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Our Vision

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

Our Mission

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

FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

| | |
|--------------------------|-----------------|
| Mr. Ariful Islam | Chairman |
| Mr. Mohammad Shoaib, CFA | Chief Executive |
| Mr. Aliuddin Ansari | Director |
| Mr. Pervaiz Ahmed | Director |
| Mr. Rana Ahmed Humayun | Director |
| Mr. Rizwan Ata | Director |
| Mr. Mazhar Sharif | Director |

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

| | |
|---------------------|----------|
| Mr. Ariful Islam | Chairman |
| Mr. Aliuddin Ansari | Member |
| Mr. Mazhar Sharif | Member |

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISOR

Meezan Bank Limited

BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)
Askari Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
BankIslami Pakistan Limited
Habib Metropolitan Bank Limited - Islamic Banking
Habib Bank Limited - Islamic Banking
MCB Bank Limited - Islamic Banking
Meezan Bank Limited
Royal Bank of Scotland Limited - Islamic Banking
Soneri Bank Limited - Islamic Banking
UBL Ameen - Islamic Banking

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Cash Fund (MCF) is pleased to present the un-audited financial statements of the fund for the half year ended December 31, 2009.

Economic Review

Pakistan has shown gradual recovery and improvement on the macroeconomic front in the first half of fiscal year 2010. Average year-on-year inflation during the period eased off to 10.3%, which averaged 24.4% during the same period last year. Release of IMF tranche and improved balance of trade numbers have provided a strong impetus to the economy. As a result, foreign exchange reserves increased from US\$ 11.9 billion in June 2009 to US\$ 13.8 billion at the end of December 2009, which is exclusive of the US\$ 1.2 billion tranche received from IMF at the end of 2009. This helped in stabilizing rupee against US dollar, with the rupee depreciating by 3.3% in the period under review. Moreover, remittance inflows made new records, with the first half fiscal year 2010 figure totaling US\$ 4.5 billion, providing crucial support to the balance of payment situation.

On domestic front, tax collection for the period was approximately Rs. 580 billion, which helped Government of Pakistan limit its borrowing to Rs. 70 billion at the end of December 2009. In view of the declining inflation, State Bank reduced the policy rate by 150bps to 12.5%. Moreover, to meet IMF requirements and to stabilize interest rates, the central bank introduced an interest rate corridor, providing a reverse repo facility at 300bps below the repo rate.

Controlled current account deficit, declining inflation, increasing foreign exchange reserves and improvements in other economic numbers were also acknowledged by International rating agencies as Standard and Poor's upgraded Pakistan's Sovereign rating by one notch to 'B-' and Moody's enhanced its country outlook to 'Stable'.

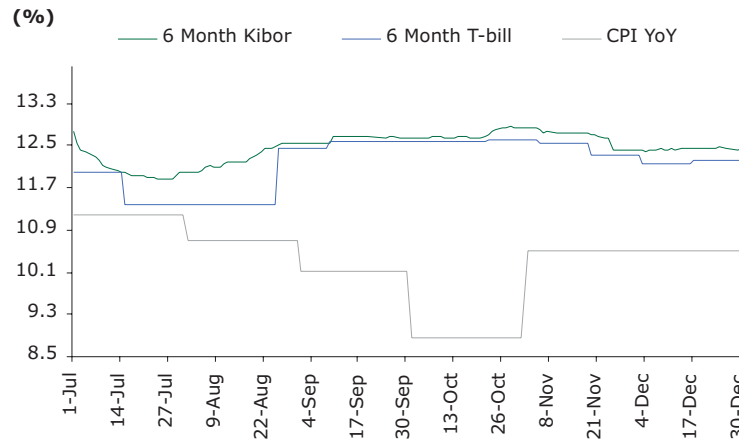
Monetary Softening

With the beginning of the new financial year, as inflation started easing off, the central bank continued to ease monetary tightening when it reduced the discount rates by another 150 bps to 12.5% in first half of fiscal year 2010.

The soft monetary stance resulted in six month KIBOR to decline by 33bps to close the half year at 12.43%. However, six month T-bill rate increased by 5bps to close at 12.10%. Moreover, the introduction of interest rate corridor stabilized the overnight call and repo rates within a narrow range of 11.5% to 12.5%.

To reduce government borrowing from SBP and to promote Islamic mode of financing, Central Bank conducted fourth Ijarah Sukuk auction and accepted Rs. 14.4 billion at the cut off rate to T-bill minus 5bps (current coupon of 12.53%). With this auction, the total size of Ijarah Sukuks issued increased to Rs. 42 billion.

