sindh in the early months of 1QFY12 have caused damage to 1.5mn homes rendering 8.9 mn people shelter less with losses of Rs 270bn. This has raised concerns about achieving the estimated FY12 GDP target of 4.2%. The average inflation figure for Jul-Sept 2011 was recorded on a lower side, at 11.47%, primarily on account of the change in CPI methodology. This can, however, pave way for further ease in monetary policy by State Bank.

On the external front, despite the widened trade deficit, current account in 2MFY12 remained resilient recording a deficit of USD189mn vs. USD1,016mn deficit in the same period last year. One contributing factor remained the healthy inflow of remittances in the first three months which amounted to USD 3.4bn. However the impact of deferred import payments coupled with faltering relations with US and end of IMF program became visible in the form of sharp currency move as rupee lost 1.7% during 1QFY12 to Rs 87.45 per USD, touching an all time low level of Rs 87.60. On the domestic front, tax collection during the quarter stood at Rs 374bn, higher than the initial target, but that too could not give respite to the fiscal slippages resulting in excessive government borrowing from commercial banks cumulating to Rs 247bn during the quarter.

The IMF standby Arrangement program expired on September 30, 2011 where the government decided not to seek an extension or a new loan due to comfortable balance of payments position. The economic managers of the country also had discussions with the IMF delegation where they assured that the country will continue to follow the path of economic reforms.



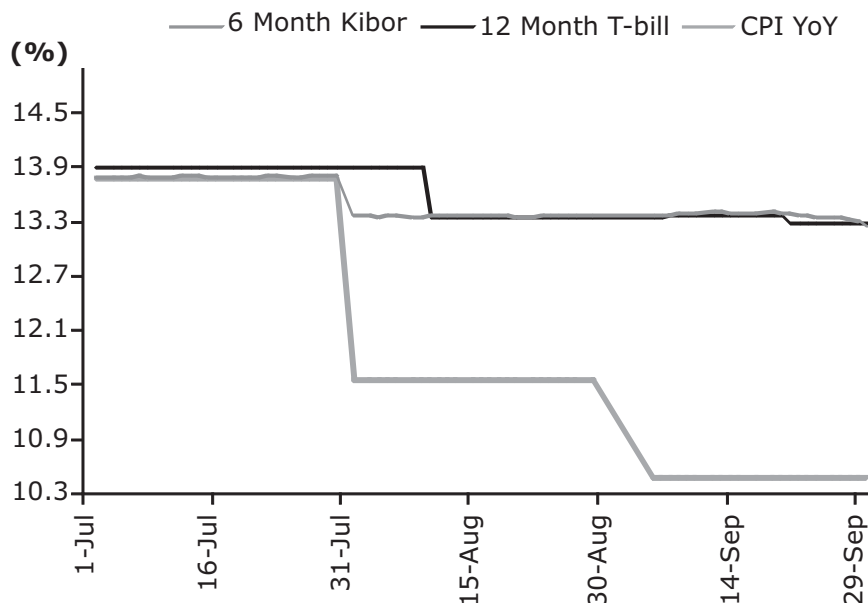
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Money Market Review

In the first quarter of fiscal year 2011, money market remained highly volatile and to normalize the liquidity situation, State Bank of Pakistan (SBP) regularly conducted open market operations. However, a potentially achievable FY12 inflation target of 12% and restricted government borrowing from central bank have supported the start of monetary easing cycle, where central bank reduced the policy rate by 50bps, effective 1st August 2011, after a gap of eight months.

As a result, KIBOR rates also decreased, with six month rate decreasing by 53 bps to close at 13.25%. During the quarter, SBP conducted six T-Bill auctions mopping up Rs 852bn against a target of Rs 750bn with a maturity of Rs 595bn. The cut off rate of six month T-Bill decreased by 53 bps to close at 13.23%. Private sector credit growth remains muted, with banking ADR under 65%. The following graph shows the trend of interest rates and inflation during the quarter under review.

The following graph shows the trend in interest rate during the period:



Subsequently, in the latest monetary policy announced by the State Bank on October 8, 2011, the discount rate was cut by 150 bps to 12%. Accordingly, the six month KIBOR and six month T-Bill yield were adjusted by 87 and 72 basis points respectively.

Equity Market Review

KSE -100 index posted a negative return of 5.9% during 1QFY12 and closed at a level of 11,762, marking the highest quarterly decline since December 2008. The index followed a range bound trajectory moving within a band of 12,576 and 10,842. However, during the same period, the bench mark index, Karachi Meezan Index (KMI-30) increased by 1.8% to close at the level of 21,313.

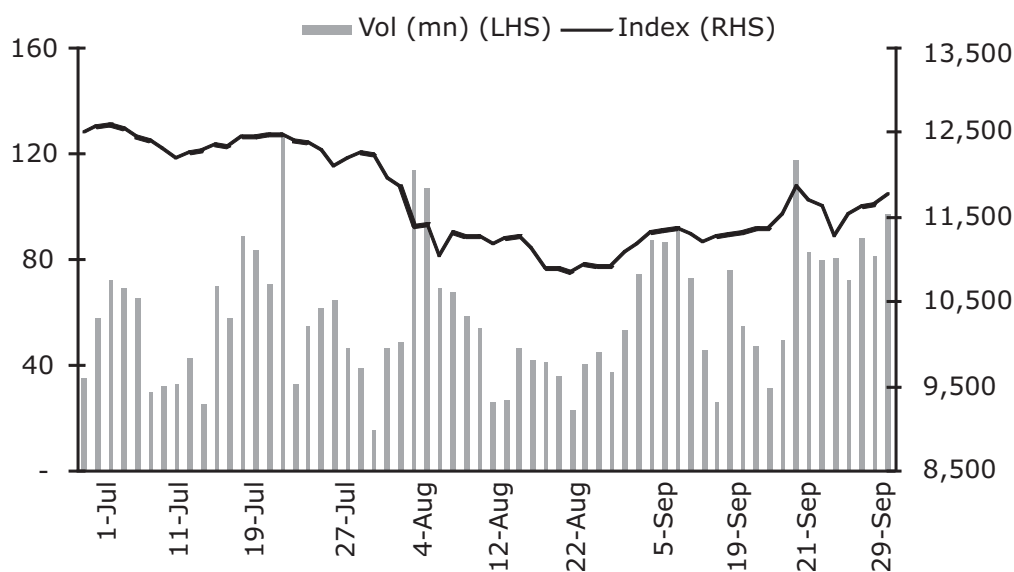
With the start of fiscal year, uncertainty regarding US economic slowdown and debt situation of some Euro zone countries resulted in massive selling in global equity markets, and had it repercussions in the local market as well. This coupled with the strained US-Pak relations and deteriorating political scenario in Karachi dampened the investors' sentiments. To improve the situation, the government launched a targeted operation in troubled areas of the city which helped in restoring the law and order situation.



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Foreigners who own more than one-third of market free float remained net sellers of USD46mn worth of shares during 1QFY12. This proved to be the highest quarterly selling by foreigners in last nine quarters. Volumes also declined 30% QoQ as average daily volumes were recorded at 59 million shares during 1QFY12 as compared to 74 million shares in 4QFY11.

In addition to currency volatility, the news on the macro front also remained mixed during the quarter. The gradual build up in expectations of monetary easing towards the end of the quarter and improved FY 11 financial results, however, helped in countering the market pressures of international and domestic politics and index closed at the level of 11,762, up 920 points from the lowest level 10,842, it touched in August, 2011.



Performance Review

Meezan Islamic Fund

During the first three months of fiscal year 2012, Meezan Islamic Fund (MIF) provided a return of 2.43% to its investors while the benchmark index, Karachi Meezan Index (KMI-30) increased by 1.8% to 21,313 points. The KSE 100 index during the same period closed at 11,762 points posting a 5.87% decrease.

MIF earned a total income of Rs. 114 million during the period under consideration as compared to Rs. 158 million in the same period last year. Major impetus to this figure was dividend income of Rs. 90 million, the other note worthy contribution was from profit on bank deposits which was of Rs. 14 million. Realized and unrealized capital gains were Rs. 8 million and Rs. 1 million respectively. During the period under review, the Fund incurred expenses amounting to Rs. 30 million. In all, the MIF posted a net income of Rs. 83 million. The net assets of the Fund as at September 30, 2011 were Rs. 4.6bn and the net asset value as at the same date was Rs. 42.58.

Al Meezan Mutual Fund

During the first three months of fiscal year 2012, Al Meezan Mutual Fund Limited (AMMF) provided a return of 1.61% to its investors while the benchmark index, Karachi Meezan Index (KMI-30) increased by 1.8% to 21,313 points. The KSE 100 index during the same period closed at 11,762 points posting a 5.87% decrease.



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AMMF was converted from a closed end fund to an open end scheme with effect from August 5, 2011. This conversion was effectuated in accordance with the Scheme of Arrangement for conversion of Al Meezan Mutual Fund Limited ("AMMFL") from a closed end fund to an open end scheme, which was unanimously approved by the share holders in an Extra Ordinary General Meeting held on April 27, 2011 and fulfillment of all statutory formalities. The closed end fund, which was also registered with the Securities and Exchange Commission of Pakistan as an Investment Company has also been struck off from the Register of the Companies. Accordingly the condensed interim financial statements of AMMF for the quarter ended September 30, 2011 consist of pre and post conversion period.

During the pre-conversion period the Fund earned an income of Rs. 23 million, after accounting for expenses the net income was Rs. 13 million, it also paid a cash dividend of 1.5% i.e. Rs. 0.15 per share of Rs. 10/- each. The aggregate payout in amount was Rs. 21 million.

During the post conversion period i.e. from August 5, 2011 to September 30, 2011, the net income of the Fund was Rs. 36 million, which mainly constituted of dividend income and realized capital gains of Rs. 22 million and Rs. 7 million respectively.

The net assets of the Fund at the period end were Rs. 1.47 bn, which translates into net asset value of Rs. 10.83 per unit.

Meezan Islamic Income Fund

During the first three months of fiscal year 2012, Meezan Islamic Income Fund (MIIF) provided an annualized return of 6.2% to its investors as compared to benchmark return of 6%. MIIF is benchmarked against average return on deposits with three Islamic banks, namely Meezan Bank, Bank Islami and Dubai Islamic Bank.

MIIF earned a total income of Rs. 51 million during the period under consideration as compared to Rs. 110 million in the same period last year. Major impetus to this figure were profit from sukuks certificates of Rs. 21 million and profit of Rs. 21 million on saving accounts maintained with Islamic banks or windows of conventional banks rendering Islamic banking services. During the period under review, the Fund incurred expenses amounting to Rs. 13 million. In all, the MIIF posted a net income of Rs. 38 million as compared to Rs. 111 million in the corresponding period last year. The net assets of the Fund as at September 30, 2011 were Rs. 2.5 billion, which translates into net assets value of Rs. 50.82.

Meezan Sovereign Fund

During the first three months of fiscal year 2012, Meezan Sovereign Fund (MSF) provided an annualized return of 12.32% to its investors as compared to benchmark return of 8.3%.

During the period, MSF earned a total income of Rs. 451 million. Major impetus to this figure were profit from sukuks certificates of Rs. 329 million and profit of Rs. 119 million on saving accounts maintained with Islamic banks or windows of conventional banks rendering Islamic banking services. During the period under review, the Fund incurred expenses amounting to Rs. 47 million. In all, the MSF posted a net income of Rs. 422 million. The net asset of the Fund as at September 30, 2011 were around Rs. 13.8 billion,



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which translates into net assets value of Rs. 50.19 as compared to Rs. 50.65 as at year end June 30, 2011.

The Fund paid an interim payout 2.60% during the 1st quarter i.e. Rs. 1.30 per unit of Rs. 50/- each

Meezan Cash Fund

During the first three months of fiscal year 2012, Meezan Cash Fund (MCF) provided an annualized return of 11.75% to its investors as compared to benchmark return of 8.3%.

MCF earned a total income of Rs.194 million during the period under consideration as compared to Rs. 164 million in the same period last year. Major impetus to this figure were profit of Rs. 179 million on saving accounts maintained with Islamic banks or windows of conventional banks rendering Islamic banking services. Profit on investments from sukuk certificates was Rs. 15 million. The Fund incurred expenses amounting to Rs.21 million. In all, the MCF posted a net income of Rs. 178 million as compared to Rs. 141 million in the corresponding period last year. The net asset of the Fund as at September 30, 2011 were Rs. 5.81 billion, which translates into net assets value of Rs. 50.14 as compared to Rs. 50.03 as at June 30, 2011.

The Fund paid interim payouts of 1.70% i.e. Rs. 0.85 per unit of Rs. 50/- each and 0.90% i.e. Rs. 0.45 per unit of Rs. 50/- each during the quarter ended September 30, 2011.

Outlook

Going forward, the key challenge for the government under the current political environment would be to implement the reforms and fiscal discipline. In line with the government's commitment to keep SBP borrowing within limits, and as inflation has tapered off from its peak, we are of the view that that this decline in inflation will ease the pressure on interest rates and improve liquidity position. Hence, we expect the interest rates to ease off further in future.

Despite the implementation of capital gain tax which has negatively impacted the volumes, we believe the recent corporate results have shown decent growth, which will act as a trigger for investors to further increase their participation in stock market. On the basis of earnings multiples and dividend yields, Pakistan remains one of the cheapest markets, trading at a P/E multiple of 6.5x, which is almost at a 38% discount to regional markets. This makes KSE an attractive option for both the domestic and international investors.

