

CONTENTS

Fund Information.....	02
Directors' Report for Meezan Tahaffuz Pension Fund	03
Condensed Interim Statement of Assets and Liabilities	06
Condensed Interim Income Statement	07
Condensed Interim Cash Flow Statement.....	09
Condensed Interim Statement of Movement in Participant's Sub Funds	11
Notes to the Condensed Interim Financial Statements	12

FUND INFORMATION

PENSION FUND MANAGER

Al Meezan Investment Management Limited
Ground Floor, Block "B", Finance & Trade Centre,
Shahrah-e-Faisal, Karachi 74400, Pakistan.
Phone: (9221) 5630722-6, 111-MEEZAN
Fax: (9221) 5676143, 5630808
Web site: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE PENSION FUND MANAGER

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive
Mr. Najmul Hassan	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Muhammad Adrees	Director
Mr. Mazhar Sharif	Director
Syed Owais Wasti	Director

CFO & COMPANY SECRETARY OF THE PENSION FUND MANAGER

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member

TRUSTEE

Central Depository Company of Pakistan Limited
Suite # M 13-16, Meezzanine Floor, Progressive Plaza,
Beaumont Road, Karachi.

AUDITORS

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

BANKERS TO THE FUND

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

LEGAL ADVISER

Bawaney & Partners
404, 4th Floor, Beaumont Plaza, 6-CL-10
Beaumont Road, Civil Lines
Karachi - 75530
Phone: (9221) 565 7658-59
Fax: (9221) 565 7673
E-mail: bawaney@cyber.net.pk

TRANSFER AGENT

Meezan Bank Limited
3rd Floor P.N.S.C. Building
M.T. Khan Road
Phone: (9221) 561 0582, 561 0417
Fax: (9221) 561 1427
Web site: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

DIRECTORS' REPORT

AL MEEZAN INVESTMENT MANAGEMENT LIMITED

PENSION FUND MANAGER - MEEZAN TAHAFFUZ PENSION FUND

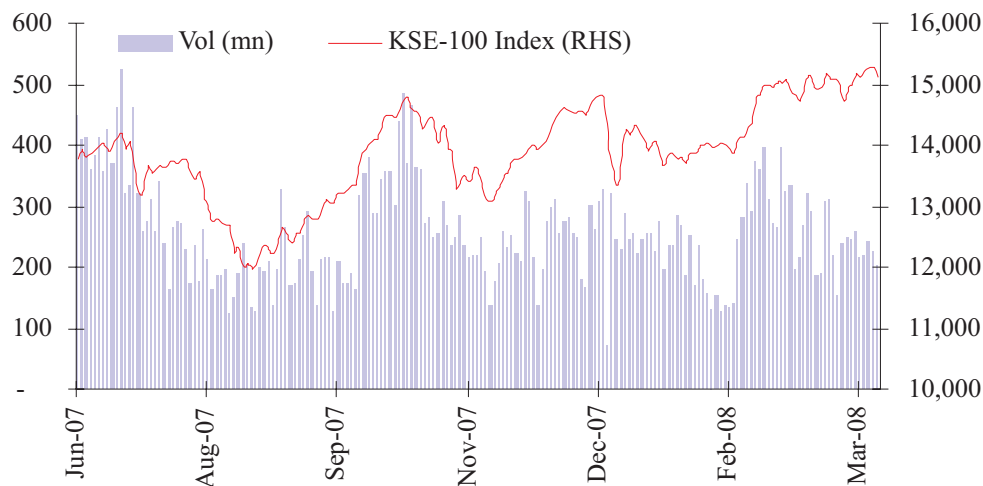
The Board of Directors of Al Meezan Investment Management Limited, the Pension Fund Manager of Meezan Tahaffuz Pension Fund, is pleased to present the unaudited accounts of Meezan Tahaffuz Pension Fund (MTPF) for the period ended March 31, 2008. MTPF is a pension fund launched under the Voluntary Pension Fund Rules and complies with the provisions of Islamic Shariah. This was the first completed nine months for MTPF which was launched on June 27, 2007.

Market Review

Stock market showed resilience during the first three quarters of FY08 despite uncertainties on the political front. The KSE-100 Index gained 9.82% during the nine month period, while Dow Jones Islamic market Pakistan Index, an index of Shariah compliant companies listed on Karachi Stock Exchange, registered an increase of 10.32%.

