



**Meezan**  
Islamic Fund


## **MEEZAN ISLAMIC FUND (MIF)**

Meezan Islamic Fund seeks to optimize total investor returns by participating in Shariah compliant equities focusing on both capital gains and dividend income.

Islamabad Branch

Pure. Profit.

# EARNING CREDIBILITY IN THE CAPITAL CITY OF PAKISTAN

 Islamabad Branch

**SHAH FAISAL MOSQUE  
(ISLAMABAD)**



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Kamila Khan	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Arshad Majeed	Member
Mr. Naeem Abdul Sattar	Member

## RISK MANAGEMENT COMMITTEE

Mr. Muhammad Abdullah Ahmed	Chairman
Syed Amir Ali Zaidi	Member
Mr. Naeem Abdul Sattar	Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

## TRUSTEE

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

## AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C, I.I. Chundrigar Road , Karachi-74000

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

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

## LEGAL ADVISER

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

## TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: [www.meezanbank.com](http://www.meezanbank.com)

## DISTRIBUTORS

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

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shakra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ISLAMIC FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 25, 2020



**AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Islamic Fund** (the Fund) as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2019. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

**Scope of Review**

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

**Conclusion**

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

  
Chartered Accountants

Engagement Partner: Salman Hussain

Dated: February 26, 2020

Karachi

**MEEZAN ISLAMIC FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT DECEMBER 31, 2019**



**Meezan**  
**Islamic Fund**

		<b>December 31, 2019 (Unaudited)</b>	<b>June 30, 2019 (Audited)</b>
	<b>Note</b>	<b>(Rupees in '000)</b>	
<b>Assets</b>			
Balances with banks	5	2,045,404	1,340,974
Investments	6	28,556,729	25,014,329
Receivable against sale of investments		10,739	152,085
Receivable against conversion of units		51,323	62,891
Dividend receivable		10,390	117,132
Deposits, prepayments and other receivables		<u>27,420</u>	<u>18,566</u>
<b>Total assets</b>		<u>30,702,005</u>	<u>26,705,977</u>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - the Management Company		87,196	79,964
Payable to Central Depository Company of Pakistan Limited - the Trustee		2,888	2,579
Payable to Meezan Bank Limited		722	135
Payable to the Securities and Exchange Commission of Pakistan	7	2,464	32,360
Payable on redemption and conversion of units		113,964	74,075
Payable against purchase of investments		54,332	122,665
Accrued expenses and other liabilities	8	<u>765,677</u>	<u>653,860</u>
<b>Total liabilities</b>		<u>1,027,243</u>	<u>965,638</u>
<b>Net assets</b>		<u>29,674,762</u>	<u>25,740,339</u>
<b>Contingencies and commitments</b>	9		
<b>Unit holders' funds (as per statement attached)</b>		<u>29,674,762</u>	<u>25,740,339</u>
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<u>514,961,315</u>	<u>537,113,594</u>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<u>57.6252</u>	<u>47.9235</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**MEEZAN ISLAMIC FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**

	Note	Six months period ended		Quarter ended	
		December 31,		December 31,	
		2019	2018	2019	2018
		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised (loss) / gain on sale of investments		(297,585)	(469,131)	114,930	(379,930)
Dividend income		795,545	941,093	449,158	528,307
Profit on saving accounts with banks		106,506	92,890	59,970	54,132
		<u>604,466</u>	<u>564,852</u>	<u>624,058</u>	<u>202,509</u>
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	4,598,140	(4,793,465)	6,107,419	(3,526,258)
<b>Total income / (loss)</b>		<u>5,202,606</u>	<u>(4,228,613)</u>	<u>6,731,477</u>	<u>(3,323,749)</u>
<b>Expenses</b>					
Remuneration of AI Meezan Investment Management Limited - the Management Company		246,417	373,735	133,279	179,727
Sindh Sales Tax on management fee		32,034	48,586	17,326	23,365
Remuneration of Central Depository Company of Pakistan Limited - the Trustee		12,824	19,191	6,916	9,239
Sindh Sales Tax on remuneration of the Trustee		1,667	2,495	899	1,201
Annual fee to the Securities and Exchange Commission of Pakistan	7	2,464	17,752	1,333	8,537
Auditors' remuneration		462	480	266	263
Charity expense		21,975	13,495	12,610	8,166
Fees and subscription		1,406	2,091	699	1,024
Legal and professional charges		160	-	-	-
Brokerage expense		11,262	8,658	7,359	5,305
Bank and settlement charges		1,512	1,545	897	831
Printing charges		-	503	-	251
Allocated expenses	12	12,321	18,687	6,664	8,987
Selling and marketing expense	14	49,283	74,747	26,655	35,945
Provision for Sindh Workers' Welfare Fund (SWWF)	8.1	96,176	-	96,176	-
<b>Total expenses</b>		<u>489,963</u>	<u>581,965</u>	<u>311,079</u>	<u>282,841</u>
<b>Net income / (loss) for the period before taxation</b>		<u>4,712,643</u>	<u>(4,810,578)</u>	<u>6,420,398</u>	<u>(3,606,590)</u>
Taxation	14	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<u>4,712,643</u>	<u>(4,810,578)</u>	<u>6,420,398</u>	<u>(3,606,590)</u>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		4,712,643	-		
Income already paid on units redeemed		(47,607)	-		
		<u>4,665,036</u>	<u>-</u>		
<b>Accounting income available for distribution</b>					
- Relating to capital gains		4,300,555	-		
- Excluding capital gains		364,481	-		
		<u>4,665,036</u>	<u>-</u>		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ISLAMIC FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**



**Meezan**  
**Islamic Fund**

	<u>Six months period ended,</u>		<u>Quarter ended,</u>	
	<u>December 31,</u>		<u>December 31,</u>	
<b>Note</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>(Rupees in '000)</b>		<b>(Rupees in '000)</b>	
<b>Net income / (loss) for the period after taxation</b>	4,712,643	(4,810,578)	6,420,398	(3,606,590)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<u>4,712,643</u>	<u>(4,810,578)</u>	<u>6,420,398</u>	<u>(3,606,590)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



**MEEZAN ISLAMIC FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	2019			2018				
	Capital Value	(Accumulated loss) / Undistributed income	Unrealised appreciation 'available for sale' investments	Total	Capital Value	Undistributed income	Unrealised appreciation 'available for sale' investments	Total
	Rupees in '000			Rupees in '000				
<b>Net assets at the beginning of the period as previously reported (Audited)</b>	27,600,726	(1,860,387)	-	25,740,339	32,024,698	6,467,562	622,394	39,114,654
Change in accounting policy	-	-	-	-	-	622,394	(622,394)	-
<b>Net assets at the beginning of the period</b>	<b>27,600,726</b>	<b>(1,860,387)</b>	<b>-</b>	<b>25,740,339</b>	<b>32,024,698</b>	<b>7,089,956</b>	<b>-</b>	<b>39,114,654</b>
Issue of 243,645,559 units (December 31, 2018: 181,217,662 units)								
- Capital value (at net asset value per unit at the beginning of the period)	11,676,348	-	-	11,676,348	11,476,515	-	-	11,476,515
- Element of income / (loss)	434,877	-	-	434,877	(405,057)	-	-	(405,057)
Total proceeds on issuance of units	12,111,225	-	-	12,111,225	11,071,458	-	-	11,071,458
Redemption of 265,797,838 units (December 31, 2018: 211,259,030 units)								
- Capital value (at net asset value per unit at the beginning of the period)	12,737,963	-	-	12,737,963	13,379,034	-	-	13,379,034
- Element of loss / (income)	103,875	47,607	-	151,482	(602,449)	-	-	(602,449)
Total payments on redemption of units	12,841,838	47,607	-	12,889,445	12,776,585	-	-	12,776,585
Total comprehensive income / (loss) for the period	-	4,712,643	-	4,712,643	-	(4,810,578)	-	(4,810,578)
Distribution of cash dividend	-	-	-	-	-	-	-	-
Net income / (loss) for the period less distribution	-	4,712,643	-	4,712,643	-	(4,810,578)	-	(4,810,578)
<b>Net assets at the end of the period</b>	<b>26,870,113</b>	<b>2,804,649</b>	<b>-</b>	<b>29,674,762</b>	<b>30,319,571</b>	<b>2,279,378</b>	<b>-</b>	<b>32,598,949</b>
<b>(Accumulated loss) / undistributed income brought forward as previously reported (Audited)</b>								
- Realised income		5,520,342				12,814,144		
- Unrealised loss		(7,380,729)				(6,346,582)		
Change in accounting policy		(1,860,387)				6,467,562		
<b>(Accumulated loss) / Undistributed income brought forward</b>		<b>(1,860,387)</b>				<b>7,089,956</b>		
<b>Accounting income available for distribution</b>								
- Relating to capital gains	4,300,555				-			
- Excluding capital gains	364,481				-			
	4,665,036				-			
Net loss for the period after taxation	-					(4,810,578)		
Distribution during the period	-					-		
Undistributed income carried forward		<u>2,804,649</u>				<u>2,279,378</u>		
<b>Undistributed income carried forward</b>								
- Realised (loss) / income		(1,793,491)				7,072,843		
- Unrealised income / (loss)		4,598,140				(4,793,465)		
		<u>2,804,649</u>				<u>2,279,378</u>		
Net assets value per unit at the beginning of the period				(Rupees)				(Rupees)
				<u>47.9235</u>				<u>63.3300</u>
Net assets value per unit at the end of the period				<u>57.6252</u>				<u>55.4790</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



**MEEZAN ISLAMIC FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	Six months period ended	
	December 31,	
	2019	2018
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	4,712,643	(4,810,578)
<b>Adjustments for:</b>		
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(4,598,140)	4,793,465
	114,503	(17,113)
<b>Decrease in assets</b>		
Investments - net	1,055,740	1,366,719
Receivable against sale of investments	141,346	-
Dividend receivable	106,742	74,361
Deposits, prepayments and other receivables	(8,854)	(4,177)
	1,294,974	1,436,903
<b>Increase in liabilities</b>		
Payable to Al Meezan Investment Management Limited - the Management Company	7,232	(51,602)
Payable to Central Depository Company of Pakistan Limited - the Trustee	309	(453)
Payable to Meezan Bank Limited	587	(1,019)
Payable to the Securities and Exchange Commission of Pakistan	(29,896)	(24,261)
Payable against purchase of investments	(68,333)	87,535
Accrued expenses and other liabilities	111,817	12,649
	21,716	22,849
<b>Net cash generated from operating activities</b>	1,431,193	1,442,639
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	12,122,793	11,112,547
Payment against redemption and conversion of units	(12,849,556)	(12,817,213)
<b>Net cash used in financing activities</b>	(726,763)	(1,704,666)
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	704,430	(262,027)
Cash and cash equivalents at the beginning of the period	1,340,974	2,730,709
<b>Cash and cash equivalents at the end of the period</b>	2,045,404	2,468,682

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN ISLAMIC FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Islamic Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the 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 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations, 2008). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund, is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund has been formed to enable the unitholders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized as an Equity Scheme in accordance with Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP).
- 1.4** The Management Company has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 31, 2019 (2018: AM1 dated December 28, 2018) and by PACRA dated December 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2. BASIS OF PRESENTATION**

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

**3. BASIS OF PREPARATION**

**3.1 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2019.

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

4.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

4.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2019.

#### 4.3 Amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### 4.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

5. BALANCES WITH BANKS	Note	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited) (Rupees in '000)
In current accounts		7,142	797
In saving accounts	5.1	2,038,262	1,340,177
		<u>2,045,404</u>	<u>1,340,974</u>

5.1 The balance in saving accounts have an expected profit ranging from 3.00% to 13.50% per annum (June 30, 2019: 3.32% to 12.50% per annum).

6. INVESTMENTS	Note	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited) (Rupees in '000)
Shares of listed companies - 'ordinary shares'	6.1	28,556,729	25,014,329
		<u>28,556,729</u>	<u>25,014,329</u>

## 6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus / Right issue	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
-----Number of shares-----						----- (Rupees in '000) -----			----- % -----		
<b>Sectors / companies</b>											
<b>Automobile Assembler</b>											
Gandhara Industries Limited	777,200	54,000	-	619,500	211,700	17,750	28,215	10,465	0.10	0.10	0.50
Gandhara Nissan Limited	274,372	-	-	274,372	-	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	80,400	171,500	-	95,400	156,500	34,641	34,264	(377)	0.12	0.12	0.11
Indus Motor Company Limited	-	89,740	-	-	89,740	108,348	104,247	(4,101)	0.35	0.37	0.11
Milat Tractors Limited	81,140	5,000	7,123	29,150	64,113	48,389	45,162	(3,227)	0.15	0.16	0.13
									<b>0.72</b>	<b>0.75</b>	<b>0.85</b>
<b>Automobile Parts &amp; Accessories</b>											
Agriauto Industries Limited (Note 6.2.1)	-	300,400	-	-	300,400	62,821	60,080	(2,741)	0.20	0.21	1.04
Thal Limited (Note 6.2.1)	-	25,000	-	25,000	-	-	-	-	-	-	-
									<b>0.20</b>	<b>0.21</b>	<b>1.04</b>
<b>Cement</b>											
Attock Cement Pakistan Limited	270,200	-	-	-	270,200	19,295	27,931	8,636	0.09	0.10	0.20
Cherat Cement Company Limited	-	2,354,500	80,600	310,000	2,125,100	68,937	112,737	43,800	0.38	0.39	1.09
DG Khan Cement Company Limited	2,368,222	2,130,000	-	3,268,222	1,230,000	69,201	91,352	22,151	0.31	0.32	0.28
Fauji Cement Company Limited	-	2,520,000	-	2,520,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	3,914,350	-	-	344,000	3,570,350	187,550	276,345	88,795	0.93	0.97	1.78
Lucky Cement Limited	4,701,429	644,900	-	881,300	4,465,029	1,704,531	1,912,818	208,287	6.45	6.70	1.38
Maple Leaf Cement Limited	4,782,000	-	-	4,782,000	-	-	-	-	-	-	-
									<b>8.16</b>	<b>8.48</b>	<b>4.73</b>
<b>Chemical</b>											
Engro Polymer & Chemicals Limited	17,640,721	3,849,500	-	5,361,500	16,128,721	447,183	535,635	88,452	1.81	1.88	1.77
ICI Pakistan Limited	1,183,735	25,550	-	10,900	1,198,385	638,225	808,730	170,505	2.73	2.83	1.30
Lotte Chemical Pakistan Limited	2,784,500	1,000,000	-	3,784,500	-	-	-	-	-	-	-
Sitara Chemical Limited	30,500	-	-	-	30,500	9,329	9,103	(226)	0.03	0.03	0.14
									<b>4.57</b>	<b>4.74</b>	<b>3.21</b>
<b>Commercial Banks</b>											
BankIslami Pakistan Limited	-	8,750,000	-	834,500	7,915,500	85,692	87,783	2,091	0.30	0.31	0.71
Mezan Bank Limited (an Associate of the Func	8,040,597	1,273,000	-	194,500	9,119,097	787,790	867,500	79,710	2.92	3.04	0.71
									<b>3.22</b>	<b>3.35</b>	<b>1.42</b>
<b>Engineering</b>											
Amreli Steels Limited	-	1,335,000	-	90,000	1,245,000	37,249	44,969	7,720	0.15	0.16	0.42
International Industries Limited	932,400	430,000	65,240	405,500	1,022,140	77,928	113,294	35,366	0.38	0.40	0.78
International Steel Limited	2,467,800	400,000	-	2,867,500	300	12	17	5	-	-	-
K.S.B. Pumps Company Limited	79,900	-	-	-	79,900	8,070	13,580	5,510	0.05	0.05	0.61
Mughal Iron & Steel Industries Limited	-	2,475,500	-	50,000	2,425,500	78,770	99,373	20,603	0.33	0.35	0.96
									<b>0.91</b>	<b>0.96</b>	<b>2.77</b>
<b>Fertilizer</b>											
Engro Corporation Limited (Note 6.2.3)	9,480,573	410,000	-	1,598,900	8,291,673	2,227,597	2,862,700	635,103	9.65	10.02	1.44
Engro Fertilizers Limited	24,461,700	-	-	1,407,500	23,054,200	1,474,777	1,692,870	218,093	5.70	5.93	1.73
									<b>15.35</b>	<b>15.95</b>	<b>3.17</b>
<b>Food &amp; Personal Care Products</b>											
Al-Shaheer Corporation Limited	60,741	-	-	-	60,741	765	858	93	-	-	0.04
At-Tahur Limited	109,132	-	10,913	-	120,045	2,151	2,515	364	0.01	0.01	0.07
FrieslandCampina Engro Pakistan Limited	17,721	-	-	17,721	-	-	-	-	-	-	-
National Foods Limited (Note 6.2.1)	197,100	-	39,420	-	236,520	36,298	52,510	16,212	0.18	0.18	0.16
									<b>0.19</b>	<b>0.19</b>	<b>0.27</b>
<b>Glass &amp; Ceramics</b>											
Tariq Glass Industries Limited	792,500	175,000	-	659,000	308,500	30,065	33,010	2,945	0.11	0.12	0.42
									<b>0.11</b>	<b>0.12</b>	<b>0.42</b>
<b>Investment Banks / Investment Companies / Securities Companies</b>											
Dawood Hercules Corporation	-	86,900	-	-	86,900	12,387	13,401	1,014	0.05	0.05	0.02
									<b>0.05</b>	<b>0.05</b>	<b>0.02</b>



Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus / Right issue	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
						Number of shares		(Rupees in '000)		%	
<b>Oil &amp; Gas Exploration Companies</b>											
Mari Petroleum Company Limited	2,102,838	2,000	202,969	148,640	2,159,167	1,980,896	2,828,725	847,829	9.53	9.91	1.62
Oil & Gas Development Company Limited	20,325,900	2,488,400	-	1,535,000	21,279,300	2,799,316	3,028,470	229,154	10.21	10.61	0.49
Pakistan Oilfields Limited	3,909,136	50,000	-	573,500	3,385,636	1,373,563	1,512,431	138,868	5.10	5.30	1.19
Pakistan Petroleum Limited	16,807,632	2,147,800	2,536,066	4,394,300	17,097,198	2,074,910	2,344,710	269,800	7.90	8.21	0.63
									<b>32.74</b>	<b>34.03</b>	<b>3.93</b>
<b>Oil &amp; Gas Marketing Companies</b>											
Attock Petroleum Limited	477,734	495,900	-	2,300	971,334	291,556	359,199	67,643	1.21	1.26	0.98
Hascol Petroleum Limited *	2,080,470	13,935,391	-	3,461,000	12,554,861	229,480	337,726	108,246	1.14	1.18	6.31
Pakistan State Oil Company Limited	4,501,752	1,823,700	626,030	2,984,500	3,966,982	575,242	760,232	184,990	2.56	2.66	0.84
Sui Northern Gas Pipelines Limited	14,259,800	1,948,500	-	1,454,000	14,754,300	1,033,704	1,123,835	90,131	3.79	3.94	2.33
Sui Southern Gas Company Limited	755,500	-	-	-	755,500	15,624	16,258	634	0.05	0.06	0.09
									<b>8.75</b>	<b>9.10</b>	<b>10.55</b>
<b>Paper &amp; Board</b>											
Cherat Packaging Limited	732,134	-	21,613	516,000	237,747	17,429	28,870	11,441	0.10	0.10	0.56
Packages Limited	2,474,853	20,200	-	651,000	1,844,053	554,556	735,298	180,742	2.48	2.57	2.06
									<b>2.58</b>	<b>2.67</b>	<b>2.62</b>
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	109,350	-	-	30,300	79,050	37,520	35,318	(2,202)	0.12	0.12	0.08
AGP Limited	4,963,500	168,500	-	238,500	4,893,500	339,179	486,169	146,990	1.64	1.70	1.75
Glaxosmithkline Consumer Healthcare Limited	358,656	149,200	-	-	507,856	110,586	130,224	19,638	0.44	0.46	0.43
Glaxosmithkline Pakistan Limited	5,816	-	-	-	5,816	554	934	380	-	-	-
Highnoon Laboratories Limited	798	-	-	-	798	202	429	227	-	-	-
The Searle Company Limited	3,651,679	199,900	-	1,190,100	2,661,479	392,690	502,328	109,638	1.69	1.76	1.25
									<b>3.89</b>	<b>4.04</b>	<b>3.51</b>
<b>Power Generation &amp; Distribution</b>											
K-Electric Limited (Note 6.2.1)	186,128,500	6,339,000	-	4,234,500	188,233,000	822,940	822,578	(362)	2.77	2.88	0.68
The Hub Power Company Limited	18,904,517	5,205,500	-	2,528,000	21,582,017	1,690,949	2,014,681	323,732	6.79	7.06	1.66
									<b>9.56</b>	<b>9.94</b>	<b>2.34</b>
<b>Refinery</b>											
Attock Refinery Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
National Refinery Limited	-	63,800	-	63,800	-	-	-	-	-	-	-
									-	-	-
<b>Technology &amp; Communication</b>											
Avanceon Limited	2,115,300	105,000	-	1,139,000	1,081,300	52,026	40,603	(11,423)	0.14	0.14	0.56
Netsol Technologies Limited	987,100	152,500	-	-	1,139,600	73,879	75,054	1,175	0.25	0.26	1.27
Pakistan Telecommunication Company Limited	800,000	-	-	-	800,000	6,616	7,488	872	0.03	0.03	0.02
Systems Limited	655,600	754,000	-	100,000	1,309,600	142,262	162,783	20,521	0.55	0.57	1.06
									<b>0.97</b>	<b>1.00</b>	<b>2.91</b>
<b>Textile Composite</b>											
Feroze1888 Mills Limited	1,542,500	105,000	-	-	1,647,500	165,652	151,570	(14,082)	0.51	0.53	0.44
Kohinoor Textile Mills Limited	672,514	-	-	495,500	177,014	4,434	6,916	2,482	0.02	0.02	0.06
Nishat Mills Limited	5,374,700	630,000	-	1,532,600	4,472,100	412,888	474,669	61,781	1.60	1.66	1.27
									<b>2.13</b>	<b>2.21</b>	<b>1.77</b>
<b>Textiles &amp; Apparel</b>											
Interloop Limited	8,335,000	2,222,500	-	867,000	9,690,500	433,877	562,534	128,657	1.90	1.97	1.11
									<b>1.90</b>	<b>1.97</b>	<b>1.11</b>
<b>Vanaspati &amp; Allied Industries</b>											
Unity Foods Limited	11,712,846	1,505,000	-	8,519,000	4,698,846	50,308	75,698	25,390	0.26	0.27	0.86
									<b>0.26</b>	<b>0.27</b>	<b>0.86</b>
<b>Right Certificates</b>											
<b>Oil &amp; Gas Marketing Companies</b>											
Hascol Petroleum Limited *	-	-	9,298,891	9,298,891	-	-	-	-	-	-	-
<b>Total</b>						<b>23,958,589</b>	<b>28,556,729</b>	<b>4,598,140</b>	<b>100</b>		

\*The right certificates were exercised during the period and the shares are included in the investment in Hascol Petroleum Limited above.

**6.2.1** All shares have a nominal value of Rs 10 each except for the shares of Thal Limited, Agriauto Industries Limited and National Foods Limited which have a nominal value of Rs 5 each and K-Electric Limited which have a nominal value of Rs 3.5 each.

- 6.2.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the period ended December 31, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 51.258 million (June 30, 2019: Rs. 40.686 million).

- 6.2.3** Investments include 1,000,000 shares of Engro Corporation Limited, having market value of Rs 345.25 million as at December 31, 2019 (June 30, 2019: Rs. 265.60 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

## 7. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period.

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31,	June 30,
		2019 (Unaudited)	2019 (Audited)
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund (SWWF)	8.1	436,658	340,482
Charity payable		41,804	30,781
Withholding tax payable		922	922
Capital gain tax payable		7,237	4,237
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	8.2	231,867	231,867
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	8.2	32,607	32,607
Auditors' remuneration		392	480
Zakat payable		102	399
Printing expenses payable		483	483
Shariah advisory fee payable		2,254	2,245
Brokerage payable		11,351	9,357
		<u>765,677</u>	<u>653,860</u>

- 8.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund for the period from May 21, 2015 to December 31, 2019, the net asset value of the Fund as at December 31, 2019 would have been higher by Re. 0.85 per unit (June 30, 2019: Re 0.63 per unit).

- 8.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 264.474 million is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.51 (June 30, 2019: Re 0.49) per unit.

## **9. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019.

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

Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and executives of the Management Company, other Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

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

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



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

	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited)
<b>AI Meezan Investment Management Limited - the Management Company</b>		
Remuneration payable	49,670	43,986
Sindh Sales Tax on management fee payable	6,456	5,718
Sales load payable	1,709	221
Sindh Sales Tax and on sales load payable	222	29
Allocated expenses	2,483	2,199
Selling and marketing expense payable	26,656	27,811
Investment of nil units (June 30, 2019: 10,011,729 units)	-	479,797
<b>Meezan Bank Limited</b>		
Balance with bank	252,526	113,831
Profit receivable on saving accounts	3,417	508
Sales load payable	639	119
Sindh Sales Tax on sales load payable	83	16
Investment in 9,119,097 shares (June 30, 2019: 8,040,597 shares)	867,500	700,818
Investment of 12,475,049 units (June 30, 2019: 12,475,049 units)	718,877	597,848
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Trustee fee payable	2,556	2,282
Sindh Sales Tax on trustee fee payable	332	297
Security deposit	100	100
<b>AI Meezan Investment Management Limited - Employees' Gratuity Fund</b>		
Investment of 180,189 units (June 30, 2019: 180,189 units)	10,383	8,635
<b>Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan</b>		
Investment of 4,473,517 units (June 30, 2019: 5,706,435 units)	257,787	273,472
<b>Meezan Financial Planning Fund of Funds - Moderate Allocation Plan</b>		
Investment of 1,464,120 units (June 30, 2019: 2,116,314 units)	84,370	101,421
<b>Meezan Financial Planning Fund of Funds - Conservative Allocation Plan</b>		
Investment of 874,473 units (June 30, 2019: 1,149,027 units)	50,392	55,065
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Investment: 404,447 units (June 30, 2019: 171,373 units)	23,306	8,213
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Investment of 3,094,372 units (June 30, 2019: 3,358,170 units)	178,314	160,935
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Investment of 2,519,880 units (June 30, 2019: 2,983,781 units)	145,209	142,993
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Investment of 10,058,402 units (June 30, 2019: 10,949,083 units)	579,617	524,718
<b>Meezan Strategic Allocation Fund - MSAP - IV</b>		
Investment of 9,851,082 units (June 30, 2019: 12,489,103 units)	567,671	598,522
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Investment of 2,438,618 units (June 30, 2019: 3,635,008 units)	140,526	174,202
<b>Directors and executives of the Management Company</b>		
Investment of 11,376,434 units (June 30, 2019: 1,016,776 units)	655,569	48,727



Six months period ended

December 31,

2019                      2018

(Unaudited)

(Rupees in '000)

**Transactions during the period**
**Al Meezan Investment Management Limited - the Management Company**

Remuneration for the period	246,417	373,735
Sindh Sales Tax on management fee	32,034	48,586
Allocated expenses	12,321	18,687
Selling and marketing expense	49,283	74,747
Units issued: 1,805,947 units (December 31, 2018: 2,571,934 units)	79,259	166,000
Units redeemed: 11,817,676 units (December 31, 2018: nil units)	530,178	-

**Meezan Bank Limited**

Profit on saving accounts	10,099	1,423
Shares purchased: 1,273,000 shares (December 31, 2018: 9,220,000 shares)	103,828	810,575
Shares sold: 194,500 shares (December 31, 2018: 2,838,000 shares)	15,661	252,950
Bonus issue: nil shares (December 31, 2018: 167,557 shares)	-	-
Dividend income	17,081	2,513

**Central Depository Company of Pakistan Limited - the Trustee**

Trustee fee	12,824	19,191
Sindh Sales Tax on trustee fee	1,667	2,495
CDS charges	364	353

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

Units issued: 214,233 units (December 31, 2018: 495,544 units)	10,519	29,730
Units redeemed: 1,447,151 units (December 31, 2018: 376,529 units)	69,000	22,500

**Meezan Financial Planning Fund of Funds**
**- Moderate Allocation Plan**

Units issued: 81,501 units (December 31, 2018: 204,757 units)	3,657	11,768
Units redeemed: 733,695 units (December 31, 2018: 506,703 units)	34,500	30,500

**Meezan Financial Planning Fund of Funds**
**- Conservative Allocation Plan**

Units issued: 81,177 units (December 31, 2018: 227,282 units)	3,643	13,344
Units redeemed: 355,731 units (December 31, 2018: 274,400 units)	16,625	16,550

**Meezan Financial Planning Fund of Funds - MAAP - I**

Units issued: 710,176 units (December 31, 2018: nil units)	39,000	-
Units redeemed: 477,102 units (December 31, 2018: nil units)	24,170	-

**Meezan Financial Planning Fund of Funds - MAAP - IV**

Units redeemed: nil units (December 31, 2018: 3,990,160 units)	-	249,454
--	---	---------

**Meezan Strategic Allocation Fund - MSAP - I**

Units issued: 2,561,573 units (December 31, 2018: 3,444,947 units)	125,000	207,000
Units redeemed: 2,825,371 units (December 31, 2018: 15,390,424 units)	128,060	934,415

**Meezan Strategic Allocation Fund - MSAP - II**

Units issued: nil units (December 31, 2018: 735,631 units)	-	42,000
Units redeemed: 463,901 units (December 31, 2018: 1,618,999 units)	22,810	99,010

**Meezan Strategic Allocation Fund - MSAP - III**

Units issued: 1,115,853 units (December 31, 2018: 1,015,919 units)	51,600	58,000
Units redeemed: 2,006,534 units (December 31, 2018: 1,931,954 units)	95,449	117,400

**Meezan Strategic Allocation Fund - MSAP - IV**

Units issued: 808,964 units (December 31, 2018: 1,208,617 units)	45,000	69,000
Units redeemed: 3,446,985 units (December 31, 2018: 3,354,237 units)	156,890	204,500

	<b>Six months period ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
	<b>(Rupees in '000)</b>	
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Units issued: nil units (December 31, 2018: 227,685 units)	-	13,000
Units redeemed: 1,196,390 units (December 31, 2018: 841,167 shares)	<u>52,340</u>	<u>50,941</u>
<b>Directors and executives of the Management Company</b>		
Units issued: 10,535,651 units (December 31, 2018: 435,150 units)	<u>479,978</u>	<u>26,958</u>
Units redeemed: 205,299 units (December 31, 2018: 98,023 units)	<u>9,995</u>	<u>5,809</u>

## 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### 10.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2019 and June 30, 2019, the Fund held the following financial instruments measured at fair value:

	<b>As at December 31, 2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>ASSETS</b>	----- (Rupees in '000) -----			

#### Financial assets 'at fair value through profit or loss'

Shares of listed companies - 'ordinary shares'	28,556,729	-	-	28,556,729
--	------------	---	---	------------

	<b>As at June 30, 2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>ASSETS</b>	----- (Rupees in '000) -----			

#### Financial assets 'at fair value through profit or loss'

Shares of listed companies - 'ordinary shares'	25,014,329	-	-	25,014,329
--	------------	---	---	------------

## 12. ALLOCATED EXPENSES

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

### 13. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the half year ended December 31, 2019 is 3.98% which include 1.09% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

### 14. SELLING AND MARKETING EXPENSES

The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current period, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the management company based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

### 15. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute atleast 90 percent of the net accounting income other than capital gains to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders.

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

### 16. GENERAL

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

16.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

### 17. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 10-Feb-2020 by the Board of Directors of the Management Company.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**Al Meezan  
Mutual Fund**

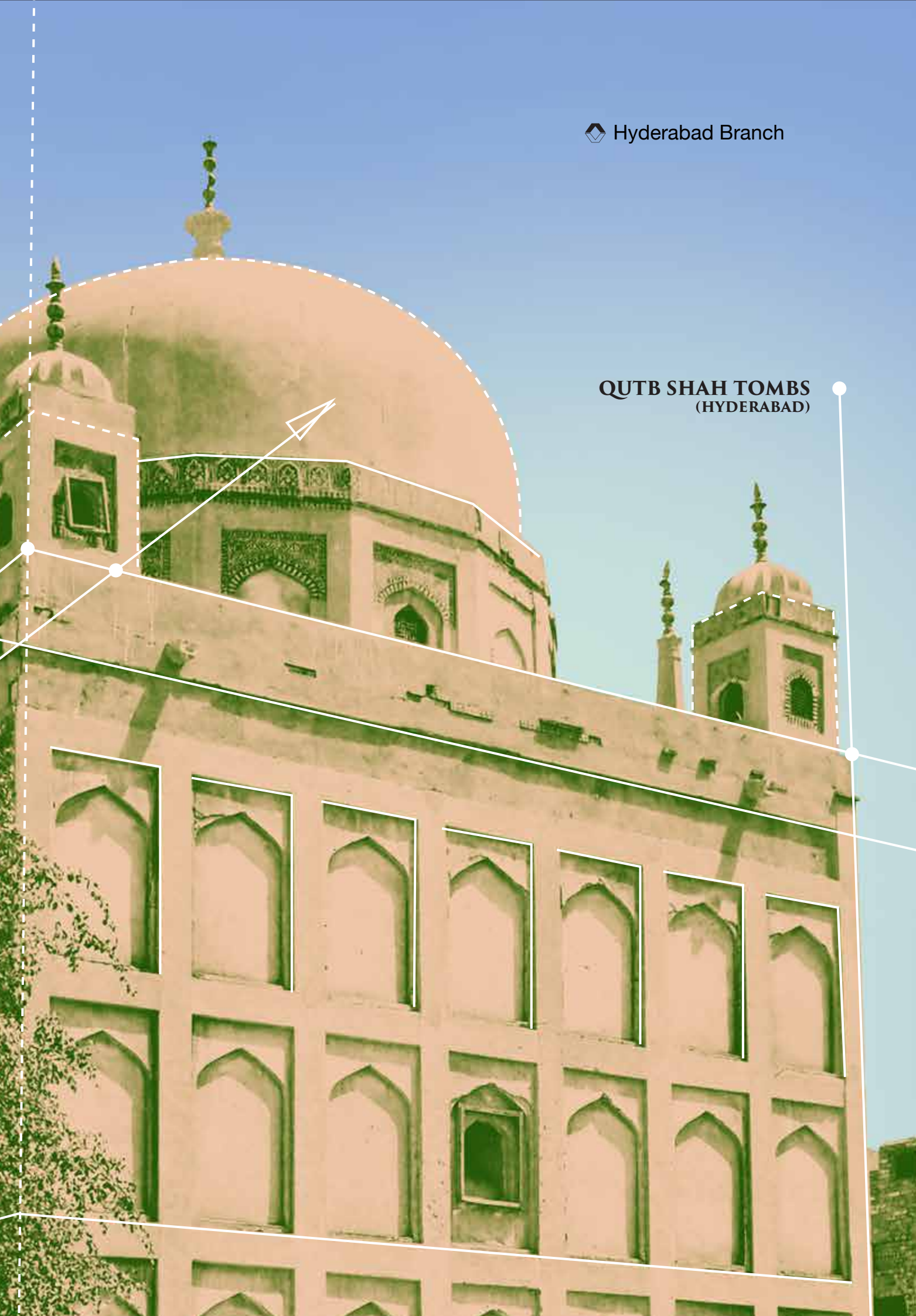
## **AL-MEEZAN MUTUAL FUND (AMMF)**

Al Meezan Mutual Fund aims to optimize the total investment returns in the form of capital gains and dividend income, through prudent investment management.