Acknowledgement

We take this opportunity to thank our valued investors for reposing 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, Trustee, Central Depository Company of Pakistan for their support. We would also like to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued assistance and support on Shariah aspects of fund management.

For and on behalf of the Board

**Date: October 24, 2011
Karachi.**

**Mohammad Shoaib, CFA
Chief Executive**

Our Vision

To set standards of best practices and performance for the industry through efficient asset allocation & security selection on a SHARIAH COMPLIANT basis.

Our Mission

To be the leading mutual fund in the industry, providing unitholders, in a truly SHARIAH COMPLIANT way, the best combination of current income and future growth on risk adjusted basis.

FUND INFORMATION**MANAGEMENT COMPANY**

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Rana Ahmed Humayun	Director
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Member
Mr. Mazhar Sharif	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

A.F. Fergusons & Co.
Chartered Accountants
State Life Building No. 1-C,
I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan.

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2011**

	Note	(Unaudited) September 30, 2011 (Rupees in '000)	(Audited) June 30, 2011
Assets			
Balances with banks	5	495,117	589,166
Investments	6	4,026,479	3,932,380
Receivable against sale of investments		20,075	-
Dividend receivable		41,416	22,196
Advances, deposits and other receivables		18,303	42,485
Total assets		4,601,390	4,586,227
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund	7	10,667	9,524
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		466	468
Payable to Meezan Bank Limited (MBL)		434	434
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,076	4,063
Payable on redemption of units		12,914	10,627
Payable against purchase of investments		-	54,536
Accrued expenses and other liabilities		10,439	9,490
Total liabilities		35,996	89,142
Net assets		4,565,394	4,497,085
Contingency	8		
Unitholders' fund (as per statement attached)		4,565,394	4,497,085
		Number of units	
Number of units in issue		107,222,083	87,206,775
		Rupees	
Net assets value per unit		42.58	51.57

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

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

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	September 30	
	2011	2010
	(Rupees in '000)	
Note		
Income		
Net realised gain on sale of investments	8,017	28,965
Dividend income	89,908	65,037
Profit on savings accounts with banks	14,015	8,320
Other income	631	503
	112,571	102,825
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	1,144	55,161
Total income	113,715	157,986
Expenses		
Remuneration to Al Meezan	22,662	20,620
Remuneration to CDC	1,385	1,283
Annual fee to SECP	1,076	980
Auditors' remuneration	221	143
Fees and subscription	10	10
Legal and professional charges	44	42
Sales tax on management fee	3,626	-
Brokerage	284	422
Bank and settlement charges	116	151
Printing charges	185	77
Total expenses	29,609	23,728
Net income from operating activities	84,106	134,258
Element of loss and capital losses included in prices of units issued less those in units redeemed	3.1 (1,053)	(203,887)
Net income / (loss)	83,053	(69,629)
Other comprehensive income for the period		
Unrealised gain on available for sale investments	23,653	61,819
Element of gain / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed pertaining to 'available for sale' investment	3.1 1,635	(8,737)
Total comprehensive income / (loss) for the period	108,341	(16,547)

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

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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Note	September 30 2011 2010 (Rupees in '000)	
Accumulated loss		(95,409)	(350,397)
Less : Final distribution in the form of bonus units @ 20% for the year ended June 30, 2011 (June 30, 2010 18 %)		(871,260)	(771,783)
Less : Final distribution in the form of 20% cash dividend for the year ended June 30, 2011 (June 30, 2010 18 %)		(808)	(1,237)
Net income / (loss) for the period		83,053	(69,629)
Element of gain / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed pertaining to 'available for sale' investment	3.1	1,635	(8,737)
Reversal of provision of Workers' Welfare Fund		-	24,242
Undistributed Loss carried forward		<u>(882,789)</u>	<u>(1,177,541)</u>

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

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30 2011 2010 (Rupees in '000)	
Net assets at the beginning of the period	4,497,085	3,965,910
Issue of 4,404,617 (September 30, 2010: 2,906,473) units	183,606	113,213
Redemption of 5,348,173 (September 30, 2009: 8,572,113) units	(222,248)	(335,140)
	(38,642)	(221,927)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net):		
- transferred to income statement	1,053	203,887
- transferred to other comprehensive income	(1,635)	8,737
	(582)	212,624
Reversal of provision of Workers' Welfare Fund	-	24,242
Total comprehensive (loss) for the period	108,341	(16,547)
Cash distribution during the period	(808)	(1,237)
Issue of bonus units during the period	(871,260)	(771,783)
Total comprehensive (loss) for the period less distribution	(763,727)	(789,567)
Issue of 20,958,864 bonus units for the year ended June 30, 2011 (2010: 20,763,587 bonus units)	871,260	771,783
Net assets at the end of the period	4,565,394	3,963,065
Net asset value per unit at the beginning of the period - Rupees	51.57	46.17
Net asset value per unit at the end of the period - Rupees	42.58	39.24

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30	
	2011	2010
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period	83,053	(69,629)
Adjustments for:		
Dividend income	(89,908)	(65,037)
Profit on deposit accounts with banks	(14,015)	(8,320)
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	(1,144)	(55,161)
Reversal of provision of Workers' Welfare Fund	-	24,242
Element of loss and capital losses included in prices of units issued less those in units redeemed	1,053	203,887
	<u>(20,961)</u>	<u>29,982</u>
Decrease / (increase) in assets		
Investments	(69,302)	220,452
Receivable against sale of investments	(20,075)	(40,875)
Advances, deposits and other receivables	31,707	(29)
	<u>(57,670)</u>	<u>179,548</u>
Increase / (decrease) in liabilities		
Payable to Al Meezan - management company of the Fund	1,143	824
Payable to CDC - trustee of the Fund	(2)	(2)
Payable to MBL	-	126
Payable to SECP	(2,987)	(3,142)
Payable on redemption of units	2,287	528
Payable against purchase of investments	(54,536)	(329)
Accrued expenses and other liabilities	949	(22,599)
	<u>(53,146)</u>	<u>(24,594)</u>
Dividend received	70,688	36,447
Profit received on deposit accounts with banks	6,490	3,999
Dividend paid	(808)	(1,237)
Net cash inflow from operating activities	<u>(55,407)</u>	<u>224,145</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from sale of units	183,606	113,213
Payments against redemption of units	(222,248)	(335,140)
Net cash outflow from financing activities	<u>(38,642)</u>	<u>(221,927)</u>
Net cash outflow during the year	<u>(94,049)</u>	<u>2,218</u>
Cash and cash equivalents at the beginning of the period	589,166	352,749
Cash and cash equivalents at the end of the period	<u>495,117</u>	<u>354,967</u>

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

Meezan Islamic Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (AMIML) 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). On November 21, 2007 Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations, 2007) were notified which are now superseded by the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008) issued through S.R.O.1203(I)/2008 on November 21, 2008. The registered office of the management company of the Fund, is situated in Finance & Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.

The Fund has been formed to enable the unit holders 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 adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with SECP as a Non-Banking Finance Company under NBFC Rules.

The Fund is an open-end fund listed on the Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The management company of the Fund has been given quality rating of AM2 by JCR-VIS Credit Rating Company Limited. The Fund is ranked at 'MFR 5-Star' for one year and two years and 'MFR 3-Star' for three years performance rankings by JCR-VIS Credit Rating Company Limited."

Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.

2. 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 (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations, 2008 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations, 2008 or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, 2008 and the said directives take precedence. "

These condensed interim financial statements are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements and the significant judgements made by management in applying those accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2011.

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

During the year, the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in income statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the year on available for sale securities is included in distribution statement. Previously, the element was recognised based on cumulative values of undistributed income and unrealised gain / loss on available for sale securities present in the net asset value of units.

The revised methodology, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its methodology:

- Loss for the period would have been higher by Rs 202.11 million.
- Undistributed loss would have been higher by Rs 168.75 million.

4. FINANCIAL RISK

The fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2011.

		(Unaudited) September 30, 2011	(Audited) June 30, 2010
	Note	(Rupees in '000)	
5. BALANCES WITH BANKS			
On current accounts		3,028	3,386
On saving accounts		492,089	585,780
		<u>495,117</u>	<u>589,166</u>
6. INVESTMENTS			
Investments at fair value through profit and loss	6.1	767,989	828,071
Investments- 'available for sale'	6.2	3,258,490	3,104,309
		<u>4,026,479</u>	<u>3,932,380</u>
6.1 Investments at 'fair value through profit or loss'			
- Held for trading	6.1.1	551,915	625,584
- Investments at 'fair value through profit or loss upon initial recognition'	6.1.4	216,074	202,487
		<u>767,989</u>	<u>828,071</u>

6.1.1 Held for Trading - Shares of listed companies

Name of the investee company	As at July 1, 2011	Purchases during the year	Bonus / rights issue	Sales during the year	As at September 30, 2011	Carrying value	Market value	Unrealised gain / (loss)	Percentage in relation to			
									Number of Shares	Net assets of the Fund on the basis of market value	Total market value of investments	Paid-up capital of investee company (with face value of investment)
General Industrials												
Thal Limited (note 6.1.2)	286,127	-	-	-	286,127	28,910	26,006	(2,904)	0.57	0.65	0.47	
Tri-Pack Films Limited	379,300	-	-	-	379,300	64,955	68,464	3,509	1.50	1.70	1.26	
Construction and Materials												
Attock Cement Pakistan Limited	594	-	-	-	594	29	32	3	-	-	-	
Lucky Cement Limited	476,821	-	-	-	476,821	33,778	36,010	2,232	0.79	0.89	0.15	
Oil and gas												
Pakistan State Oil Company Limited	597,300	-	-	63,005	534,295	141,364	136,022	(5,342)	2.98	3.38	0.31	
Pakistan Oilfields Limited	263,923	-	-	80,064	183,859	66,007	67,726	1,719	1.48	1.68	0.08	
Pakistan Petroleum Limited	469,091	-	46,909	84,000	432,000	81,322	81,894	572	1.79	2.03	0.03	
Automobile and Parts												
Indus Motor Company Limited	405,944	-	-	-	405,944	89,308	78,351	(10,957)	1.71	1.95	0.52	
Pak Suzuki Motor Company Limited	50,023	-	-	-	50,023	3,129	3,429	300	0.08	0.09	0.06	
Agriauto Industries Limited (note 6.1.2)	609,200	-	-	-	609,200	42,339	39,750	(2,589)	0.87	0.99	2.12	
Chemicals												
Fauji Fertilizer Company Limited	87,902	-	-	-	87,902	13,216	14,231	1,015	0.31	0.35	0.01	
Total						564,357	551,915	(12,442)				
Total cost of investments							473,743					

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

6.1.3 210,000 shares of Oil and Gas Development Company Limited, having market value of Rs 27.7494 million as at September 30, 2011, have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

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

Name of the investee company	As at July 1, 2011	Purchases during the year	Bonus / rights issue	Sales during the year	As at September 30, 2011	Carrying value	Market value	Unrealised gain / (loss)	Percentage in relation to			
									Number of Shares	Net assets of the Fund on the basis of market value	Total market value of investments	Paid-up capital of investee company (with face value of investment)
Equity Investment Instruments												
Al Meezan Mutual Fund (an associate of the Fund)	8,480,190	-	-	-	8,480,190	94,131	91,416	(2,715)	2.00	2.27	6.27	
Banks												
Meezan Bank Limited (an associate of the Fund)	6,199,965	-	-	-	6,199,965	108,315	124,620	16,305	2.72	3.10	0.77	
General Industrials												
Packages Limited	374	-	-	-	374	42	38	(4)	-	-	-	
Grand Total						202,488	216,074	13,586				
Total cost of Investments							188,400					

6.2 Investments 'available for sale'

6.2.1 Shares of listed companies

Name of the investee company	As at July 1, 2011	Purchases during the year	Bonus / rights issue	Sales during the year	As at September 30, 2011	Carrying value	Market value	Unrealised gain / (loss)	Percentage in relation to
									Total market value of investments
----- Number of Shares -----						----- Rupees in '000 -----			
General Industrials									
Packages Limited	1,144,789	3,001	-	-	1,147,790	137,513	117,075	(20,438)	2.91
Thal Limited	24	-	-	-	24	2	2	-	-
Tri-Pack Films Limited	10	-	-	-	10	1	2	1	-
Construction and Materials									
Attock Cement Pakistan Limited	304,131	-	-	50,000	254,131	16,543	13,728	(2,815)	0.34
Lucky Cement Limited	3,076,638	-	-	-	3,076,638	203,940	232,348	28,408	5.77
DG Khan Cement Company Limited	3,078,082	250,000	-	250,000	3,078,082	74,121	63,316	(10,805)	1.57
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited "A"	4,279,009	2,831,028	-	615,500	6,494,537	100,415	75,467	(24,948)	1.87
Oil and gas									
Pakistan State Oil Company Limited	807,646	174,812	-	47,483	934,975	239,785	238,026	(1,759)	5.91
Oil and Gas Development Company Limited (note 6.1.3)	2,026,958	323,818	-	215,687	2,135,089	294,749	282,131	(12,618)	7.01
Pakistan Oilfields Limited	1,074,606	-	-	10,000	1,064,606	293,649	392,158	98,509	9.74
Pakistan Petroleum Limited	1,909,400	51,521	190,940	15,000	2,136,861	323,262	405,085	81,823	10.06
National Refinery Limited	-	27,000	-	-	27,000	9,996	9,913	(83)	0.25
Attock Petroleum Limited	-	44,170	-	22,000	22,170	7,321	8,820	1,499	0.22
Chemicals									
Fauji Fertilizer Company Limited	4,041,250	193,000	-	50,000	4,184,250	643,975	677,429	33,454	16.82
Fauji Fertilizer Bin Qasim Limited	103,142	1,188,125	-	1,287,683	3,584	164	210	46	0.01
ICI Pakistan Limited	2,301,951	-	-	91,800	2,210,151	284,538	320,958	36,420	7.97
Automobile and Parts									
Indus Motor Company Limited	152,168	20,000	-	-	172,168	39,468	33,230	(6,238)	0.83
Pak Suzuki Motors Company Limited	37,105	-	-	-	37,105	2,727	2,544	(183)	0.06
Electricity									
Hub Power Company Limited	6,083,786	1,099,434	-	200,000	6,983,220	259,199	289,803	30,604	7.20
Banks									
Meezan Bank Limited (an associate of the Fund)	4,788,291	-	-	-	4,788,291	71,317	96,245	24,928	2.39
Grand Total						3,002,685	3,258,490	255,805	
Total cost of Investments							3,002,685		

7. PAYABLE TO AL MEEZAN

This includes an amount of Rs.1.182 million against sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 w.e.f. July 01, 2011.

