



Half Yearly Report December 31, 2010



Al Meezan Investment Management Limited
A subsidiary of Meezan Bank



Contents

02	Fund Information
03	Report of the Directors of the Pension Fund Manager
07	Auditors' Report to the Unit Holders on Review of Interim Financial Information
08	Condensed Interim Balance Sheet
09	Condensed Interim Income Statement
11	Condensed Interim Cash Flow Statement
13	Condensed Interim Statement of Movement in Participants' Sub-Funds
15	Condensed Interim Contribution Table
16	Condensed Interim Number of Units in Issue
18	Notes to the Condensed Interim Financial Statements



FUND INFORMATION

PENSION FUND MANAGER

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Fax: (9221) 35676143, 35630808
Web site: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE PENSION FUND MANAGER

Mr. Ariful Islam	Chairman
Mr. Aliuddin Ansari	Director
Mr. Rana Ahmed Humayun	Director
Mr. P. Ahmed	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Mohammad Shoab, CFA	Chief Executive

CFO & COMPANY SECRETARY OF THE PENSION FUND MANAGER

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 Sharah-e-Faisal, Karachi.

AUDITORS

Ernst & Young Ford Rhodes Siddat Hyder
Chartered Accountant
Progressive Plaza
Beaumont Road, P.O. Box 15541,
Karachi 75530, Pakistan.

SHARIAH ADVISER

Meezan Bank Limited

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
Dawood Islamic Bank Limited
Askari Bank Limited - Islamic Banking
Dubai Islamic Bank
UBL Ameen - Islamic Banking Branch
Habib Bank Limited - Islamic Banking Branch

LEGAL ADVISER

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

TRANSFER AGENT

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

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Tahaffuz Pension Fund (MTPF) is pleased to present the un-audited financial statements of the fund for the half year ended December 31, 2010.

Brief Overview

During the first half of fiscal year 2011, Meezan Tahaffuz Pension Fund (MTPF) equity sub fund provided a return of 25.4% to its participants. The debt sub fund provided annualized return of 9.3% while the money market sub fund provided its participants with annualized return of 10.6%.

Economic Review

The Fiscal year beginning 1st July 2010 was pinned with hopes of further economic recovery with the GDP target of 4.5%. However, the whole situation changed with the devastating floods in the first quarter of 2011 with about one-fifth of the country being flooded and 10% of the population being directly affected. As a result all the macroeconomic targets are expected to be missed. The GDP growth target has already been revised down by 1-2% mainly because of sharply lower agricultural output growth which accounts for 21% of GDP and 45% of employment.

Floods caused a sharp increase in food inflation which led CPI to touch a 16-month high of 15.7% in September, 2010. To counter spiraling inflationary expectations, SBP proactively raised discount rate by a cumulative 150bps in 1HFY11 from 12.5% to 14.0%.

Floods and delay in structural reforms are likely to have an adverse impact on fiscal deficit which is now expected to cross 6.0% of GDP for fiscal year 2011 against IMF target of 4.7% of GDP. To finance increasing fiscal deficit, government borrowing from SBP has increased to approximately Rs. 272 billion while borrowing from commercial banks has increased to Rs. 178 billion during the period under review. However, tax revenue collection during 1FY11 (provisional) stood at Rs. 642 billion, up 10% year on year, short of target by about Rs. 11 billion.

While inflation and fiscal position have worsened, Pakistan's external position remained comfortable with balance of payment posting a surplus of US\$105 million in Jul-Nov10. Likewise, current account deficit also narrowed to US\$504 million in Jul-Nov10 by posting a surplus for the third consecutive month in November, on the back of upbeat remittances (up 16% YoY) and textile exports (up 23% YoY). Resultantly, this also supported dollar rupee exchange rate which moved in a narrow band of Rs. 85.2 to Rs. 86.3 vis-à-vis dollar.

During the entire period, government faced major resistance while addressing key structural issues in economy such as low tax to GDP ratio, higher subsidies, and excessive borrowings from central bank and implementation of Reformed GST. As a result, IMF delayed dates for fifth and sixth reviews to August 2011. With upward rally in crude price putting pressure on forex reserves and weak fiscal position, IMF's timely release of final payments would play a key role in fiscal stability of the economy.

Money Market Review

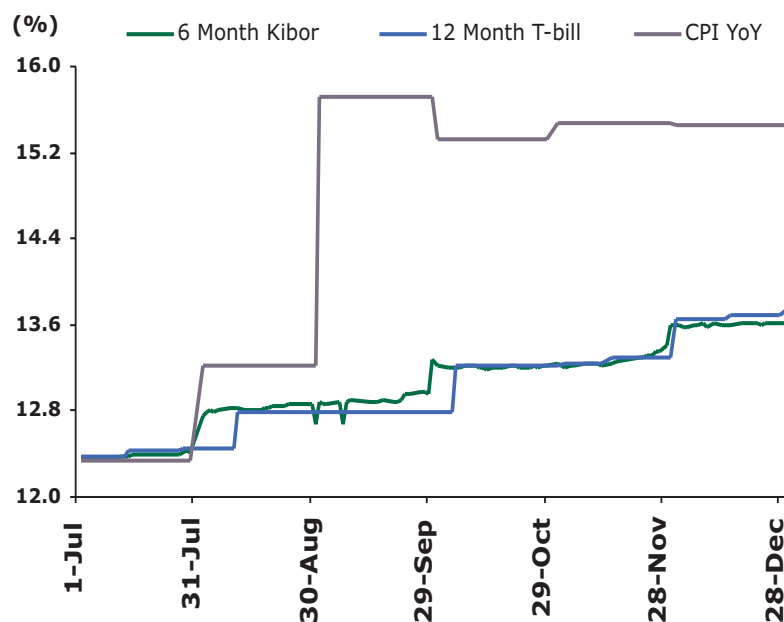
During the first half of fiscal year 2011, money market remained highly volatile and to normalize the liquidity situation, State Bank of Pakistan (SBP) regularly conducted Open market operations. With the resurgence of inflation, SBP changed its monetary policy stance after 20 months and increased the policy rate by 50 bps to 13% in its bimonthly monetary policy statement at the end of July 2010.