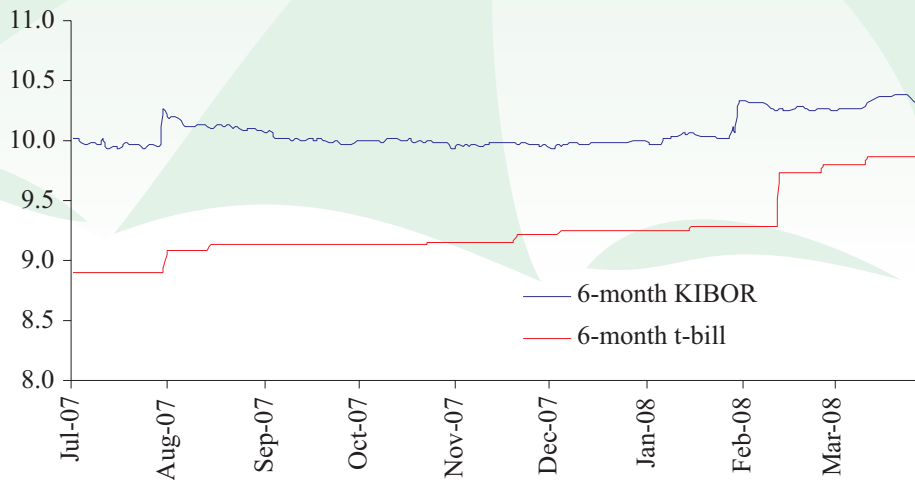
The fiscal year started with positive momentum but soon sentiments turned bearish as political uncertainty and judicial issue started to impact the market. KSE-100 Index touched period's low of 11,955 on August 27, 2007 triggered by outflow of foreign funds. Later, President's re-election led to stock market recovery which was short lived as news of imposition of emergency and assassination of former Prime Minister of Pakistan Benazir Bhutto brought back the negative sentiments. Turn of the calendar year brought some relief to the market. Peaceful elections and creation of broad based coalition government led to a rebound in the stock market post elections. In addition rising international oil prices, up 56% during the period under review, provided an impetus to the rally in KSE 100-index beyond the 15,000 level.

KSE-100 Index Performance during 9MFY08



Increasing inflation and central bank's efforts to control it through a tight monetary policy has been the theme of the money markets in the first nine months of FY08. High international oil prices coupled with rising commodity prices, partly due to lower domestic production and partly due to international trends, have fed domestic inflation in recent months. State Bank of Pakistan (SBP) has been trying to control inflationary pressure through a combination of interest rate hikes and by increasing reserve requirements for commercial banks. SBP has twice increased interest rates during the first nine months of the current fiscal year. This has resulted in 6 month t-bill rates to increase from 8.9% in June 2007 to 9.8% by end of March 2008, an increase of almost 90 bps. The impact of tight monetary policy on KIBOR has been less pronounced with an increase of 31 bps during the same period, from 10.01% to 10.32%.

Trend in Interest Rates during 9MFY08



Performance Review

Meezan Tahaffuz Pension Fund (MTPF) comprises of three sub funds namely Equity sub fund, Debt sub fund and Money Market sub fund. Performance review for each sub fund is given as under:

Equity Sub Fund

Equity sub fund's performance during the period was very encouraging as it provided a return of 20.6% during the period. For the period ended March 31, 2008, the Sub Fund earned gross income of Rs. 13.5 million, main contributors of which were un-realized capital gains on equity securities of Rs. 6.9 million, net realized gain on sale of equity securities of Rs. 2.7 million and dividend income of Rs. 2.18 million. After accounting for expenses of Rs. 1.2 million, the sub fund recorded a net profit of Rs. 12.4 million. The net assets of Equity sub fund increased from Rs. 50 million at the beginning of the period to Rs. 72.3 million by the end of it.

Debt Sub Fund

The net asset value per unit of Debt sub fund appreciated by 6.4% during the period. During the period ended March 31, 2008 the sub fund earned gross income of Rs. 4.4 million, main contributor of which was profit on bank deposits of Rs. 2.7 million. After accounting for expenses of Rs. 1.0 million, the sub fund recorded a net profit of Rs. 3.4 million. The net assets of debt sub fund increased from Rs. 50 million at the beginning of the period to Rs. 56.7 million by the end of it.

Money Market Sub Fund

The net asset value per unit of Money market sub fund appreciated by 5.9% to end the period at Rs. 105.99. Profit on bank placements of Rs. 3.2 million contributed mainly to the sub fund's gross income of Rs. 3.9 million. The sub fund recorded net profit of Rs. 3.0 million, after accounting for expenses of Rs. 0.9 million. Total net assets of the sub fund increased by Rs. 3.3 million to end the period at Rs. 53.3 million.

Investment Objective & Policy

The objective of Meezan Tahaffuz Pension Fund is to provide participants with a Shariah-compliant saving mechanism whereby they can save from their current income in order to gain benefits after retirement or disability or when the other income avenues are exhausted. MTPF aims to provide participants a regular Halal income stream after retirement/disability when they can no longer earn regular income to support their living.

The Fund comprises of three sub funds namely, Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund. Equity Sub Fund invests in Shariah complaint equity securities with a view of long term capital appreciation and regular income stream through dividends. The Debt Sub Fund invests in Shariah compliant debt structures like Sukuks, placement with Islamic banks etc. The duration of Debt Sub Fund's portfolio may be up to 10 years, allowing it to invest in longer term assets. The Money Market Sub Fund invests in Shariah compliant debt structures similar to the ones invested in by the Debt Sub Fund. However, restriction of maximum duration of 1 year for the Money Market Sub Fund portfolio means that it has higher allocation to short term placements and thus lower risk.

Future Outlook

We are optimistic about the future prospects of the stock market. Future direction of the market is likely to be driven by developments on the economic front. We expect the government to give incentives to domestic sectors and agriculture in the upcoming budget which will bode well for the economy and the market. We continue to see value in Pakistani equities and remain positive on the basis of relative attractive valuations and continuing double-digit earnings growth of listed companies.