8. CONTINGENCY

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

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. The aggregate unrecognised amount of WWF as at September 30, 2011 amounted to Rs 46.518 million.

There were no other contingencies and commitments outstanding as at September 30, 2011.

9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan being the management company, CDC being the trustee, MBL being the holding company of the management company and Al Meezan Mutual Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - II, Meezan Sovereign Fund, Meezan Cash Fund and Meezan Balanced Fund being the Funds under the management of the management company and Pakistan Kuwait Investment Company (Private) Limited.

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

Remuneration payable to the management company and the trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations, 2007 and NBFC Regulations, 2008 and the Trust Deed respectively.

Details of transactions with connected persons and balances with them for the quarter ended September 30, 2011 are as follows:

	(Unaudited) September 30, 2011	(Audited) June 30, 2011
(Rupees in '000)		
Al Meezan - management company of the Fund		
Remuneration payable	7,387	7,418
Sales tax payable on management fee	1,182	-
Sales load payable	2,094	2,101
Certificate charges payable	5	5
Investment of 269,124 units (June 30, 2011: 1,132,717 units)	11,459	58,414
Al Meezan Mutual Fund		
Investment in 8,480,190 units (June 30, 2011: 8,480,190 shares)	91,416	94,130
Meezan Bank Limited		
Bank balance	19,902	115,346
Sales load payable	434	434
Investment in 10,988,256 shares (June 30, 2010: 10,988,256 shares)	220,865	191,967
Investment of 11,160,074 units (June 30, 2010: 8,996,011 units)	475,196	463,924
Central Depository Company of Pakistan Limited		
Trustee fee payable	452	453
Charges payable	14	15
Directors and executives		
Investment of 2,690,431 units (June 30, 2010: 2,190,174 units)	114,559	112,948

For the quarter ended
September 30

2011 2010

(Rupees in '000)

Al Meezan - management company of the Fund

Remuneration for the period	<u>22,662</u>	<u>20,620</u>
Bonus units issued: 272,484 units (2010: 889,704 units)	<u>11,327</u>	<u>33,070</u>
Units issued: nil units (2011: 391,689 units)	<u>-</u>	<u>15,000</u>
Redemptions: 1,136,077 units (2011: 528 units)	<u>45,000</u>	<u>20</u>

Meezan Bank Limited

Bonus units issued: 2,164,063 units (2011: 1,753,608 units)	<u>89,960</u>	<u>65,182</u>
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Central Depository Company of Pakistan Limited

Trustee fee	<u>1,385</u>	<u>1,283</u>
CDS charges	<u>16</u>	<u>39</u>

Directors and executives

Bonus units issued: 527,183 units (2011: 417,930 units)	<u>4,415</u>	<u>15,535</u>
Units issued: 37,758 units (2011: 10,250 units)	<u>1,584</u>	<u>400</u>
Redemptions: 66,014 units (2011: 5,098 units)	<u>2,789</u>	<u>198</u>

10. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 24, 2011 by the board of directors of the management company.

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

Chief Executive

Director



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Salman Sarwar Butt	Director
Mr. P. Ahmed	Director
Mr. Rana Ahmed Humayun	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Member
Mr. Mazhar Sharif	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

A.F. Fergusons & Co.
Chartered Accountants
State Life Building No. 1-C,
I.I. Chundrigar Road, P.O. Box 4716,
Karachi-74000, Pakistan.

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

Bawaney & Partners
404, 4th Floor, Beaumont Plaza, 6-CL-10, Beaumont Road, Civil Lines
Karachi - 75530

TRANSFER AGENT

Meezan Bank Limited
SITE Branch,
Plot # B/9-C, Estate Avenue, SITE, Karachi.

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

**CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES
AS AT AUGUST 05, 2011**

	Note	(Unaudited) August 05, 2011 (Rupees in '000)	(Audited) June 30, 2011
Assets			
Balances with banks		-	275,093
Investments	6	-	1,430,267
Dividend receivable		-	7,826
Advances, deposits and other receivables		-	20,469
Total assets		-	1,733,655
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund	7	-	2,827
Payable to Central Depository Company of Pakistan Limited (CDC) - custodian of the Fund		-	58
Payable to Securities and Exchange Commission of Pakistan (SECP)		-	1,519
Payable against purchase of investments		-	8,658
Accrued expenses and other liabilities		-	9,232
Unclaimed dividend		-	4,046
Total liabilities		-	26,340
Net assets		-	1,707,315
Contingency			
Shareholders' equity			
Authorised share capital nil (June 30, 2010: 150,000,000) ordinary shares of Rs 10 each		-	1,500,000
Issued, subscribed and paid-up share capital	8	-	1,375,400
Unappropriated profit		-	167,831
Surplus on revaluation of investments categorised as 'available for sale investments'		-	164,084
		-	1,707,315
Net assets value per share (rupees)		-	12.41

The annexed notes 1 to 12 form an integral part of these financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE PERIOD FROM JULY 01, 2011 TO AUGUST 05, 2011**

	For The Period From July 01, 2011 To August 05, 2011	For The Period From July 01, 2010 To August 05, 2010
	(Rupees in '000)	
Income		
Net realised gain on sale of investments	21,602	210
Profit on savings accounts with banks	3,429	1,391
	<u>25,031</u>	<u>1,601</u>
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	(2,502)	35,115
	<u>22,529</u>	<u>36,716</u>
Total income		
Expenses		
Remuneration to Al Meezan - management company of the Fund	3,854	3,031
Remuneration to CDC - custodian of the Fund	79	76
Annual fee to SECP	158	144
Auditors' remuneration	58	63
Fees and subscription	16	17
Brokerage	103	3
Legal and professional charges	9	22
Bank and settlement charges	42	25
Printing expenses	33	-
Conversion Cost	5,423	-
Total expenses	<u>9,775</u>	<u>3,381</u>
	<u>12,754</u>	<u>33,335</u>
Net Income		
Other comprehensive income for the year		
(Deficit) / Surplus on investments categorised as 'available for sale investments'	(28,377)	65,419
	<u>(15,623)</u>	<u>98,754</u>
Total comprehensive income for the year		
	(Rupees)	
Earnings per share - basic (rupees)	<u>0.09</u>	<u>0.24</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
 FOR THE PERIOD FROM JULY 01, 2011 TO AUGUST 05, 2011**

	For The Period From July 01, 2011 To August 05, 2011	For The Period From July 01, 2010 To August 05, 2010
	(Rupees in '000)	
Accumulated income/ (loss) brought forward	167,831	(6,223)
Less: Final distribution in the form of cash dividend for the year ended June 30, 2011: 16%	(220,064)	-
Less: Interim dividend @ 1.5% for the period from July 01, 2011 to August 04, 2011	(20,631)	-
Net income for the year	12,754	33,335
Accumulated loss transferred to Al Meezan Mutual Fund	60,110	
Unappropriated profit / (accumulated loss) carried forward	<u>-</u>	<u>27,112</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD FROM JULY 01, 2011 TO AUGUST 05, 2011

	Share capital	Unappropriated income / (accumulated loss)	Surplus on revaluation of investments	Total
	------(Rupees in '000)-----			
Balance as at June 30, 2010	1,375,400	(6,223)	34,744	1,403,921
Net income for the year ended June 30, 2011	-	359,733	-	359,733
Other comprehensive income				
Surplus realised on 'available for sale investments' transferred to income statement on disposal	-	-	(32,583)	(32,583)
Surplus on revaluation of 'available for sale investments' (net)	-	-	161,923	161,923
Total other comprehensive income	-	-	129,340	129,340
Total comprehensive income for the year ended June 30, 2011	-	359,733	129,340	489,073
Transactions with owners				
Final dividend for the year ended June 30, 2010 @ 8.5% (Re 0.85 per share)	-	(116,909)	-	(116,909)
Interim dividend for the year ended June 30, 2011 @ 5% (Re 0.5 per share)	-	(68,770)	-	(68,770)
Total transactions with owners	-	(185,679)	-	(185,679)
Balance as at June 30, 2011	1,375,400	167,831	164,084	1,707,315
Final dividend for the year ended June 30, 2011 @ 16% (Re 1.6 per share)	(220,064)	(220,064)		
Interim dividend for the year ended June 30, 2011 @ 1.5% (Re 0.15 per share)			(20,631)	(20,631)
Net income for the period ended August 04, 2011			12,754	12,754
Surplus realised on 'available for sale investments' transferred to income statement on disposal			-	-
Surplus on revaluation of 'available for sale investments' (net)			(28,377)	(28,377)
Cancellation of shares against issuance of AMMF units	(1,375,400)			(1,375,400)
Accumulated gain / (loss) transferred to Al Meezan Mutual Fund		60,110	(135,707)	(75,597)
Balance as at August 05, 2011	-	-	-	-

The annexed notes 1 to 12 form an integral part of these financial statements.

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN EQUITY AND RESERVES PER SHARE (UNAUDITED) FOR THE PERIOD FROM JULY 01, 2011 TO AUGUST 05, 2011

	For The Period From July 01, 2011 To August 05, 2011	For The Period From July 01, 2010 To August 05, 2010
	(Rupees in '000)	
Net assets value per share at the beginning of the year	12.41	10.21
Reversal of WWF		0.05
Net realised gain on sale of investments	0.16	-
Profit on savings accounts with banks	0.02	0.01
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	(0.02)	0.26
Expenses	(0.07)	(0.02)
Net income for the year	0.09	0.25
Final dividend @ 16%	(1.60)	-
Interim dividend @ 1.5%	(0.15)	-
Net changes in surplus on revaluation of available for sale investments	(0.20)	0.54
Net Assets transferred to Al Meezan Mutual Fund		(10.55)
Net assets value per share as at August 04	-	11.05

The annexed notes 1 to 12 form an integral part of these financial statements.

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD FROM JULY 01, 2011 TO AUGUST 05, 2011

	For The Period From July 01, 2011 To August 05, 2011	For The Period From July 01, 2010 To August 05, 2010
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	12,754	33,335
Adjustments for non-cash items		
Profit on savings accounts with banks	(3,429)	(1,391)
Unrealised income on re-measurement of investments at fair value through profit or loss (net)	2,502	(35,115)
	(927)	(36,506)
	11,827	(3,171)
(Increase) / decrease in assets		
Investments	46,997	(3,246)
Receivable against sale of investments	-	407,206
Deposits	(141)	26
	46,856	403,986
Increase / (decrease) in liabilities		
Payable to Al Meezan - management company of the Fund	1,028	707
Payable to CDC - custodian of the Fund	10	13
Payable to SECP	158	145
Payable against purchase of investments	(8,658)	(406,958)
Accrued expenses and other liabilities	(542)	(165)
	(8,004)	(406,258)
Cash generated from operations	50,679	(5,443)
Dividend received	7,826	7,047
Profit received on savings accounts with banks	17,683	2,402
Net cash inflow from operating activities	76,188	4,006
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2)	(103)
Bank balances transferred to Al Meezan Mutual Fund	(351,279)	-
Net cash outflow from financing activities	(351,281)	(103)
Net increase in cash and cash equivalents during the period	(275,093)	3,903
Cash and cash equivalents at the beginning of the period	275,093	131,182
Cash and cash equivalents at the end of the period	-	135,085

The annexed notes 1 to 12 form an integral part of these financial statements.

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE PERIOD FROM JULY 01, 2011 TO AUGUST 05, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Al Meezan Mutual Fund Limited (the Fund) was incorporated in Pakistan on July 13, 1995 as a public limited company under the Companies Ordinance, 1984 having its registered office at Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The Fund was listed on the Karachi Stock Exchange till August 05, 2011.
- 1.2 The Fund was registered as an 'investment company' under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) vide License no. NBFC -II\11 AMMFL-IC-04\05 issued by the SECP.
- 1.3 The objective of the Fund was to carry on the business as a closed-end mutual fund and to invest its assets in securities, which are listed or proposed to be listed on the stock exchanges.

2. CONVERSION OF THE COMPANY INTO AN OPEN END SCHEME

The shareholders of the Fund in their Extraordinary General Meeting held on April 27, 2011 approved the scheme of arrangement for conversion of the Fund into an Open End Scheme, subject to fulfillment of all legal and regulatory formalities. The management of the Fund decided August 5, 2011 as the effective date for conversion of the Company into an Open End Scheme. Hence, the entire undertaking of Al Meezan Mutual Fund Limited has been transferred to Al Meezan Mutual Fund (an Open End Scheme) on effective date. After completion of the conversion process, Fund's name has also been strucked off vide letter no. 0035170/Com/2011/26288 dated September 28, 2011 from the Register of Companies maintained by the Registrar .