Further hike in inflation occurred as the country was hit by one of the worst floods in its history. Thus to curb the inflationary pressures, SBP went for further monetary tightening increasing the policy rate to 14%, with consecutive 50 bps hikes in September and November. As a result, KIBOR rates also increased, with six month rate increasing by 125 bps to close the half year at 13.62%. During the half year, SBP conducted 13 T-Bill auctions mopping up Rs. 1,268 billion against a target of Rs. 1,220 billion with a maturity of Rs. 1,120 billion. The cut off rate of six month T-Bill increased by 114 bps to close the half year at 13.40%.

Apart from borrowing from SBP, government also tapped other avenues to meet government expenditure. During the period, SBP conducted two auctions of Ijarah Sukuks worth Rs. 89 billion at coupon rate of six month T-Bill. .

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



Equity Market Review

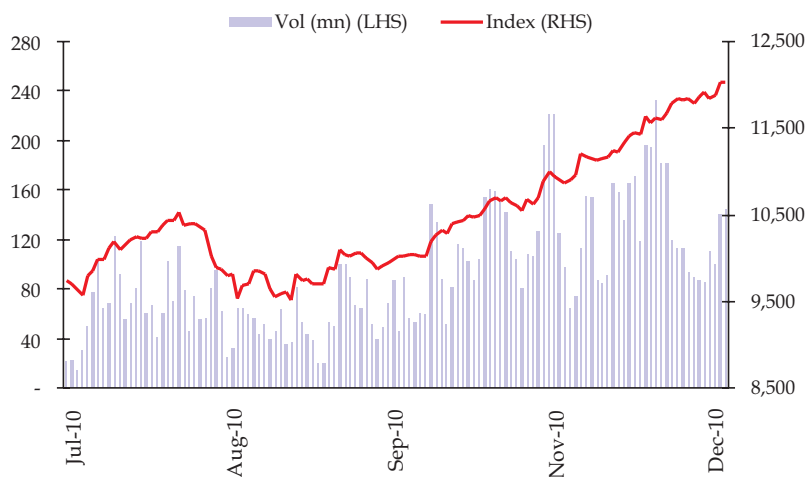
Stock market performed exceptionally well during the first half of financial year 2011 with the benchmark KSE-100 index rising by 24% to close at 12,022. However, trading volumes remained low due to imposition of capital gains tax (CGT) from 1st July and absence of leverage. Average daily trading volume in the first half declined by 47% to 92 million shares as compared to 173 million shares in the corresponding period last year.

Despite concerns related to CGT, the fiscal year started on a bullish note on the back of expectations of positive corporate results along with foreign interest, which helped the market to post an extraordinary return of 8.2% for the month of July. However, this rally was arrested by the unexpected 50 bps increase in the discount rate by State bank in its bimonthly monetary policy statement at the end of July. Later, the market performance was further derailed by the devastating floods in the country which adversely affected major sectors of the economy leading to 1-2% cut in the GDP growth target of 4.5%.

However, even after another 50 bps increase in discount rate in September, the investors shunned macroeconomic concerns and the sentiments turned bullish due to news about European Union allowing duty free import of textile related goods from Pakistan, above expectation corporate results with no negative impact of floods and increase in cement prices. As a result market crossed 11,000 level in November 2010. Further 50 bps hike in the discount rate at the end of November did not break the momentum of the market.



Towards the end of the period under review, sale of British Petroleum assets to United Energy Group at a better than expected price created excitement in oil and gas sector. Fertilizers also exhibited a bull run on the back of news of urea price hike. Moreover, continuous foreign interest, with net inflow of US\$ 249 million for the period under review, helped the KSE-100 to close at 12,022 and KMI-30 at 19,072.



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 for the half year ended December 31, 2010:

Equity Sub Fund

The equity sub fund earned a total income of Rs.29 million. This mainly comprised of Rs. 21 million of unrealized gain on investments and dividend income of Rs. 5 million.

After accounting for expenses of Rs.1 million, equity sub fund recorded a net profit of Rs. 28 million. The net assets of the fund were Rs.136 million as at December 31, 2010, showing a growth of 30.79% during the period under review. The net asset value (NAV) of the fund as at the period end was Rs. 126.64.

Debt Sub Fund

The debt sub fund earned total income of Rs.7 million. This mainly comprised of Rs. 4 million of profit on sukuks and Rs. 2 million of profit earned on deposits with Islamic banks. After accounting for expenses of Rs.1 million, the debt sub fund recorded a net income of Rs.6 million. The net assets of the fund appreciated by 9.56% during the period and stood at Rs.108 million as on December 31, 2010. The net asset value (NAV) of the fund at the period end was Rs. 135.82.