On the money market side, in light of the persistent inflationary pressures on the economy, we expect SBP to continue with its tight monetary policy which will result in a firm interest rate environment. This along with increasing competition in the banking sector resulting in better deposit rates, bodes well for the future outlook of MTPF.

Acknowledgement

We take this opportunity to thank our valuable investors for reposing faith in Al Meezan Investments and making it the largest Shariah Compliant asset management firm in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan and MTPF's trustee, Central Depository Company of Pakistan, for all their support and guidance. Last but not the least, we would like to place on record our gratitude for Justice (Retd.) Muhammad Taqi Usmani, in special and other members of the Shariah Board of Meezan Bank in general, for their continued guidance on Shariah aspects of fund management.

Karachi
April 22, 2008

For and on behalf of the Board
Mohammad Shoaib, CFA
Chief Executive

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2008 (UNAUDITED)

		March 31, 2008				
Note	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	
----- (Rupees in '000) -----						
Assets						
	5	4,373	8,130	11,854	104	24,461
		-	18,250	33,000	-	51,250
		-	-	10	-	10
	6	67,066	29,701	7,460	-	104,227
		500	-	-	-	500
		145	779	878	-	1,802
	7	253	152	49	-	454
		184	184	184	-	552
		100	100	100	-	300
		<u>72,621</u>	<u>57,296</u>	<u>53,535</u>	<u>104</u>	<u>183,556</u>
Liabilities						
		-	315	-	-	315
		169	151	146	-	466
		10	8	7	-	25
		79	79	79	-	237
		16	14	14	-	44
	8	39	7	3	104	153
		<u>313</u>	<u>574</u>	<u>249</u>	<u>104</u>	<u>1,240</u>
		<u>72,308</u>	<u>56,722</u>	<u>53,286</u>	<u>-</u>	<u>182,316</u>
		<u>72,308</u>	<u>56,722</u>	<u>53,286</u>	<u>-</u>	<u>182,316</u>
	10	<u>599,387</u>	<u>532,872</u>	<u>502,734</u>		
		<u>120.64</u>	<u>106.44</u>	<u>105.99</u>		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT
FOR THE PERIOD JUNE 16, 2007 TO MARCH 31, 2008
AND QUARTER ENDED MARCH 31, 2008 (UN AUDITED)

For the period June 16, 2007 to March 31, 2008

Note	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	(Rupees in '000)				
Income					
Profit on sukuk certificates	-	882	160	-	1,042
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	6,976	162	(1)	-	7,137
Unrealised gain on re-measurement of financial instruments sold on deferred settlement basis	253	152	49	-	454
Net realised gain on sale of investments	2,692	133	241	-	3,066
Dividend income	2,180	313	293	-	2,786
Profit on deposit accounts with banks	1,024	2,690	3,200	-	6,914
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	412	75	8	-	495
Total income	<u>13,537</u>	<u>4,407</u>	<u>3,950</u>	<u>-</u>	<u>21,894</u>
Expenses					
Remuneration of Al Meezan Investment Management Limited - pension fund manager	729	641	615	-	1,332
Remuneration of Central Depository Company of Pakistan Limited - trustee of the fund	87	77	74	-	238
Annual fee of Securities and Exchange Commission of Pakistan	16	14	14	-	44
Auditors' remuneration	84	84	84	-	252
Amortisation of formation cost	66	66	66	-	198
Securities' transaction cost	179	84	79	-	342
Custody and settlement charges	6	5	4	-	15
Bank charges	1	1	1	-	3
Total expenses	<u>1,168</u>	<u>972</u>	<u>937</u>	<u>-</u>	<u>3,077</u>
Net income	<u><u>12,369</u></u>	<u><u>3,435</u></u>	<u><u>3,013</u></u>	<u><u>-</u></u>	<u><u>18,817</u></u>
Earnings per unit (Rupees)	11 <u>20.64</u>	<u>6.44</u>	<u>5.99</u>		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT
FOR THE PERIOD JUNE 16, 2007 TO MARCH 31, 2008
AND QUARTER ENDED MARCH 31, 2008 (UN AUDITED)

For the quarter ended March 31, 2008

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
(Rupees in '000)					
Income					
Profit on sukuk certificates	-	569	75	-	644
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	6,029	410	161	-	6,600
Unrealised gain / (loss) on re-measurement of financial instruments sold on deferred settlement basis	253	(108)	(163)	-	(18)
Net realised gain/ (loss) on sale of investments	274	(105)	22	-	191
Dividend income	1,005	(13)	92	-	1,084
Profit on deposit accounts with banks	147	678	1,038	-	1,863
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	306	58	6	-	370
Total income	8,014	1,489	1,231	-	10,734
Expenses					
Remuneration of Al Meezan Investment Management Limited - pension fund manager	247	209	197	-	653
Remuneration of Central Depository Company of Pakistan Limited - trustee of the fund	28	24	23	-	75
Annual fee of Securities and Exchange Commission of Pakistan	5	4	5	-	14
Auditors' remuneration	17	17	17	-	51
Amortisation of formation cost	21	21	21	-	63
Securities' transaction cost	20	10	12	-	42
Custody and settlement charges	2	1	1	-	4
Bank charges	-	-	-	-	-
Total expenses	340	286	276	-	902
Net income	7,674	1,203	955	-	9,832
Earnings per unit (Rupees)	12.40	2.16	1.89		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD JUNE 16, 2007 TO MARCH 31, 2008 AND QUARTER ENDED MARCH 31, 2008 (UN AUDITED)