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 (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the NBFC Rules, NBFC Regulations and the directives issued by the SECP.

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

4. ACCOUNTING CONVENTION

The entire undertaking of Al-Meezan Mutual Fund Limited has been transferred to Al-Meezan (an open end scheme) on effective date and the name of the company has also been strucked off from the Register of Companies maintained by the Registrar. Hence the going concern assumption is no longer appropriate.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements and the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2011.

August 05, 2011 **June 30, 2011**
Note (Rupees in '000)
6. INVESTMENTS

Investments categorised as 'available for sale'	6.1	-	1,191,727
Investments at 'fair value through profit or loss'	6.2	-	238,540
		-	<u>1,430,267</u>

6.1 Investments categorised as 'available for sale' *

Name of the investee company	As at July 1, 2011	Purchases during the year	Bonus shares	Sales during the year	Transferred to AMMF as on August 05, 2011	As at August 05, 2011	Carrying value as at August 05, 2011	Market value as at August 05, 2011	Unrealised gain / (loss) as at August 05, 2011	Percentage of market value of total investment
	Number of Shares					Rupees in '000		%		
Sector / companies										
Banks										
Meezan Bank Limited (an associate of the Fund)	837,016	-	-	-	837,016	-	-	-	-	-
Construction and Materials										
Attock Cement Pakistan Limited	10,000	-	-	-	10,000	-	-	-	-	-
Lucky Cement Company Limited	951,469	-	-	-	951,469	-	-	-	-	-
D.G. Khan Cement Company Limited	1,175,000	-	-	-	1,175,000	-	-	-	-	-
Power generation & distribution										
The Hub Power Company Limited	2,092,500	-	-	-	2,092,500	-	-	-	-	-
Oil & gas										
Pakistan State Oil Company Limited	473,043	-	-	-	473,043	-	-	-	-	-
Oil & Gas Development Company Limited (note 6.4)	847,140	-	-	-	847,140	-	-	-	-	-
Pakistan Oilfields Limited	321,900	-	-	-	321,900	-	-	-	-	-
Pakistan Petroleum Limited	593,308	-	-	63,000	530,308	-	-	-	-	-
Automobile and parts										
Agriauto Industries Limited (note 6.3)	700,000	-	-	-	700,000	-	-	-	-	-
Indus motor company limited	31,200	-	-	-	31,200	-	-	-	-	-
Pak Suzuki motor company limited	20,000	-	-	-	20,000	-	-	-	-	-
Fixed Line and telecommunication										
Pakistan Telecommunication Company Limited "A"	640,000	630,000	-	-	1,270,000	-	-	-	-	-
Pharma and Bio tech										
GlaxoSmithKline (Pakistan) Limited	18,224	18,224	-	-	-	-	-	-	-	-
Chemicals										
Fauji Fertilizer Company Limited	1,668,982	-	-	150,000	1,518,982	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	442,561	100,000	-	542,561	-	-	-	-	-	-
ICI Pakistan Limited	729,515	-	-	-	729,515	-	-	-	-	-
General Industrials										
Packages Limited	416,356	-	-	-	416,356	-	-	-	-	-
Tri-Pack Films Limited	100,000	-	-	-	100,000	-	-	-	-	-
Total										
Total cost of investments - 'available for sale'										

* These securities have been transferred to Al Meezan Mutual Fund an open end scheme upon conversion as per Scheme of Arrangement.

6.2 Investments at 'fair value through profit or loss' *

Name of the investee company	As at July 1, 2011	Purchases during the year	Bonus shares	Sales during the year	Transferred to AMMF as on August 05, 2011	As at August 05, 2011	Carrying value as at August 05, 2011	Market value as at August 05, 2011	Unrealised gain / (loss) as at August 05, 2011	Percentage of market value of total investment
	----- Number of Shares -----						----- Rupees in '000 -----			----- % -----
Banks										
Meezan Bank Limited (an associate of the Fund)	1,262,805	-	-	-	1,262,805	-	-	-	-	-
Construction and Materials										
Attock Cement Pakistan Limited	115,305	-	-	-	115,305	-	-	-	-	-
Lucky Cement Company Limited	198,190	-	-	-	198,190	-	-	-	-	-
Oil & gas										
Pakistan Oilfields Limited	188,951	-	-	46,000	142,951	-	-	-	-	-
Pakistan Petroleum Limited	275,770	-	-	-	275,770	-	-	-	-	-
Automobile and Parts										
Indus Motor Company Limited	125,464	-	-	-	125,464	-	-	-	-	-
Pak Suzuki Motor Company Limited	58,980	-	-	-	58,980	-	-	-	-	-
Agriauto Industries Limited (note 6.3)	8,960	-	-	-	8,960	-	-	-	-	-
Fixed Line and telecommunication										
Pakistan Telecommunication Company Limited "A"	671,750	-	-	-	671,750	-	-	-	-	-
Chemicals										
ICI Pakistan Limited	600	-	-	-	600	-	-	-	-	-
General Industrials										
Thal Limited (note 6.3)	294,751	-	-	-	294,751	-	-	-	-	-
Tri-Pack Films Limited	3,300	-	-	-	3,300	-	-	-	-	-
Total										
							-	-	-	-
Total cost of investments - 'held for trading'							-	-	-	-

* These securities have been transferred to Al Meezan Mutual Fund an open end scheme upon conversion as per Scheme of Arrangement.

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

6.4 190,000 shares of Oil and Gas Development Company Limited, having market value of Rs 28.35 million as at August 05, 2011 have been pledged as collateral in favour of National Clearing Company of Pakistan Limited (NCCPL) against exposure margins and mark to market losses.

7. PAYABLE TO AL MEEZAN

- management company of the Fund

This includes an amount of Rs. 0.53 million against sales tax on management fee levied through Sindh Sales Tax Services Act, 2011.

8. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2011		2011
Number of shares		(Rs. in '000)
96,562,488	Ordinary shares of Rs 10 each fully paid in cash	965,625
40,977,498	Ordinary shares of Rs 10 each issued as fully paid bonus shares	409,775
137,539,986		1,375,400
(137,539,986)	Shares cancelled during 2011	(1,375,400)
-	Closing Balance - August 05, 2011	-

9. NET ASSETS TRANSFERRED TO AL MEEZAN MUTUAL FUND

The entire AMMFL undertaking as on the Effective Date (August 05, 2011) have been transferred to Al Meezan Mutual Fund (Open End Scheme) by virtue of Article VI of the Scheme of Arrangement for conversion of the Company into an Open End Scheme duly sanctioned by the SECP via letter no. SCD/NBFC/MF-RS/AMMF/211/2011 dated May 9, 2011. Legal title of all the assets were transferred to Al Meezan Mutual Fund on the effective date.

Details of assets and liabilities transferred on the Effective Date (August 05, 2011) are as follows:

AL MEEZAN MUTUAL FUND	August 05, (Rupees in '000)
ASSETS	
Bank balances	351,279
Investments	1,352,392
Profit receivable	3,577
Deposits and prepayments	2,779
Total Assets	1,710,027
LIABILITIES	
Payable to the Management Company	3,323
Payable to the Central Depository Company of Pakistan Limited	68
Payable to Securities and Exchange Commission of Pakistan	1,677
Accrued expenses and other liabilities	3,799
Unclaimed dividend	244,740
Conversion cost payable	5,423
Total Liabilities	259,030

**August 05,
 (Rupees in '000)**

NET ASSETS

Represented by:	
137,539,986 ordinary shares of Rs 10 each	1,450,997
Accumulated Profit	1,375,400
	75,597
	1,450,997
Net asset value per share transferred to Al Meezan Mutual Fund as on August 04, 2011.	10.55

10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan being the management company, CDC being the custodian, MBL being the shariah adviser and holding company of the management company, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Balanced Fund, Meezan Tahaffuz Pension Fund, Meezan Cash Fund, Meezan Sovereign Fund and Meezan Capital Protected Fund - II being the funds under the common management of the management company, directors and officers of the management company and Pakistan Kuwait Investment Company (Private) Limited.

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 custodian is determined in accordance with the provisions of NBFC Rules and the NBFC Regulations.

	August 05, 2011 (Rupees in '000)
Al Meezan - management company of the Fund	
Remuneration payable	-
Investment of 34,019,850 shares	382,723
MBL	
Balance with bank	2,936
Investment of 5,561,607 shares	62,568
Investment in 2,099,821 shares	-
Meezan Islamic Fund	
Investment of 8,480,190 shares	95,402
Pakistan Kuwait Investment Company (Private) Limited	
Investment of 16,895,690 shares	190,077
CDC - custodian of the Fund	
Remuneration payable	-
Directors and officers	
Investment of 356,878 shares	4,015

Fro the period
 ended
 August 05,

2011
 (Rupees in '000)

Al Meezan - management company of the Fund

Remuneration for the year	3,031
Dividend for the year	59,535

MBL

Dividend for the year	3,675
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Meezan Islamic Fund

Dividend for the year	14,840
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Pakistan Kuwait Investment Company (Private) Limited

Dividend for the year	29,567
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CDC - custodian of the Fund

Remuneration for the year	76
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Directors and officers

Dividend for the year	625
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11. GENERAL

The bifurcation of unappropriated income brought forward and accumulated loss carried forward into realised and unrealised as required by the NBFC Regulations has not been disclosed as such bifurcation was not practicable.

12. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue on October 24, 2011 by the Board of Directors of the company.

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

Chief Executive

Director

Our Vision

To set standards of best practices and performance for the industry through efficient asset allocation & security selection on a SHARIAH COMPLIANT basis.

Our Mission

To be the leading mutual fund in the industry, providing unitholders, in a truly SHARIAH COMPLIANT way, the best combination of current income and future growth on risk adjusted basis.

FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Salman Sarwar Butt	Director
Mr. P. Ahmed	Director
Mr. Rana Ahmed Humayun	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Member
Mr. Mazhar Sharif	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

A.F. Fergusons & Co.
Chartered Accountants
State Life Building No. 1-C,
I.I. Chundrigar Road, P.O. Box 4716,
Karachi-74000, Pakistan.

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

Bawaney & Partners
404, 4th Floor, Beaumont Plaza, 6-CL-10
Beaumont Road, Civil Lines
Karachi - 75530

TRANSFER AGENT

Meezan Bank Limited
SITE Branch
Plot # B/9-C, Estate Avenue,
SITE, Karachi.

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2011**

	<i>Note</i>	(Unaudited) September 30, 2011 (Rupees in '000)
Assets		
Balances with banks		154,435
Investments	5	1,288,482
Receivable against sale of investments		11,096
Dividend receivable		22,035
Advances, deposits and other receivables		10,925
Total assets		<u>1,486,973</u>
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund	6	2,735
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		200
Payable to Securities and Exchange Commission of Pakistan (SECP)		367
Payable on redemption of units		2,019
Accrued expenses and other liabilities		3,646
Conversion cost payable to the Management Company		2,675
Unclaimed dividend		8,715
Total liabilities		<u>20,357</u>
Net assets		<u>1,466,616</u>
Contingency		
Unit holders' fund (as per statement attached)		<u>1,466,616</u>
Number of units in issue		<u>135,442,992</u>
Net assets value per share (rupees)		<u>10.83</u>

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

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

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE PERIOD FROM AUGUST 05, 2011 TO SEPTEMBER 30, 2011**

For The Period
From August 05, 2011
To September 30, 2011
(Rupees In '000)

Income

Net realised gain on sale of investments	7,132
Dividend income	21,798
Back End Load	7,368
Transaction cost	128
Profit on savings accounts with banks	4,727
	<u>41,153</u>
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	1,225
Total income	<u>42,378</u>

Expenses

Remuneration to Al Meezan - management company of the Fund	4,407
Remuneration to CDC - trustee of the Fund	379
Annual fee to SECP	209
Auditors' remuneration	250
Fees and subscription	11
Sindh General Sales Tax	705
Brokerage	128
Bank and settlement charges	52
Printing expenses	55
Total expenses	<u>6,196</u>
Net income from operating activities	<u>36,182</u>
Element of income and capital gains included in prices of units issued less those in units redeemed	186
Net Income	<u>36,368</u>

Other comprehensive income for the period

Unrealised gain on available for sale investments (net)	2,120
Element of loss and capital losses included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments	(746)
Total comprehensive income for the period	<u>37,742</u>

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

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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE PERIOD FROM AUGUST 05, 2011 TO SEPTEMBER 30, 2011**

For The Period
From August 05, 2011
To September 30, 2011
(Rupees In '000)

Accumulated loss brought forward	(60,110)
Net income for the period	36,368
Element of loss and capital losses included in prices of units issued less those in units redeemed pertaining to 'available for sale' investments	(746)
Accumulated loss carried forward	<u>(24,488)</u>

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS (UNAUDITED)
FOR THE PERIOD FROM AUGUST 05, 2011 TO SEPTEMBER 30, 2011**

**For The Period
From August 05, 2011
To September 30, 2011
(Rupees In '000)**

Net assets at the beginning of the period	1,450,997
Issue of 5,031,603 units	50,946
Redemption of 7,128,597 units	(73,629) (22,683)
Element of loss and capital losses included in prices of units issued less those in units redeemed (net)	
- transferred to income statement	(186)
- transferred to other comprehensive income	746
	560
Total comprehensive income for the quarter less distribution	37,742
Net assets at the end of the period	1,466,616
Net asset value per unit as at the beginning of the period	10.55
Net asset value per unit as at the end of the period	10.83

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

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

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD FROM AUGUST 05, 2011 TO SEPTEMBER 30, 2011**

For The Period
From August 05, 2011
To September 30, 2011
(Rupees In '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period 36,368

Adjustments for:

Dividend income (21,798)

Profit on savings accounts with banks (4,727)

Unrealised gain on re-measurement of investments at fair value through profit or loss (net) (1,225)

Element of income and capital gains included in prices of units issued less those in units redeemed (186)

(27,936)

(Increase) / decrease in assets

Investments 67,255

Receivable against sale of investments (11,096)

Deposits (210)

55,949

Increase / (decrease) in liabilities

Payable to Al Meezan - management company of the Fund (1,120)

Payable to CDC - trustee of the Fund 132

Payable to SECP (1,310)

Accrued expenses and other liabilities 379

Conversion cost payable to the Management Company (2,748)

(4,667)

Cash generated from operations

59,714

Dividend received (237)

Profit received on savings accounts with banks 368

Dividend paid (236,025)

Net cash inflow from operating activities (176,180)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from sale of units 50,946

Payments against redemption of units (71,610)

Net cash outflow from financing activities (20,664)

Net increase in cash and cash equivalents during the period (196,844)

Cash and cash equivalents at the beginning of the period 351,279

Cash and cash equivalents at the end of the period 154,435

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

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

Chief Executive

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM AUGUST 05, 2011 TO SEPTEMBER 30, 2011

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 after being approved by the Securities and Exchange Commission of Pakistan (SECP) on June 14, 2011 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).
- 1.2 As per the Trust Deed, the Fund shall become operative from the "effective date" upon conversion of Al Meezan Mutual Fund Limited to an open end scheme. Therefore, these condensed interim financial statements have been prepared from August 05, 2011, i.e. the "effective date" of conversion.
- 1.3 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a trustee of the Fund and an application for listing of the units of the open end fund has been made to the Islamabad Stock Exchange.