Money Market Sub Fund

The money market sub fund earned a total income of Rs.5 million for the six months ended December 31, 2010. The main contribution was from profit on bank deposits and placements which contributed Rs. 3 million to the overall income. The fund recorded net profit of Rs.4 million, after accounting for expenses of Rs.1 million, the fund earned an income of Rs. 4 million. The net assets of the fund appreciated by 7.80% during the period and stood at Rs.80 million as on December 31, 2010. The net asset value (NAV) of the fund as the period end was Rs. 135.85.



Outlook

Going forward, the key challenge for the government under the current political environment would be to introduce the reforms demanded by IMF. It is expected that inflation will remain on the higher side because of supply side shortage and hence State Bank may likely go for further monetary tightening in this fiscal year which will positively impact the return on portfolio of MTPF debt and money market subfunds.

Although the implementation of capital gain tax has negatively impacted volumes, we believe that the introduction of the leverage product in the market will improve the liquidity position and attract the investors back to the equity market. On the basis of earnings multiples and dividend yields, Pakistan remains one of the cheapest market. Pakistan's stock market is trading at a P/E multiple of 8.3x, which is almost at 38% discount to other frontier markets. This makes KSE an attractive option for foreign investors, who are expected to continue to make investments at the local bourses.

Our outlook for the remaining half is cautiously optimistic. The management of Al Meezan is fully aware of the challenges that lie ahead and is taking all possible measures to tackle them.

Acknowledgement

We take this opportunity to thank our valued investors for reposing faith in Al Meezan Investments the Pension Fund Manager. We also thank the regulator, Securities and Exchange Commission of Pakistan, Trustee, Central Depository Company of Pakistan 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

Date: January 24, 2011
Karachi.

Mohammad Shoaib, CFA
Chief Executive



ERNST & YOUNG



Ernst & Young Ford Rhodes Sidat Hyder
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AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim Balance Sheet of **Meezan Tahaffuz Pension Fund** (the Fund) as at **31 December 2010**, and the related condensed interim Income Statement, condensed interim Cash Flow Statement, condensed interim Statement of Movement in Participants' Sub-Funds, condensed interim Contribution Table and condensed interim Statement of Number of Units in Issue for the half-year then ended together with the notes forming part thereof (here-in-after referred to as the "interim financial information"). The Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The financial statements of the Fund for the year ended 30 June 2010 and for the half year ended 31 December 2009 were audited and reviewed respectively by another firm of Chartered Accountants who had expressed an unqualified opinion and unqualified conclusion vide their audit report dated 30 September 2010 and review report dated 17 February 2010 respectively.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Date: 24 January 2011

Karachi



CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2010 (UNAUDITED)

	Note	Unaudited December 31, 2010				Audited June 30, 2010
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
(Rupees in '000)						
Assets						
Balances with banks	5	13,660	3,707	44,881	62,248	97,628
Placements	6	-	-	14,000	14,000	20,000
Investments at fair value						
through profit or loss	7	123,182	100,978	18,643	242,803	155,954
Dividend receivable		378	-	-	378	775
Profit receivable		371	4,483	3,437	8,291	5,984
Deposit with Central Depository Company (CDC) of Pakistan Limited		100	100	100	300	300
Total assets		<u>137,691</u>	<u>109,268</u>	<u>81,061</u>	<u>328,020</u>	<u>280,641</u>
Liabilities						
Payable against purchase of investments		-	-	-	-	1,303
Payable to Al Meezan Investment Management Limited (Al Meezan) - Pension Fund Manager		629	597	561	1,787	1,330
Payable to CDC - trustee of the Fund		17	14	10	41	32
Payable to auditors		87	83	61	231	200
Payable to Securities and Exchange Commission of Pakistan (SECP)		20	17	13	50	77
Accrued expenses and other liabilities	8	1,059	632	158	1,849	852
Total liabilities		<u>1,812</u>	<u>1,343</u>	<u>803</u>	<u>3,958</u>	<u>3,794</u>
Net assets		<u>135,879</u>	<u>107,925</u>	<u>80,258</u>	<u>324,062</u>	<u>276,847</u>
Contingencies	9	-	-	-	-	-
Participants' sub-funds (as per statement attached)		<u>135,879</u>	<u>107,925</u>	<u>80,258</u>	<u>324,062</u>	<u>276,847</u>
Number of units in issue		<u>1,072,931</u>	<u>794,648</u>	<u>590,789</u>		
Net assets value per unit (Rupees)		<u>126.64</u>	<u>135.82</u>	<u>135.85</u>		

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director

CONDENSED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED DECEMBER 31, 2010 (UNAUDITED)

	For the six months period ended December 31, 2010				For the six months ended December 31, 2009
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
Note(Rupees in '000).....					
Income					
Profit on sukuk certificates	-	4,056	1,237	5,293	4,443
Profit on savings accounts with banks	501	2,110	2,795	5,406	2,395
Profit on placements	-	53	437	490	691
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	20,864	(958)	-	19,906	12,412
Net realised gain on sale of investments	1,721	118	59	1,898	2,794
Dividend income	4,641	-	-	4,641	2,738
Other income	395	228	136	759	-
Element of income and capital gains included in prices of units issued less those in units redeemed	576	1,180	448	2,204	3
Provision against profit of sukuk certificates	-	-	-	-	(60)
Total income	28,698	6,787	5,112	40,597	25,416
Expenses					
Remuneration of Al Meezan - pension fund manager	881	786	587	2,254	1,611
Remuneration of CDC - trustee of the Fund	88	79	58	225	157
Annual fee of SECP	20	17	13	50	38
Auditors' remuneration	96	91	69	256	179
Amortisation of formation cost	-	-	-	-	125
Securities' transaction cost	56	-	-	56	47
Custody and settlement charges	3	3	2	8	9
Bank charges	1	4	3	8	21
Total expenses	1,145	980	732	2,857	2,187
Net income	27,553	5,807	4,380	37,740	23,229
Earnings per unit - basic and diluted (Rupees)					
	10	25.68	7.31	7.41	