For the period June 16, 2007 to March 31, 2008

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
(Rupees in '000)					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	12,369	3,435	3,013	-	18,817
Adjustments for :					
Dividend income	(2,180)	(313)	(293)	-	(2,786)
Profit on sukuk certificates	-	(882)	(160)	-	(1,042)
Profit on deposit accounts with banks	(1,024)	(2,690)	(3,200)	-	(6,914)
Unrealised loss / (gain) on :					
- re-measurement of investments at fair value through profit or loss	(6,976)	(162)	1	-	(7,137)
- re-measurement of financial instruments sold on deferred settlement basis	(253)	(152)	(49)	-	(454)
Amortisation of formation cost	66	66	66	-	198
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(412)	(75)	(8)	-	(495)
	1,590	(773)	(630)	-	187
Increase in assets					
Placements with banks	-	(18,250)	(33,000)	-	(51,250)
Receivable against sale of investments	-	-	(10)	-	(10)
Investments at fair value through profit or loss	(60,090)	(29,539)	(7,461)	-	(97,090)
Formation cost	(250)	(250)	(250)	-	(750)
Deposit with Central Depository Company	(100)	(100)	(100)	-	(300)
	(60,440)	(48,139)	(40,821)	-	(149,400)
Increase in liabilities					
Payable against purchase of investments	-	315	-	-	315
Payable to the Al-Meezan Investment Management Limited - pension fund manager	169	151	146	-	466
Payable to Central Depository Company of Pakistan Limited - trustee of the fund	10	8	7	-	25
Payable to Securities and Exchange Commission of Pakistan	16	14	14	-	44
Payable to auditors	79	79	79	-	237
Accrued expenses and other liabilities	39	7	3	104	153
	313	574	249	104	1,240
Dividend received	1,680	313	293	-	2,286
Profit received on deposit accounts with banks	879	2,793	2,482	-	6,154
Net cash (outflow) / inflow from operating activities	(55,978)	(45,232)	(38,427)	104	(139,533)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts of contribution	60,351	53,362	50,281	-	163,994
Payments against withdrawal	-	-	-	-	-
Net cash inflow from financing activities	60,351	53,362	50,281	-	163,994
Net cash inflow during the period	4,373	8,130	11,854	104	24,461
Cash and cash equivalents at the beginning of the period	-	-	-	-	-
Cash and cash equivalents at the end of the period	5	4,373	8,130	11,854	104

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD JUNE 16, 2007 TO MARCH 31, 2008
AND QUARTER ENDED MARCH 31, 2008 (UN AUDITED)

For the quarter ended March 31, 2008

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
----- (Rupees in '000) -----					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	7,674	1,203	955	-	9,832
Adjustments for :					
Dividend income	(1,005)	13	(92)	-	(1,084)
Profit on sukuk certificates	-	(569)	(75)	-	(644)
Profit on deposit accounts with banks	(147)	(678)	(1,038)	-	(1,863)
Unrealised loss / (gain) on :					
- re-measurement of investments at fair value through profit or loss	(6,029)	(410)	(161)	-	(6,600)
- re-measurement of financial instruments sold on deferred settlement basis	(253)	108	163	-	18
Amortisation of formation cost	21	21	21	-	63
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(306)	(58)	(6)	-	(370)
	(45)	(370)	(233)	-	(648)
(Increase) / decrease in assets					
Placements with banks	-	(5,750)	(16,750)	-	(22,500)
Receivable against sale of investments	-	9,662	4,972	-	14,634
Investments at fair value through profit or loss	(6,702)	(15,108)	(143)	-	(21,953)
Formation cost	-	-	-	-	-
Deposit with Central Depository Company of Pakistan Limited	-	-	-	-	-
	(6,702)	(11,196)	(11,921)	-	(29,819)
Increase / (decrease) in liabilities					
Payable against purchase of investments	-	315	(37)	-	278
Payable to the Al-Meezan Investment Management Limited - pension fund manager	(163)	(168)	(170)	-	(501)
Payable to Central Depository Company of Pakistan Limited - trustee of the fund	-	-	(1)	-	(1)
Payable to Securities and Exchange Commission of Pakistan	6	4	5	-	15
Payable to auditors	17	17	17	-	51
Accrued expenses and other liabilities	28	(2)	(6)	90	110
	(112)	166	(192)	90	(48)
Dividend received	713	73	128	-	914
Profit received on deposit accounts with banks	191	1,681	1,368	-	3,240
Net cash (outflow) / inflow from operating activities	(5,955)	(9,646)	(10,850)	90	(26,361)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts of contribution	3,247	1,159	126	-	4,532
Payments against withdrawal	-	-	-	-	-
Net cash inflow from financing activities	3,247	1,159	126	-	4,532
Net cash (outflow) / inflow during the period	(2,708)	(8,487)	(10,724)	90	(21,829)
Cash and cash equivalents at the beginning of the period	7,081	16,617	22,578	14	46,290
Cash and cash equivalents at the end of the period	5 4,373	8,130	11,854	104	24,461