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the NBFC Rules, NBFC Regulations and the directives issued by the SECP.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for investments which are carried at fair value in accordance with the criteria laid down in the International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

4.2 Critical accounting estimates and judgements

The preparation of financial statements 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 its accounting policies. 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 4.3 and 5.1 & 5.2)
- b) Impairment of financial instruments (note 4.3.5)

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

4.3 Financial instruments

4.3.1 The Fund classifies its financial instruments in the following categories:

(a) Investments at 'fair value through profit or loss'

- Financial instruments 'held for trading'
These include financial instruments acquired principally for the purpose of generating profit from short-term fluctuations in prices or dealers' margins or are securities included in a portfolio in which a pattern of short-term profit taking exists.
- Financial instruments designated at 'fair value through profit or loss' upon initial recognition. These include investments that are designated as investments at 'fair value through profit or loss upon initial recognition'.

(b) Held to maturity

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

(c) Loans and receivables

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

(d) Available for sale

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

4.3.2 Recognition

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

The Fund follows trade date accounting for purchase and sale of investments. Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

4.3.3 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 the income statement immediately.

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

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

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

4.3.4 Fair value measurement principles

The fair value of shares of listed companies / units of funds is based on their price quoted on the Karachi Stock Exchange at the reporting date without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their fair market value.

4.3.5 Impairment

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

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

4.3.6 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.

The Fund uses the weighted average method to determine realised gains and losses on derecognition.

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

4.4 Unit holders' fund

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

4.5 Issue 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 assets value per unit less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.6 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 net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period is taken to the income statement.

4.7 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.

4.8 Net assets value per unit

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

4.9 Taxation

Current

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 period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Accordingly, the Fund has not recorded a tax liability in respect of income relating to the current year as the Fund intends to avail this exemption.

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

Deferred

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

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates. However, the Fund intends to avail the tax exemption by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability and deferred tax has been recognised in these financial statements.

4.10 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) Unrealised gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in the statement of movement in unit holders' fund in the period in which they arise.
- (iv) Dividend income is recognised when the Fund's right to receive the dividend is established.

- (v) Profit on savings accounts with banks and investments in debt instruments are recorded on an accrual basis.
- (vi) Transaction costs are recognised as income as and when the units are issued.

4.11 Expenses

All expenses, including management fee and trustee fee, are recognised in the income statement on an accrual basis.

4.12 Offsetting of financial instruments

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

4.13 Zakat

Units held by resident Pakistani unitholders are subject to Zakat at 2.5% of the face value or redemption value of the units, whichever is lower, of units, under the Zakat and Ushr Ordinance, 1980 (XVII of 1980), except those exempted. Zakat is deducted at source from the dividend amount or from the redemption payment, if units are redeemed during the zakat year before payment of dividend after it becomes leviable.

4.14 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.

4.15 Dividend and bonus units

Dividend declared (including distribution in the form of bonus units) are recognised in the period in which they are authorised or approved.

(Unaudited)
September 30,
2011

Note (Rupees in '000)

5. INVESTMENTS

Investment categorised as 'available for sale'	5.1	1,090,380
Investment at 'fair value through profit or loss'	5.2	198,102
		<u>1,288,482</u>

5.1 Investments categorised as 'available for sale'

Shares of listed companies and a bank

Name of the investee company	Transferred from AMMFL as on August 05, 2011	Purchases during the period	Bonus shares	Sales during the year	As at September 30, 2011	Carrying value as at September 30, 2011	Market value as at September 30, 2011	Unrealised gain / (loss) as at September 30, 2011	Percentage of market value of total investment
	Number of Shares				Rupees in '000				
Sector / companies									
Banks									
Meezan Bank Limited (an associate of the Fund)	837,016	-	-	-	837,016	13,820	16,824	3,004	1.54
Construction and Materials									
Attock Cement Pakistan Limited	10,000	-	-	-	10,000	716	540	(176)	0.05
Lucky Cement Company Limited	951,469	-	-	50,000	901,469	58,853	68,079	9,226	6.24
D.G. Khan Cement Company Limited	1,175,000	-	-	-	1,175,000	28,695	24,170	(4,525)	2.22
									8.51
Power generation & distribution									
The Hub Power Company Limited	2,092,500	216,000	-	186,000	2,122,500	78,631	88,084	9,453	8.08
Oil & gas									
Pakistan State Oil Company Limited	473,043	16,000	-	56,500	432,543	113,350	110,117	(3,233)	10.10
Oil & Gas Development Company Limited	847,140	50,000	-	75,000	822,140	115,787	108,638	(7,149)	9.96
Pakistan Oilfields Limited	321,900	-	-	25,060	296,840	72,693	109,344	36,651	10.03
Pakistan Petroleum Limited	530,308	-	50,530	35,000	545,838	81,105	103,474	22,369	9.49
Attock Petroleum	-	10,000	-	10,000	-	-	-	-	-
									39.58
Automobile and parts									
Agriauto Industries Limited (note 5.3)	700,000	-	-	-	700,000	46,690	45,675	(1,015)	4.19
Indus motor company limited	31,200	-	-	-	31,200	7,629	6,022	(1,607)	0.55
Pak Suzuki motor company limited	20,000	-	-	-	20,000	1,483	1,371	(112)	0.13
									4.87
Fixed Line and telecommunication									
Pakistan Telecommunication Company Limited "A"	1,270,000	350,000	-	235,080	1,384,920	20,046	16,093	(3,953)	1.48
Pharma and Bio tech									
GlaxoSmithKline (Pakistan) Limited	18,224	-	-	-	18,224	1,276	1,302	26	0.12
Chemicals									
Fauji Fertilizer Company Limited	1,518,982	-	-	112,000	1,406,982	163,839	227,790	63,951	20.89
Fauji Fertilizer Bin Qasim Limited	-	134,500	-	134,000	500	23	29	6	-
ICI Pakistan Limited	729,515	-	-	25,000	704,515	87,893	102,310	14,417	9.38
									30.27
General Industrials									
Packages Limited	416,356	-	-	-	416,356	50,314	42,468	(7,846)	3.89
Tri-Pack Films Limited	100,000	-	-	-	100,000	9,710	18,050	8,340	1.66
									5.55
Total						<u>952,553</u>	<u>1,090,380</u>	<u>137,827</u>	
Total cost of investments - 'available for sale'							<u>952,553</u>		

5.2 Investments at 'fair value through profit or loss'

Shares of listed companies and a bank - held for trading

Name of the investee company	Transferred from AMMFL as on August 05, 2011	Purchases during the period	Bonus shares	Sales during the year	As at September 30, 2011	Carrying value as at September 30, 2011	Market value as at September 30, 2011	Unrealised gain / (loss) as at September 30, 2011	Percentage of market value of total investment
	----- Number of Shares -----				----- Rupees in '000 -----				
Banks									
Meezan Bank Limited (an associate of the Fund)	1,262,805	-	-	-	1,262,805	22,061	25,382	3,321	12.81
Construction and Materials									
Attock Cement Pakistan Limited	115,305	-	-	25,000	90,305	4,383	4,878	495	2.46
Lucky Cement Company Limited	198,190	-	-	-	198,190	14,040	14,967	927	7.56
									10.02
Oil & gas									
Pakistan Oilfields Limited	142,951	-	-	47,000	95,951	34,447	35,345	898	17.84
Pakistan Petroleum Limited	275,770	-	27,577	10,400	292,947	55,146	55,534	388	28.03
									45.87
Automobile and Parts									
Indus Motor Company Limited	125,464	-	-	-	125,464	27,602	24,216	(3,386)	12.22
Pak Suzuki Motor Company Limited	58,980	-	-	-	58,980	3,689	4,043	354	2.04
Agriauto Industries Limited (note 5.3)	8,960	-	-	-	8,960	623	585	(38)	0.30
									14.56
Fixed Line and telecommunication									
Pakistan Telecommunication Company Limited "A"	671,750	-	-	183,000	488,750	6,950	5,679	(1,271)	2.87
Chemicals									
ICI Pakistan Limited	600	-	-	-	600	91	87	(4)	0.04
General Industrials									
Thal Limited (note 5.3)	294,751	-	-	-	294,751	29,781	26,790	(2,991)	13.52
Tri-Pack Films Limited	3,300	-	-	-	3,300	565	596	31	0.30
									13.82
Total						199,378	198,102	(1,276)	
Total cost of investments - 'held for trading'							156,775		

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

6. PAYABLE TO AL MEEZAN - management company of the Fund

This includes an amount of Rs. 0.71 million against sales tax on management fee levied through Sindh Sales Tax Services Act, 2011.

7. CONTINGENCY

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

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. The aggregate unrecognised amount of WWF as at September 30, 2011 amounted to Rs 18.737 million.

There were no other contingencies and commitments outstanding as at September 30, 2011.

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan being the management company, CDC being the trustee MBL being the shariah adviser and holding company of the management company, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Balanced Fund, Meezan Tahaffuz Pension Fund, Meezan Cash Fund, Meezan Sovereign Fund and Meezan Capital Protected Fund - II being the funds under the common management of the management company, directors and officers of the management company and Pakistan Kuwait Investment Company (Private) Limited.

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 and the NBFC Regulations.

	2011 (Rupees In '000)
Al Meezan - management company of the Fund	
Remuneration payable	2,358
Sindh general sales tax payable	377
Investment as at September 30, 2011: 4,929,478 units	53,386
MBL	
Balances with bank	9,126
Profit receivable on savings account	5
CDC - trustee of the Fund	
Remuneration payable	200
Directors and officers	
Investment as at September 30, 2011: 1,476 units	16

**For The Period
From August 05, 2011
To September 30, 2011
(Rupees In '000)**

Al Meezan - management company of the Fund	
Remuneration for the period	3,702
Sindh general sales tax for the period	705
Units issued: 4,929,478	50,000
MBL	
Profit on savings account with bank	4
CDC - trustee of the Fund	
Remuneration for the period	379
CDS charges for the period	5
Directors and officers	
Units issued: 1,476	15

9. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These condensed interim financial statements have been authorised for issue on October 24, 2011 by the Board of Directors of the company.

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

Chief Executive

Director

Our Vision

“To set standards of best practices and performance for the industry through efficient asset allocation & security selection on a SHARIAH COMPLIANT basis.”

Our Mission

“ To be the leading mutual fund in the industry, providing unitholders, in a truly SHARIAH COMPLIANT way, a safe stable stream of Halal returns on risk adjusted basis.”

FUND INFORMATION

MANAGEMENT COMPANY

Al Meezan Investment Management Limited
Ground Floor, Block "B", Finance & Trade Centre
Shahrah-e-Faisal, Karachi 74400, Pakistan.
Phone: (9221) 3563 0722-6, 111-MEEZAN
Fax: (9221) 3567 6143, 3563 0808
Web site: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Rana Ahmed Humayun	Director
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Member
Mr. Mazhar Sharif	Member

TRUSTEE

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

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C,
I.I. Chundrigar Road, P.O. Box 4716,
Karachi-74000, Pakistan.