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

Mohammad Shoab, CFA
Chief Executive

Mazhar Sharif
Director



CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED DECEMBER 31, 2010 (UNAUDITED)

	For the quarter ended December 31, 2010				For the quarter ended December 31, 2009
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
<i>Note</i>(Rupees in '000).....					
Income					
Profit on sukuk certificates	-	2,569	653	3,222	2,562
Profit on savings accounts with banks	143	823	1,316	2,282	761
Profit on placements	-	-	366	366	189
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	18,602	(1,198)	-	17,404	(2,387)
Net realised gain on sale of investments	1,698	42	30	1,770	1,242
Dividend income	2,995	-	-	2,995	1,450
Other income	395	228	136	759	-
Element of income and capital gains included in prices of units issued less those in units redeemed	403	446	93	942	68
Provision against sukuk certificates	-	-	-	-	(60)
Total income	24,236	2,910	2,594	29,740	3,825
Expenses					
Remuneration of Al Meezan - pension fund manager	468	403	299	1,170	832
Remuneration of CDC - trustee of the Fund	47	41	30	118	82
Annual fee of SECP	11	8	7	26	21
Auditors' remuneration	60	55	34	149	125
Amortisation of formation cost	-	-	-	-	63
Securities' transaction cost	27	-	-	27	24
Custody and settlement charges	2	2	1	5	7
Provisions against sukuks	-	-	-	-	-
Bank charges	-	3	3	6	19
Total expenses	615	512	374	1,501	1,173
Net income	23,621	2,398	2,220	28,239	2,652
Earnings per unit outstanding - basic (Rupees)	10	25.68	7.31	7.41	

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

Mohammad Shoab, CFA
Chief Executive

Mazhar Sharif
Director

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED DECEMBER 31, 2010 (UNAUDITED)

	For the six months period ended December 31, 2010				For the six months ended December 31, 2009
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
Note -----(Rupees in '000)-----					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	27,553	5,807	4,380	37,740	23,229
Adjustments for:					
Dividend income	(4,641)	-	-	(4,641)	(2,738)
Profit on sukuk certificates	-	(4,056)	(1,237)	(5,293)	(4,443)
Profit on savings accounts with banks	(501)	(2,110)	(2,795)	(5,406)	(2,395)
Profit on placements	-	(53)	(437)	(490)	(691)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss	(20,864)	958	-	(19,906)	(12,412)
Amortisation of formation cost	-	-	-	-	125
Element of income and capital gains included in prices of units issued less those in units redeemed	(576)	(1,180)	(448)	(2,204)	(3)
	971	(634)	(537)	(200)	672
(Increase) / decrease in assets					
Placements	-	8,300	(2,300)	6,000	27,900
Receivable against sale of investments	-	-	-	-	228
Investments at fair value through profit or loss	(13,964)	(53,154)	175	(66,943)	(34,611)
Other receivables	-	-	-	-	(250)
	(13,964)	(44,854)	(2,125)	(60,943)	(6,733)
(Decrease) / increase in liabilities					
Payable against purchase of investments	(1,303)	-	-	(1,303)	(923)
Payable to Al Meezan - Pension Fund Manager	172	148	137	457	(19)
Payable to CDC - trustee of the Fund	5	3	1	9	(50)
Payable to SECP	(9)	(9)	(9)	(27)	(19)
Payable to auditors	21	16	(6)	31	(14)
Accrued expenses and other liabilities	571	404	22	997	60
	(543)	562	145	164	(965)
Dividend received	5,038	-	-	5,038	2,412
Profit received on savings accounts with banks	317	1,779	2,144	4,240	1,256
Profit received on sukuk certificates	-	2,934	1,159	4,093	3,771
Profit received on placements	-	228	321	549	1,674
Net cash (outflow) / inflow from operating activities	(8,181)	(39,985)	1,107	(47,059)	2,087
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts of contribution	7,519	6,524	2,368	16,411	6,133
Payment against withdrawal	(2,506)	(1,734)	(492)	(4,732)	(174)
Net cash inflow from financing activities	5,013	4,790	1,876	11,679	5,959
Net cash (outflow) / inflow during the period	(3,168)	(35,195)	2,983	(35,380)	8,046
Cash and cash equivalents at the beginning of the period	16,828	38,902	41,898	97,628	47,916
Cash and cash equivalents at the end of the period	5 13,660	3,707	44,881	62,248	55,962

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

Mohammad Shoab, CFA
Chief Executive

Mazhar Sharif
Director



CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED DECEMBER 31, 2010 (UNAUDITED)