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN
 PARTICIPANTS' SUB-FUNDS
 FOR THE PERIOD JUNE 16, 2007 TO MARCH 31, 2008
 AND QUARTER ENDED MARCH 31, 2008 (UN AUDITED)**

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
(Rupees in '000)					
Amount received on issue of units (Equity sub fund: 599,387 units; Debt sub fund: 532,872 units; Money market sub fund: 502,734 units)	60,351	53,362	50,281	-	163,994
Amount paid on redemption of units	-	-	-	-	-
	60,351	53,362	50,281	-	163,994
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(412)	(75)	(8)	-	(495)
Net income for the period	12,369	3,435	3,013	-	18,817
Net assets at the end of the period	<u>72,308</u>	<u>56,722</u>	<u>53,286</u>	<u>-</u>	<u>182,316</u>

FOR THE QUARTER ENDED MARCH 31, 2008

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
(Rupees in '000)					
Net assets at the beginning of the quarter	61,694	54,417	52,211	-	168,322
Amount received on issue of units (Equity sub fund: 29,361 units; Debt sub fund: 10,980 units; Money market sub fund: 1,197 units)	3,247	1,159	126	-	4,532
Amount paid on redemption of units	-	-	-	-	-
	3,247	1,159	126	-	4,532
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(307)	(57)	(6)	-	(370)
Net income for the quarter	7,674	1,203	955	-	9,832
Net assets at the end of the quarter	<u>72,308</u>	<u>56,722</u>	<u>53,286</u>	<u>-</u>	<u>182,316</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD JUNE 16, 2007 TO MARCH 31, 2008 AND QUARTER ENDED MARCH 31, 2008 (UN AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Tahaffuz Pension Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (AMIML) as pension fund manager and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed and approved by the Securities and Exchange Commission of Pakistan (SECP) on May 30, 2007 under the Voluntary Pension System Rules, 2005. The registered office of the pension fund manager of the Fund, is situated in Finance and Trade Centre Shariah-e-Faisal, Karachi, Pakistan.
- 1.2 Meezan Tahaffuz Pension Fund (MTPF) offers a saving mechanism where an individual saves from his/her income during work life in order to retain financial security and comfort in terms of regular income stream after retirement. The Fund initially comprises of three sub funds namely equity sub-fund, debt sub-fund and money market sub-fund. Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and any unique circumstances. Allocation scheme can be selected initially at the time of opening of account and subsequently at anniversary of the account. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimisation through diversification.
- 1.3 The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on shariah. The pension fund manager has appointed Meezan Bank Limited (MBL) as its shariah adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The pension fund manager of the Fund is registered with SECP as a Non-Banking Finance Company under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.4 The Fund is an open-ended un listed fund. Units are offered for public subscription on a continuous basis. The units are non-transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.
- 1.5 The SECP through its letter No.22(1)SEC/SCD/PW-AMIML/2007 dated July 6, 2007 relaxed the requirement of rule 7 (1) (e) of the VPS Rules in respect of annual audit and submission of audited financial statements for the year ended June 30, 2007. In lieu of this relaxation, these financial statements have been prepared for the period June 16, 2007 to March 31, 2008.

2. STATEMENT OF COMPLIANCE

- 2.1 Meezan Tahaffuz Pension Fund has prepared its financial statements for the first time. Therefore, corresponding figures have not been included.
- 2.2 These condensed interim financial statements have been prepared in accordance with the requirements of the Voluntary Pension System Rules, 2005 (VPS Rules), the Trust Deed, the directives issued by the SECP and the International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by International Accounting Standards Committee (IASC) and interpretations issued by International Financial Reporting Interpretations Committee of the IASC (the interpretations), as adopted in Pakistan. However, the requirements of the Voluntary Pension System Rules, 2005, the Trust Deed and the directives of the SECP, general or specific, have been followed where their requirements are not consistent with the requirements of the IAS and the interpretations.

2.3 New accounting standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are not yet effective:

The following standard and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2008 and are not relevant to the fund operations or are not expected to have significant impact on the Fund's financial statements other than certain increased disclosures in certain cases:

- i. IAS 23 - Borrowing Costs (effective from January 1, 2009)
- ii. IFRIC 12 - Service Concession Agreements (effective from January 1, 2008)
- iii. IFRIC 13 - Customer Loyalty Programmes (effective from July 1, 2008)
- iv. IFRIC 14 - IAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from January 1, 2008)

3. BASIS OF MEASUREMENT

The transactions undertaken by the Fund in accordance with the process prescribed under the shariah guidelines issued by the shariah adviser are accounted for on substance rather than the form prescribed by the earlier referred guidelines.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting convention

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

4.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of critical accounting estimates. It also requires the pension fund manager to exercise its judgment in the process of applying its accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements is classification of investments in accordance with the pension fund manager's accounting are as follows:

- (a) Classification and valuation of financial investments (note 4.3)
- (b) Amortisation of preliminary expenses.