SHARIAH ADVISOR

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

Meezan Bank Limited
SITE Branch
Plot # B/9-C, Estate Avenue,
SITE, Karachi.
Phone: (9221) 3206 2891
Fax: (9221) 3255 2771
Web site: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2011

	Note	(Unaudited) September 30, 2011	(Audited) June 30, 2011
(Rupees in '000)			
Assets			
Balances with banks		827,145	426,592
Investments	5	1,636,784	2,016,720
Deposits and other receivables		50,021	109,070
Total assets		2,513,950	2,552,382
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund	6	4,211	3,401
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		249	246
Payable to Securities and Exchange Commission of Pakistan (SECP)		485	2,237
Payable to Meezan Bank Limited (MBL)		-	97
Payable on redemption of units		1,152	2,897
Accrued expenses and other liabilities		1,506	1,569
Total liabilities		7,603	10,447
Net assets		2,506,347	2,541,935
Contingencies	7		
Unitholders' funds (as per statement attached)		2,506,347	2,541,935
Number of units			
Number of units in issue		49,313,861	49,783,807
Rupees			
Net asset value per unit		50.82	51.06

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

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30,	
Note	2011	2010
	(Rupees in '000)	
Income		
Profit on savings accounts with banks	20,993	31,611
Profit on sukuk certificates	21,117	72,917
Realised gain on sale of sukuk certificates	6,285	5,674
	48,395	110,202
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	2,774	7,815
Provision against sukuk certificates	-	(7,700)
	2,774	115
Total income	51,169	110,317
Expenses		
Remuneration to Al Meezan - management company of the Fund	9,700	12,485
Remuneration to CDC - trustee of the Fund	764	1,084
Annual fee to SECP	485	624
Auditors' remuneration	193	150
Fees and subscription	62	58
Legal and professional charges	14	-
Amortisation of preliminary expenses and floatation costs	-	126
Brokerage	15	30
Bank and settlement charges	19	17
Reversal for workers' welfare fund	-	(15,649)
Sales tax on management fee	1,552	-
Printing expense	148	86
Total expenses	12,952	(989)
Net income from operating activities	38,217	111,306
Element of loss and capital losses included in prices of units sold less those in units redeemed	4.1 (495)	(4,753)
Net income for the quarter	37,722	106,553
Other comprehensive income / (loss) for the quarter		
Unrealised gain / (loss) on 'available for sale' investment	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed pertaining to available for sale investment (net)	-	-
Total comprehensive income for the quarter	37,722	106,553

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

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

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30,	
	2011	2010
	(Rupees in '000)	
Undistributed income brought forward	54,307	122,521
Net income for the quarter	37,722	106,553
Less: Final distribution for the year ended June 30, 2011		
- bonus units @ 2% (June 30, 2010: 2.5%)	(23,672)	(55,493)
- cash dividend @ 2% (June 30, 2010: 2.5%)	(26,112)	(26,298)
Less: Interim distribution on September 30, 2011		
- nil (September 30, 2010: 3%)	-	(61,353)
- nil (September 30, 2010: 3%)	-	(31,558)
Undistributed income carried forward	42,245	54,372

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

September 30,
2011 2010
(Rupees in '000)

Net assets at the beginning of the quarter	2,541,935	3,394,034
Issue of 2,681,434 units (September 30, 2010: 3,663,586 units)	135,978	189,737
Redemption of 3,624,251 units (September 30, 2010: 8,252,052 units)	(183,671) (47,693)	(425,620) (235,883)
Element of loss and capital losses included in prices of units sold less those in units redeemed (net)		
- transferred to income statement	495	4,753
- transferred directly to distribution statement	-	-
	495	4,753
Total comprehensive income for the quarter less distribution	(12,062)	(68,149)
Issue of 472,871 bonus units for the year ended June 30, 2011 (June 30, 2010: 1,096,257 units)	23,672	55,493
Issue of nil bonus units against interim distribution on September 30, 2011 (September 30, 2010: 1,206,545 units)	-	61,353
Net assets at the end of the quarter	2,506,347	3,211,601
Net asset value per unit as at the beginning of the quarter	51.06	51.87
Net asset value per unit as at the end of the quarter	50.82	50.86

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30, 2011 2010	
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the quarter	37,722	106,553
Adjustments for		
Profit on savings accounts with banks	(20,993)	(31,611)
Profit on sukuk certificates	(21,117)	(72,917)
Reversal of provision for WWF	-	(15,649)
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	(2,774)	(7,815)
Provision against sukuk certificates	-	7,700
Amortisation of preliminary expenses and floatation costs	-	126
Element of loss and capital losses included in prices of units sold less those in units redeemed	495	4,753
	<u>(44,389)</u>	<u>(115,413)</u>
Decrease / (increase) in assets		
Investments	382,710	318,919
Deposits and other receivables	-	(22)
	<u>382,710</u>	<u>318,897</u>
(Decrease) / increase in liabilities		
Payable to Al Meezan - management company of the Fund	810	(218)
Payable to CDC - trustee of the Fund	3	(9)
Payable to SECP	(1,752)	(2,815)
Payable to MBL	(97)	(46)
Accrued expenses and other liabilities	(63)	1,495
	<u>(1,099)</u>	<u>(1,593)</u>
Profit received on savings accounts with banks	19,156	31,906
Profit received on sukuk certificates	82,003	103,540
Net cash inflow from operating activities	<u>476,103</u>	<u>443,890</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from sale of units	135,978	189,737
Payments against redemption of units	(185,416)	(430,803)
Dividend paid	(26,112)	(26,298)
Net cash outflow from financing activities	<u>(75,550)</u>	<u>(267,364)</u>
Net cash inflow during the quarter	<u>400,553</u>	<u>176,526</u>
Cash and cash equivalents at the beginning of the quarter	<u>426,592</u>	<u>1,132,702</u>
Cash and cash equivalents at the end of the quarter	<u>827,145</u>	<u>1,309,228</u>

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

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 as the management company and CDC as the trustee. The trust deed was executed on September 13, 2006 and was approved by the 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 registered office of the management company of the Fund, is situated at Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2 The Fund has been formed to provide the unit holders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the trust deed all conducts and acts of the Fund are based on shariah. MBL acts as its shariah adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund listed on the Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The fund has been given a stability rating of A(f) by JCR - VIS. The management company of the Fund has been given quality rating of AM2 by JCR - VIS.
- 1.4 Title to the assets of the Fund are on the name of CDC as a trustee of the Fund.

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

- 3.1 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 (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations and the directives issued by the SECP.
- 3.2 Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, and the said directives take precedence.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2011.

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

During the quarter, the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in income statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the year on available for sale

securities is included in distribution statement. Previously, the element was recognised based on cumulative values of undistributed income and unrealised gain / loss on available for sale securities present in the net asset value of units.

The revised methodology, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its methodology profit for the quarter would have been higher by Rs. 28.20 million.

	Note	(Unaudited) September 30, 2011 (Rupees in '000)	(Audited) June 30, 2011
5. INVESTMENTS			
Investments at 'fair value through profit or loss'	5.1	1,561,784	1,941,720
Investments - 'available for sale'	5.2	75,000	75,000
		<u>1,636,784</u>	<u>2,016,720</u>
5.1 Investments at 'fair value through profit or loss'			
- Held for trading	5.1.1	592,165	1,045,803
- Investments at 'fair value through profit or loss upon initial recognition'	5.1.2	969,619	895,917
		<u>1,561,784</u>	<u>1,941,720</u>

5.1.1 Held for trading - Sukuk certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2011	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2011	Carrying value as at September 30, 2011	Market value as at September 30, 2011	Unrealised gain	Percentage in relation to		
										----- Number of certificates -----	-- (Rupees in '000) --	Net assets of the Fund on the basis of market value
Century Paper & Board Mills Limited (note 5.1.1.2)	September 25, 2014	6 months Kibor plus base rate of 1.35%	5,985	-	855	5,130	24,688	25,165	477	1.00	3.63	1.54
GoP Ijarah Sukuk Certificates - III (note 5.1.1.1)	March 11, 2012	Weighted average 6 months T-Bills	2,000	-	-	2,000	200,000	200,000	-	7.98	N/A	12.22
GoP Ijarah Sukuk Certificates - IV (note 5.1.1.1)	September 17, 2012	Weighted average 6 months T-Bills less 5 basis points	1,370	-	-	1,370	137,000	137,000	-	5.47	N/A	8.37
GoP Ijarah Sukuk Certificates - V (note 5.1.1.1)	November 15, 2013	Weighted average 6 months T-Bills	5,300	-	3,000	2,300	230,000	230,000	-	9.18	N/A	14.05
GoP Ijarah Sukuk Certificates - VII (note 5.1.1.1)	March 7, 2014	Weighted average 6 months T-Bills	1,500	-	1,500	-	-	-	-	-	N/A	-
Grand Total							<u>591,688</u>	<u>592,165</u>	<u>477</u>			
Total cost of investments								<u>591,322</u>				

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

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

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

Name of the investee company	Maturity date	Profit rate	As at July 1, 2011	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2011	Carrying value as at September 30, 2011	Market value as at September 30, 2011	Unrealised gain	Percentage in relation to		
										----- Number of certificates -----	Net assets of the Fund on the basis of market value	Paid-up capital of investee company (with face value of investment)
Arzoo Textile Mills Limited (note 5.1.1.2)	April 15, 2014	6 months Kibor plus base rate of 2%	14,000	-	-	14,000	-	-	-	10.20	-	-
Century Paper & Board Mills Limited (note 5.1.1.2)	September 25, 2014	6 months Kibor plus base rate of 1.35%	13,170	-	1,881	11,289	54,328	55,378	1,050	2.21	7.99	3.38
Eden Builders Limited (note 5.1.1.2)	March 8, 2014	3 months Kibor plus base rate of 2.3%	6,600	-	600	6,000	29,286	29,745	459	1.19	2.61	1.82
Eden Housing Limited (note 5.1.1.2)	September 29, 2014	6 months Kibor plus base rate of 2.5%	59,400	-	-	59,400	139,259	139,259	-	5.56	11.46	8.51
Engro Fertilizer Limited (note 5.1.1.2)	September 1, 2015	6 months Kibor plus base rate of 1.5%	40,500	-	-	40,500	202,500	202,500	-	8.08	6.18	12.37
Hub Power Company Limited (note 5.1.1.2)	February 4, 2012	6 months Kibor plus base rate of 1.1%	-	20,000	-	20,000	100,000	100,000	-	3.99	0.86	6.11
Kot Addu Power Company Limited (note 5.1.1.2)	December 27, 2011	6 months Kibor plus base rate of 1.1%	30,000	-	-	30,000	150,000	150,000	-	5.98	1.70	9.16
Maple Leaf Cement Factory Limited (note 5.1.1.2)	December 3, 2018	3 months Kibor plus base rate of 1%	63,918	-	-	63,918	200,431	200,431	-	8.00	6.07	12.25
Maple Leaf Cement Factory Limited (note 5.1.1.2)	March 31, 2012	3 months Kibor plus base rate of 1%	2,400	-	-	2,400	8,449	8,449	-	0.34	0.23	0.52
Security Leasing Corporation Limited II (note 5.1.1.2)	March 19, 2014	Nil	5,156	-	468	4,688	16,508	16,566	58	0.66	6.46	1.01
Sitara Chemical Industries Limited III (note 5.1.1.2)	December 31, 2012	3 months Kibor plus base rate of 1%	15,750	-	2,250	13,500	66,561	67,291	730	2.68	31.50	4.11
Grand Total							<u>967,322</u>	<u>969,619</u>	<u>2,297</u>			
Total cost of investments								<u>1,169,821</u>				

5.2 Investments - available for sale

Name of the investee company	Maturity date	Profit rate	As at July 1, 2011	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2011	Carrying value as at September 30, 2011	Market value as at September 30, 2011	Unrealised gain / (loss)	Percentage in relation to		
			----- Number of certificates -----				-- (Rupees in '000) --	Net assets of the Fund on the basis of market value		Paid-up capital of investee company (with face value of investment)	Total market value of investment	
GoP Ijarah Sukuk Certificates - III (note 5.1.2)	March 11, 2012	12.69%	750	-	-	750	75,000	75,000	-	2.99	N/A	4.58
Grand Total							<u>75,000</u>	<u>75,000</u>	<u>-</u>			
Total cost of investments							<u>76,563</u>					

6. PAYABLE TO AL MEEZAN

This includes an amount of Rs. 0.507 million against sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

7. CONTINGENCIES

As explained in note 18 to the financial statements of the Fund for the year ended June 30, 2010, WAPDA First Sukuk Company Limited (WFSC) had claimed a profit installment of Rs. 13.6 million, received by MIIF on WAPDA sukuk certificates. The decisions in respect of the suit filed by Al Meezan, the management company of the Fund, and CDC, as trustee of the Fund, against WFSC on October 2009 in the High Court of Sindh (the High Court) for declaration, injunction and damages against the defendants claim for return of the aforementioned rental payments and the interpleader suit filed on December 2009 by defendants (i.e. WAPDA and WFSC) against Al Meezan, CDC in its capacity as the trustee of the Fund and some other parties in the senior civil court of Lahore (the Court) are still pending.

The Fund based on the advice of its legal consultant is confident that the Fund will not be liable to return the amount of profit received by it, as the Fund is a legitimate and bonafide owner of those sukuk from the date it acquired them till such time those sukuk were sold in the normal course of business and accordingly it is not liable to return the aforementioned amount of rental (Rs 13.6 million) received by it.

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

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. The aggregate unrecognised amount of WWF as at September 30, 2011 amounted to Rs 22.148 million.

There were no other contingencies and commitments outstanding as at September 30, 2011.

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan being the management company, CDC being the trustee, Pakistan Kuwait Investment Company (Private) Limited being the associate company of the Fund, MBL being the holding company of the management company and Al Meezan Mutual Fund, Meezan Sovereign Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - I, Meezan Capital Protected Fund - II, Meezan Cash Fund, Meezan Islamic Fund and Meezan Balanced Fund being the Funds under the common management of the management company.

