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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 Shoab, CFA	Chief Executive
Mr. Tasnimul Haq Farooqui	Director
Mr. Aliuddin Ansari	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Pervaiz Ahmed	Director

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

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  
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 quarter ended September 30, 2009.

### Economic Review

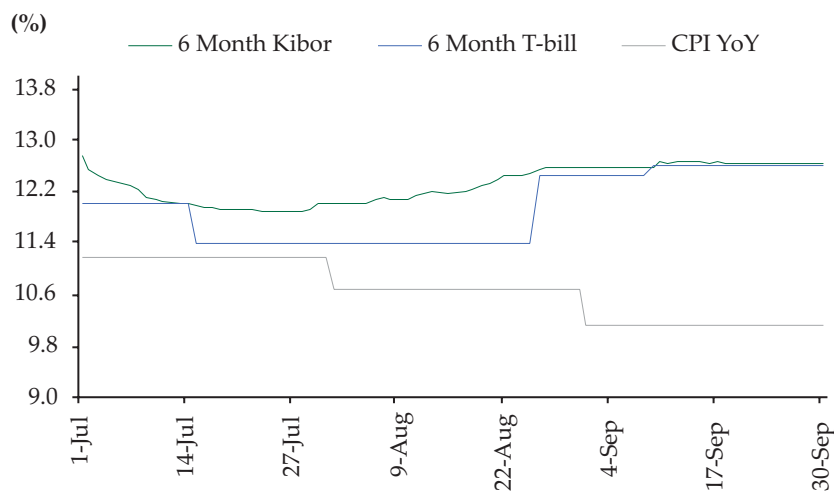
Pakistan has shown gradual recovery and improvement on the macroeconomic front in the first quarter of fiscal year 2010. Rising year-on-year inflation which averaged 20% last year, eased off to 10.12% at the end of current quarter. Release of IMF tranche and improved balance of trade numbers provided impetus to the economy. As a result, foreign exchange reserves increased from US\$ 11.89 billion in June 2009 to US\$ 14.49 billion at the end of September 2009. This helped in stabilizing rupee against US dollar with the rupee depreciating by only 2% in the period under review. Moreover, remittance inflows made new records, with the first quarter fiscal year 2010 figure totaling US\$ 2.3 billion, providing support to the balance of payment situation. On domestic front, Government of Pakistan has almost achieved the collection target for the quarter of Rs. 270 billion which also helped in providing relief to the government borrowing.

To stabilize the economy and in view of the declining inflation, State Bank reduced the policy rate by 100 bps to 13%. Moreover to meet IMF requirements, the central bank introduced an interest rate corridor, providing a reverse repo facility at 300bps below the repo rate. This helped in maintaining overnight interbank rates within a close band of 11.5% to 12.5%.

### Monetary Softening

With the beginning of the new financial year, as the inflation began started easing off, the central bank continued to ease monetary tightening when it reduced the discount rates by another 100bps to 13% in August 2009. Subsequently, due to fear of increase in headline inflation in September, 2009, the central bank kept the policy rate as unchanged in the bimonthly monetary policy review in September 2009, following two consecutive rate cuts in at the April 2009 and August 2009.

The soft monetary stance resulted in six month KIBOR declining by 11bps from June 30, 2009 to close the quarter at 12.65%. However, six month T-bill rate increased by 57bps to close at 12.58%. Moreover, after three successful auctions of the 3-year Ijarah Sukuk, the central bank conducted another auction and accepted Rs. 14.4 billion at the cut off rate to T-bill minus 5bps.



## Performance Review

Meezan Cash Fund is an open end cash fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks). The fund started its operations on June 5, 2009. The net Meezan Cash Fund is an open end cash fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

During the quarter, the net assets of the fund have grown from Rs. 624 million from June 30, 2009 to Rs. 1,417.66 million as on September 30, 2009. The net asset value of the fund appreciated to Rs. 51.24 per unit at the end of first quarter of fiscal year 2010. The fund provided an annualized return of 10.08% to its investors and outperformed the benchmark return (Average 6 Month Islamic Bank deposit) by 2.5%.