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

4.3 Financial instruments

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

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

- Financial instruments 'held-for-trading'

These include financial instruments acquired principally for the purpose of generating profit from short-term fluctuations in prices or dealers' margins or are securities included in a portfolio in which a pattern of short-term profit taking exists.

- Financial instruments designated 'at fair value through profit or loss upon initial recognition'

These include investments that are designated as investments at fair value through 'profit or loss' upon initial recognition.

(b) Held to maturity

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

(c) Loans and receivables originated by the enterprise

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

(d) Available for sale

These financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

4.3.2 Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a 'financial asset or financial liability at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on 'financial assets and financial liabilities at fair value through profit or loss' are expensed immediately.

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

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

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

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

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

4.3.3 Fair value measurement principles

The fair value of financial instruments sold on deferred settlement basis is based on their price quoted on the stock exchanges at the balance sheet date without any deduction for estimated future selling costs.

4.3.4 Impairment

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

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

4.3.5 Derecognition

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

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

4.4 Transactions involving outright purchase of security in the ready market and sale of that security on deferred settlement basis.

The Fund enters into certain transactions involving purchase of security in the ready market and sale of the same security on deferred settlement basis. Securities purchased by the company in the ready market are carried on the balance sheet, till eventual disposal, in accordance with the accounting policy specified in note 4.3 above, and sale of those securities in the futures market is accounted for separately as financial instruments sold on deferred settlement basis.

4.5 Financial instruments sold on deferred settlement basis

Financial instruments sold on deferred settlement basis are initially recognised at fair value on the date on which a deferred sale contract is entered into and are subsequently remeasured at their fair value. All financial instruments sold on deferred settlement basis are carried as assets when fair value is positive and as liabilities when fair value is negative.

4.6 Participants' fund

Participants' fund representing the units issued by the Fund, are carried at the net asset value representing the investors' right to a residual interest in the Fund's assets.

4.7 Issue and redemption of units

Contribution received in the individual pension account after deduction of takaful premium, if any, followed by front end fee, is used to purchase the units of sub-funds of the pension fund according to the allocation scheme selected by the participant. The units are allotted at the net asset value notified by the pension fund manager at the close of that dealing day (forward pricing) for each sub-fund. The front end fee is payable to the distributors and the pension fund manager.

Withdrawals made are used to redeem units of the sub-funds of the pension fund, according to the allocation scheme of the participant, at the net asset value prevalent on the date on which the distributors receive redemption application during business hours on that date.

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

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

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

4.9 Provisions

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

4.10 Formation cost

Formation cost represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of three years commencing from June 16, 2007 in accordance with the requirement of the trust deed of the Fund.

4.11 Net assets value per unit of each sub-fund

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

4.12 Taxation

Current

The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001.

Deferred

The Fund is exempt unconditionally so no tax liability and deferred tax has been recognised in these financial statements.

4.13 Revenue recognition

- (i) Gains / (losses) arising on disposal of investments are included in the income currently and are recognised on the date at when the transaction takes place.
- (ii) Unrealised gains / (losses) arising on revaluation of securities classified as 'financial asset at fair value through profit or loss' are included in the income statement in the period in which they arise.

- (iii) Gains / (losses) arising on the revaluation of the derivatives to the fair value are taken to the income statement.
- (iv) Dividend income is recognised at the time of closure of shares transfer books of the investee company.
- (v) Profit on deposit accounts with banks and investments in debt instruments are recorded on accrual basis.

4.14 Expenses

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

4.15 Offsetting of financial instruments

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

4.16 Zakat

Units held by resident Pakistani participants are subject to zakat at 2.5% of the face value or redemption value, whichever is lower, of units, under the Zakat and Ushr Ordinance, 1980 (XVII of 1980), except those exempted. Zakat is deducted at source from the redemption / withdrawal payment.

4.17 Transactions with connected persons

Transactions between the Fund and its connected persons, as defined in VPS Rules, 2005 are carried out on an arm's length basis substantiated in a manner set out in note 12.

4.18 Cash and cash equivalents

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

4.19 Dividend and bonus units

Distribution of dividend or/and bonus units is not allowed under the Rules.

5. BALANCES WITH BANKS

March 31, 2008

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	----- (Rupees in '000) -----				
Current accounts	15	11	12	-	38
Saving accounts	4,358	8,119	11,842	104	24,423
	<u>4,373</u>	<u>8,130</u>	<u>11,854</u>	<u>104</u>	<u>24,461</u>

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

March 31, 2008

Note	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	----- (Rupees in '000) -----			
Held for trading				
Investments at fair value through profit or loss upon initial recognition				
6.1	67,066	5,144	4,960	77,170
6.2	-	24,557	2,500	27,057
	<u>67,066</u>	<u>29,701</u>	<u>7,460</u>	<u>104,227</u>