	For the quarter ended December 31, 2010				For the quarter ended December 31, 2009
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
Note -----(Rupees in '000)-----					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	23,621	2,398	2,220	28,239	2,652
Adjustments for:					
Dividend income	(2,995)	-	-	(2,995)	(1,450)
Workers Welfare Fund	(395)	(228)	(136)	(759)	-
Profit on sukuk certificates	-	(2,569)	(653)	(3,222)	(2,562)
Profit on savings accounts with banks	(143)	(823)	(1,316)	(2,282)	(761)
Profit on placements	-	-	(366)	(366)	(189)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss	(18,602)	1,198	-	(17,404)	2,387
Amortisation of formation cost	-	-	-	-	63
Element of income and capital gains included in prices of units issued less those in units redeemed	(403)	(446)	(93)	(942)	(68)
	1,083	(470)	(344)	269	72
(Increase) / decrease in assets					
Placements	-	-	(14,000)	(14,000)	13,500
Receivable against sale of investments	-	-	-	-	1,452
Investments at fair value through profit or loss	210	(53,798)	87	(53,501)	(6,572)
Other receivables	-	-	-	-	(161)
	210	(53,798)	(13,913)	(67,501)	8,219
(Decrease) / increase in liabilities					
Payable against purchase of investments	-	-	-	-	(3,740)
Payable to Al Meezan - Pension Fund Manager	108	85	82	275	227
Payable to CDC - trustee of the Fund	4	2	1	7	(24)
Payable to SECP	(18)	(18)	(15)	(51)	(37)
Payable to auditors	(15)	(20)	(42)	(77)	(66)
Accrued expenses and other liabilities	934	632	158	1,724	(44)
	1,013	681	184	1,878	(3,684)
Dividend received	4,294	-	-	4,294	2,076
Profit received on savings accounts with banks	55	583	2,112	2,750	767
Profit received on sukuk certificates	-	267	18	285	1,322
Profit received on placements	-	-	-	-	315
Net cash outflow from operating activities	6,655	(52,738)	(11,943)	(58,025)	9,087
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts of contribution	4,273	2,866	798	7,937	2,278
Payment against withdrawal	(1,806)	(1,152)	(427)	(3,385)	(91)
Net cash inflow from financing activities	2,467	1,714	371	4,552	2,187
Net cash (outflow) / inflow during the period	9,122	(51,024)	(11,572)	(53,473)	11,274
Cash and cash equivalents at the beginning of the period	4,538	54,730	56,453	115,721	44,688
Cash and cash equivalents at the end of the period	13,660	3,707	44,881	62,249	55,962

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

Mohammad Shoib, CFA
Chief Executive

Mazhar Sharif
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS FOR THE SIX MONTHS ENDED DECEMBER 31, 2010 (UNAUDITED)

	For the six months period ended December 31, 2010				For the six months ended December 31, 2009
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	------(Rupees in '000)-----				
Net assets at the beginning of the period	103,889	98,508	74,450	276,847	193,474
Amount received on issue of units (2010: Equity sub fund: 66,579 units; Debt sub fund: 49,015 units; Money market sub fund: 17,952 units) (2009: Equity sub fund: 46,938 units; Debt sub fund: 12,742 units; Money market sub fund: 1,774 units)	7,519	6,524	2,368	16,411	6,133
Amount paid on redemption of units (2010: Equity sub fund: 22,217 units; Debt sub fund: 12,916 units; Money market sub fund: 3,662 units) (2009: Equity sub fund: 4,936 units; Debt sub fund: 1,710 units; Money market sub fund: 178 units)	(2,506)	(1,734)	(492)	(4,732)	(174)
	5,013	4,790	1,876	11,679	5,959
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(576)	(1,180)	(448)	(2,204)	(3)
Net income for the period	27,553	5,807	4,380	37,740	23,229
	27,553	5,807	4,380	37,740	23,229
Net assets at the end of the period	135,879	107,925	80,258	324,062	222,659

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director



CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS FOR THE QUARTER ENDED DECEMBER 31, 2010 (UNAUDITED)

	For the quarter ended December 31, 2010				For the quarter ended December 31, 2009
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	------(Rupees in '000)-----				
Net assets at the beginning of the quarter	110,589	104,487	77,896	292,972	217,888
Amount received on issue of units (2010: Equity sub fund: 36,225 units; Debt sub fund: 21,182 units; Money market sub fund: 5,945 units) (2009: Equity sub fund: 17,600 units; Debt sub fund: 4,258 units; Money market sub fund: 213 units)	4,273	2,866	798	7,937	2,278
Amount paid on redemption of units (2010: Equity sub fund: 15,584; Debt sub fund: 8,501 units; Money market sub fund: 2,101 units) (2009: Equity sub fund: 1 units; Debt sub fund: 501 units; Money market sub fund: 366 units)	(1,806)	(1,152)	(427)	(3,385)	(91)
	2,467	1,714	371	4,552	2,187
Element of (income) / loss and capital (gains) / loss included in prices of units issued less those in units redeemed	(403)	(446)	(93)	(942)	(68)
Reversal of WWF	(395)	(228)	(136)	(759)	-
Net income for the quarter	23,621	2,398	2,220	28,239	2,652
	23,226	2,170	2,084	27,480	2,652
Net assets at the end of the quarter	135,879	107,925	80,258	324,062	222,659

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

Mohammad Shoab, CFA
Chief Executive

Mazhar Sharif
Director

CONDENSED INTERIM CONTRIBUTION TABLE FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2010 (UNAUDITED)

Contributions net of front end fee received during the period	For the six months ended December 31, 2010							For the six months ended December 31, 2009 Rs. in '000
	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 - issue of units	66,579	7,519	49,015	6,524	17,952	2,368	16,411	6,133
Total	66,579	7,519	49,015	6,524	17,952	2,368	16,411	6,133