## **REACHING NEW MILESTONES IN THE SECOND BIGGEST CITY OF SINDH**



**QUTB SHAH TOMBS  
(HYDERABAD)**



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Kamila Khan	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Arshad Majeed	Member
Mr. Naeem Abdul Sattar	Member

## RISK MANAGEMENT COMMITTEE

Mr. Muhammad Abdullah Ahmed	Chairman
Syed Amir Ali Zaidi	Member
Mr. Naeem Abdul Sattar	Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

## TRUSTEE

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

## AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C,  
I.I. Chundrigar Road, Karachi-74000

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

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

## LEGAL ADVISER

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

## TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: [www.meezanbank.com](http://www.meezanbank.com)

## DISTRIBUTORS

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

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shakra-e-Faisal  
Karachi - 74400. Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**AL MEEZAN MUTUAL FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Al Meezan Mutual Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 25, 2020





**AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Al Meezan Mutual Fund** (the Fund) as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2019. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

**Scope of Review**

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

**Conclusion**

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

  
Chartered Accountants

Engagement Partner: Salman Hussain

Dated: February 26, 2020

Karachi

**AL MEEZAN MUTUAL FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2019**



**Al Meezan  
Mutual Fund**

		<b>December 31, 2019 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2019 (Audited)</b>
<b>Assets</b>			
Balances with banks	5	312,969	271,162
Investments	6	4,878,130	4,614,607
Receivable against sale of investments		34,015	20,993
Receivable against conversion of units		3,916	13,534
Dividend receivable		1,293	25,200
Deposits, prepayments, profit accrued and other receivables		<u>7,035</u>	<u>8,444</u>
<b>Total assets</b>		<u>5,237,358</u>	<u>4,953,940</u>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - the Management Company		14,802	14,897
Payable to Central Depository Company of Pakistan Limited - the Trustee		567	552
Payable to the Securities and Exchange Commission of Pakistan	7	438	5,952
Payable to Meezan Bank Limited		54	23
Payable against purchase of investments		2,145	3,468
Payable against redemption and conversion of units		37,155	45,466
Accrued expenses and other liabilities	9	140,627	110,859
Dividend payable		4,917	4,917
<b>Total liabilities</b>		<u>200,705</u>	<u>186,134</u>
<b>Net assets</b>		<u>5,036,653</u>	<u>4,767,806</u>
<b>Contingencies and commitments</b>	8		
<b>Unit holders' fund (as per statement attached)</b>		<u>5,036,653</u>	<u>4,767,806</u>
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<u>312,521,435</u>	<u>357,035,000</u>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<u>16.1162</u>	<u>13.3539</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**AL MEEZAN MUTUAL FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**

	Note	Six months period ended		Quarter ended	
		December 31,		December 31,	
		2019	2018	2019	2018
		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised (loss) / gain on sale of investments		(28,755)	(84,949)	56,039	(69,994)
Dividend income		133,398	178,016	75,770	102,149
Profit on saving accounts with banks		13,941	15,452	7,685	8,305
		<u>118,584</u>	<u>108,519</u>	<u>139,495</u>	<u>40,460</u>
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	<u>756,597</u>	<u>(895,753)</u>	<u>1,003,051</u>	<u>(661,197)</u>
<b>Total income / (loss)</b>		<u>875,181</u>	<u>(787,234)</u>	<u>1,142,545</u>	<u>(620,737)</u>
<b>Expenses</b>					
Remuneration of Al Meezan Investment Management Limited - the Management Company		42,853	68,169	22,629	33,345
Sindh Sales Tax on remuneration of the Management Company		5,571	8,862	2,942	4,302
Allocated expenses	11	2,143	3,408	1,132	1,667
Remuneration of Central Depository Company of Pakistan Limited - the Trustee		2,646	3,913	1,383	1,920
Sindh Sales Tax on remuneration of the Trustee		344	509	180	250
Annual fee to the Securities and Exchange Commission of Pakistan	7	438	3,238	226	1,584
Auditors' remuneration		492	472	300	198
Charity expense		3,662	2,581	2,066	1,541
Fees and subscription		282	435	121	215
Brokerage expense		3,624	1,984	3,227	1,326
Selling and marketing expenses	13	8,571	13,634	4,526	6,669
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	16,081	-	16,081	-
Bank and settlement charges		509	383	345	177
<b>Total expenses</b>		<u>87,216</u>	<u>107,588</u>	<u>55,157</u>	<u>53,194</u>
<b>Net income / (loss) for the period before taxation</b>		<u>787,965</u>	<u>(894,822)</u>	<u>1,087,388</u>	<u>(673,931)</u>
Taxation	14	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<u>787,965</u>	<u>(894,822)</u>	<u>1,087,388</u>	<u>(673,931)</u>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		787,965	-		
Income already paid on units redeemed		(13,936)	-		
		<u>774,029</u>	<u>-</u>		
<b>Accounting income available for distribution</b>					
- Relating to capital gains		727,842	-		
- Excluding capital gains		46,187	-		
		<u>774,029</u>	<u>-</u>		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



AL MEEZAN MUTUAL FUND  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019

	Six months period ended, December 31,		Quarter ended, December 31,	
	2019	2018	2019	2018
	(Rupees in '000)		(Rupees in '000)	
Net income / (loss) for the period after taxation	787,965	(894,822)	1,087,388	(673,931)
Other comprehensive income / (loss) for the period	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<u>787,965</u>	<u>(894,822)</u>	<u>1,087,388</u>	<u>(673,931)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For Al Meezan Investment Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**AL MEEZAN MUTUAL FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	Six months period ended December 31, 2019				Six months period ended December 31, 2018			
	Capital Value	(Accumulated loss) / Undistributed income	Unrealised appreciation/ (diminution) 'available for sale' investments	Total	Capital Value	Undistributed income	Unrealised appreciation/ (diminution) 'available for sale' investments	Total
	----- Rupees in 000-----				----- Rupees in 000-----			
<b>Net assets at the beginning of the period as previously reported (Audited)</b>	4,877,433	(109,627)	-	4,767,806	5,302,941	1,361,518	199,551	6,864,010
Change in accounting policy	-	-	-	-	-	199,551	(199,551)	-
<b>Net assets at the beginning of the period</b>	<u>4,877,433</u>	<u>(109,627)</u>	<u>-</u>	<u>4,767,806</u>	<u>5,302,941</u>	<u>1,561,069</u>	<u>-</u>	<u>6,864,010</u>
Issuance of 130,987,950 units (2018: 53,214,548 units)								
- Capital value (at net asset value per unit at the beginning of the period)	1,749,200	-	-	1,749,200	939,678	-	-	939,678
- Element of income / (loss)	115,907	-	-	115,907	(26,731)	-	-	(26,731)
Total proceeds on issuance of units	<u>1,865,107</u>	<u>-</u>	<u>-</u>	<u>1,865,107</u>	<u>912,947</u>	<u>-</u>	<u>-</u>	<u>912,947</u>
Redemption of 175,501,515 units (2018: 47,842,113 units)								
- Capital value (at net asset value per unit at the beginning of the period)	2,343,630	-	-	2,343,630	844,810	-	-	844,810
- Element of loss / (income)	26,660	13,936	-	40,596	(39,890)	-	-	(39,890)
Total payments on redemption of units	<u>2,370,289</u>	<u>13,936</u>	<u>-</u>	<u>2,384,225</u>	<u>804,920</u>	<u>-</u>	<u>-</u>	<u>804,920</u>
Total comprehensive income / (loss) for the period	-	787,965	-	787,965	-	(894,822)	-	(894,822)
Distribution during the period	-	-	-	-	-	-	-	-
Net income / (loss) for the period less distribution	-	787,965	-	787,965	-	(894,822)	-	(894,822)
<b>Net assets at the end of the period</b>	<u>4,372,251</u>	<u>664,402</u>	<u>-</u>	<u>5,036,653</u>	<u>5,410,968</u>	<u>666,247</u>	<u>-</u>	<u>6,077,215</u>
<b>(Accumulated loss) / undistributed income brought forward (as previously reported - Audited)</b>								
- Realised income		1,197,928				2,209,183		
- Unrealised loss		(1,307,555)				(847,665)		
Change in accounting policy		-				199,551		
<b>(Accumulated loss) / undistributed income brought forward</b>		<u>(109,627)</u>				<u>1,561,069</u>		
<b>Accounting income available for distribution</b>								
- Relating to capital gains		727,842				-		
- Excluding capital gains		46,187				-		
		<u>774,029</u>				<u>-</u>		
Net loss for the period after taxation		-				(894,822)		
Distribution during the period		-				-		
Undistributed income carried forward		<u>664,402</u>				<u>666,247</u>		
Undistributed income carried forward								
- Realised (loss) / income		(92,195)				1,562,000		
- Unrealised income / (loss)		756,597				(895,753)		
		<u>664,402</u>				<u>666,247</u>		
Net assets value per unit at the beginning of the period				<b>(Rupees)</b>				<b>(Rupees)</b>
				<u>13.3539</u>				<u>17.6583</u>
Net assets value per unit at the end of the period				<u>16.1162</u>				<u>15.4211</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



**AL MEEZAN MUTUAL FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	<b>Six months period ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	787,965	(894,822)
<b>Adjustments for:</b>		
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(756,597)	895,753
	31,368	931
<b>Decrease / (increase) in assets</b>		
Investments	493,074	(163,587)
Receivable against sale of investments	(13,022)	(8,903)
Dividend receivable	23,907	(11,802)
Deposits, prepayments, profit accrued and other receivables	1,409	(2,701)
	505,368	(186,993)
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited - the Management Company	(95)	(6,466)
Payable to Central Depository Company of Pakistan Limited - the Trustee	15	699
Payable to Meezan Bank Limited	31	(138)
Payable to the Securities and Exchange Commission of Pakistan	(5,514)	(3,998)
Payable against purchase of investments	(1,323)	-
Accrued expenses and other liabilities	29,768	4,688
	22,882	(5,215)
<b>Net cash generated from / (used in) operating activities</b>	559,618	(191,277)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	1,874,725	916,480
Payment against redemption and conversion of units	(2,392,536)	(807,703)
<b>Net cash (used in) / generated from financing activities</b>	(517,811)	108,777
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	41,807	(82,500)
Cash and cash equivalents at the beginning of the period	271,162	440,313
<b>Cash and cash equivalents at the end of the period</b>	312,969	357,813

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**AL MEEZAN MUTUAL FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

**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 as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 17, 2011 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies and Notified Entities Regulations (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long-term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point of time. The objective of the Fund is to provide the maximum total return to the unitholders from investment in "Shariah Compliant" equity investments for the given level of risk, while abiding by the regulations and any other prevailing rules and regulations. At least seventy percent of its net assets shall remain invested in listed equity securities during the year based on quarterly average investment calculated on daily basis. The remaining net assets shall be invested in cash and near cash instruments. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Equity Scheme.
- 1.4 The Management Company has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 31, 2019 (2018: AM1 dated December 28, 2018) and by PACRA dated December 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5 Title of the assets of the Fund is held in the name of CDC as a Trustee of the Fund.

**2. BASIS OF PRESENTATION**

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

**3. BASIS OF PREPARATION**

**3.1 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2019.

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

4.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

4.2 The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2019.

#### 4.3 Amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### 4.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

5. BALANCES WITH BANKS	Note	December 31,	June 30,
		2019 (Unaudited)	2019 (Audited)
In saving accounts	5.1	300,618	263,605
In current accounts		12,351	7,557
		<u>312,969</u>	<u>271,162</u>

5.1 The balance in saving accounts have an expected profit ranging from 3.00% to 13.50% per annum (June 30, 2019: 3.32% to 12.5% per annum).



6. INVESTMENTS	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees in '000)	
Shares of listed companies - ordinary shares	6.1	4,878,130	4,614,607
		<u>4,878,130</u>	<u>4,614,607</u>

### 6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market Value as at December 31, 2019	Unrealised appreciation/ (diminution) as at December 31, 2019	Percentage in relation to		
									Net assets of the fund	Market value of total investment	Paid-up capital of investee company (with face value of investment)
						(Number of shares)		(Rupees in '000)			
<b>Sectors / companies</b>											
<b>Automobile Assembler</b>											
Ghandhara Industries Limited	168,700	-	-	166,500	2,200	192	293	101	0.01	-	0.01
Honda Atlas Cars (Pakistan) Limited	-	6,300	-	-	6,300	1,405	1,379	(26)	0.03	0.03	-
Indus Motors Company Limited	-	35,640	-	-	35,640	43,211	41,402	(1,809)	0.82	0.85	0.05
Millat Tractors Limited	75,750	5,000	6,075	37,150	49,675	37,924	34,992	(2,932)	0.69	0.72	0.10
									<b>1.55</b>	<b>1.59</b>	<b>0.16</b>
<b>Automobile Parts and Accessories</b>											
Agriauto Industries Limited (Note 6.1.1)	-	75,000	-	-	75,000	15,755	15,000	(755)	0.30	0.31	0.26
Ghandhara Nissan Limited	3,163	-	-	3,163	-	-	-	-	-	-	-
									<b>0.30</b>	<b>0.31</b>	<b>0.26</b>
<b>Cement</b>											
Cherat Cement Company Limited	-	500,000	10,000	275,000	235,000	9,498	12,467	2,969	0.25	0.26	0.12
DG Khan Cement Company Limited	348,405	313,500	-	661,905	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	656,500	-	656,500	-	-	-	-	-	-	-
Kohat Cement Company Limited	730,520	-	-	97,500	633,020	33,253	48,996	15,743	0.97	1.00	0.32
Lucky Cement Company Limited	964,067	230,000	-	335,900	858,167	330,025	367,639	37,614	7.30	7.54	0.27
Maple Leaf Cement Company Limited	425,312	-	-	425,000	312	11	13	2	-	-	-
Pioneer Cement Company Limited	7,800	-	-	7,800	-	-	-	-	-	-	-
									<b>8.52</b>	<b>8.80</b>	<b>0.71</b>
<b>Commercial Banks</b>											
Bank Islami Pakistan Limited	-	1,024,500	-	100,000	924,500	10,860	10,253	(607)	0.20	0.21	0.08
Meezan Bank Limited	898,050	591,000	-	125,000	1,364,050	118,796	129,762	10,966	2.58	2.66	0.11
									<b>2.78</b>	<b>2.87</b>	<b>0.19</b>
<b>Chemicals</b>											
Engro Polymer & Chemicals Limited	1,365,541	1,900,000	-	1,795,500	1,470,041	42,532	48,820	6,288	0.97	1.00	0.16
ICI Pakistan Limited	231,679	2,000	-	350	233,329	124,072	157,462	33,390	3.13	3.23	0.25
Sitara Chemical Limited	57,000	-	-	-	57,000	17,435	17,012	(423)	0.34	0.35	0.27
									<b>4.43</b>	<b>4.58</b>	<b>0.68</b>
<b>Engineering</b>											
Amreli Steels Limited	-	250,000	-	100,000	150,000	4,499	5,418	919	0.11	0.11	0.05
International Industries Limited	-	451,000	-	-	451,000	44,143	49,989	5,846	0.99	1.02	0.34
International Steel Limited	-	150,000	-	150,000	-	-	-	-	-	-	-
Mughal Iron & Steels Industries Limited	-	151,000	-	50,000	101,000	3,328	4,138	810	0.08	0.08	0.04
									<b>1.18</b>	<b>1.22</b>	<b>0.43</b>
<b>Fertilizer</b>											
Dawood Hercules Corporation Limited	-	50,000	-	-	50,000	6,794	7,711	917	0.15	0.16	0.01
Engro Corporation Limited (Note 6.1.2)	1,846,890	256,900	-	524,500	1,579,290	435,808	545,250	109,442	10.83	11.18	0.27
Engro Fertilizers Limited	3,976,000	444,000	-	1,467,000	2,953,000	191,873	216,839	24,966	4.31	4.45	0.22
									<b>15.28</b>	<b>15.78</b>	<b>0.50</b>
<b>Food and Personal Care Products</b>											
Al-Shaheer Corporation Limited (Note 6.1.3)	12,230	-	-	-	12,230	154	173	19	-	-	0.01
National Foods Limited (Note 6.1.1)	4,600	-	820	500	4,920	755	1,092	337	0.02	0.02	0.01
									<b>0.02</b>	<b>0.02</b>	<b>0.02</b>
<b>Glass and Ceramics</b>											
Tariq Glass Industries Limited	279,700	-	-	276,500	3,200	245	342	97	0.01	0.01	-

Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market Value as at December 31, 2019	Unrealised appreciation/ (diminution) as at December 31, 2019	Percentage in relation to		
									Net assets of the fund	Market value of total investment	Paid-up capital of investee company (with face value of investment)
									-----%(Number of shares)-----		
<b>Oil and Gas Exploration Companies</b>											
Mari Petroleum Company Limited (Note 6.1.3)	365,310	-	34,631	41,020	358,921	329,336	470,222	140,886	9.34	9.64	0.27
Oil and Gas Development Company Limited	3,879,800	476,500	-	806,200	3,550,100	467,126	505,250	38,124	10.03	10.36	1.25
Pakistan Oilfields Limited	661,629	-	-	65,300	596,329	242,044	266,392	24,348	5.29	5.46	0.21
Pakistan Petroleum Limited	3,127,022	100,000	486,404	1,140,000	2,573,426	310,064	352,920	42,856	7.01	7.23	0.09
									<b>31.66</b>	<b>32.69</b>	<b>1.82</b>
<b>Oil &amp; Gas Marketing Companies</b>											
Attock Petroleum Limited	105,138	55,000	-	6,000	154,138	45,528	57,000	11,472	1.13	1.17	0.15
Hascol Petroleum Limited (Note 6.1.3)	205,757	1,232,000	-	500,000	937,757	47,821	68,605	20,784	1.36	1.41	0.47
Pakistan State Oil Company Limited (Note 6.1.3)	1,436,907	491,500	206,381	1,359,600	775,188	118,445	148,557	30,112	2.95	3.05	0.17
Sui Northern Gas Pipelines Limited	3,411,500	625,000	-	1,080,500	2,956,000	208,273	225,159	16,886	4.47	4.62	0.47
									<b>9.91</b>	<b>10.25</b>	<b>1.26</b>
<b>Paper and Board</b>											
Cherat Packaging Limited	248,846	-	11,334	135,500	124,680	9,140	15,140	6,000	0.30	0.31	0.29
Packages Limited	447,428	-	-	152,500	294,928	88,644	117,600	28,956	2.33	2.41	0.33
									<b>2.64</b>	<b>2.72</b>	<b>0.62</b>
<b>Pharmaceuticals</b>											
Abbott Laboratories Pakistan Limited	5,150	-	-	5,150	-	-	-	-	-	-	-
AGP Limited	1,205,250	50,000	-	56,500	1,198,750	83,424	119,096	35,672	2.36	2.44	0.43
GlaxoSmithKline Consumer Healthcare	208,000	5,800	-	1,600	212,200	41,484	54,412	12,928	1.08	1.12	0.18
GlaxoSmithKline Pakistan Limited	-	10,000	-	-	10,000	1,552	1,606	54	0.03	0.03	-
Hightnoon Laboratories Limited (Note 6.1.3)	1,592	-	-	1,592	403	855	452	452	0.02	0.02	0.01
The Searle Company Limited (Note 6.1.3)	419,248	25,000	-	173,000	271,248	39,679	51,195	11,516	1.02	1.05	0.13
									<b>4.51</b>	<b>4.66</b>	<b>0.75</b>
<b>Power Generation and Distribution</b>											
K-Electric Limited (Note 6.1.1)	30,513,500	6,915,500	-	6,181,500	31,247,500	136,927	136,552	(375)	2.71	2.80	0.11
The Hub Power Company Limited	3,040,816	1,341,500	-	480,000	3,902,316	302,684	364,281	61,597	7.23	7.47	0.30
									<b>9.94</b>	<b>10.27</b>	<b>0.41</b>
<b>Technology and Communication</b>											
Avanceon Limited	208,400	-	-	208,000	400	20	15	(5)	-	-	-
Systems Limited	173,250	100,000	-	175,000	98,250	10,273	12,212	1,939	0.24	0.25	0.01
									<b>0.24</b>	<b>0.25</b>	<b>0.01</b>
<b>Textile Composite</b>											
Nishat Mills Limited	629,400	200,000	-	583,000	246,400	23,594	26,153	2,559	0.52	0.54	0.07
<b>Textile Weaving</b>											
Feroze1888 Mills Limited	443,000	-	-	-	443,000	44,685	40,756	(3,929)	0.81	0.84	0.12
<b>Textiles and Apparel</b>											
Interloop Limited	2,133,000	69,000	-	2,000	2,200,000	97,819	127,710	29,891	2.54	2.62	0.01
<b>Vanaspati and Allied Industries</b>											
Unity Foods Limited	1,159,845	500,000	-	1,659,845	-	-	-	-	-	-	-
<b>Rights Certificates</b>											
<b>Cement</b>											
Maple Leaf Cement Company Limited*	-	-	265	265	-	-	-	-	-	-	-
<b>Oil And Gas Marketing Companies</b>											
Hascol Petroleum Limited*	-	-	1,612,618	1,612,618	-	-	-	-	-	-	-
<b>Total</b>						<b>4,121,533</b>	<b>4,878,130</b>	<b>756,597</b>	<b>100</b>		

**6.1.1** All shares have a nominal value of Rs 10 each except for the shares of K-Electric Limited which have a nominal value of Rs 3.5 each and Agriauto Industries Limited and National Foods Limited which have a nominal value of Rs 5 each.

**6.1.2** Investments include 150,000 shares (June 30, 2019: 150,000 shares) of Engro Corporation Limited, having market value of Rs 51.7875 million (June 30, 2019: Rs 39.84 million) as at December 31, 2019, which have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of Fund's trades in accordance with Circular 11 dated October 23, 2007 by SECP.

- 6.1.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the period ended December 31, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 7.804 million (June 30, 2019: Rs. 7.132 million).

## **7 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)**

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period.

## **8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019.

<b>9. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>December 31,</b>	<b>June 30,</b>
		<b>2019</b>	<b>2019</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>(Rupees in '000)</b>	
Auditors' remuneration payable		388	565
Withholding tax payable		4,639	7,394
Capital gain tax payable		1,364	695
Provision for Sindh Workers' Welfare Fund payable (SWWF)	9.1	66,149	50,068
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	9.2	37,524	37,524
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	9.2	3,732	3,732
Charity payable		8,459	5,197
Zakat payable		45	92
Brokerage payable		18,053	4,775
Shariah advisor fee payable		273	817
		<u>140,627</u>	<u>110,859</u>

- 9.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/ mutual funds, the MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund for the period from May 21, 2015 to December 31, 2019, the net asset value of the Fund per unit as at December 31, 2019 would have been higher by Re 0.21 (June 30, 2019: Re 0.14 per unit).

- 9.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16% on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 41.256 million (June 30, 2019: Rs 41.256 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2019 would have been higher by Re 0.13 (June 30, 2019: Re 0.12) per unit.

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

Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

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

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

Transactions and balances with related parties are as follows:

	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited) (Rupees in '000)
<b>AI Meezan Investment Management Limited - the Management Company</b>		
Remuneration payable	8,396	8,138
Sindh Sales Tax on management fee payable	1,091	1,058
Sales load payable	327	82
Sindh Sales Tax on sales load payable	43	11
Selling and marketing expense payable	4,525	5,201
Allocated expenses payable	420	407
Investment of 31,655,470 units (June 30, 2019: 37,780,110 units)	510,166	504,511
<b>Meezan Bank Limited</b>		
Balances with bank	15,484	33,383
Sales load payable	48	20
Sindh Sales Tax on sales load payable	6	3
Profit receivable on saving accounts	924	548
Investment of 1,364,050 shares (June 30, 2019: 898,050 shares)	129,762	78,274
Investment of 22,232,227 units (June 30, 2019: 22,232,227 units)	358,299	296,887
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Investment of 1,425,317 units (June 30, 2019: 39,791) units	22,971	531
<b>Meezan Strategic Allocation Plan - I</b>		
Investment of 8,920,012 units (June 30, 2019: 18,848,469 units)	143,757	251,700
<b>Meezan Strategic Allocation Plan - II</b>		
Investment of 12,928,146 units (June 30, 2019: 22,818,600 units)	208,353	304,717
<b>Meezan Strategic Allocation Plan - IV</b>		
Investment of 4,196,037 units (June 30, 2019: 1,877,734 units)	67,624	25,075
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	502	489
Sindh Sales tax on Trustee fee payable	65	63
Security deposits	238	238
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Investment of 16,895,690 units (June 30, 2019: 16,895,690 units)	272,294	225,623
<b>Directors and executives of the Management Company</b>		
Investment of 4,866,989 units (June 30 2019: 32,730,550 units)	78,437	437,080
<b>Unitholders holding 10% or more units of the Fund</b>	-	504,511
<b>Six months period ended</b>		
<b>December 31,</b>		
<b>2019                      2018</b>		
<b>(Unaudited)</b>		
<b>(Rupees in '000)</b>		
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	42,853	68,169
Sindh Sales Tax on management fee	5,571	8,862
Allocated expenses	2,143	3,408
Selling and marketing expense	8,571	13,634
Units issued: 31,395,677 units (December 31, 2018: 1,653,020)	440,971	30,000
Units redeemed: 37,520,317 units (December 31, 2018: nil)	527,474	-



**Six months period ended  
December 31,**

2019	2018
<b>(Unaudited)</b>	
<b>(Rupees in '000)</b>	

**Meezan Bank Limited**

Profit on saving accounts with banks	2,036	257
Shares purchased : 591,000 shares ( December 31, 2018: nil)	51,418	-
Shares sold: 125,000 shares ( December 31, 2018: nil)	9,787	-
Dividend income from shares	2,087	-

**Central Depository Company of Pakistan Limited - Trustee**

Trustee fee	2,646	3,913
Sindh Sales Tax on trustee fee	344	509
CDS charges	96	64

**Meezan Financial Planning Fund of Funds - MAAP - I**

Units issued: 2,473,754 (December 31, 2018: nil)	36,000	-
Redemption of 1,088,228 units (December 31, 2018: nil)	16,000	-

**MSAF- Meezan Strategic Allocation Plan IV**

Units issued: 2,318,303 (December 31, 2018: nil)	30,000	-
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**MSAF- Meezan Strategic Allocation Plan - I**

Units issued: Nil (December 31, 2018: 5,972,333 units)	-	100,000
Redemption of 9,928,456 units (December 31, 2018: nil)	124,470	-

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

Units redeemed: 9,890,452 (December 31, 2018: nil)	124,760	-
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**Meezan Financial Planning Fund of Funds - MAAP - IV**

Units redeemed: Nil (December 31, 2018: 1,304,322 units)	-	21,964
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**Directors and executives of the Management Company**

Units issued: 381,349 units (December 31, 2018: 1,481,423 units)	4,953	25,365
Units redeemed: 28,244,912 units (December 31, 2018: 220,596 units)	356,112	3,534

**11. ALLOCATED EXPENSES**

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

**12. TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund for the period ended December 31, 2019 is 4.07% which includes 1.07% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

**13. SELLING AND MARKETING EXPENSES**

The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current period, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three

Accordingly, the management company based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

#### 14. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute atleast 90 percent of the Fund's accounting income for the year ending June 30, 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders.

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

#### 15. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

##### 15.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2019 and June 30, 2019, the Fund held the following financial instruments measured at fair value:

ASSETS	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				

##### Financial assets 'at fair value through profit or loss'

Shares of listed companies 'ordinary shares'	4,878,130	-	-	4,878,130
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ASSETS	As at June 30, 2019			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				

##### Financial assets 'at fair value through profit or loss'

Shares of listed companies 'ordinary shares'	4,614,607	-	-	4,614,607
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**16. GENERAL**

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

**16.2** Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

**17. DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on 10-Feb-2020 by the Board of Directors of the Management Company.

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

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**Chief Executive**

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**Chief Financial Officer**

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**Director**

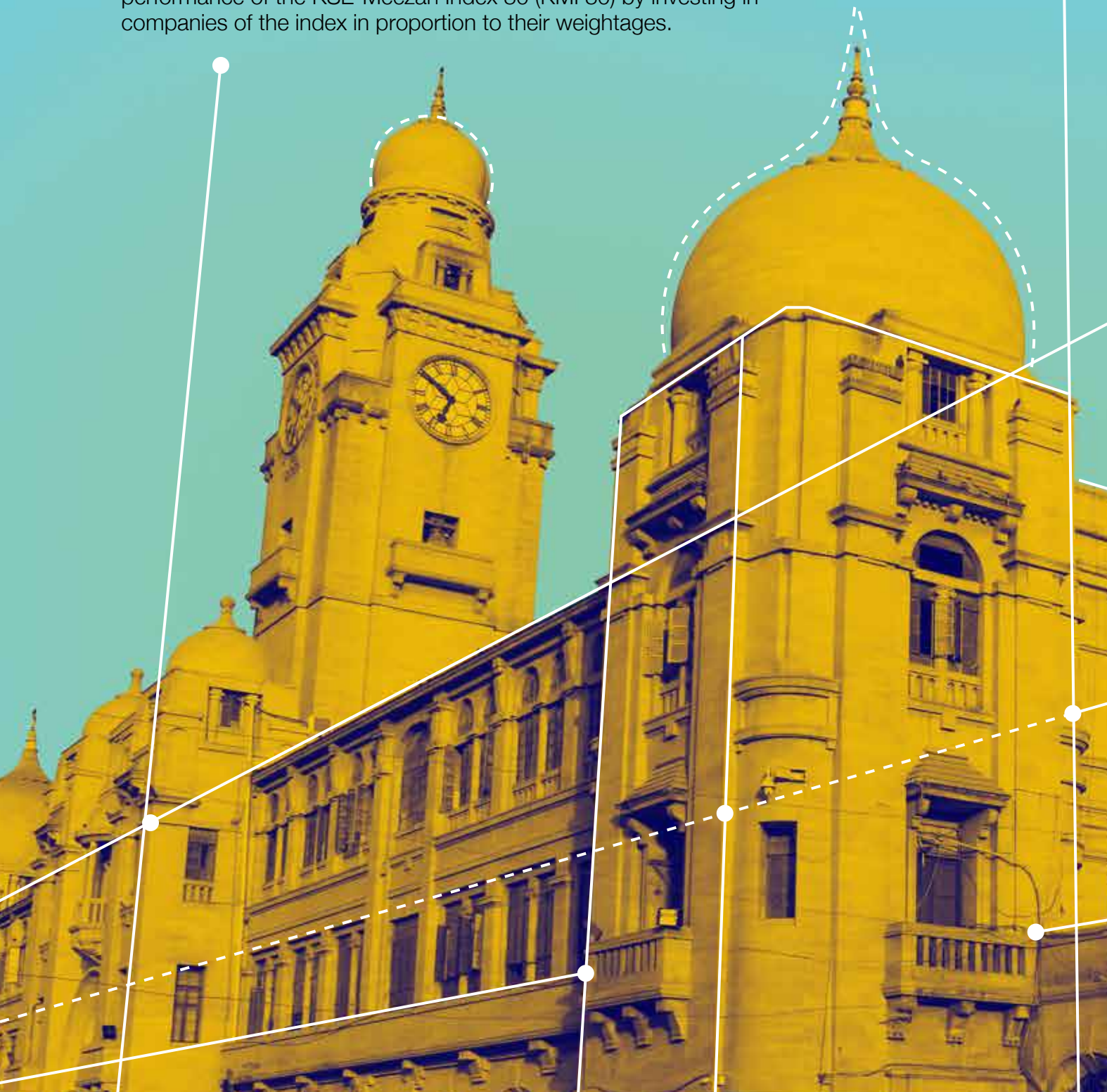




## KSE-Meezan Index Fund

### **KSE-MEEZAN INDEX FUND (KMIF)**

KSE Meezan Index Fund(KMIF) is a Shariah compliant Index Fund that aims to provide investors an opportunity to closely track the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages.