Meezan Cash Fund earned a total income of Rs. 26.85 million for the period ended September 30, 2009 which was contributed by profit on bank deposits and placements. The expenses for the current period amounted to Rs. 3.35 million and the element of income and capital gain included in prices of units issued less those in units redeemed was Rs. 10.62 million. The Fund recorded a net income of Rs. 34.12 million for the period which translates into earnings per unit of Rs. 1.23.

## Outlook

Going forward, it is expected that a decline in inflation rate will ease the pressure on interest rates. A further cut of 100 to 150 bps in the SBP discount rate is expected in the next monetary policy statement which will help in easing off the liquidity situation. Hence, we expect the interest rates to ease off further in future. Moreover, with strict regulatory control, new categorization of fixed income funds and development of trading terminal for fixed income securities, income funds are expected to be valued efficiently and hence create a wider market for themselves.

## 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 all their support and guidance. We also take this opportunity to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued guidance and support on Shariah aspects of fund management.

For and on behalf of the Board

Karachi.  
October 20, 2009

**Mohammad Shoaib, CFA**  
Chief Executive

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2009

		(Unaudited) September 30, 2009	(Audited) June 30, 2009
<b>Assets</b>	<b>Note</b>	<b>(Rupees in '000)</b>	
Balances with banks	5	1,396,005	622,016
Profit receivable on savings accounts		24,063	2,958
Profit receivable on placements	6	2,718	-
Preliminary expenses and floatation costs		2,825	2,976
<b>Total assets</b>		<b>1,425,611</b>	<b>627,950</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - management company of the fund		3,994	3,012
Payable to Central Depository Company of Pakistan Limited - trustee of the fund		198	34
Payable to Securities and Exchange Commission of Pakistan		200	13
Payable on redemption of units		3,390	100
Accrued expenses and other liabilities	7	169	934
<b>Total liabilities</b>		<b>7,951</b>	<b>4,093</b>
<b>Net assets</b>		<b>1,417,660</b>	<b>623,857</b>
<b>Unitholders' funds (as per statement attached)</b>		<b>1,417,660</b>	<b>623,857</b>
 <b>Number of units</b>			
<b>Number of units in issue</b>		<b>27,667,076</b>	<b>12,436,145</b>
 <b>Rupees</b>			
<b>Net assets value per unit</b>		<b>51.24</b>	<b>50.16</b>

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

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

September 30,  
2009  
(Rupees in '000)

**Income**

Profit on savings accounts with banks	24,128
Profit on placements with banks	2,718
<b>Total income</b>	<b>26,846</b>

**Expenses**

Remuneration to Al Meezan Investment Management Limited -management company of the fund	2,438
Remuneration to Central Depository Company of Pakistan Limited - trustee of the fund	486
Annual fee to Securities and Exchange Commission of Pakistan	186
Fees and subscription	81
Amortisation of preliminary expenses and floatation costs	151
Bank Charges	4
Other Expenses	3
<b>Total expenses</b>	<b>3,349</b>

<b>Net profit from operating activities</b>	<b>23,497</b>
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Element of income and capital gains included in prices of units issued less those in units redeemed	10,624
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<b>Net profit</b>	<b>34,121</b>
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<b>Earnings per unit outstanding - basic (Rupees)</b>	<b>1.23</b>
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The annexed notes 1 to 9 form an integral part of these financial statements.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	<b>September 30, 2009 (Rupees in '000)</b>
Net profit for the period brought forward	2,050
Less : Final distribution in the form of bonus units for the period ended June 30, 2009.	(1,865)
Net income	34,121
Net profit for the period carried forward	<u>34,306</u>

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

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

**Chief Executive**

**Director**



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN  
UNITHOLDERS' FUNDS (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	<b>September 30, 2009 (Rupees in '000)</b>
Net assets at the beginning of the period	623,857
Issue of 26,000,873 units	1,310,668
Redemption of 10,769,941 units	(538,497)
Issue of 37,308 bonus units on July 6, 2009 for the period ended June 30, 2009	(1,865)
Element of gain and capital gains included in prices of units issued less those in units redeemed	(10,624)
Net profit for the period	34,121
Net assets at the end of the period	1,417,660
Net assets value per unit at the end of the period	51.24