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

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

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

	(Unaudited) September 30, 2011	(Audited) June 30, 2011
	(Rupees in '000)	
Al-Meezan - management company of the Fund		
Remuneration payable	<u>3,168</u>	<u>3,102</u>
Sales tax payable on management fee	<u>507</u>	<u>-</u>
Sales load payable	<u>535</u>	<u>298</u>
Certificate charges payable	<u>1</u>	<u>1</u>
MBL		
Sales load payable	<u>-</u>	<u>97</u>
Balances with bank	<u>3,077</u>	<u>10,386</u>
Profit receivable on savings account	<u>230</u>	<u>156</u>
Investments as at September 30, 2011: 17,642,001 units (June 30, 2011: 17,642,001 units)	<u>896,566</u>	<u>900,801</u>
CDC - trustee of the Fund		
Trustee fee payable	<u>249</u>	<u>246</u>
Deposits	<u>2,600</u>	<u>2,600</u>
Directors and officers of the management company		
Investments as at September 30, 2011: 64,726 units (June 30, 2011: 314,219 units)	<u>3,289</u>	<u>16,044</u>

**Three months period ended
September 30,**

2011 2010
(Rupees in '000)

Al-Meezan - management company of the Fund

Remuneration for the quarter	<u>9,700</u>	<u>12,485</u>
Sales tax on management fee for the quarter	<u>1,552</u>	<u>-</u>
Units issued: nil units (September 30, 2010: 777,303 units)	<u>-</u>	<u>40,000</u>
Redemptions: nil units (September 30, 2010: 1,262,136 units)	<u>-</u>	<u>65,000</u>
Bonus units issued: nil units (September 30, 2010: 246,014 units)	<u>-</u>	<u>8,066</u>

MBL

Profit on savings accounts	<u>79</u>	<u>85</u>
Cash dividend paid	<u>17,642</u>	<u>48,516</u>

CDC - trustee of the Fund

Remuneration for the quarter	<u>764</u>	<u>1,084</u>
CDS Charges for the quarter	<u>2</u>	<u>2</u>

Directors and officers of the management company

Units issued: 40,126 units (September 30, 2010: nil units)	<u>2,031</u>	<u>-</u>
Redemptions: 8,921 units (September 30, 2010: 17,292 units)	<u>458</u>	<u>897</u>
Bonus units issued: 657 units (September 30, 2010: 33,047 units)	<u>33</u>	<u>1,677</u>

9. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 24, 2011 by the Board of Directors of the Management Company.

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

Chief Executive

Director

Our Vision

“To set standards of best practices and performance for the industry through efficient selection of Government Securities on a SHARIAH COMPLIANT basis.”

Our Mission

“ To be the leading mutual fund in the industry, providing unitholders, stable and halal income stream generated primarily through investing 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
Web site: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Rana Ahmed Humayun	Director
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Member
Mr. Mazhar Sharif	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

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C,
I.I. Chundrigar Road, P.O. Box 4716,
Karachi-74000, Pakistan.

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

Bawaney & Partners
404, 4th Floor, Beaumont Plaza, 6-CL-10
Beaumont Road, Civil Lines
Karachi - 75530

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2011

		(Unaudited) September 30, 2011 (Rupees in '000)	(Audited) June 30, 2011
Assets			
Balances with banks		4,058,641	3,031,769
Investments	4	9,435,000	9,235,000
Deposits, prepayments and other receivables (net)		432,052	340,874
Preliminary expenses and floatation costs		1,718	1,847
Total assets		<u>13,927,411</u>	<u>12,609,490</u>
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund	6	15,862	10,968
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		942	762
Payable to Securities and Exchange Commission of Pakistan (SECP)		2,605	4,728
Payable to Meezan Bank Limited (MBL)		98	420
Payable on redemption of units		1,028	45,973
Dividend Payable		186,478	-
Accrued expenses and other liabilities		986	978
Total liabilities		<u>207,999</u>	<u>63,829</u>
Net assets		<u>13,719,412</u>	<u>12,545,661</u>
Contingency	7		
Unitholders' funds (as per statement attached)		<u>13,719,412</u>	<u>12,545,661</u>
		Number of Units	
Number of units in issue		<u>273,358,797</u>	<u>247,712,653</u>
		Rupees	
Net asset value per unit		<u>50.19</u>	<u>50.65</u>

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

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

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	September 30,	
<i>Note</i>	2011	2010
	(Rupees in '000)	
Income		
Profit on savings accounts with banks	118,785	11,080
Profit on sukuk certificates	328,951	10,163
Realised gain sale of sukuk certificates	4,461	-
	452,197	21,243
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss (net)	(1,086)	83
Total income	451,111	21,326
Expenses		
Remuneration to Al Meezan - management company of the Fund	34,738	1,868
Remuneration to CDC - trustee of the Fund	2,794	374
Annual fee to SECP	2,605	140
Auditors' remuneration	112	92
Fees and subscription	50	3
Amortisation of premium on GoP Ijarah Sukuk	525	-
Amortisation of preliminary expenses and floatation costs	129	129
Sales tax on management fee	5,558	-
Brokerage	90	2
Bank and settlement charges	36	11
Printing expense	59	35
Total expenses	46,696	2,654
Net income from operating activities	404,415	18,672
Element of income/ (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed (net)	4.1 17,155	(879)
Net income	421,570	17,793

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

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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	September 30,	
	2011	2010
	(Rupees in '000)	
Undistributed income brought forward	160,028	34,077
Less: Final distribution for the year ended June 30, 2011		
- bonus units @ 1.28% (June 30,2010 : 3.60%)	(68,000)	(33,725)
- cash dividend @ 1.28 % (June 30,2010 : NIL)	(90,537)	-
Less: Interim distribution for the peirod ended September 23, 2011		
- bonus units @ 2.6% (September 30, 2010 : 2.5%)	(185,368)	(17,545)
- cash dividend @ 2.6 % (September 30, 2010 : NIL)	(186,478)	-
Net income	421,570	17,793
Undistributed income carried forward	51,216	601

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	September 30, 2011 2010 (Rupees in '000)	
Net assets at the beginning of the period	12,545,661	970,896
Issue of 66,218,970 units	3,335,803	154,009
Redemption of 45,635,469 units	(2,289,453)	(423,654)
	1,046,350	(269,645)
Element of income and capital gains included in prices of units sold less those in units redeemed	(17,155)	879
Net loss for the period less distribution	(108,813)	(33,476)
Issue of 1,359,720 bonus units for the period ended June 30, 2011 (June 30, 2010 : 674,240 Units)	68,000	33,725
Issue of 3,702,923 bonus units for the quarter ended September 30, 2011 (September 30, 2010 : 350,683 Units)	185,368	17,545
Net assets at the end of the period	13,719,412	719,923
Net assets value per unit at the beginning of the period - Rupees	50.65	51.82
Net assets value per unit at the end of the period - Rupees	50.19	50.04

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

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30,	
	2011	2010
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	421,570	17,793
Adjustments for non-cash items		
Profit on savings accounts with banks	(118,785)	(11,080)
Profit on sukuk certificates	(328,951)	(10,163)
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	(1,086)	83
Amortisation of preliminary expenses and floatation costs	129	129
Element of loss and capital losses included in prices of units sold less those in units redeemed	(17,155)	879
	<u>(465,848)</u>	<u>(20,153)</u>
Increase in assets		
Investments	(198,914)	(214,890)
Deposits, prepayments and other receivables	(2,187)	(7)
	<u>(201,101)</u>	<u>(214,897)</u>
(Increase)/ decrease in liabilities		
Payable to Al Meezan - management company of the Fund	4,894	314
Payable to CDC - trustee of the Fund	180	23
Payable to SECP	(2,123)	(17)
Payable to MBL	(322)	3
Payable on redemption of units	(44,945)	(4,473)
Accrued expenses and other liabilities	8	320
	<u>(42,308)</u>	<u>(3,830)</u>
Profit received on savings accounts with banks	154,951	18,115
Profit paid on purchase of sukuk certificates	203,794	18,316
Net cash outflow from operating activities	<u>71,058</u>	<u>(184,656)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from sale of units	3,335,803	154,009
Payments against redemption of units	(2,289,453)	(423,654)
Dividend paid	(90,537)	-
Net cash outflow from financing activities	<u>955,814</u>	<u>(269,645)</u>
Net cash inflow during the period	<u>1,026,872</u>	<u>(454,301)</u>
Cash and cash equivalents at the beginning of the period	3,031,769	646,710
Cash and cash equivalents at the end of the period	<u>4,058,641</u>	<u>192,409</u>

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2011

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 registered office of the management company of the Fund, is situated at Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 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 minimizing 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 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. MBL acts as its shariah adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

- 3.1 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 (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations and the directives issued by the SECP.
- 3.2 Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, and the said directives take precedence.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2011.

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

During the period, the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the period is recognised in income statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the period on available for sale securities is included in distribution statement. Previously, the element was recognised based on cumulative values of undistributed income and unrealised gain / loss on available for sale securities present in the net asset value of units.

The revised methodology, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its methodology, Income for the period and amount taken to distribution statement would have been higher by Rs 256 million.

	<i>Note</i>	(Unaudited) September 30, 2011	(Audited) June 30, 2011
(Rupees in '000)			
5. INVESTMENTS			
Investments at 'fair value through profit or loss'	5.1	8,935,000	9,235,000
Investments - 'available for sale'	5.2	500,000	-
		<u>9,435,000</u>	<u>9,235,000</u>
5.1 Investments at 'fair value through profit or loss'			
- Held for trading	5.1.1	8,935,000	9,235,000
		<u>8,935,000</u>	<u>9,235,000</u>

5.1.1 Held for trading

Name of the Issuer	Maturity date	Profit rate	As at July 1, 2011	Purchases during the period	Sale / redemptions during the period	As at September 30, 2011	Carrying value as at September 30, 2011	Market value as at September 30, 2011	Unrealised (loss)	Percentage in relation to	
			Number of Certificates			Rupees in '000			Net assets of the fund on the basis of market value (see note 5.1.4 below)	Total market value of investments	
GoP Ijarah Sukuk Certificates - IV (note 5.1.3)	September 17, 2012	Weighted average 6 months T-Bills less 5 basis points	5,350	-	-	5,350	535,000	535,000	-	3.90	5.67
GoP Ijarah Sukuk Certificates - V (note 5.1.3)	November 15, 2013	Weighted average 6 months T-Bills	49,560	-	-	49,560	4,956,000	4,956,000	-	36.12	52.53
GoP Ijarah Sukuk Certificates - VI (note 5.1.3)	December 20, 2013	Weighted average 6 months T-Bills	7,570	-	-	7,570	757,000	757,000	-	5.52	8.02
GoP Ijarah Sukuk Certificates - VII (note 5.1.3)	March 7, 2014	Weighted average 6 months T-Bills	24,870	-	2,000	22,870	2,287,000	2,287,000	-	16.67	24.24
GoP Ijarah Sukuk Certificates - VIII (note 5.1.3)	May 16, 2014	Weighted average 6 months T-Bills	5,000	2,000	3,000	4,000	401,086	400,000	(1,086)	2.92	4.24
							<u>8,936,086</u>	<u>8,935,000</u>	<u>(1,086)</u>		
Total cost of investments							<u>8,948,355</u>				

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

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

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

5.2 Investment - Available for sale

Name of the Issuer	Maturity date	Profit rate	As at July 1, 2011	Purchases during the period	Sale / redemptions during the period	As at September 30, 2011	Carrying value as at September 30, 2011	Market value as at September 30, 2011	Unrealised Gain / loss	Percentage in relation to	
			Number of Certificates			Rupees in '000			Net assets of the fund on the basis of market value (see note 5.1.4 above)	Total market value of investments	
GoP Ijarah Sukuk Certificates - V (note 5.1.3)	November 15, 2013	Weighted average 6 months T-Bills	-	5,000	-	5,000	500,000	500,000	-	0.04	5.30
GoP Ijarah Sukuk Certificates - VII (note 5.1.3)"	March 7, 2014	Weighted average 6 months T-Bills	-	500	500	-	-	-	-	-	-
							<u>500,000</u>	<u>500,000</u>	<u>-</u>		
Total cost of investments							<u>500,000</u>				

6. PAYBALE TO AL MEEZAN

This includes an amount of Rs. 1.878 million against sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

7. CONTINGENCY

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

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. The aggregate unrecognised amount of WWF as at September 30, 2011 amounted to Rs. 26.267 million.

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan being the management company, CDC being the trustee, MBL being the holding company of the management company, Al Meezan Mutual Fund Limited, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Islamic Income fund, Meezan Balanced Fund, Meezan Capital Protected Fund - I, Meezan Capital Protected Fund - II and Meezan Cash Fund being the Funds under the common management of the management company.