The following graph shows the trend in interest rates during the period under review:



Performance Review

Meezan Cash Fund (MCF) earned a total income of Rs. 95 million in the period under review. Profits from savings accounts at banks were the prime contributor to the total figure, contributing Rs. 77 million. A sum of Rs. 17 million was generated from income on bank placements. On the expenses side, the Fund incurred Rs. 12 million in various charges. The Fund recorded a net income of Rs. 83 million.

The net assets of the Fund showed a massive increase of 425% from a figure of Rs. 624 million on June 30, 2009 to a gigantic figure of Rs. 3.27 billion. The NAV per unit recorded an increase of 4.6% during the first six months of fiscal year 2010, to end the period at a value of Rs. 52.48. This translates into an annualized return of 10.01% for its investors during the first half of financial year 2010.

Outlook

After turbulence in the year 2008, Pakistan's economy has seen a steady turnaround in 2009 with all major economic indicators pointing to greater stability ahead. This will bode well for the manufacturing sector profitability and hence would reduce the risk of credits in the economy. Moreover, as the inflation resumes its rising trend, interest rates will likely remain sticky on the higher side for the short term. On the medium to long term, however, as economy improves and the central bank cuts the policy rate, we expect the interest rates to marginally decline going forward.

Acknowledgement

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

For and on behalf of the Board

Date: February 15, 2010
Karachi.

Mohammad Shoaib, CFA
Chief Executive



TRUSTEE REPORT TO THE UNIT HOLDERS

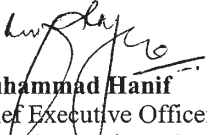
MEEZAN CASH FUND

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

Meezan Cash Fund (the Fund), an open-end scheme was established under a trust deed dated May 14, 2009, executed between Al Meezan Investment Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from July 01, 2009 to December 31, 2009 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.


Muhammad Hanif
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 09, 2010

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office: CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400, Pakistan. Ph : (92-21) 111-111-500, Fax : (92-21) 34326020-23
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Chartered Accountants
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AUDITORS' REPORT TO THE UNITHOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction


We have reviewed the accompanying condensed interim statement of assets and liabilities of Meezan Cash Fund (the Fund) as at December 31, 2009 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds and condensed interim cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the 'condensed interim financial information'). The Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim financial information for the quarters ended December 31, 2009 and 2008 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2009.

Scope of review

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

Conclusion

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


Chartered Accountants
Karachi, February 17, 2010

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2009 (UNAUDITED-NOTE 3)

| | | December 31, 2009 | June 30, 2009 |
|--|------|----------------------|-------------------|
| | Note | (Rupees in '000) | |
| Assets | | | |
| Balances with banks | | 2,351,134 | 622,016 |
| Placements | 5 | 600,000 | - |
| Loans and receivables | 6 | 300,949 | - |
| Profit receivable | | 85,360 | 2,958 |
| Preliminary expenses and floatation costs | | 2,673 | 2,976 |
| Total assets | | 3,340,116 | 627,950 |
| Liabilities | | | |
| Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the fund | | 5,910 | 3,012 |
| Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund | | 376 | 34 |
| Payable to Securities and Exchange Commission of Pakistan (SECP) | | 660 | 13 |
| Payable on redemption of units | | 56,103 | 100 |
| Brokerage payable | | 85 | - |
| Accrued expenses and other liabilities | | 516 | 934 |
| Total liabilities | | 63,650 | 4,093 |
| Net assets | | 3,276,466 | 623,857 |
| Contingencies | 7 | | |
| Unitholders' fund (as per statement attached) | | 3,276,466 | 623,857 |
| Number of units | | | |
| Number of units in issue | | 62,433,104 | 12,436,145 |
| Rupees | | | |
| Net assets value per unit | | 52.48 | 50.16 |

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009 (UNAUDITED-NOTE 3)

| | Six months period ended | Quarter ended |
|--|----------------------------|------------------|
| | December 31, 2009 | |
| | (Rupees in '000) | |
| Income | | |
| Profit on savings accounts with banks | 77,408 | 53,280 |
| Profit on placements | 16,591 | 13,873 |
| Profit on loans and receivables | 949 | 949 |
| Back end load | 2 | 2 |
| Other income | 18 | 18 |
| Total income | 94,968 | 68,122 |
| Expenses | | |
| Remuneration to Al Meezan - management company of the Fund | 8,745 | 6,307 |
| Remuneration to CDC - trustee of the Fund | 1,347 | 861 |
| Annual fee to SECP | 665 | 479 |
| Auditors' remuneration | 328 | 247 |
| Fees and subscription | 7 | 7 |
| Amortisation of preliminary expenses and floatation costs | 303 | 152 |
| Bank charges | 13 | 9 |
| Brokerage | 109 | 106 |
| Printing and stationery expense | 311 | 311 |
| Total expenses | 11,828 | 8,479 |
| Net income from operating activities | 83,140 | 59,643 |
| Element of income and capital gains included in prices of units issued less those in units redeemed (net) | 71,486 | 60,862 |
| Net income | 154,626 | 120,505 |