Contributions net of front end fee received during the period	For the quarter ended December 31, 2010							For the quarter ended December 31, 2009 Rs. in '000
	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 - issue of units	36,225	4,273	21,182	2,866	5,945	798	7,937	2,278
Total	36,225	4,273	21,182	2,866	5,945	798	7,937	2,278

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director



CONDENSED INTERIM NUMBER OF UNITS IN ISSUE FOR THE SIX MONTHS ENDED DECEMBER 31, 2010 (UNAUDITED)

	For the six months ended December 31, 2010		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	-----Number of units-----		
Total units outstanding at the beginning of the period	1,028,569	758,549	576,499
Add: Units issued during the period	66,579	49,015	17,952
Less: Units redeemed during the period	(22,217)	(12,916)	(3,662)
Total units in issue at the end of the period	<u><u>1,072,931</u></u>	<u><u>794,648</u></u>	<u><u>590,789</u></u>

	For the six months ended December 31, 2009		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	-----Number of units-----		
Total units outstanding at the beginning of the period	803,092	589,426	517,073
Add: Units issued during the period	46,938	12,742	1,774
Less: Units redeemed during the period	(1,003)	(521)	(366)
Total units in issue at the end of the period	<u><u>849,027</u></u>	<u><u>601,647</u></u>	<u><u>518,481</u></u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director

CONDENSED INTERIM NUMBER OF UNITS IN ISSUE FOR THE QUARTER ENDED DECEMBER 31, 2010 (UNAUDITED)

	For the quarter ended December 31, 2010		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	-----Number of units-----		
Total units outstanding at the beginning of the period	1,052,290	781,967	588,005
Add: Units issued during the period	36,225	21,182	5,945
Less: Units redeemed during the period	(15,584)	(8,501)	(3,161)
Total units in issue at the end of the period	<u><u>1,072,931</u></u>	<u><u>794,648</u></u>	<u><u>590,789</u></u>

	For the quarter ended December 31, 2009		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	-----Number of units-----		
Total units outstanding at the beginning of the period	831,428	597,890	518,634
Add: Units issued during the period	17,600	4,258	213
Less: Units redeemed during the period	(1)	(501)	(366)
Total units in issue at the end of the period	<u><u>849,027</u></u>	<u><u>601,647</u></u>	<u><u>518,481</u></u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2010 (UNAUDITED)

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 Investments Management Limited as pension fund manager and CDC as trustee. The trust deed was executed and approved by the SECP on May 30, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The registered office of the pension fund manager of the Fund is situated in Finance and Trade Centre Sharah-e-Faisal, Karachi, Pakistan.
- 1.2 The Fund 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 unlisted 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.

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

- 3.1 These interim condensed financial statements of the Fund for the six months period ended December 31, 2010 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, the trust deed, the VPS Rules and directives issued by the Securities and Exchange Commission of Pakistan. In case where requirements differ, the trust deed, the VPS Rules and the said directives have been followed.
- 3.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2010.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2010 except that the Fund has adopted the following new and amended International Financial Reporting Standards and IFRIC interpretations which became effective during the period:

- IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by International Accounting Standards Board (IASB)

In addition to the above, amendments to various accounting standards have also been issued by the IASB in May 2008 and April 2009 as a result of its improvement project as follows: In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its improvement project in April 2009 and May 2008 as follows:

Issued in May 2008

IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations

Issued in April 2009

IFRS 2 – Share-based Payments

IAS 1 – Presentation of Financial Statements

IAS 17 – Leases

IAS 38 – Intangible Assets

IAS 39 Financial Instruments: Recognition and Measurement

IFRIC 9 – Reassessment of Embedded Derivatives

The adoption of the above standards, amendments / improvements and interpretations did not have any effect on these financial statements.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2010.

5. BALANCES WITH BANKS

	December 31, 2010				June 30, 2010
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
	------(Rupees in '000)-----				
Current accounts	133	10	9	152	121
Savings accounts (see note 5.1 and 5.2)	13,527	3,697	44,872	62,096	97,507
	<u>13,660</u>	<u>3,707</u>	<u>44,881</u>	<u>62,248</u>	<u>97,628</u>

- 5.1 The balances in savings accounts earn profit which ranges from 5.65% to 12.25% (June 30, 2010: 5.0% to 11.45%) per annum.
- 5.2 This includes an aggregate amount of Rs.1.141 million (June 30, 2010: Rs.8.168 million) received in the Fund's collection account which was subsequently transferred to these sub-funds.

6. PLACEMENTS

Placements represents balance placed with a commercial bank and carry expected profit at the rate of 11.50% per annum (June 30, 2010: 11% per annum) and are due to mature in April 10, 2011.