# REDEFINING INVESTMENT IN THE CITY OF LIGHTS

**KMC BUILDING  
(KARACHI)**



## FUND INFORMATION

### MANAGEMENT COMPANY

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

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Kamila Khan	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Arshad Majeed	Member
Mr. Naeem Abdul Sattar	Member

### RISK MANAGEMENT COMMITTEE

Mr. Muhammad Abdullah Ahmed	Chairman
Syed Amir Ali Zaidi	Member
Mr. Naeem Abdul Sattar	Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

### TRUSTEE

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

### AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C,  
I.I. Chundrigar Road, Karachi-74000

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

Habib Metropolitan Bank Limited - Islamic Banking  
Meezan Bank Limited  
National Bank of Pakistan - Islamic Banking

### LEGAL ADVISER

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

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: [www.meezanbank.com](http://www.meezanbank.com)

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shakra-e-Faisal  
Karachi - 74400. Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**KSE MEEZAN INDEX FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of KSE Meezan Index Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 25, 2020



**AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **KSE Meezan Index Fund** (the Fund) as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2019. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

**Scope of Review**

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

**Conclusion**

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

  
Chartered Accountants

Engagement Partner: Salman Hussain

Dated: February 26, 2020

Karachi



**KSE MEEZAN INDEX FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2019**

	<b>December 31, 2019 (Unaudited)</b>	<b>June 30, 2019 (Audited)</b>
<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>Assets</b>		
Balances with banks	5 16,250	8,935
Investments	6 1,925,709	1,522,876
Receivable against conversion of units	620	40,106
Dividend receivable	4,133	9,994
Receivable against sale of investments	86,301	-
Deposits, prepayments and other receivables	<u>2,653</u>	<u>2,756</u>
<b>Total assets</b>	<b>2,035,666</b>	<b>1,584,667</b>
<b>Liabilities</b>		
Payable to AI Meezan Investment Management Limited - the Management Company	2,080	1,507
Payable to Central Depository Company of Pakistan Limited - the Trustee	271	229
Payable to the Securities and Exchange Commission of Pakistan	8 159	1,564
Payable to Meezan Bank Limited	48	14
Payable on redemption and conversion of units	121	274
Payable against purchase of investments	90,533	44,670
Accrued expenses and other liabilities	9 29,505	19,271
<b>Total liabilities</b>	<u>122,717</u>	<u>67,529</u>
<b>Net assets</b>	<u><u>1,912,949</u></u>	<u><u>1,517,138</u></u>
<b>Contingencies and commitments</b>	7	
<b>Unit holders' fund (as per statement attached)</b>	<u><u>1,912,949</u></u>	<u><u>1,517,138</u></u>
	<b>(Number of units)</b>	
<b>Number of units in issue</b>	<u><u>29,711,971</u></u>	<u><u>28,653,899</u></u>
	<b>(Rupees)</b>	
<b>Net asset value per unit</b>	<u><u>64.3831</u></u>	<u><u>52.9470</u></u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**KSE MEEZAN INDEX FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
(Rupees in '000)					
<b>Income</b>					
Net realised gain / (loss) on sale of investments		42,317	(39,482)	48,605	(34,890)
Dividend income		66,854	50,376	37,351	26,026
Profit on saving accounts with banks		555	145	144	59
Other income		568	695	215	485
		<u>110,294</u>	<u>11,734</u>	<u>86,315</u>	<u>(8,320)</u>
Net unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit or loss'	6.1	255,369	(256,065)	355,952	(191,303)
<b>Total income / (loss)</b>		<u>365,663</u>	<u>(244,331)</u>	<u>442,267</u>	<u>(199,623)</u>
<b>Expenses</b>					
Remuneration of AI Meezan Investment Management Limited - the Management Company		7,939	8,343	4,320	4,108
Sindh Sales Tax on remuneration of the Management Company		1,032	1,085	562	534
Allocated expenses	11	794	834	432	411
Remuneration to Central Depository Company of Pakistan Limited - the Trustee		1,297	1,337	684	663
Sindh Sales Tax on remuneration of the trustee		169	174	89	86
Annual fee to the Securities and Exchange Commission of Pakistan	8	159	793	87	391
Auditors' remuneration		245	258	152	138
Brokerage fees		2,119	919	1,425	710
Charity expense		1,920	798	1,101	491
Bank and settlement charges		341	323	263	190
Fees and subscription		283	284	142	142
Provision for Sindh Workers' Welfare Fund (SWWF)	9.2	6,987	-	6,987	-
Printing charges		9	20	-	10
<b>Total expenses</b>		<u>23,294</u>	<u>15,168</u>	<u>16,244</u>	<u>7,874</u>
<b>Net income / (loss) for the period before taxation</b>		<u>342,369</u>	<u>(259,499)</u>	<u>426,023</u>	<u>(207,497)</u>
Taxation	13	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<u>342,369</u>	<u>(259,499)</u>	<u>426,023</u>	<u>(207,497)</u>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		342,369	-	-	-
Income already paid on units redeemed		(3,784)	-	-	-
		<u>338,585</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accounting income available for distribution</b>					
- Relating to capital gains		297,686	-	-	-
- Excluding capital gains		40,899	-	-	-
		<u>338,585</u>	<u>-</u>	<u>-</u>	<u>-</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**KSE MEEZAN INDEX FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**



**KSE-Meezan**  
**Index Fund**

	<u>Six months period ended,</u>		<u>Quarter ended,</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>(Rupees in '000)</u>		<u>(Rupees in '000)</u>	
<b>Net income / (loss) for the period after taxation</b>	342,369	(259,499)	426,023	(207,497)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<u>342,369</u>	<u>(259,499)</u>	<u>426,023</u>	<u>(207,497)</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



**KSE MEEZAN INDEX FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	Six months period ended December 31, 2019			Six months period ended December 31, 2018		
	Capital Value	(Accumulated loss) / undistributed income	Total	Capital Value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the period</b>	1,779,406	(262,268)	1,517,138	1,469,611	217,869	1,687,480
Issuance of 5,249,132 units (2018: 6,820,850 units)						
- Capital value (at net asset value per unit at the beginning of the period)	277,926		277,926	481,948	-	481,948
- Element of income / (loss)	3,891		3,891	(26,758)	-	(26,758)
Total proceeds on issuance of units	281,817	-	281,817	455,190	-	455,190
Redemption of 4,191,060 units (2018: 4,963,842 units)						
- Capital value (at net asset value per unit at the beginning of the period)	221,904		221,904	350,736	-	350,736
- Element of (loss) / income	2,687	3,784	6,471	(19,596)	-	(19,596)
Total payments on redemption of units	224,591	3,784	228,375	331,140	-	331,140
Total comprehensive income / (loss) for the period		342,369	342,369	-	(259,499)	(259,499)
Distribution during the period		-	-	-	-	-
Net income / (loss) for the period less distribution	-	342,369	342,369	-	(259,499)	(259,499)
<b>Net assets at the end of the period</b>	<b>1,836,632</b>	<b>76,317</b>	<b>1,912,949</b>	<b>1,593,661</b>	<b>(41,630)</b>	<b>1,552,031</b>
<b>(Accumulated loss) / undistributed income brought forward</b>						
- Realised income		184,604			402,733	
- Unrealised loss		(446,872)			(184,864)	
		(262,268)			217,869	
Accounting income available for distribution						
- Relating to capital gains	297,686			-		
- Excluding capital gains	40,899			-		
	338,585			-		
Net loss for the period after taxation		-		(259,499)		
Distribution during the period		-		-		
Undistributed income / (accumulated loss) carried forward		<u>76,317</u>		<u>(41,630)</u>		
<b>Undistributed income / (accumulated loss) carried forward</b>						
- Realised (loss) / income		(179,052)			214,435	
- Unrealised gain / (loss)		255,369			(256,065)	
		<u>76,317</u>			<u>(41,630)</u>	
			<b>(Rupees)</b>			<b>(Rupees)</b>
Net assets value per unit at the beginning of the period		<u>52.9470</u>				<u>70.6581</u>
Net assets value per unit at the end of the period		<u>64.3831</u>				<u>60.2980</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director

**KSE MEEZAN INDEX FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**



**KSE-Meezan**  
**Index Fund**

	<b>Six months period ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>----- (Rupees in '000) -----</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	342,369	(259,499)
<b>Adjustments for:</b>		
Net unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit or loss'	(255,369)	256,065
	87,000	(3,434)
<b>Increase in assets</b>		
Investments	(147,464)	(120,407)
Receivable against sale of investments	(86,301)	-
Dividend receivable	5,861	(3,620)
Deposits, prepayments and other receivables	103	4
	(227,801)	(124,023)
<b>Decrease in liabilities</b>		
Payable to AI Meezan Investment Management Limited - the Management Company	573	(67)
Payable to Central Depository Company of Pakistan Limited - the Trustee	42	(4)
Payable to the Securities and Exchange Commission of Pakistan	(1,405)	(854)
Payable to Meezan Bank Limited	34	(18)
Payable against purchase of investments	45,863	52,612
Accrued expenses and other liabilities	10,234	788
	55,341	52,457
<b>Net cash used in operating activities</b>	(85,460)	(75,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt against issuance of units	321,303	455,517
Payment against redemption of units	(228,528)	(330,110)
<b>Net cash generated from financing activities</b>	92,775	125,407
<b>Net increase in cash and cash equivalents during the period</b>	7,315	50,407
Cash and cash equivalents at beginning of the period	8,935	19,141
<b>Cash and cash equivalents at the end of the period</b>	16,250	69,548

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**KSE MEEZAN INDEX FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 KSE Meezan Index Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on March 13, 2012 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as a Shariah Compliant Index Fund.
- 1.4 The Management Company has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 31, 2019 (2018: AM1 dated December 28, 2018) and by PACRA dated December 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5 Title to the assets of the Fund are held in the name of the CDC as the Trustee of the Fund.

**2 BASIS OF PRESENTATION**

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

**3 BASIS OF PREPARATION**

**3.1 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIII A of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2019.

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

**4.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

**4.2** The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2019.

#### **4.3 Amendments to published accounting and reporting standards that are effective in the current period**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### **4.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

The following amendments would be effective from the dates mentioned below against the respective amendment:

<b>Amendments</b>	<b>Effective date (accounting periods beginning on or after)</b>
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

<b>5 BALANCES WITH BANKS</b>	<b>Note</b>	<b>December 31,</b>	<b>June 30,</b>
		<b>2019</b>	<b>2019</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>(Rupees in '000)</b>	
In saving accounts	5.1	13,523	7,559
In current accounts		2,727	1,376
		<u>16,250</u>	<u>8,935</u>

- 5.1 The balance in saving accounts have an expected profit ranging from 3.82% to 11.50% per annum (June 30, 2019: 3.32% to 12.30% per annum).

6	INVESTMENTS	Note	December 31,	June 30,
			2019 (Unaudited)	2019 (Audited)
			(Rupees in '000)	
<b>Investments at 'fair value through profit or loss'</b>				
	Shares of listed companies - 'ordinary shares'	6.1	<u>1,925,709</u>	<u>1,522,876</u>
6.1	<b>Shares of listed companies - 'ordinary shares'</b>			

Name of the investee company	As at July 1, 2019	Purchases during the period	Rights / Bonus issue	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
----- Number of shares -----											

#### Sectors / companies

##### Automobile Assembler

Honda Atlas Cars (Pakistan) Limited	-	76,200	-	13,700	62,500	9,569	13,684	4,115	0.72	0.04	0.71
Millat Tractors Limited	-	56,650	6,662	14,600	48,712	36,542	34,314	(2,228)	1.79	0.10	1.78
Pak Suzuki Motor Company Limited	-	46,900	-	-	46,900	11,227	10,820	(407)	0.57	0.06	0.56
									<b>3.08</b>	<b>0.20</b>	<b>3.05</b>

##### Automobile Parts & Accessories

Thal Limited (note 6.1.1)	-	82,300	-	82,300	-	-	-	-	-	-	-
									-	-	-

##### Bank

Meezan Bank Limited	-	762,000	-	62,500	699,500	57,925	66,543	8,618	3.48	0.05	3.46
									<b>3.48</b>	<b>0.05</b>	<b>3.46</b>

##### Cable And Electrical Goods

Pak Elektron Limited	565,303	84,000	-	108,000	541,303	10,884	14,653	3,769	0.77	0.11	0.76
									<b>0.77</b>	<b>0.11</b>	<b>0.76</b>

##### Cement

D.G. Khan Cement Company Limited	498,500	72,500	-	95,000	476,000	26,952	35,353	8,401	1.85	0.11	1.84
Fauji Cement Company Limited	1,735,375	299,000	-	383,500	1,650,875	25,753	25,688	(65)	1.34	0.12	1.33
Lucky Cement Limited	292,680	48,900	-	60,600	280,980	107,615	120,372	12,757	6.29	0.09	6.25
Maple Leaf Cement Factory Limited *	604,155	637,681	-	661,000	580,836	10,615	13,440	2,825	0.70	0.10	0.70
									<b>10.18</b>	<b>0.42</b>	<b>10.12</b>

##### Chemical

Engro Polymer & Chemicals Limited	1,027,271	61,000	-	397,500	690,771	18,660	22,940	4,280	1.20	0.08	1.19
Lotte Chemical Pakistan Limited	857,500	106,000	-	139,000	824,500	12,619	11,559	(1,060)	0.60	0.05	0.60
									<b>1.80</b>	<b>0.13</b>	<b>1.79</b>

##### Engineering

International Industries Limited	122,500	-	-	122,500	-	-	-	-	-	-	-
International Steels Limited	393,400	50,000	-	159,500	283,900	11,599	16,435	4,836	0.86	0.07	0.85
									<b>0.86</b>	<b>0.07</b>	<b>0.85</b>

##### Fertilizer

Engro Corporation Limited	716,900	76,000	-	104,400	688,500	184,686	237,705	53,019	12.43	0.12	12.34
Engro Fertilizers Limited	1,357,136	164,500	-	215,500	1,306,136	83,997	95,910	11,913	5.01	0.10	4.98
									<b>17.44</b>	<b>0.22</b>	<b>17.32</b>

##### Food And Personal Care

Frieslandcampina Engro Pakistan Limited	174,500	166,000	-	174,500	166,000	13,240	13,164	(76)	0.69	0.02	0.68
									<b>0.69</b>	<b>0.02</b>	<b>0.68</b>

##### Investment Banks / Investment

##### Companies / Securities Companies

Dawood Hercules Corporation Limited	-	788,000	-	107,500	680,500	77,859	104,940	27,081	5.49	0.14	5.45
									<b>5.49</b>	<b>0.14</b>	<b>5.45</b>

##### Oil And Gas Exploration Companies

Mari Petroleum Company Limited	55,030	6,940	5,835	8,580	59,225	54,622	77,591	22,969	4.06	0.04	4.03
Oil & Gas Development Company Limited	1,459,618	171,700	-	229,700	1,401,618	183,365	199,478	16,113	10.43	0.03	10.36
Pakistan Oilfields Limited	294,130	42,700	-	54,000	282,830	114,940	126,346	11,406	6.60	0.10	6.56
Pakistan Petroleum Limited	1,254,279	174,800	249,235	231,000	1,447,314	173,803	198,485	24,682	10.38	0.05	10.31
									<b>31.47</b>	<b>0.22</b>	<b>31.26</b>

Name of the investee company	As at July 1, 2019	Purchases during the period	Rights / Bonus issue	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
----- Number of shares -----						----- (Rupees in '000) -----			----- % -----		
<b>Oil And Gas Marketing Companies</b>											
Attock Petroleum Limited	-	63,900	-	63,900	-	-	-	-	-	-	-
Hascol Petroleum Limited *	159,330	629,609	-	180,359	608,580	6,111	16,371	10,260	0.86	0.31	0.85
Pakistan State Oil Company Limited	398,700	538,200	-	477,300	459,600	87,222	88,078	856	4.60	0.10	4.57
Shell Pakistan Limited	48,900	-	-	48,900	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	645,833	101,000	-	128,000	618,833	42,876	47,136	4,260	2.46	0.10	2.45
Sui Southern Gas Company Limited	695,231	160,500	-	150,500	705,231	14,437	15,177	740	0.79	0.08	0.79
									<b>8.71</b>	<b>0.59</b>	<b>8.66</b>
<b>Paper &amp; Board</b>											
Packages Limited	60,812	7,600	-	68,412	-	-	-	-	-	-	-
									-	-	-
<b>Pharmaceuticals</b>											
AGP Limited	-	248,000	-	248,000	-	-	-	-	-	-	-
The Searle Company Limited	191,759	55,400	-	39,800	207,359	30,630	39,137	8,507	2.05	0.10	2.03
									<b>2.05</b>	<b>0.10</b>	<b>2.03</b>
<b>Power Generation &amp; Distribution</b>											
K-Electric Limited (note 6.1.1)	6,251,040	950,000	-	1,207,000	5,994,040	25,902	26,194	292	1.37	0.02	1.36
The Hub Power Company Limited	1,703,897	2,113,500	-	1,703,897	2,113,500	187,542	197,295	9,753	10.31	0.16	10.25
									<b>11.68</b>	<b>0.18</b>	<b>11.61</b>
<b>Refinery</b>											
Attock Refinery Ltd	98,091	16,300	-	22,000	92,391	7,327	10,319	2,992	0.54	0.09	0.54
Byco Petroleum Pakistan Limited	1,211,000	-	-	1,211,000	-	-	-	-	-	-	-
National Refinery Limited	59,048	-	-	59,048	-	-	-	-	-	-	-
									<b>0.54</b>	<b>0.09</b>	<b>0.54</b>
<b>Technology &amp; Communication</b>											
Netsol Technologies Limited	-	69,000	-	-	69,000	4,622	4,544	(78)	0.24	0.08	0.24
									<b>0.24</b>	<b>0.08</b>	<b>0.24</b>
<b>Textile Composite</b>											
Nishat Mills Limited	358,300	40,500	-	55,400	343,400	31,632	36,448	4,816	1.91	0.10	1.89
									<b>1.91</b>	<b>0.10</b>	<b>1.89</b>
<b>Transport</b>											
Pakistan International Bulk Terminal Limited	2,228,000	240,000	-	2,468,000	-	-	-	-	-	-	-
									-	-	-
<b>Vanaspati &amp; Allied Industries</b>											
Unity Foods Limited	-	347,000	-	-	347,000	5,567	5,590	23	0.29	0.06	0.29
									<b>0.29</b>	<b>0.06</b>	<b>0.29</b>
<b>Right Certificates</b>											
<b>Cement</b>											
Maple Leaf Cement Factory Limited *	-	-	546,681	546,681	-	-	-	-	-	-	-
<b>Oil And Gas Marketing Companies</b>											
Hascol Petroleum Limited *	-	-	607,320	607,320	-	-	-	-	-	-	-
						<b>1,670,340</b>	<b>1,925,709</b>	<b>255,369</b>			<b>100</b>

\*The right certificates were exercised during the period and the shares are included in the investment in Hascol Petroleum Limited and Maple Leaf Cement Factory Limited.