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009 (UNAUDITED-NOTE 3)**

| | Six months period ended | Quarter ended |
|---|---|--------------------------|
| | December 31, 2009 (Rupees in '000) | |
| Net income for the period brought forward | 2,050 | 34,306 |
| Less : Final distribution in the form of bonus units @ 0.3% for the period ended June 30, 2009 | (1,865) | - |
| Net income | 154,626 | 120,505 |
| Net income for the period carried forward | 154,811 | 154,811 |

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN
UNITHOLDERS' FUNDS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009 (UNAUDITED-NOTE 3)**

| | <u>Six months period ended</u> | <u>Quarter ended</u> |
|---|------------------------------------|--------------------------|
| | <u>December 31, 2009</u> | |
| | (Rupees in '000) | |
| Net assets at the beginning of the period | 623,857 | 1,419,525 |
| Issue of 87,748,561 units and 61,747,688 units for the six months and quarter respectively | 4,530,475 | 3,219,807 |
| Redemption of 37,788,902 units and 27,018,961 units for the six months and quarter respectively | (1,961,006) | (1,422,509) |
| | 2,569,469 | 1,797,298 |
| Element of income and capital gains included in prices of units issued less those in units redeemed | (71,486) | (60,862) |
| Net income for the period | 154,626 | 120,505 |
| Issue of 37,300 bonus units on July 6, 2009 for the period ended June 30, 2009 | (1,865) | - |
| Net income for the six months and quarter respectively less distribution | 152,761 | 120,505 |
| Issue of 37,300 bonus units on July 6, 2009 for the period ended June 30, 2009 | 1,865 | - |
| Net assets at the end of the period | 3,276,466 | 3,276,466 |

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

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

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009 (UNAUDITED-NOTE 3)**

| | Six months period ended | Quarter ended |
|--|----------------------------|------------------|
| | December 31, 2009 | |
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the period | 154,626 | 120,505 |
| Adjustments for: | | |
| Profit on savings accounts with banks | (77,408) | (53,280) |
| Profit on placements | (16,591) | (13,873) |
| Profit on loans and receivables | (949) | (949) |
| Amortisation of preliminary expenses and floatation costs | 303 | 152 |
| Element of income and capital gains included in prices of units issued less those in units redeemed | (71,486) | (60,862) |
| | (11,505) | (8,307) |
| Increase in assets | | |
| Loans and receivables | (300,000) | (300,000) |
| Increase / (decrease) in liabilities | | |
| Payable to AI Meezan - management company of the Fund | 2,898 | 1,916 |
| Payable to CDC - trustee of the Fund | 342 | 178 |
| Payable to SECP | 647 | 460 |
| Payable on redemption of units | 56,003 | 52,713 |
| Brokerage payable | 85 | 85 |
| Accrued expenses and other liabilities | (418) | 347 |
| | 59,557 | 55,699 |
| Profit received on savings accounts with banks | 3,285 | 262 |
| Profit received on placements | 8,312 | 8,312 |
| Net cash outflow from operating activities | (240,351) | (244,034) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Receipts from sale of units | 4,530,475 | 3,221,672 |
| Payment against redemption of units | (1,961,006) | (1,422,509) |
| Net cash inflow from financing activities | 2,569,469 | 1,799,163 |
| Net cash inflow during the period | 2,329,118 | 1,555,129 |
| Cash and cash equivalents at the beginning of the period | 622,016 | 1,396,005 |
| Cash and cash equivalents at the end of the period | 2,951,134 | 2,951,134 |

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009 (UNAUDITED-NOTE 3)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Cash Fund (the Fund) was established under a trust deed executed between Al Meezan as the management company and CDC as the trustee. The trust deed was executed on May 14, 2009 and was approved by the SECP under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The registered office of the Management Company of the Fund, is situated at Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point in time. Under the trust deed all the conducts and acts of the Fund are based on shariah. MBL acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The rating of the Fund is AA(f) given by JCR - VIS Credit Rating Company Limited dated May 22, 2009.
- 1.4 Title to the assets of the Fund are held in the name of CDC as the trustee of the Fund.