7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Note	December 31, 2010				June 30, 2010
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
------(Rupees in '000)-----					
Held-for-trading - shares of					
listed companies	7.1	123,182	-	123,182	88,354
- sukuk certificates	7.2	-	82,280	99,780	46,130
		123,182	82,280	17,500	222,962
Investments at fair value through profit or loss upon initial recognition	7.3	-	18,698	1,143	19,841
		123,182	100,978	18,643	242,803
					155,954

7.1 'Held-for-trading' - shares of listed companies

Name of the investee company	As at July 1, 2010	Purchases during the period	Cost of purchase	Bonus / rights issue	Sales during the Quarter	As at December 31, 2010	Carrying value as at December 31, 2010	Market value as at December 31, 2010	Unrealised gain / (loss) as at December 31, 2010	Percentage of net assets on the basis of market value (see note 7.1.2 below)	Percentage of paid up capital of investee company
	Number of shares	Rs in '000	Number of shares	Number of shares	Rupees in '000	Rupees in '000	Rupees in '000				
Equity Sub Fund											
Automobile and parts											
Indus Motor Company Limited	16,846	4,000	1,008	-	-	20,846	5,428	5,263	(165)	3.87	0.27
Pak Suzuki Motor Company Limited	23,000	-	-	-	10,000	13,000	1,031	908	(123)	0.67	0.16
Agriauto Industries Limited	-	25,000	1,734	-	-	25,000	1,734	1,905	171	1.40	0.00
Chemicals											
Fauji Fertilizer Bin Qasim Limited	277,000	-	-	-	110,000	167,000	4,349	5,967	1,618	4.39	0.18
Fauji Fertilizer Company Limited	94,975	10,000	1,089	-	-	104,975	10,873	13,212	2,339	9.72	0.15
ICI Pakistan Limited	40,101	52,000	6,409	-	-	92,101	11,163	13,285	2,122	9.78	0.66
Construction and materials											
Attock Cement Pakistan Limited	41,160	50,000	3,479	-	36,175	54,985	3,724	3,470	(254)	2.55	0.63
Lucky Cement Limited	141,700	8,000	559	-	-	149,700	9,365	11,346	1,981	8.35	0.46
Electricity											
Hub Power Company Ltd.	-	126,075	4,523	-	-	126,075	4,523	4,716	193	3.47	0.11
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited "A"	229,500	120,000	2,274	-	65,000	284,500	5,176	5,525	349	4.07	0.08
Food producers											
Unilever Pakistan Limited (note 7.1.1)	676	-	-	-	-	676	2,626	2,947	321	2.17	0.05
General											
Packages Limited	28,400	20,000	2,363	-	1,000	47,400	5,610	6,096	486	4.49	0.56
Thal Limited (note 7.1.1)	6,000	-	-	-	5,000	1,000	95	156	61	0.11	0.02
Tri-Pack Films Limited	27,000	-	-	-	-	27,000	2,633	3,298	665	2.43	0.90
Oil and gas											
National Refinery Limited	34,600	-	-	-	7,000	27,600	5,047	7,557	2,510	5.56	0.35
Oil and Gas Development Company Limited	21,200	-	-	-	-	21,200	3,004	3,621	617	2.66	0.00
Pakistan Oilfields Limited	41,900	-	-	-	-	41,900	9,046	12,401	3,355	9.13	0.18
Pakistan Petroleum Limited	45,386	-	-	9,077	-	54,463	8,357	11,827	3,470	8.70	0.05
Pakistan State Oil Company Limited	32,800	-	-	-	-	32,800	8,534	9,682	1,148	7.13	0.19
Shell Pakistan Limited	1,330	-	-	-	1,330	-	-	-	-	-	-
Total			23,438				102,318	123,182	20,864		

7.1.1 All shares have a nominal value of Rs.10 each except Thal Limited, Agriauto Industries Limited of Rs.5 and Unilever Pakistan Limited having nominal value of Rs.50.

7.2 'Held for trading' - sukuk certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2010	Purchases during the period	Cost of purchase	Sales during the period	Redemptions during the period	As at December 31, 2010	Carrying value as at December 31, 2010	Provision	Market value as at December 31, 2010	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 7.1.2)
			Number of certificates	Rupees in '000	Number of certificates	Rupees in '000	Number of certificates	Rupees in '000					
Debt Sub Fund													
GoP - Ijara sukuk - IV (note 7.2.1)	September 17, 2012	12.64%	280	-	-	-	-	280	28,630	-	28,280	(350)	26.20
GoP - Ijara sukuk - V (note 7.2.1)	November 15, 2013	13.11%	-	510	51,000	-	-	510	51,000	-	51,000	-	47.25
GoP - Ijara sukuk - VI (note 7.2.1)	December 20, 2013	13.39%	-	30	3,000	-	-	30	3,000	-	3,000	-	2.78
			-	540	54,000	-	-	820	82,630	-	82,280	(350)	
Money Market Sub Fund													
GoP - Ijara sukuk - II (note 7.2.1)	September 25, 2011	12.78%	175	-	-	-	-	175	17,500	-	17,500	-	21.80
			175	-	-	-	-	175	17,500	-	17,500	-	

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

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

Name of the investee company	Maturity date	Profit rate	As at July 1, 2010	Purchases during the period	Cost of purchase	Sales during the period	Redemptions during the period	As at December 31, 2010	Carrying value as at December 31, 2010	Provision	Market value as at December 31, 2010	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 7.1.2)
			Number of certificates	Rupees in '000	Number of certificates	Rupees in '000							
Debt Sub Fund													
Dawood Hercules Chemicals Limited (note 7.3.1)	September 18, 2012	6 months Kibor plus base rate of 1.2%	50	-	-	-	5	45	2,218	-	2,228	10	2.06
Eden Housing Limited (note 7.3.2)	April 02, 2013	6 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	1,371	-	1,259	(112)	1.17
Karachi Shipyard & Engineering Works Limited (note 7.3.3)	November 2, 2015	6 months Kibor plus base rate of 0.4%	2,000	-	-	-	-	2,000	9,675	-	9,501	(174)	8.80
Maple Leaf Cement Factory Limited (note 7.3.3)	December 3, 2018	3 months Kibor plus base rate of 1.0%	1,000	-	-	-	1	999	3,497	-	3,133	(364)	2.90
Maple Leaf Cement Factory Limited (note 7.3.3) Bridge financing	March 31, 2012	3 months Kibor plus base rate of 1.0%	-	38	131	-	-	38	131	-	132	1	0.12
Security Leasing Corporation Limited II (note 7.3.3)	March 19, 2014	3% on cash basis and 3% on accrual basis	351	-	-	-	46	305	1,143	-	1,143	-	1.06
Shahmurad Sugar Mills Limited (note 7.3.4)	September 30, 2012	6 months Kibor plus base rate of 2.25%	2	-	-	-	1	1	1,271	-	1,302	31	1.21
			3,903	38	131	-	53	3,888	19,306	-	18,698	(608)	
Money Market Sub Fund													
Security Leasing Corporation Limited II (note 7.3.3)	March 19, 2014	3% on cash basis and 3% on accrual basis	351	-	-	-	46	305	1,143	-	1,143	-	1.42
			351	-	-	-	46	305	1,143	-	1,143	-	