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

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

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

	September 30, 2011	June 30, 2011
	(Rupees in '000)	
Al-Meezan - management company of the Fund		
Remuneration payable	<u>11,740</u>	<u>9,340</u>
Sales load payable	<u>2,244</u>	<u>1,628</u>
Sindh sales tax	<u>1,878</u>	<u>-</u>
Investments as at September 30, 2011:		
13,746,255 units (June 30, 2011: 11,561,754 Units)	<u>689,925</u>	<u>585,603</u>

	September 30, 2011	June 30, 2011
	(Rupees in '000)	
MBL		
Sales load payable	98	420
Balances with bank	24,181	16,471
Profit receivable on savings account	94	84
Investments as at September 30, 2011: 98,474,437 units (June 30, 2011: 98,474,437 Units)	4,942,432	4,987,730
CDC - trustee of the Fund		
Trustee fee payable	942	762
Directors and executives		
Investments as at September 30, 2011: 2,793,908 units (June 30, 2011: 2,630,520 Units)	140,226	133,236
	Quarter ended September 30	
	2011	2010
	(Rupees in '000)	
Al-Meezan - management company of the Fund		
Remuneration for the period	34,738	1,868
Preliminary expenses and floatation costs	129	129
Units issued 1,688,602 (September 30, 2010: NIL Units)	86,000	-
Bonus units issued 495,900 (September 30, 2010: 61,870 Units)	24,817	3,095
MBL		
Profit on savings accounts	317	66
Cash dividend (September 30, 2010 : NIL)	191,040	-
CDC - trustee of the Fund		
Remuneration for the period	2,794	374

Quarter ended
September 30
2011 2010
(Rupees in '000)

Directors and executives

Units issued 138,123 (September 30, 2010: NIL Units)	<u>7,005</u>	<u>-</u>
Units redeemed 79,262 (September 30, 2010: 754 Units)	<u>4,022</u>	<u>38</u>
Bonus units issued 104,528 (September 30, 2010: 1,781 Units)	<u>5,231</u>	<u>474</u>

9. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 24, 2011 by the board of directors of the management company.

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

Chief Executive

Director

Our Vision

“To set standards of best practices and performance for the industry through efficient selection of securities on a SHARIAH COMPLIANT basis.”

Our Mission

“ To be the leading mutual fund in the industry, providing unitholders, with a truly SHARIAH COMPLIANT stable and low risk Halal income stream.”



MEEZAN
CASH FUND

FUND INFORMATION

MANAGEMENT COMPANY

Al Meezan Investment Management Limited
Ground Floor, Block "B", Finance & Trade Centre,
Shahrah-e-Faisal, Karachi 74400, Pakistan.
Phone: (9221) 3563 0722-6, 111-MEEZAN
Fax: (9221) 3567 6143, 3563 0808
Web site: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Rana Ahmed Humayun	Director
Mr. P. Ahmed	Director
Mr. Salman Sarwar Butt	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. P. Ahmed	Member
Mr. Mazhar Sharif	Member

TRUSTEE

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

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C, I.I. Chundrigar Road,
P.O. Box 4716, Karachi-74000, Pakistan.

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

Meezan Bank Limited
SITE Branch
Plot # B/9-C, Estate Avenue, SITE, Karachi.
Phone: 3206 2891, Fax: 3255 2771
Web site: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2011

	Note	(Unaudited) September 30, 2011	(Audited) June 30, 2011
		(Rupees in '000)	
Assets			
Balances with banks	5	3,349,467	3,666,697
Placements	6	1,800,000	1,950,000
Investments	7	525,000	225,000
Profit receivable		160,496	151,784
Preliminary expenses and floatation costs		1,622	1,773
Deposits and prepayments		236	290
Total assets		5,836,821	5,995,544
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the fund	8	6,094	4,634
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the fund		499	456
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,166	4,620
Payable on redemption of units		10,787	21,876
Brokerage Payable		-	45
Dividend Payable		10,287	7,428
Accrued expenses and other liabilities	9	695	656
Total liabilities		29,528	39,715
Net assets		5,807,293	5,955,829
Contingency	10		
Unitholders' funds (as per statement attached)		5,807,293	5,955,829
		Number of units	
Number of units in issue		115,818,851	119,042,374
		Rupees	
Net asset value per unit		50.14	50.03

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

		September 30	
	Note	2011	2010
		(Rupees in '000)	
Income			
Profit on savings accounts with banks		121,940	125,592
Profit on placements with banks		56,851	38,525
Profit on sukuk certificates		15,223	-
Other income		45	-
Total income		<u>194,059</u>	<u>164,117</u>
Expenses			
Remuneration to Al Meezan - management company of the fund		15,547	14,965
Sales tax on management fee		2,487	-
Remuneration to CDC - trustee of the fund		1,492	1,749
Annual fee to SECP		1,166	1,122
Auditor's remuneration		129	92
Fees and subscription		55	48
Amortisation of preliminary expenses and floatation costs		151	151
Bank and settlement charges		18	6
Printing Charges		15	38
Other Expenses		-	3
Total expenses		<u>21,060</u>	<u>18,174</u>
Net income from operating activities		<u>172,999</u>	<u>145,943</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	4.1	<u>4,966</u>	<u>(4,552)</u>
Net income		<u><u>177,965</u></u>	<u><u>141,391</u></u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	September 30	
	2011	2010
	(Rupees in '000)	
Undistributed income for the period brought forward - realised	3,711	170,821
Net income for the period	177,965	141,391
Less : Final Distribution for the year ended June 30, 2010 - bonus units @ 3.38%	-	(170,807)
Less : Interim Distribution @ 1.7% for the period ended August 23, 2011		
- bonus units	(97,720)	-
-cash dividend	(10,890)	-
Less : Interim Distribution @ 0.9% for the period ended September 23, 2011		
- bonus units	(46,330)	-
-cash dividend	(10,289)	-
Less : Interim distribution @ 2.45% for the quarter ended September 30, 2010	-	(139,774)
Net profit for the period carried forward	<u>16,447</u>	<u>1,631</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	September 30	
	2011	2010
	(Rupees in '000)	
Net assets at the beginning of the period	5,955,829	5,224,268
Issue of 38,576,471 units (September 30, 2010: 34,551,067 units)	1,946,590	1,745,324
Redemption of 44,680,236 units (September 30, 2010: 24,934,831 units)	(2,246,947)	(1,269,060)
	(300,357)	476,264
Element of (income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed	(4,966)	4,552
Net income for the period less distribution	12,736	(169,190)
Issue of 1,954,007 bonus units for the period ended August 23, 2011	97,720	-
Issue of 3,416,130 bonus units for the period ended July 07, 2010	-	170,807
Issue of 9,26,235 bonus units for the period ended September 23, 2011	46,330	-
Issue of 2,795,532 bonus units for the period ended September 30, 2010	-	139,774
	144,050	310,581
Net assets at the end of the period	5,807,293	5,846,475

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

		September 30	
		2011	2010
	Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		177,965	141,391
Adjustments for:			
Profit on savings accounts with banks		(121,940)	(125,592)
Profit on placements		(56,851)	(38,525)
Profit on sukuk certificates		(15,223)	-
Amortisation of preliminary expenses and floatation costs		151	151
Element of (income) / losses income and capital (gains) / losses included in prices of units issued less those in units redeemed		(4,966)	4,552
		<u>(20,864)</u>	<u>(18,023)</u>
Decrease/(Increase) in assets			
Deposits and prepayments		53	45
Placements		150,000	950,000
Investments		(300,000)	-
		<u>(149,947)</u>	<u>950,045</u>
Increase/(Decrease) in liabilities			
Payable to Al Meezan - management company of the fund		1,460	471
Payable to CDC - trustee of the fund		43	47
Payable to SECP		(3,454)	(1,451)
Payable on redemption of units		(11,089)	(29,783)
Brokerage payable		(45)	-
Dividend payable		2,859	-
Accrued expenses and other liabilities		39	5,480
		<u>(10,187)</u>	<u>(25,236)</u>
Profit received on savings accounts with banks		140,582	150,219
Profit received on placements		44,721	48,546
Net cash inflow from operating activities		<u>4,305</u>	<u>1,105,551</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from sale of units		1,946,590	1,745,324
Dividend paid		(21,179)	-
Payment against redemption of units		(2,246,947)	(1,269,060)
Net cash inflow from financing activities		<u>(321,536)</u>	<u>476,264</u>
Net cash inflow during the period		<u>(317,230)</u>	<u>1,581,815</u>
Cash and cash equivalents at the beginning of the period		3,666,697	2,942,794
Cash and cash equivalents at the end of the period	5	<u>3,349,467</u>	<u>4,524,609</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Cash Fund (the Fund) was established under a trust deed executed between Al Meezan as the management company and CDC as the trustee. The trust deed was executed on May 14, 2009 and was approved by the 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 registered office of the Management Company of the Fund, is situated at Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point in time. Under the trust deed all the conducts and acts of the Fund are based on shariah. MBL acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The management company of the Fund has been given quality rating of AM2 and the stability rating of the Fund is AA(f) given by JCR-VIS.
- 1.4 Title to the assets of the Fund are held in the name of CDC as the trustee of the Fund.

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial report has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence. The disclosures made in this condensed interim financial report have, however, been limited based on the requirements of the IAS 34: 'Interim Financial Reporting.

- 3.2 This condensed interim financial report comprises of the condensed interim statement of assets and liabilities as at September 30, 2011 and the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the three months period ended September 30, 2011.

3.3 The comparative statement of assets and liabilities presented in this condensed interim financial report as at June 30, 2011 has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2011, whereas the comparative condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the condensed interim financial report for the three months period ended September 30, 2010.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year June 30, 2011.

4.1 Element of Income / loss and capital gains / losses included in prices of units issued less those in units redeemed

During the year, the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in income statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the year on available for sale securities is included in distribution statement. Previously, the element was recognised based on cumulative values of undistributed income and unrealised gain / loss on available for sale securities present in the net asset value of units.

The revised methodology, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its methodology profit and amount taken to distribution statement for the period would have been lower by Rs.0.1 million.

		September 30, 2011	June 30, 2011
5. BALANCES WITH BANKS	Note	------(Rupees in '000)-----	
On savings accounts	5.1	3,340,328	3,659,525
On current accounts		9,138	7,172
		<u>3,349,467</u>	<u>3,666,697</u>

5.1 The balances in savings accounts bear expected profit which ranges from 5.04% to 12.70% per annum.

6. PLACEMENTS

Placements carry expected profit at rates ranging from 12.10 % per annum to 13% per annum and are due to mature from October 28, 2011 to November 16, 2011.

7. Investments

Name of the issuer	Maturity	Profit rate	As at July 01, 2011	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2011	Carrying value as at September 30, 2011	Market value as at September 30, 2011	Unrealised gain / (loss)	Percentage of total market value of investments
-----Number of Certificate-----				-----Rupees in '000-----						
Kot Addu Power Company Limited -Sukuk	December 27, 2011	KIBOR + 1.1%	45,000	-	-	45,000	225,000	225,000*	-	100%
Hub Power Company Limited -Sukuk	February 03, 2012	KIBOR + 1.1%	-	60,000	-	60,000	300,000	300,000*	-	100%
			<u>45,000</u>	<u>60,000</u>	<u>-</u>	<u>105,000</u>	<u>525,000</u>	<u>525,000</u>		

* These securities are carried at face value as per the requirement of Circular 1 of 2009 with respect to thinly and non traded debt securities with residual maturities of upto six months.

8. PAYABLE TO AL MEEZAN - management company of the fund

This includes an amount of Rs. 841 against sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

September 30, 2011 **June 30, 2011**

(Rupees in '000)

9. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	97	265
Annual Listing fee	3	10
Withholding tax payable	298	137
Printing Charges	188	172
Zakat Payable	110	72
	695	656

10. CONTINGENCY

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

The Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. The aggregate unrecognised amount of WWF as at September 30, 2011 amounted to Rs 23,953 million.

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTY

The connected persons include Al Meezan being the management company, CDC being the trustee, Meezan Bank Ltd. (MBL) being the holding company of the management company and Al Meezan Mutual Fund Limited, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - II, Meezan Islamic Fund, Meezan Sovereign Fund and Meezan Balanced Fund being the Funds under the common management of the management company and Pakistan Kuwait Investment Company (Private) Limited.

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

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

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

	September 30, 2011	June 30, 2011
	(Rupees in '000)	
Al Meezan- management company of the Fund		
Remuneration payable	<u>5,253</u>	<u>4,634</u>
Sales tax payable	<u>841</u>	<u>-</u>
nil units (June 30, 2011: nil units)	<u>-</u>	<u>-</u>
MBL		
Balances with bank	<u>28,346</u>	<u>35,667</u>
Profit receivable	<u>127</u>	<u>116</u>
CDC - trustee of the Fund		
Trustee fee payable	<u>499</u>	<u>456</u>
Deposits	<u>100</u>	<u>100</u>
Directors and executives		
Investments of 407,818 units (June 30, 2011: 452,804 units)	<u>20,448</u>	<u>22,654</u>

	September 30, 2011	September 30, 2010
	(Rupees in '000)	
Al Meezan - management company of the Fund		
Remuneration for the period	<u>15,547</u>	<u>14,965</u>
Units issued: nil units (September 30, 2010: nil units)	<u>-</u>	<u>-</u>
Redemptions: nil units (September 30, 2010: 1,674,975 units)	<u>-</u>	<u>85,000</u>
Bonus units issued: nil units (September 30, 2010: 89,946 units)	<u>-</u>	<u>4,497</u>
MBL		
Profit on savings accounts	<u>225</u>	<u>423</u>
CDC - trustee of the Fund		
Trustee fee	<u>1,492</u>	<u>1,749</u>
Directors and executives		
Units issued: 24,306 units (September 30, 2010: 8,834 units)	<u>1,221</u>	<u>447</u>
Redemptions: 80,577 units (September 30, 2010: 18,853 units)	<u>4,037</u>	<u>954</u>
Bonus units issued: 11,285 units (September 30, 2010: 50,812 units)	<u>564</u>	<u>2,540</u>

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on October 24, 2011 by the Board of Directors of the management company.

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

Chief Executive

Director



Pure. Profit.

(AM2 rating by JCR-VIS)

Al Meezan Investment Management Ltd.
A subsidiary of Meezan Bank

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