6.1 Held for trading - shares of listed companies

Name of the investee company	As at June 16, 2007	Purchases during the period	Cost of shares	Bonus / rights issue	Sales during the period	As at March 31, 2008	Carrying value as at March 31, 2008	Market value as at March 31, 2008	Percentage of net assets on the basis of market value (See note 6.1.2 below)	Percentage of paid up capital of investee company
	----- Number of shares -----		Rs in '000		-----Number of shares-----		-----Rupees in '000-----			
EQUITY SUB FUND										
Automobile assembler										
Indus Motor Company Limited	-	4,100	1,333	-	-	4,100	1,333	1,169	2.12	0.01
Pak Suzuki Motor Company Limited	-	6,000	2,231	-	-	6,000	2,231	1,530	3.21	0.01
Paper and board										
Packages Limited	-	31,000	10,018	1,500	21,000	11,500	3,374	4,338	10.02	0.00
Power generation and distribution										
Kot Addu Power Company Limited	-	119,000	5,744	-	119,000	-	-	-	0.00	0.00
Hub Power Company Limited	-	190,000	6,518	-	-	190,000	6,518	6,070	9.39	0.02
Oil and gas exploration companies										
Pakistan Oilfields Limited	-	10,000	3,129	-	2,000	8,000	2,528	2,939	2.17	0.00
Oil and Gas Development Company Limited	-	51,000	6,165	-	-	51,000	6,155	6,829	9.10	0.00
Pakistan Petroleum Limited	-	18,000	4,812	1,800	-	19,800	4,773	5,169	7.86	0.00
Oil and gas marketing companies										
Pakistan State Oil Company Limited	-	15,000	5,828	-	2,000	13,000	5,007	6,935	6.59	0.00
Chemicals										
ICI Pakistan Limited	-	35,200	5,442	-	5,000	30,200	4,636	6,055	8.67	0.00
Technology and communication										
Pakistan Telecommunication Company Limited	-	110,000	5,422	-	-	110,000	5,422	4,994	6.13	0.00
Fertilizer										
Engro Chemical Pakistan Limited	-	17,000	4,036	-	-	17,000	4,036	5,506	7.32	0.01
Fauji Fertilizer Bin Qasim Limited	-	100,000	3,989	-	-	100,000	3,976	4,535	6.82	0.01
Fauji Fertilizer Company Limited	-	75,000	9,214	-	30,000	45,000	5,470	6,323	8.66	0.01
Cement										
DG Khan Cement Company Limited	-	32,000	3,603	-	20,000	12,000	1,340	1,356	0.00	0.00
Attock Cement	-	30,000	3,291	-	-	30,000	3,291	3,318	0.00	0.00
Total							60,090	67,066		
DEBT SUB FUND										
Securities sold under deferred sale arrangements										
Textile composite										
Nishat Mills Limited	-	20,000	1,980	-	20,000	-	-	-	0.00	0.00
Oil and gas exploration companies										
Oil and Gas Development Company Limited	-	60,500	6,824	-	60,500	-	-	-	0.00	0.00
Pakistan Oilfields Limited	-	101,500	34,079	-	87,500	14,000	5,039	5,144	8.60	0.01
Pakistan Petroleum Limited	-	47,500	11,847	-	47,500	-	-	-	0.00	0.00
Oil and Gas Marketing Companies										
Sui Northern Gas Pipeline Limited	-	5,500	390	-	5,500	-	-	-	0.00	0.00
Sui Southern Gas Company Limited	-	213,000	5,897	-	213,000	-	-	-	0.00	0.00
Fertilizer										
Fauji Fertilizer Bin Qasim Limited	-	9,000	359	-	9,000	-	-	-	0.00	0.00
Fauji Fertilizer Company Limited	-	60,000	7,220	-	60,000	-	-	-	0.00	0.00
Engro Chemical Pakistan Limited	-	18,000	4,972	-	18,000	-	-	-	0.00	0.00
Total							5,039	5,144		
MONEY MARKET SUB FUND										
Securities sold under deferred sale arrangements										
Oil and gas exploration companies										
Oil and Gas Development Company Limited	-	30,000	3,585	-	30,000	-	-	-	0.00	0.00
Pakistan Oilfields Limited	-	45,500	14,022	-	45,500	-	-	-	0.00	0.00
Pakistan Petroleum Limited	-	124,000	31,583	-	105,000	19,000	4,961	4,960	8.92	0.00
Fertilizer										
Fauji Fertilizer Company Limited	-	90,000	10,882	-	90,000	-	-	-	0.00	0.00
Engro Chemical Pakistan Limited	-	32,000	8,514	-	32,000	-	-	-	0.00	0.00
Total							4,961	4,960		

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

6.1.2 Net assets are as defined in rule 2(1) (m) of Voluntary Pension System Rules, 2005.

6.1.3 The SECP through its letter No. 24(3) SEC/SCD/PW-AMIML/2007 dated June 27, 2007 has relaxed the investment limits prescribed in Circular 8 of 2005 dated July 15, 2005.