7.3.1 The nominal value of the sukuk certificates is Rs.50,000 each.

7.3.2 The principal buy out reduces the face value per certificate instead of number of certificates. The face value of the sukuk certificates is Rs.3,656 each.

7.3.3 The nominal value of these sukuk certificates is Rs.5,000 each.

7.3.4 The nominal value of the sukuk certificates is Rs.1,000,000 each.



8. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	December 31, 2010				June 30, 2010
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
----- (Rupees in '000) -----						
Workers' Welfare Fund	9	-	-	-	-	759
Payable against redemption		890	632	158	1,680	-
Charity payable		169	-	-	169	93
		<u>1,059</u>	<u>632</u>	<u>158</u>	<u>1,849</u>	<u>852</u>

9. CONTINGENCIES

Contribution to Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all pension funds under Voluntary Pension system (VPS) Rules, 2005 whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain VPS through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the VPS, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. No such notice was received by the Fund.

On December 14, 2010, the Ministry has filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

However, the Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. Accordingly, the management has reversed the provision recognised as at June 30, 2010 amounting to Rs.0.759 million during the current period. The aggregate unrecognised amount of WWF as at December 31, 2010 amounted to Rs.1.499 million.

10. EARNINGS PER UNIT OUTSTANDING - BASIC AND DILUTED

	December 31, 2010			December 31, 2009		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	----- (Number of units) -----					
Units outstanding as at December 31, 2010	1,072,931	794,648	590,789	831,428	597,890	518,634
	----- (Rupees in '000) -----					
Net income for the six month ended December 31, 2010	27,553	5,807	4,380	17,016	1,924	1,637
Net income for the quarter ended December 31, 2010	23,621	2,398	2,220	624	1,088	940
	----- (Rupees) -----					
Earnings per unit for the six month ended December 31, 2010 - basic and diluted	25.68	7.31	7.41	20.47	3.22	3.16
Earnings per unit for the quarter ended December 31, 2010 - basic and diluted	22.02	3.02	3.76	0.75	1.82	1.81

There is no dilution effect on basic earnings per share.

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited being the Pension Fund Manager, Central Depository Company Limited being the trustee, Meezan Bank Limited 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:

December 31, 2010				June 30, 2010
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
----- (Rupees in '000) -----				

Investment by:

Al Meezan - pension fund manager

(Equity sub fund: 500,000 units; debt sub fund:

500,000 units; money market sub fund: 500,000 units)

63,321	67,908	67,924	199,153	180,000
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	December 31, 2010				June 30, 2010
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	
(Rupees in '000)					
Directors and executives of the Pension Fund Manager					
As at December 31, 2010 (Equity sub fund: 55,258 units; debt sub fund: 13,779 units, money market sub fund: 3,521 units)					
(June 30, 2010: Equity sub fund: 56,129 units; Debt fund: 15,320 units; Money Market sub fund: 3,504)	6,998	1,871	478	9,347	8,111
Units issued during the period (Equity sub fund: 3,357 units; debt sub fund: (648) units, money market sub fund: 17 units)	425	(88)	2	339	1,864
Al Meezan - pension fund manager					
Remuneration payable at the beginning of the period / year	457	449	424	1,330	900
Formation cost payable at the beginning of the period / year	79	79	79	237	237
Remuneration for the period / year	881	786	587	2,254	3,425
Front-end fee for the period / year	381	380	380	1,141	771
	1,798	1,694	1,470	4,962	5,333
Amount paid during the period / year	(1,169)	(1,097)	(909)	(3,175)	(4,003)
Balance at the end of the period / year	629	597	561	1,787	1,330
Meezan Bank Limited					
Bank balance	137	79	137	353	94
Profit on savings accounts	-	19	12	31	98
Central Depository Company Limited - trustee of the Fund					
Balance at the beginning of the period / year	12	11	9	32	75
Remuneration for the period / year	88	79	58	225	342
CDS charges for the period / year	3	3	2	8	18
	103	93	69	265	435
Amount paid during the period / year	(86)	(79)	(59)	(224)	(403)
Balance at the end of the period / year	17	14	10	41	32

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on January 24, 2011 by the Board of Directors of the Pension Fund Manager.

13. GENERAL

13.1 Figures for the quarter ended December 31, 2010 and the corresponding figures for the quarter ended December 31, 2009 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

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

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

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director



Pure. Profit.

Registered Office

Al Meezan Investment Management Limited

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