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of K-Electric Limited which have nominal value of Rs 3.50 each and Thal Limited having nominal value of Rs. 5 each.
- 6.1.2** Investments include 682,000 shares (June 30, 2019: 682,000 shares) of Pakistan Petroleum Limited having market value of Rs 93.529 million as at December 31, 2019 (June 30, 2019: Rs 98.50 million), which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 6.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the period ended December 31, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.161 million (June 30, 2019: Rs. 0.883 million).

## 7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019.

## 8 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period.

9 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31,	June 30,
		2019 (Unaudited)	2019 (Audited)
		(Rupees in '000)	
Auditor's remuneration payable		212	225
Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	9.1	5,741	5,741
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	9.1	497	497
Provision for Sindh Workers' Welfare Fund	9.2	16,257	9,270
Withholding tax and capital gain tax payable		345	245
Charity payable		3,563	1,843
Brokerage payable		2,492	1,071
Shariah advisory fee payable		262	264
Printing charges payable		125	115
Zakat payable		11	-
		<u>29,505</u>	<u>19,271</u>

- 9.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 6.238 million is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.21 (June 30, 2019: Re 0.22) per unit.

- 9.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund for the period from May 21, 2015 to December 31, 2019, the net asset value of the Fund as at December 31, 2019 would have been higher by Re. 0.55 per unit (June 30, 2019: Re 0.32 per unit).

## 10 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

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

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

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

<b>Balances</b>	<b>December 31, 2019 (Unaudited)</b>	<b>June 30, 2019 (Audited)</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited - the Management Company</b>		
Remuneration payable	1,588	1,224
Sindh Sales Tax on management fee payable	207	159
Sales load payable	112	1
Sindh Sales Tax on sales load payable	14	1
Allocated expenses payable	159	122
Investment of 9,226,675 units (June 30, 2019: 7,651,969 units)	594,042	405,149



	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited)
<b>Meezan Bank Limited</b>		
Sales load payable	42	14
Sindh Sale Tax on sales load payable	6	2
Bank balance	4,201	3,425
Profit receivable on savings account	13	62
Investment of 2,113,224 units (June 30, 2019: 2,113,224 units)	136,056	111,889
Investment in 699,500 shares (June 30, 2019: nil shares)	66,543	-
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Trustee fee payable	220	183
Sindh Sales Tax on trustee fee payable	51	46
Security deposit	103	103
<b>Directors and their close family members and key management</b>		
Investment of 20,075 units (June 30, 2019: 18,925 units)	1,292	1,002
<b>Unit holders holding 10% or more units of the Fund</b>		
Investment of 9,725,888 units (June 30, 2019: 9,725,888 units)	626,183	514,957
<b>AI Meezan Investment Management Limited (Gratuity Fund)</b>		
Investment as at December 31, 2019: 133,559 units (June 30, 2019: 133,559 units)	8,599	7,072
<b>Meezan Strategic Allocation Fund MSAP-I</b>		
Investment as at December 31, 2019: 4,311 units (June 30, 2019: 201,580 units)	278	10,673
<b>Meezan Strategic Allocation Fund MSAP-II</b>		
Investment as at December 31, 2019: 137,526 units (June 30, 2019: 137,526 units)	8,854	7,282
<b>Meezan Strategic Allocation Fund MSAP-III</b>		
Investment as at December 31, 2019: 374,075 units (June 30, 2019: 167,669 units)	24,084	8,879
<b>Meezan Strategic Allocation Fund MSAP-IV</b>		
Investment as at December 31, 2019: 396,682 units (June 30, 2019: 190,276 units)	25,540	10,075
<b>Meezan Strategic Allocation Fund MSAP-V</b>		
Investment as at December 31, 2019: 56,518 units (June 30, 2019: 56,518 units)	3,639	2,992
	<b>Six months period ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
	<b>(Rupees in '000)</b>	
<b>Transactions during the period</b>		
<b>AI Meezan Investment Management Limited - the Management Company</b>		
Remuneration for the period	7,939	8,343
Sindh Sales Tax on remuneration of the Management Company	1,032	1,085
Allocated expenses	794	834
Units issued: 2,236,837 units (December 31, 2018: 1,319,091 units)	109,600	86,100
Units redeemed: 662,131 units (December 31, 2018: nil units)	37,100	-
<b>Meezan Bank Limited</b>		
Profit on savings account	302	22
Dividend income	1,425	-
Shares purchased: 762,000 shares (December 31, 2018: nil shares)	63,071	-
Shares sold: 62,500 shares (December 31, 2018: nil shares)	5,769	-



**Six months period ended  
December 31,**

2019	2018
<b>(Unaudited)</b>	
<b>(Rupees in '000)</b>	

**Central Depository Company of Pakistan Limited - the Trustee**

Trustee fee	1,297	1,337
Sindh Sales Tax on trustee fee for the period	169	174
CDS charges	43	41

**Directors and their close family members and key management**

Units issued: 1,590 units (December 31, 2018: 611 units)	91	42
Units redeemed: 440 units (December 31, 2018: nil units)	25	-

**Meezan Strategic Allocation Fund MSAP-I**

Units redeemed: 197,269 units (December 31, 2018: nil units)	10,000	-
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**Meezan Strategic Allocation Fund MSAP-III**

Units issued: 206,406 units (December 31, 2018: nil units)	10,000	-
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**Meezan Strategic Allocation Fund MSAP-IV**

Units issued: 206,406 units (December 31, 2018: nil units)	10,000	-
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## 11 ALLOCATED EXPENSES

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

## 12 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period ended December 31, 2019 is 2.94% which include 1.09% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

## 13 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute atleast 90 percent of the net accounting income other than capital gains to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders.

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

## 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### 13.1 FAIR VALUE HIERARCHY

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2019 and June 30, 2019, the Fund held the following financial instruments measured at fair value:

As at December 31, 2019			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
Shares of listed companies - 'ordinary shares'			
1,925,709	-	-	1,925,709
As at June 30, 2019			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
Shares of listed companies - 'ordinary shares'			
1,522,876	-	-	1,522,876

## 15 GENERAL

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

15.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

## 16 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 10-Feb-2020 by the Board of Directors of the Management Company.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer


\_\_\_\_\_  
Director



**Meezan**  
Dedicated Equity Fund

## **MEEZAN DEDICATED EQUITY FUND (MDEF)**

Meezan Dedicated Equity Fund aims to provide Fund of Funds scheme a dedicated platform to seek long term capital appreciation.

 Peshawar Branch



# BUILDING ON THE VALUES OF GROWTH IN THE CITY OF FLOWERS



**ISLAMIA  
COLLEGE  
(PESHAWAR)**

## FUND INFORMATION

### MANAGEMENT COMPANY

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

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Kamila Khan	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Arshad Majeed	Member
Mr. Naeem Abdul Sattar	Member

### RISK MANAGEMENT COMMITTEE

Mr. Muhammad Abdullah Ahmed	Chairman
Syed Amir Ali Zaidi	Member
Mr. Naeem Abdul Sattar	Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

### TRUSTEE

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

### AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C,  
I.I. Chundrigar Road, Karachi-74000

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

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

### LEGAL ADVISER

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

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: [www.meezanbank.com](http://www.meezanbank.com)

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shakra-e-Faisal  
Karachi - 74400. Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN DEDICATED EQUITY FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Dedicated Equity Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 25, 2020



**AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Dedicated Equity Fund** (the Fund) as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2019. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

**Scope of Review**

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

**Conclusion**

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

  
Chartered Accountants

Engagement Partner: Salman Hussain

Dated: February 26, 2020

Karachi



**MEEZAN DEDICATED EQUITY FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2019**



**Meezan**  
Dedicated Equity Fund

	<b>December 31, 2019 (Unaudited)</b>	<b>June 30, 2019 (Audited)</b>
<b>Note</b>	<b>(Rupees in '000)</b>	
<b>Assets</b>		
Balances with banks	5 26,779	110,688
Investments	6 1,226,236	1,658,927
Receivable against sale of investments	4,458	-
Receivable against conversion of units	5,000	-
Dividend receivable	31	1,120
Advances, prepayments and other receivables	4,063	1,886
<b>Total assets</b>	<b>1,266,567</b>	<b>1,772,621</b>
<b>Liabilities</b>		
Payable to Al Meezan Investment Management Limited - the Management Company	3,614	5,286
Payable to Central Depository Company of Pakistan Limited - the Trustee	218	263
Payable to the Securities and Exchange Commission of Pakistan	8 124	1,864
Payable against purchase of investments	1,002	-
Payable against redemption and conversion of units	-	1,500
Accrued expenses and other liabilities	9 6,165	2,634
<b>Total liabilities</b>	<b>11,123</b>	<b>11,547</b>
<b>Net assets</b>	<b>1,255,444</b>	<b>1,761,074</b>
<b>Contingencies and commitments</b>	7	
<b>Unit holders' fund (as per statement attached)</b>	<b>1,255,444</b>	<b>1,761,074</b>
	<b>(Number of units)</b>	
<b>Number of units in issue</b>	<b>29,696,644</b>	<b>49,596,421</b>
	<b>(Rupees)</b>	
<b>Net asset value per unit</b>	<b>42.2756</b>	<b>35.5081</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN DEDICATED EQUITY FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**

Note	Six months period ended December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	(Rupees in '000)		(Rupees in '000)	
<b>Income</b>				
Net realised (loss) / income on sale of investments	(51,990)	(56,292)	17,906	(49,800)
Dividend income	38,749	42,052	19,852	23,731
Profit on saving accounts with banks	5,330	1,785	1,478	1,188
Other income	500	-	-	-
	(7,411)	(12,455)	39,236	(24,881)
Net unrealised appreciation / (diminution) on re-measurement of investments 'at fair value through profit or loss'	6.1 169,571	(254,016)	242,026	(179,695)
<b>Total income / (loss)</b>	<b>162,160</b>	<b>(266,471)</b>	<b>281,262</b>	<b>(204,576)</b>
<b>Expenses</b>				
Remuneration of AI Meezan Investment Management Limited - the Management Company	12,057	19,904	5,626	10,273
Sindh Sales Tax on remuneration of the Management Company	1,567	2,587	731	1,335
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	1,109	1,499	536	765
Sindh Sales Tax on remuneration of Trustee	144	195	69	100
Annual fee to the Securities and Exchange Commission of Pakistan	8 124	945	56	488
Auditors' remuneration	304	153	247	83
Fees and subscription	283	281	143	140
Brokerage expenses	1,797	1,539	1,057	1,141
Bank and settlement charges	119	163	81	55
Allocated expenses	11 603	995	281	513
Selling and marketing expenses	12 2,411	3,981	1,125	2,055
Charity expense	1,034	651	502	417
Provision for Sindh Workers' Welfare Fund (SWWF)	2,812	-	2,812	-
Printing expenses	10	20	-	10
<b>Total expenses</b>	<b>24,374</b>	<b>32,913</b>	<b>13,266</b>	<b>17,375</b>
<b>Net income / (loss) for the period before taxation</b>	<b>137,786</b>	<b>(299,384)</b>	<b>267,996</b>	<b>(221,951)</b>
Taxation	14 -	-	-	-
<b>Net income / (loss) for the period after taxation</b>	<b>137,786</b>	<b>(299,384)</b>	<b>267,996</b>	<b>(221,951)</b>
<b>Allocation of net income for the period</b>				
Net income for the period after taxation	137,786	-	-	-
Income already paid on units redeemed	-	-	-	-
	<b>137,786</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accounting income available for distribution</b>				
- Relating to capital gains	117,581	-	-	-
- Excluding capital gains	20,205	-	-	-
	<b>137,786</b>	<b>-</b>	<b>-</b>	<b>-</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN DEDICATED EQUITY FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**

	Six months period ended December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	(Rupees in '000)		(Rupees in '000)	
<b>Net income / (loss) for the period after taxation</b>	137,786	(299,384)	267,996	(221,951)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<u>137,786</u>	<u>(299,384)</u>	<u>267,996</u>	<u>(221,951)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN DEDICATED EQUITY FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	Six months period ended December 31, 2019			Six months period ended December 31, 2018		
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the period</b>	2,436,503	(675,429)	1,761,074	1,925,907	(69,075)	1,856,832
Issue of 24,274,232 units (2018: 55,468,396 units)						
- Capital value (at net asset value per unit at the beginning of the period)	861,932		861,932	2,692,142	-	2,692,142
- Element of income / (loss)	9,566		9,566	(122,542)	-	(122,542)
Total proceeds on issuance of units	871,498	-	871,498	2,569,600	-	2,569,600
Redemption of 44,174,009 units (2018: 46,645,906 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,568,535		1,568,535	2,263,945	-	2,263,945
- Element of income	(53,621)		(53,621)	(116,334)	-	(116,334)
Total payments on redemption of units	1,514,914	-	1,514,914	2,147,611	-	2,147,611
Total comprehensive income / (loss) for the period		137,786	137,786		(299,384)	(299,384)
Distribution during the period		-	-		-	-
<b>Net income / (loss) for the period less distribution</b>		137,786	137,786		(299,384)	(299,384)
<b>Net assets at the end of the period</b>	<b>1,793,087</b>	<b>(537,643)</b>	<b>1,255,444</b>	<b>2,347,896</b>	<b>(368,459)</b>	<b>1,979,437</b>
<b>Accumulated loss brought forward</b>						
- Realised (loss) / income		(336,679)			14,740	
- Unrealised loss		(338,750)			(83,815)	
		<u>(675,429)</u>			<u>(69,075)</u>	
Accounting income available for distribution						
- Relating to capital gains		117,581			-	
- Excluding capital gains		20,205			-	
		137,786			-	
Net loss for the period after taxation		-			(299,384)	
Distribution during the period		-			-	
Accumulated loss carried forward		<u>(537,643)</u>			<u>(368,459)</u>	
<b>Accumulated loss carried forward</b>						
- Realised loss		(707,214)			(114,443)	
- Unrealised gain / (loss)		169,571			(254,016)	
		<u>(537,643)</u>			<u>(368,459)</u>	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the period			<u>35.5081</u>			<u>48.5347</u>
Net assets value per unit at the end of the period			<u>42.2756</u>			<u>42.0438</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**MEEZAN DEDICATED EQUITY FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**



**Meezan**  
Dedicated Equity Fund

	<b>Six months period ended</b>	
	<b>2019</b>	<b>2018</b>
	<b>December 31,</b>	
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	137,786	(299,384)
<b>Adjustments for</b>		
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(169,571)	254,016
	(31,785)	(45,368)
<b>Decrease / (Increase) in assets</b>		
Investments - net	602,262	(293,785)
Dividend receivable	1,089	(1,626)
Receivable against sale of investments	(4,458)	(27,909)
Advances, prepayments and other receivables	(2,177)	946
	596,716	(322,374)
<b>Increase in liabilities</b>		
Payable to Al Meezan Investment Management Limited - Management Company	(1,672)	3,488
Payable to Central Depository Company of Pakistan Limited - Trustee	(45)	326
Payable to Securities and Exchange Commission of Pakistan	(1,740)	23
Payable against purchase of investments	1,002	(2,530)
Accrued expenses and other liabilities	3,531	550
	1,076	1,857
<b>Net cash generated from / (used in) operating activities</b>	566,007	(365,885)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance of units and conversion of units	866,498	2,569,600
Payments against redemption of units and conversion of units	(1,516,414)	(2,147,611)
<b>Net cash (used in) / generated from financing activities</b>	(649,916)	421,989
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(83,909)	56,104
Cash and cash equivalents at the beginning of the period	110,688	122,500
<b>Cash and cash equivalents at the end of the period</b>	26,779	178,604

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN DEDICATED EQUITY FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Dedicated Equity Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on October 9, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund 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 principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah Compliant Equity Scheme. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange.
- 1.4** The Management Company has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 31, 2019 (2018: AM1 dated December 28, 2018) and by PACRA dated December 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

**2. BASIS OF PRESENTATION**

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

**3. BASIS OF PREPARATION**

**3.1 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2019.

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

4.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

4.2 The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2019.

#### 4.3 Amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### 4.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

5. BALANCES WITH BANKS	Note	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited)
In saving accounts	5.1	24,239	109,870
In current accounts		2,540	818
		<u>26,779</u>	<u>110,688</u>

5.1 The balances in saving accounts have an expected profit ranging from 3.82% to 13.40% per annum. (June 30, 2019: 3.32 % to 12.35% per annum).