6.2 Investments at fair value through profit or loss upon initial recognition - sukuk certificates

Name of the investee company	As at June 16, 2007	Purchases during the period	Sales during the period	Redemptions during the period	As at March 31, 2008	Cost as at March 31, 2008	Market value as at March 31, 2008	Percentage of net assets on the basis of cost see note 6.1.2 above)
	-----Number of certificates-----				-----Rupees in '000-----			
Debt Sub Fund								
Security Leasing Corporation Limited (note 6.2.1)	-	500	-	-	500	2,500	2,500*	4.41
Engro Chemicals (Pakistan) Limited (note 6.2.1)	-	500	-	-	500	2,500	2,557	4.41
Dawood Hercules Chemicals Limited (note 6.2.2)	-	50	-	-	50	2,500	2,500*	4.41
Karachi Shipyard & Engineering Works (note 6.2.1)	-	2,000	-	-	2,000	10,000	10,000*	17.63
Maple Leaf Cement Factory Limited (note 6.2.1)	-	1,000	-	-	1,000	5,000	5,000*	8.81
Shahmurad Sugar Mills Limited (note 6.2.3)	-	2	-	-	2	2,000	2,000*	3.53
	-	4,052	-	-	4,052	24,500	24,557	
Money Market Sub Fund								
Security Leasing Corporation Limited (note 6.2.1)	-	500	-	-	500	2,500	2,500*	4.69
Total	-	500	-	-	500	2,500	2,500*	

*This represent cost as their rates were not quoted as of March 31, 2008, however, according to the management's estimate their fair value would not be materially different from their cost.

6.2.1 The nominal value of the sukuk certificates of Engro Chemicals Pakistan Limited, Security Leasing Corporation Limited, Karachi Shipyard & Engineering Works and Maple Leaf Cement Factory Limited are Rs. 5,000 each.

6.2.2 The nominal value of the sukuk certificates of Dawood Hercules Chemicals Limited is Rs. 50,000 each.

6.2.3 The nominal value of the sukuk certificates of Shahmurad Sugar Mills Limited is Rs. 1,000,000 each.

6.2.4 These sukuk certificates carry a return at the rate from 10.74% to 12.23% receivable on semi annual basis.

7. FINANCIAL INSTRUMENTS SOLD ON DEFERRED SETTLEMENT BASIS

March 31, 2008						
	Number of shares	Settlement	Underlying	Notional amount	Fair value	
					Assets	(Liabilities)
-----Rupees in '000-----						
7.1 Rights Entitlement						
Equity sub fund						
- Engro Chemical Pakistan-Right	1,700	June 16, 2008	Equity indices	-	253	-
7.2 Deferred sales						
7.2.1 Debt sub fund						
- Pakistan Oilfields Limited	14,000	April 30, 2008	Equity indices	5,170	152	-
7.2.2 Money market sub fund						
- Pakistan Petroleum Limited	19,000	April 30, 2008	Equity indices	5,007	49	-

8. ACCRUED EXPENSES AND OTHER LIABILITIES

March 31, 2008

	Equity sub fund	Debt sub fund	Money Market sub fund	Others	Total
-----Rupees in '000-----					
Withholding tax	17	-	-	-	17
Front-end fee payable	-	-	-	104	104
Charity Payable	22	7	3	-	32
	39	7	3	104	153

9. CONTRIBUTION TABLE

Contributions net of front end fee received during the period from	Equity sub fund		Debt sub fund		Money Market sub fund		Total (Rupees in '000)
	Units	Rs in '000	Units	Rs in '000	Units	Rs in '000	
Individuals	99,387	10,351	32,872	3,362	2,734	281	13,994

10. NUMBER OF UNITS IN ISSUE

March 31, 2008

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
-----Number of units-----			
Units issued during the period	599,387	532,872	502,734
Less: units redeemed during the period	-	-	-
Total units in issue at the end of the period	599,387	532,872	502,734

11. EARNINGS PER UNIT

March 31, 2008

	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
----- (Rupees in '000) -----			
Net income for the period	12,369	3,435	3,013
-----Number of units-----			
Units outstanding as at March 31, 2008	599,387	532,872	502,734
----- (Rupees) -----			
Earnings per unit	20.64	6.44	5.99

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include AMIML being the pension fund manager, CDC being the Trustee, MBL being the holding company of the pension fund manager, funds under management of the pension fund manager and directors of the pension fund manager.

Remuneration payable to the pension fund manager and the trustee is determined in accordance with the provisions of VPS Rules and the Trust Deed respectively. Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

March 31, 2008				
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	
(Rupees in '000)				
Units sold to:				
Al Meezan Investment Management Limited				
(Equity sub fund: 500,000 units; debt sub fund:				
500,000 units; money market sub fund:				
500,000 units)				
50,000	50,000	50,000	-	
Directors and executives of the pension				
fund manager				
(Equity sub fund: 23,240 units; debt sub				
fund: 5,864 units)				
2,314	598	-	-	

Transactions and balances with connected persons:

Al Meezan Investment Management Limited

- pension fund manager

Remuneration for the period	729	641	615	-
Formation cost payable	250	250	250	-
Front-end fee for the period	-	-	-	104
	979	891	865	104
Amount paid during the period	810	740	719	-
Balance at the end of the period	169	151	146	104

Meezan Bank Limited

Balances with bank	19	14	8	104
Placements with banks	-	12,500	12,500	-
Profit on deposit accounts	23	750	742	-

Central Depository Company - trustee of the fund

Remuneration for the period	87	77	74	-
CDS charges for the period	6	5	4	-
	93	82	78	-
Amount paid during the period	83	74	71	-
Balance at the end of the period	10	8	7	-

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair values of all other financial assets and liabilities is considered not significantly different from book values as the items are short term in nature.

14. DATE OF AUTHORISATION

These financial statements were authorised on April 22, 2008 by the board of directors of the pension fund manager.

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

Chief Executive

Director