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

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Note	September 30, 2009 (Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit		34,121
<b>Adjustments for:</b>		
Amortisation of preliminary expenses and floatation costs		151
Element of gain and capital gains included in prices of units issued less those in units redeemed		(10,624)
		23,648
<b>Increase in assets</b>		
Profit receivable on savings accounts		(21,105)
Profit receivable on placements		(2,718)
		(23,823)
<b>Increase in liabilities</b>		
Payable to Al Meezan Investment Management Limited - management company of the Fund		982
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund		164
Payable to Securities and Exchange Commission of Pakistan		187
Payable on redemption of units		3,290
Accrued expenses and other liabilities		(765)
		3,858
<b>Net cash inflow from operating activities</b>		3,683
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from sale of units		1,308,803
Payment against redemption of units		(538,497)
<b>Net cash inflow from financing activities</b>		770,306
Net cash inflow during the period		773,989
Cash and cash equivalents at the beginning of the period		622,016
Cash and cash equivalents at the end of the period	5	1,396,005

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

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

Chief Executive

Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2009

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Cash Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (AMIML) as the management company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The trust deed was executed on May 15, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (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. 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. 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-ended fund and applied for listing on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The management company of the Fund is rated AM-2 and the stability rating of the Fund is AA (f) given by JCR - VIS Credit Rating Company Limited.
- 1.4 Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.

### 2. BASIS OF MEASUREMENT

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

### 3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 and the said directives take precedence.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Fund for the period ended June 30, 2009.

#### 5. BALANCES WITH BANKS

	Note	September 30, 2009	June 30, 2009
(Rupees in '000)			
On savings accounts	5.1	1,395,690	622,011
On current accounts		315	5
		1,396,005	622,016

5.1 The balances in savings accounts bear expected profit which ranges from 5% to 11.60% per annum.

#### 6. PLACEMENTS

Placements carry expected profit at rates ranging from 10.50 % per annum to 11.75 % per annum and are due to mature from October 29, 2009 to December 28, 2009.

#### 7. ACCRUED EXPENSES AND OTHER LIABILITIES

	September 30, 2009	June 30, 2009
(Rupees in '000)		
Auditors' remuneration	159	75
Withholding tax payable	10	4
Profit payable to Pre-IPO and core investors	-	855
	169	934

#### 8. TRANSACTIONS WITH CONNECTED PERSONS

The connected persons include AMIML being the management company, CDC being the trustee, MBL being the shariah adviser of the Fund and holding company of the management company, Al Meezan Mutual Fund Limited, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Balanced Fund, Meezan Capital Protected Fund -I and Meezan Islamic Income 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 Regulations and the trust deed respectively.

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

	September 30, 2009	June 30, 2009
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited</b>		
<b>- management company of the Fund</b>		
Units held: 1,905,879	<u>97,657</u>	<u>95,313</u>
Remuneration payable	<u>3,994</u>	<u>-</u>
Preliminary expenses and floatation cost	<u>3,002</u>	<u>3,002</u>
Other payables	<u>-</u>	<u>10</u>
<b>Meezan Bank Limited</b>		
Balances with bank	<u>2,572</u>	<u>15,604</u>
<b>Central Depository Company of Pakistan Limited</b>		
<b>- trustee of the Fund</b>		
Trustee fee payable	<u>198</u>	<u>34</u>
		<b>Three months period ended September 30, 2009</b>
		<b>(Rupees in '000)</b>
<b>Meezan Bank Limited</b>		
Profit on savings accounts		<u>231</u>
<b>Central Depository Company of Pakistan Limited</b>		
<b>- trustee of the Fund</b>		
Trustee fee		<u>198</u>
<b>Directors and executives</b>		
Units issued: 596,493 units		<u>30,304</u>

## 9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 20, 2009 by the Board of Directors of the management company.

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director