6. INVESTMENTS	Note	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited)
Investments - 'at fair value through profit or loss'	6.1	1,226,236	1,658,927
		<u>1,226,236</u>	<u>1,658,927</u>

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

Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus issue / Right shares	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to		
									Net assets of the fund	Paid up capital of investee company (with face value of investment)	Percentage of total market value of investment
----- Number of shares -----						----- (Rupees in '000) -----			----- % -----		
<b>Sectors / companies</b>											
<b>Automobile Assembler</b>											
Gandhara Industries Limited	19,300	-	-	19,300	-	-	-	-	-	-	-
Gandhara Nissan Limited	158	-	-	158	-	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	300	6,300	-	300	6,300	1,405	1,379	(26)	0.11	-	0.11
Indus Motor Company Limited	-	11,560	-	-	11,560	13,957	13,429	(528)	1.07	0.01	1.10
Milat Tractors Limited	800	10,000	-	800	10,000	7,285	7,044	(241)	0.56	0.02	0.57
									<b>1.74</b>	<b>0.03</b>	<b>1.78</b>
<b>Automobile Parts &amp; Accessories</b>											
Agriauto Industries Limited (Note 6.1.1)	-	40,000	-	-	40,000	8,331	8,000	(331)	0.64	0.28	0.65
									<b>0.64</b>	<b>0.28</b>	<b>0.65</b>
<b>Commercial Banks</b>											
Bankislami Pakistan Limited	-	350,000	-	50,000	300,000	3,225	3,327	102	0.27	0.03	0.27
Meezan Bank Limited (an associate)	575,505	-	-	39,500	536,005	46,718	50,990	4,272	4.06	0.04	4.16
									<b>4.33</b>	<b>0.07</b>	<b>4.43</b>
<b>Cement</b>											
Attock Cement Pakistan Limited	15,200	-	-	-	15,200	1,085	1,571	486	0.13	0.01	0.13
Cherat Cement Company Limited	-	195,000	6,500	145,000	56,500	2,195	2,997	802	0.24	0.03	0.24
D.G. Khan Cement Company Limited	206,100	100,000	-	306,100	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	125,000	-	125,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	274,370	50,000	-	153,500	170,870	10,145	13,225	3,080	1.05	0.09	1.08
Lucky Cement Limited	313,650	122,400	-	235,200	200,850	77,895	86,044	8,149	6.85	0.06	7.02
Maple Leaf Cement Factory Limited	400,000	-	-	400,000	-	-	-	-	-	-	-
									<b>8.27</b>	<b>0.19</b>	<b>8.47</b>
<b>Chemical</b>											
Engro Polymer & Chemicals Limited	1,324,644	753,000	-	1,401,000	676,644	20,618	22,471	1,853	1.79	0.07	1.83
ICI Pakistan Limited	51,100	5,000	-	11,800	44,300	24,174	29,896	5,722	2.38	0.05	2.44
Lotte Chemical Pakistan Limited	294,000	800,000	-	1,094,000	-	-	-	-	-	-	-
									<b>4.17</b>	<b>0.12</b>	<b>4.27</b>
<b>Engineering</b>											
Amreli Steels Limited	-	150,000	-	100,000	50,000	1,501	1,806	305	0.14	0.02	0.15
International Industries Limited	38,800	70,000	-	63,800	45,000	4,277	4,988	711	0.40	0.03	0.41
International Steels Limited	255,000	325,000	-	565,000	15,000	663	869	206	0.07	-	0.07
Mughal Iron & Steel Industries Limited	-	145,000	-	25,000	120,000	3,684	4,916	1,232	0.39	0.05	0.40
									<b>1.00</b>	<b>0.10</b>	<b>1.03</b>
<b>Fertilizer</b>											
Engro Corporation Limited	606,830	82,000	-	325,700	363,130	99,868	125,371	25,503	9.99	0.06	10.22
Engro Fertilizers Limited	1,365,000	100,000	-	734,000	731,000	47,458	53,677	6,219	4.28	0.05	4.38
									<b>14.27</b>	<b>0.11</b>	<b>14.60</b>
<b>Food And Personal Care</b>											
At Tahur Limited	83	-	8	-	91	2	2	-	-	-	-
									-	-	-
<b>Glass And Ceramics</b>											
Tariq Glass Industries Limited	142,500	-	-	142,500	-	-	-	-	-	-	-
									-	-	-
<b>Oil &amp; Gas Exploration Companies</b>											
Mari Petroleum Company Limited	93,360	10,000	6,688	31,480	78,568	76,285	102,932	26,647	8.20	0.06	8.39
Oil & Gas Development Company Limited	1,430,900	201,000	-	792,300	839,600	110,845	119,492	8,647	9.52	0.02	9.74
Pakistan Oilfields Limited	305,560	15,000	-	180,600	139,960	57,038	62,523	5,485	4.98	0.05	5.10
Pakistan Petroleum Limited	1,107,500	244,020	-	677,400	674,120	81,604	92,449	10,845	7.36	0.02	7.55
									<b>30.06</b>	<b>0.15</b>	<b>30.78</b>
<b>Oil &amp; Gas Marketing Companies</b>											
Attock Petroleum Limited	35,000	30,000	-	-	65,000	21,373	24,037	2,664	1.91	0.07	1.96
Hascol Petroleum Limited	326,230	1,424,218	-	839,500	910,948	12,133	24,505	12,372	1.95	0.46	2.00
Pakistan State Oil Company Limited	438,260	175,000	32,112	423,200	222,172	35,286	42,577	7,291	3.39	0.05	3.47
Sui Northern Gas Pipelines Limited	1,231,100	286,000	-	879,000	638,100	46,150	48,604	2,454	3.87	0.10	3.96
Sui Southern Gas Company Limited	9,500	-	-	9,500	-	-	-	-	-	-	-
									<b>11.12</b>	<b>0.68</b>	<b>11.39</b>



Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus issue / Right shares	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to		
									Net assets of the fund	Paid up capital of investee company (with face value of investment)	Percentage of total market value of investment
<b>Paper &amp; Board</b>											
Cherat Packaging Limited	32,100	-	-	32,100	-	-	-	-	-	-	-
Packages Limited	20,350	-	-	-	20,350	6,116	8,114	1,998	0.65	0.02	0.66
									<b>0.65</b>	<b>0.02</b>	<b>0.66</b>
<b>Pharmaceuticals</b>											
AGP Limited	233,000	3,000	-	88,500	147,500	10,156	14,654	4,498	1.17	0.05	1.20
Glaxosmithkline Consumer Healthcare	15,000	25,200	-	-	40,200	10,129	10,308	179	0.82	0.03	0.84
The Searle Company Limited	218,055	10,000	-	159,000	69,055	10,601	13,034	2,433	1.04	0.03	1.06
									<b>3.03</b>	<b>0.11</b>	<b>3.10</b>
<b>Power Generation &amp; Distribution</b>											
K-Electric Limited (note 6.1.1)	10,961,500	400,000	-	3,607,000	7,754,500	33,985	33,887	(98)	2.70	0.03	2.76
The Hub Power Company Limited	1,323,117	131,000	-	525,500	928,617	74,138	86,687	12,549	6.90	0.07	7.07
									<b>9.60</b>	<b>0.10</b>	<b>9.83</b>
<b>Refinery</b>											
Attock Refinery Limited	1,000	-	-	1,000	-	-	-	-	-	-	-
									-	-	-
<b>Technology &amp; Communication</b>											
Avanceon Limited	290,300	50,000	-	340,300	-	-	-	-	-	-	-
Netsol Technologies Limited	206,900	104,000	-	143,500	167,400	11,329	11,025	(304)	0.88	0.19	0.90
Systems Limited	102,500	25,000	-	25,000	102,500	10,263	12,741	2,478	1.01	0.08	1.04
									<b>1.89</b>	<b>0.27</b>	<b>1.94</b>
<b>Textile Composite</b>											
Feroze1888 Mills Limited	236,500	500	-	-	237,000	23,906	21,804	(2,102)	1.74	0.06	1.78
Interloop Limited	883,382	-	-	90,000	793,382	35,123	46,056	10,933	3.67	0.09	3.76
Nishat Mills Limited	384,400	140,000	-	366,200	158,200	14,019	16,791	2,772	1.34	0.04	1.37
									<b>6.75</b>	<b>0.19</b>	<b>6.91</b>
<b>Vanaspati &amp; Allied Industries</b>											
Unity Foods Limited	287,376	250,000	-	412,376	125,000	1,700	2,014	314	0.16	0.02	0.16
									<b>0.16</b>	<b>0.02</b>	<b>0.16</b>
<b>Right Certificates</b>											
<b>Oil And Gas Marketing Companies</b>											
Hascol Petroleum Limited *	-	-	846,920	846,920	-	-	-	-	-	-	-
<b>Total</b>						<b>1,056,665</b>	<b>1,226,236</b>	<b>169,571</b>			<b>100</b>

\*The right certificates were exercised during the period and the shares are included in the investment in Hascol Petroleum Limited.

- 6.1.1** All shares have a nominal value of Rs. 10 each except for the shares of K-Electric Limited and Agriauto Industries Limited which have a nominal value of Rs. 3.50 and Rs. 5 each respectively.
- 6.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the period ended December 31, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.312 million (June 30, 2019: Rs. 0.23 million).

## 7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019.

## 8. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period.

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
<b>9. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Withholding tax payable		23	5
Printing expenses payable		70	60
Auditors' remuneration payable		225	150
Brokerage payable		722	640
Charity payable		2,050	1,516
Provision for Sindh Worker's Welfare Fund	9.1	2,812	-
Shariah advisor fee payable		263	263
		<u>6,165</u>	<u>2,634</u>

- 9.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund during the period ended December 31, 2019, the net asset value per unit of the Fund as at December 31, 2019 would have been higher by Re 0.000095 (June 30, 2019: Re nil).

## 10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and executives of the Management Company, other Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

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

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

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

<b>Balances</b>	<b>December 31, 2019 (Unaudited)</b>	<b>June 30, 2019 (Audited)</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited - the Management Company</b>		
Remuneration payable	2,103	3,013
Sindh Sales Tax payable on management fee	274	392
Selling and marketing expenses payable	1,125	1,723
Allocated expense payable	112	158
<b>Meezan Bank Limited</b>		
Balances with bank	11,266	32,482
Profit receivable on saving accounts	104	297
Investment in shares: 536,005 shares (June 30, 2019: 575,505 shares)	50,990	50,164
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Trustee fee payable	195	233
Sindh Sales Tax on trustee fee payable	23	30
Security deposit	103	103
<b>Meezan Financial Planning Fund of Funds MAAP I</b>		
Investment of 1,745,369 units (June 30, 2019: 11,269,149 units)	73,787	400,146
<b>Meezan Strategic Allocation Fund MSAP - I</b>		
Investment of 770,786 units (June 30, 2019: 8,724,481 units)	32,585	309,790
<b>Meezan Strategic Allocation Fund MSAP - II</b>		
Investment of 1,003,881 units (June 30, 2019: 1,238,827 units)	42,440	43,988
<b>Meezan Strategic Allocation Fund MSAP - III</b>		
Investment of 823,461 units (June 30, 2019: 1,980,130 units)	34,812	70,311
<b>Meezan Strategic Allocation Fund MSAP - IV</b>		
Investment of 1,296,968 units (June 30, 2019: 1,740,577 units)	54,830	61,805
<b>Meezan Strategic Allocation Fund MSAP - V</b>		
Investment of 704,094 units (June 30, 2019: 978,486 units)	29,766	34,744
<b>Meezan Strategic Allocation Fund MCPP-III</b>		
Investment of 3,648,043 units (June 30, 2019: 5,644,620 units)	154,223	200,430

	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited)
<b>Meezan Strategic Allocation Fund - II MCPP-IV</b> Investment of 11,302,621 units (June 30, 2019: 10,044,192 units)	477,825	356,650
<b>Meezan Strategic Allocation Fund - II MCPP-V</b> Investment of 2,441,386 units (June 30, 2019: 3,081,261 units)	103,211	109,410
<b>Meezan Strategic Allocation Fund - II MCPP-VI</b> Investment of 2,450,132 units (June 30, 2019: 2,745,310 units)	103,581	97,481
<b>Meezan Strategic Allocation Fund - II MCPP-VII</b> Investment of 1,557,977 units (June 30, 2019: 1,477,397 units)	65,864	52,460
<b>Meezan Strategic Allocation Fund - II MCPP-VIII</b> Investment of 969,905 units (June 30, 2019: 518,566 units)	41,003	18,413
<b>Meezan Strategic Allocation Fund - III MCPP-IX</b> Investment of 982,023 units (June 30, 2019: 153,424 units)	41,516	5,448
	<b>Six months period ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
	<b>(Rupees in '000)</b>	
<b>Transactions during the period</b>		
<b>Al Meezan Investment Management Limited - the Management Company</b>		
Remuneration for the period	12,057	19,904
Sindh Sales Tax on management fee for the period	1,567	2,587
Allocated expenses	603	995
Selling and marketing expense	2,411	3,981
<b>Meezan Bank Limited</b>		
Profit on saving account	3,791	1,182
Shares purchased during the period: nil shares (December 31, 2018: 520,500 shares)	-	45,833
Bonus shares received: nil shares (December 31, 2018: 10,050 shares)	-	-
Shares sold during the period: 39,500 shares (December 31, 2018: 400,500 shares)	3,024	36,456
Dividend income	1,097	151
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration for the period	1,109	1,499
Sindh Sales Tax on trustee fee	144	195
CDS charges	63	58
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Units issued: nil units (December 31, 2018: 602,460 units)	-	26,000
Units redeemed: 9,523,780 units (December 31, 2018: 971,806 units)	318,940	45,260
<b>Meezan Financial Planning Fund of Funds MAAP - IV</b>		
Units redeemed: nil units (December 31, 2018: 2,136,720 units)	-	99,023
<b>Meezan Strategic Allocation Fund MSAP - I</b>		
Units issued: nil units (December 31, 2018: 14,059,235 units)	-	658,000
Units redeemed: 7,953,695 units (December 31, 2018: 4,253,522 units)	275,200	200,000
<b>Meezan Strategic Allocation Fund MSAP - II</b>		
Units redeemed: 234,946 units (December 31, 2018: nil units)	8,300	-

	Six months period ended	
	2019	2018
	December 31,	
	(Unaudited)	
	(Rupees in '000)	
<b>Meezan Strategic Allocation Fund MSAP - III</b>		
Units issued: 820,109 units (December 31, 2018: nil units)	32,000	-
Units redeemed: 1,976,778 units (December 31, 2018: nil units)	68,000	-
<b>Meezan Strategic Allocation Fund MSAP - IV</b>		
Units issued: 1,884,785 units (December 31, 2018: nil units)	65,000	-
Units redeemed: 2,328,394 units (December 31, 2018: 131,830 units)	87,430	6,220
<b>Meezan Strategic Allocation Fund MSAP - V</b>		
Units redeemed: 274,392 units (December 31, 2018: nil units)	9,650	-
<b>Meezan Strategic Allocation Fund MCPP-III</b>		
Units issued: 7,554,482 units (December 31, 2018: 10,050,937 units)	258,000	467,200
Units redeemed: 9,551,059 units (December 31, 2018: 9,825,883 units)	316,387	445,872
<b>Meezan Strategic Allocation Fund -II MCPP-IV</b>		
Units issued: 6,154,962 units (December 31, 2018: 16,971,845 units)	235,000	1,130,719
Units redeemed: 4,896,533 units (December 31, 2018: 19,214,570 units)	172,090	1,232,232
<b>Meezan Strategic Allocation Fund -II MCPP-V</b>		
Units issued: 924,174 units (December 31, 2018: 5,325,304 units)	35,000	245,600
Units redeemed: 1,564,049 units (December 31, 2018: 5,481,406 units)	56,470	251,518
<b>Meezan Strategic Allocation Fund-II MCPP-VI</b>		
Units issued: 746,443 units (December 31, 2018: 3,924,601 units)	29,000	184,000
Units redeemed: 1,041,621 units (December 31, 2018: 1,983,046 units)	36,340	92,284
<b>Meezan Strategic Allocation Fund-II MCPP-VII</b>		
Units issued: 562,311 units (December 31, 2018: 2,187,362 units)	21,500	98,000
Units redeemed: 481,731 units (December 31, 2018: 318,471 units)	18,030	15,092
<b>Meezan Strategic Allocation Fund-II MCPP-VIII</b>		
Units issued: 2,612,441 units (December 31, 2018: nil units)	91,000	-
Units redeemed: 2,161,102 units (December 31, 2018: nil units)	72,829	-
<b>Meezan Strategic Allocation Fund-III MCPP-IX</b>		
Units issued: 3,001,530 units (December 31, 2018: nil units)	104,500	-
Units redeemed: 2,172,931 units (December 31, 2018: nil units)	74,750	-

## 11. ALLOCATED EXPENSES

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

## 12. SELLING AND MARKETING EXPENSES

The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current period, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the management company based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

## 13. TOTAL EXPENSE RATIO

The Total Expense Ratio of the Fund for the half year ended December 31, 2019 is 4.05% which includes 0.81% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

## 14. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute atleast 90 percent of the net accounting income other than capital gains to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders.