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

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

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

- 3.2 This condensed interim financial report comprises of the condensed interim statement of assets and liabilities as at December 31, 2009 and the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the six months period ended December 31, 2009, which have been subject to a review but not audited. This condensed interim financial report also includes condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarter ended December 31, 2009 which is not subjected to review.

3.3 The comparative statement of assets and liabilities presented in this condensed interim financial report as at June 30, 2009 has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2009.

3.4 Standards, amendments and interpretations effective from July 1, 2009:

- a) IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14 and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segment information is therefore reported in a manner that is more consistent with the internal reporting provided to the fund manager. The adoption of this standard would not have any impact on this condensed interim financial report.
- b) IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period. The Fund has applied IAS 1 (revised) from July 1, 2009, and has elected to present one statement (the income statement and statement of comprehensive income).
- c) IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The adoption of the amendment did not have a significant impact on the Fund's condensed interim financial report.
- d) IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, which would be detailed in the financial statements for the year ending June 30, 2010, but does not have an impact on the Fund's financial position or performance.

Certain standards and amendments to the approved accounting standards are mandatory for accounting periods beginning on or before July 1, 2009 but are considered not to be relevant or have any significant effect to the Fund's operations and are therefore not disclosed in this condensed interim financial report.

3.5 Standards, amendments and interpretations to published approved accounting standards that are not yet effective:

Certain standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after July 1, 2009 but are considered not to be relevant or have any significant effect to the Fund's operations and are therefore not detailed in this condensed interim financial report.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the period June 5 to June 30, 2009.

5. PLACEMENTS

Placements carry expected profit rates ranging from 11.5 % per annum to 11.84 % per annum and are due to mature from October 29, 2009 to February 25, 2010.

6. LOANS AND RECEIVABLES

The Fund has entered into a commodity murabaha with a commercial bank for a period of six months. Profit on such murabaha is receivable at the rate of 11.5% per annum on maturity. The murabaha will mature on June 22, 2010.

7. CONTINGENCIES

Through Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it can be construed that all Collective Investment Schemes (CIS) whose income exceeds Rs 0.5 million in a tax year may have been brought within the purview and scope of the WWF Ordinance, thus rendering them liable to pay two percent of their total income (as defined in section 4 of the Workers' Welfare Fund Ordinance, 1971). However, during the period the Mutual Funds Association of Pakistan (MUFAP), of which the Management Company is a member, has filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that CIS are not liable to pay contribution to the WWF on the grounds that CIS do not have any workers or employees. The legal proceedings in respect of the aforementioned petition are currently in progress and the outcome cannot be reasonably ascertained.

The Management Company based on the advice of the MUFAP's legal counsel, is confident of a favorable decision and accordingly no provision for the aforementioned liability which has an impact of Rs 0.05 per unit as of December 31, 2009 has been made in this condensed interim financial report.

There were no other contingencies and commitments outstanding as at December 31 and June 30, 2009.

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTY

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

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

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

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

| | December 31, 2009 | June 30, 2009 |
|---|----------------------|--|
| | (Rupees in '000) | |
| Al Meezan- management company of the Fund | | |
| Remuneration payable | 2,908 | - |
| Preliminary expenses and floatation costs payable | 3,002 | 3,002 |
| Other Payables | - | 10 |
| Investments of 3,236,679 units (June 30, 2009: 1,900,180 units) | 169,860 | 95,313 |
| MBL - shariah advisor of the Fund | | |
| Balances with bank | 1,736 | 15,604 |
| Profit receivable | 215 | 58 |
| CDC - trustee of the Fund | | |
| Trustee fee payable | 376 | 34 |
| Directors and executives | | |
| Investments of 675,048 units (June 30, 2009: 79,968 units) | 35,426 | 4,011 |
| | | Six months period ended December 31, 2009 |
| | | (Rupees in '000) |
| Al Meezan - management company of the Fund | | |
| Remuneration for the period | | 8,745 |
| Units issued: 1,330,859 units | | 69,000 |
| Redemptions: 59 units | | 3 |
| Bonus Units issued: 5,699 units | | 285 |
| MBL - shariah advisor of the Fund | | |
| Profit on savings accounts | | 385 |
| CDC - trustee of the Fund | | |
| Trustee fee | | 1,347 |
| Directors and executives | | |
| Units issued: 709,803 units | | 35,960 |
| Redemptions: 115,027 units | | 5,927 |
| Bonus units issued: 304 units | | 14 |

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on February 15, 2010 by the Board of Directors of the management company.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Director