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

## 15. FINANCIAL INSTRUMENTS - FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### 15.1. Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2019 and June 30, 2019, the Fund held the following financial instruments measured at fair value:

	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	----- (Rupees in '000) -----			
Financial assets 'at fair value through profit or loss'	1,226,236	-	-	1,226,236

	As at June 30, 2019			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	----- (Rupees in '000) -----			
Financial assets 'at fair value through profit or loss'	1,658,927	-	-	1,658,927

## 16. GENERAL

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

16.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

## 17. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 10-Feb-2020 by the Board of Directors of the Management Company.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



# Meezan Energy Fund

## MEEZAN ENERGY FUND (MEF)

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

 Swat Branch

 **WHITE PALACE  
MARGHAZAR  
(SWAT)**





# MAKING OUR MARK IN THE LAND OF MOUNTAINS



## FUND INFORMATION

### MANAGEMENT COMPANY

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

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Kamila Khan	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Arshad Majeed	Member
Mr. Naeem Abdul Sattar	Member

### RISK MANAGEMENT COMMITTEE

Mr. Muhammad Abdullah Ahmed	Chairman
Syed Amir Ali Zaidi	Member
Mr. Naeem Abdul Sattar	Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

### TRUSTEE

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

### AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C,  
I.I. Chundrigar Road, Karachi-74000

### SHARIAH ADVISER

Meezan Bank Limited

### BANKERS TO THE FUND

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

### LEGAL ADVISER

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

### TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: [www.meezanbank.com](http://www.meezanbank.com)

### DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shakra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ENERGY FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Energy Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 25, 2020



**AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**


We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Energy Fund** (the Fund) as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2019. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

**Scope of Review**

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

**Conclusion**

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

  
Chartered Accountants  
Engagement Partner: Salman Hussain  
Dated: February 26, 2020  
Karachi



**MEEZAN ENERGY FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT DECEMBER 31, 2019**

		<b>December 31, 2019 (Unaudited)</b>	<b>June 30, 2019 (Audited)</b>
	<b>Note</b>	<b>(Rupees in '000)</b>	
<b>Assets</b>			
Balances with banks	5	13,164	20,442
Investments	6	599,062	583,850
Receivable against conversion of units		126	557
Dividend receivable		109	2,127
Advances, deposits and other receivables		4,384	1,890
Preliminary expenses and floatation costs		383	483
<b>Total assets</b>		<u>617,228</u>	<u>609,349</u>
<b>Liabilities</b>			
Payable to AI Meezan Investment Management Limited - the Management Company		1,899	2,039
Payable to Central Depository Company of Pakistan Limited - the Trustee		118	129
Payable to Meezan Bank Limited		112	1
Payable to Securities and Exchange Commission of Pakistan	7	56	933
Payable against conversion and redemption of units		1,011	724
Payable against purchase of investments - net		-	3,424
Accrued expenses and other liabilities	9	5,919	3,396
<b>Total liabilities</b>		<u>9,115</u>	<u>10,646</u>
<b>Net assets</b>		<u>608,113</u>	<u>598,703</u>
<b>Contingencies and commitments</b>	8		
<b>Unit holders' funds (as per statement attached)</b>		<u>608,113</u>	<u>598,703</u>
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<u>15,379,012</u>	<u>17,944,102</u>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<u>39.5418</u>	<u>33.3649</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN ENERGY FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**

		Six months period ended December 31, 2019	Six months period ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
	Note	(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised (loss) / gain on sale of investments		(39,152)	(56,092)	1,856	(47,636)
Dividend income		11,935	15,791	5,025	9,795
Profit on saving accounts with banks		1,646	1,964	743	625
		<u>(25,571)</u>	<u>(38,337)</u>	<u>7,624</u>	<u>(37,216)</u>
Net unrealised appreciation / (diminution) on re-measurement of investments - 'at fair value through profit or loss'	6.1	110,689	(188,359)	160,956	(134,297)
<b>Total income / (loss)</b>		<u>85,118</u>	<u>(226,696)</u>	<u>168,580</u>	<u>(171,513)</u>
<b>Expenses</b>					
Remuneration of AI Meezan Investment Management Limited - the Management Company		5,631	12,522	2,823	5,326
Sindh Sales Tax on remuneration of management fee		732	1,628	367	692
Remuneration to Central Depository Company of Pakistan Limited - the Trustee		566	1,121	285	509
Sindh Sales Tax on trustee fee		74	146	37	66
Annual fee to the Securities and Exchange Commission of Pakistan	7	56	595	28	253
Auditors' remuneration		177	183	103	102
Charity expense		400	343	150	257
Fees and subscription		283	286	142	144
Brokerage expense		948	666	619	282
Bank and settlement charges		139	59	93	33
Printing charges		-	15	-	7
Selling and marketing expense	12	1,126	2,504	564	1,065
Amortisation of preliminary expenses and floatation costs		100	100	50	50
Allocated expenses	11	282	626	142	266
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	1,492	-	1,492	-
<b>Total expenses</b>		<u>12,006</u>	<u>20,794</u>	<u>6,895</u>	<u>9,052</u>
<b>Net income / (loss) for the period before taxation</b>		<u>73,112</u>	<u>(247,490)</u>	<u>161,685</u>	<u>(180,565)</u>
Taxation	15	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<u>73,112</u>	<u>(247,490)</u>	<u>161,685</u>	<u>(180,565)</u>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		73,112	-		
Income already paid on units redeemed		-	-		
		<u>73,112</u>	<u>-</u>		
<b>Accounting income available for distribution</b>					
- Relating to capital gains		71,537	-		
- Excluding capital gains		1,575	-		
		<u>73,112</u>	<u>-</u>		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**MEEZAN ENERGY FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**



**Meezan**  
**Energy Fund**

	Six months period ended December 31, 2019	Six months period ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
	(Rupees in '000)		(Rupees in '000)	
<b>Net income / (loss) for the period after taxation</b>	73,112	(247,490)	161,685	(180,565)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<u>73,112</u>	<u>(247,490)</u>	<u>161,685</u>	<u>(180,565)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**MEEZAN ENERGY FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	Six months period ended December 31, 2019			Six months period ended December 31, 2018		
	Capital Value	Accumulated Loss	Total	Capital Value	Accumulated loss	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the period</b>	967,743	(369,040)	598,703	1,660,781	(24,208)	1,636,573
Issue of 19,834,260 units (December 31, 2018: 8,245,840 units)						
- Capital value (at net asset value per unit at the beginning of the period)	661,768	-	661,768	410,497	-	410,497
- Element of income / (loss)	23,484	-	23,484	(18,424)	-	(18,424)
Total proceeds on issuance of units	685,252	-	685,252	392,073	-	392,073
Redemption of 22,399,350 units (December 31, 2018: 21,079,629 units)						
- Capital value (at net asset value per unit at the beginning of the period)	747,352	-	747,352	1,049,393	-	1,049,393
- Element of loss / (income)	1,602	-	1,602	(55,604)	-	(55,604)
Total payments on redemption of units	748,954	-	748,954	993,789	-	993,789
Total comprehensive income / (loss) for the period	-	73,112	73,112	-	(247,490)	(247,490)
Distribution during the period	-	-	-	-	-	-
Net income / (loss) for the period less distribution	-	73,112	73,112	-	(247,490)	(247,490)
<b>Net assets at the end of the period</b>	<b>904,041</b>	<b>(295,928)</b>	<b>608,113</b>	<b>1,059,065</b>	<b>(271,698)</b>	<b>787,367</b>
Accumulated loss brought forward						
- Realised loss		(228,021)			(48,945)	
- Unrealised (loss) / income		(141,019)			24,737	
		(369,040)			(24,208)	
<b>Accounting income available for distribution</b>						
- Relating to capital gains	71,537			-		
- Excluding capital gains	1,575			-		
	73,112			-		
Net loss for the period after taxation		-			(247,490)	
Distribution during the period		-			-	
Accumulated loss carried forward		(295,928)			(271,698)	
<b>Accumulated loss carried forward</b>						
- Realised loss		(406,617)			(83,339)	
- Unrealised income / (loss)		110,689			(188,359)	
		(295,928)			(271,698)	
				(Rupees)		(Rupees)
Net assets value per unit at the beginning of the period				33.3649		49.7823
Net assets value per unit at the end of the period				39.5418		39.2882

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN ENERGY FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**



**Meezan**  
Energy Fund

	<b>Six months period ended December 31, 2019</b>	<b>Six months period ended December 31, 2018</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	73,112	(247,490)
<b>Adjustments for:</b>		
Amortisation of preliminary expenses and floatation costs	100	100
Net unrealised (appreciation) / diminution on re-measurement of investments - 'at fair value through profit or loss'	(110,689)	188,359
	<u>(37,477)</u>	<u>(59,031)</u>
<b>Increase in assets</b>		
Investments - net	95,477	486,679
Dividend receivable	2,018	515
Advances, deposits and other receivables	(2,494)	351
	95,001	487,545
<b>Decrease in liabilities</b>		
Payable to AI Meezan Investment Management Limited - Management Company	(140)	(1,321)
Payable to Central Depository Company of Pakistan Limited - Trustee	(11)	(72)
Payable to Meezan Bank Limited	111	(9)
Payable to Securities and Exchange Commission of Pakistan	(877)	(838)
Payable against purchase of investments - net	(3,424)	(2,314)
Accrued expenses and other liabilities	2,523	368
	<u>(1,818)</u>	<u>(4,186)</u>
<b>Net cash generated from operating activities</b>	55,706	424,328
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	685,683	404,679
Payment against redemption and conversion of units	(748,667)	(990,048)
<b>Net cash used in financing activities</b>	(62,984)	(585,369)
<b>Net decrease in cash and cash equivalents during the period</b>	<u>(7,278)</u>	<u>(161,041)</u>
Cash and cash equivalents at the beginning of the period	20,442	195,027
<b>Cash and cash equivalents at the end of the period</b>	<u>13,164</u>	<u>33,986</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN ENERGY FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Meezan Energy Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on September 9, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The objective of the Fund is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector / segment / industry, as defined in the constitutive documents. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The Fund is categorised as an Open End Shariah Compliant (Islamic) Equity Scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4 The Management Company has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 31, 2019 (2018: AM1 dated December 28, 2018) and by PACRA dated December 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2. BASIS OF PRESENTATION**

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

**3. BASIS OF PREPARATION**

**3.1 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2019.

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

4.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

4.2 The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2019.

#### 4.3 Amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### 4.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

5. BALANCES WITH BANKS	Note	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited)
In saving accounts	5.1	12,844	19,835
In current accounts		320	607
		<u>13,164</u>	<u>20,442</u>

- 5.1 The balance in saving accounts have an expected profit ranging from 3.00% to 13.50% per annum (June 30, 2019: 3.32% to 12.35% per annum).

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	(Rupees in '000)	
<b>6. INVESTMENTS</b>		
<b>Investments - 'at fair value through profit or loss'</b>		
Shares of listed companies 'ordinary shares'	6.1	599,062
		583,850

**6.1 Shares of listed companies 'ordinary shares'**

Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus / Right issue	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain as at December 31, 2019	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
						(Rupees in '000)		%			
<b>Sectors / companies</b>											
<b>Oil and Gas Exploration Companies</b>											
Mari Petroleum Company Limited (note 6.2)	105,385	12,000	7,618	52,200	72,803	71,044	95,379	24,335	15.68	15.92	0.05
Oil and Gas Development Company Limited	676,600	377,000	-	524,800	528,800	70,309	75,260	4,951	12.38	12.56	0.01
Pakistan Oilfields Limited (note 6.2)	129,180	91,500	-	69,000	151,680	60,620	67,758	7,138	11.14	11.31	0.05
Pakistan Petroleum Limited (note 6.2)	621,765	253,000	81,953	265,000	691,718	87,349	94,862	7,513	15.60	15.83	0.03
									<b>54.80</b>	<b>55.62</b>	<b>0.14</b>
<b>Oil and Gas Marketing Companies</b>											
Attock Petroleum Limited (note 6.2)	29,000	37,800	-	3,000	63,800	20,875	23,593	2,718	3.88	3.94	0.06
Hascol Petroleum Limited (note 6.2)	616,652	2,691,859	-	1,329,500	1,979,011	21,274	53,235	31,961	8.75	8.89	0.99
Pakistan State Oil Company Limited (note 6.2)	318,240	212,400	62,248	201,000	391,888	59,042	75,101	16,059	12.35	12.54	0.08
Sui Northern Gas Pipelines Limited	1,021,300	200,000	-	790,000	431,300	29,441	32,853	3,412	5.40	5.48	0.07
Sui Southern Gas Pipelines Limited	17,000	-	-	17,000	-	-	-	-	-	-	-
									<b>30.38</b>	<b>30.85</b>	<b>1.20</b>
<b>Power Generation and Distribution</b>											
Hub Power Company Limited	562,844	488,600	-	471,000	580,444	42,525	54,185	11,660	8.91	9.04	0.04
K - Electric Limited (note 6.1.1)	5,916,000	3,000,000	-	2,775,000	6,141,000	25,894	26,836	942	4.41	4.48	0.02
									<b>13.32</b>	<b>13.52</b>	<b>0.06</b>
<b>Refinery</b>											
National Refinery Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
<b>Rights Certificates</b>											
<b>Oil And Gas Marketing Companies</b>											
Hascol Petroleum Limited *	-	-	1,976,859	1,976,859	-	-	-	-	-	-	-
<b>Total as at December 31, 2019</b>						<b>488,373</b>	<b>599,062</b>	<b>110,689</b>		<b>100</b>	
<b>Total as at June 30, 2019</b>						<b>724,869</b>	<b>583,850</b>	<b>(141,019)</b>			

\*The right certificates were exercised during the period and the shares are included in the investment in Hascol Petroleum Limited.

- 6.1.1 All shares have a nominal value of Rs 10 each except for the shares of K-Electric Limited which has face value of Rs 3.5 each.

- 6.2 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the period ended December 31, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.931 million (June 30, 2019: Rs. 0.824 million).

## 7. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019.

9. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31,	June 30,
		2019 (Unaudited)	2019 (Audited)
		(Rupees in '000)	
Auditors' remuneration payable		148	195
Printing charges payable		38	38
Shariah advisor fee payable		265	265
Charity payable		424	924
Capital gain tax payable		324	211
Provision for Sindh Workers' Welfare Fund	9.1	3,019	1,527
Zakat payable		6	5
Brokerage Payable		1,695	231
		5,919	3,396

9.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund for the period from November 30, 2016 to December 31, 2019, the net asset value per unit of the Fund as at December 31, 2019 would have been higher by Re 0.20 (June 30, 2019: Re 0.09).

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

Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

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

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

Transactions and balances with related parties are as follows:

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - the Management Company</b>		
Remuneration payable	1,049	1,137
Sindh Sales Tax on management fee payable	136	148
Sales load payable	86	13
Sindh Sales Tax on sales load payable	11	2
Allocated expenses	52	57
Selling and marketing expense payable	565	682
Investment of 5,703,284 units (June 30, 2019: 6,150,459 units)	225,518	205,209
<b>Meezan Bank Limited</b>		
Bank balance	9,997	1,120
Profit receivable on saving accounts	58	162
Sales load payable	99	1
Sindh Sales Tax on sales load payable	13	-
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Trustee fee payable	104	114
Sindh Sales Tax on trustee fee payable	14	15
Security deposit	100	100
<b>Directors and executives of the Management Company</b>		
Investment of 113,347 units (June 30, 2019: 234,114 units)	4,482	7,811
	Six months period ended December 31, 2019	Six months period ended December 31, 2018
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - the Management Company</b>		
Remuneration for the period	5,631	12,522
Sindh Sales Tax on management fee	732	1,628
Allocated expenses	282	626
Selling and marketing expense	1,126	2,504
Units issued: 967,230 units (December 31, 2018: nil)	30,000	-
Units redeemed: 1,414,404 units (December 31, 2018: 3,987,713 units)	48,000	196,000



Six months period ended December 31, 2019	Six months period ended December 31, 2018
(Rupees in '000)	

**Meezan Bank Limited**  
 Profit on saving accounts

987	510
-----	-----

**Central Depository Company of Pakistan Limited - the Trustee**

Trustee fee  
 Sindh Sales Tax on trustee fee  
 CDS charges

566	1,121
74	146
35	26

**Directors and executives of the Management Company**

Units issued: 3,382,144 units (December 31, 2018: 336,155 units)  
 Units redeemed: 3,422,099 units (December 31, 2018: 284,833 units)

104,349	15,470
96,881	12,049

## 11. ALLOCATED EXPENSES

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

## 12. SELLING AND MARKETING EXPENSES

The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current period, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the management company based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

## 13. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period ended December 31, 2019 is 4.26% which includes 0.88% representing government levies, Sindh Workers' Welfare Fund and SECP Fee.

## 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

#### 14.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2019 and June 30, 2019, the Fund held the following financial instruments measured at fair value:

ASSETS	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
<b>Financial assets 'at fair value through profit or loss'</b>				
Shares of listed companies 'ordinary shares'	599,062	-	-	599,062
ASSETS	As at June 30, 2019			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
<b>Financial assets 'at fair value through profit or loss'</b>				
Shares of listed companies 'ordinary shares'	583,850	-	-	583,850

#### 15. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute atleast 90 percent of the Fund's accounting income for the year ending June 30, 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders.

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

#### 16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

#### 17. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 10-Feb-2020 by the Board of Directors of the Management Company.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director