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Our Vision

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

Our Mission

“ To be the leading mutual fund in the industry, providing unitholders, in a truly SHARIAH COMPLIANT way,a safe stable stream of Halal returns on risk adjusted basis.”

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. Aliuddin Ansari	Director
Mr. P. Ahmed	Director
Mr. Rana Ahmed Humayun	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

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 Sharah-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 ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)
Allied Bank Limited - Islamic Banking
Askari Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
MCB Bank Limited - Islamic Banking
Meezan Bank Limited
Royal Bank of Scotland - Islamic Banking
Soneri Bank Limited - Islamic Banking
Standard Chartered Bank (Pakistan) 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

TRANSFER AGENT

Meezan Bank Limited
SITE Branch
Plot # B/9-C, Estate Avenue,
SITE, Karachi.
Phone: (9221) 3206 2891
Fax: (9221) 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 Islamic Income Fund (MIIF) is pleased to present the un-audited financial statements of the fund for quarter ended September 30, 2010.

Brief Overview

During the first quarter of fiscal year 2011, Meezan Islamic Income Fund (MIIF) provided an annualized return of 14.34% to its investors as compared to benchmark return of 5.87%. MIIF is benchmarked against average return on deposit with three Islamic banks.

Economic Review

After the consolidating year 2010, the new fiscal year was pinned with hopes of further economic recovery with the GDP target of 4.5%. However, the situation completely changed with the devastating floods in August 2010 in which about one-fifth of the country has been badly affected and 10 percent of the country population has been directly affected. Nearly two million homes have been destroyed or damaged and there is extensive damage to roads, telecom and energy infrastructure, crops and livestock. Precise estimates are not yet available, but it is clear that the costs of humanitarian relief and reconstruction will be in billions of dollars.

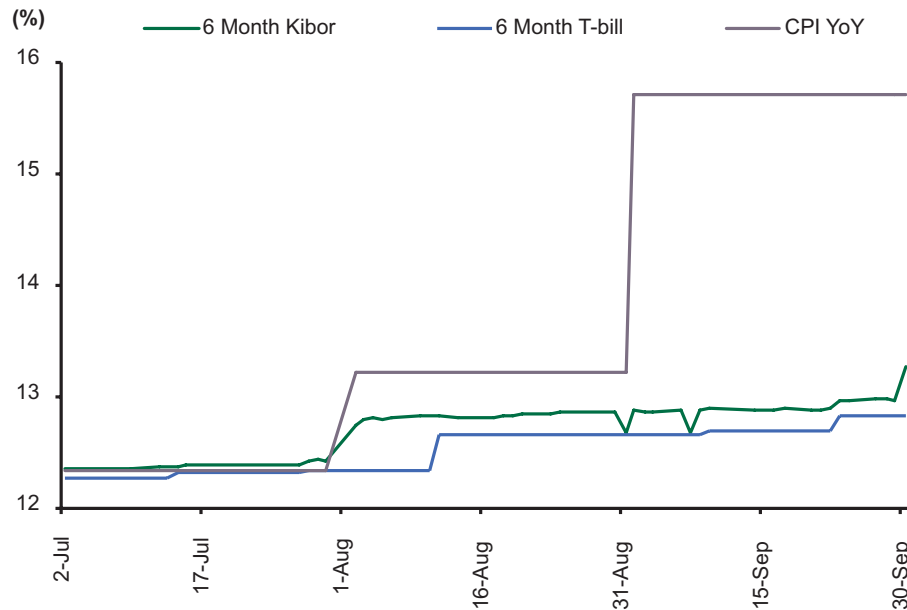
As a result all the macroeconomic targets are expected to be missed. The GDP growth target has already been revised down by 1-2% mainly because of sharply lower agricultural output growth estimates which accounts for 21 percent of GDP and 45 percent of employment. Average annual inflation is projected to rise to 13.5% in current fiscal year compared to 11.7% last year and the balance of payments is expected to weaken by US\$1.6 billion (0.8% of GDP) as compared to the pre-flood forecast.

To finance relief and rehabilitation work, government borrowed Rs. 220 billion from the Central bank against IMF's target of zero net borrowing from the SBP. International aid for flood relief namely US\$ 451 million emergency aid by IMF and remittances helped to build the forex reserves which increased to all time high of US\$ 16.78 billion. The country saw the record monthly remittance inflow of US\$ 933 million during August. On domestic front, the provisional tax collection for the quarter was approximately Rs. 290 billion against a target of Rs. 295 billion.

Money Market Review

In the first quarter 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.

Expectation of further hike in inflation surfaced with the country hit by one of the worst floods in its history. Thus to curb the inflationary pressures, SBP went for further monetary tightening in September increasing the discount rate by another 50 bps to 13.5%. As a result, KIBOR rates also increased, with six month rate increasing by 90 bps to close the quarter at 13.27%. During the quarter, SBP conducted six T-Bill auctions mopping up Rs. 556 billion against a target of Rs. 535 billion with a maturity of Rs 499 billion. The cut off rate of six month T-Bill increased by 55 bps to close the quarter at 12.82%. Private sector credit growth remains muted, with banking ADR at a low of 64%. The following graph shows the trend of interest rates and inflation during the quarter under review.



Performance Review

The Fund earned a gross income of Rs. 110 million which was primarily due to profits of Rs. 73 million on Sukuk certificates and Rs. 32 million on cash in savings accounts at various Islamic banks. The Fund made unrealized gain of Rs. 8 million. After accounting for expenses totaling to Rs. 15 million, the net income of the Fund was Rs. 91 million.

The net assets of the fund were at Rs. 3,212 million as at September 30, 2010. The net asset value (NAV) per unit of the fund as at the same date was Rs. 50.86 per unit, providing a total annualized return of 14.34%. The Management Company of MIIF approved interim payout for the quarter ended September 30, 2010 of 3% i.e. Rs. 1.50 per unit to the unit holders. During the quarter, fresh units worth Rs. 190 million were issued while units amounting to Rs. 426 million were redeemed, resulting in net outflow of Rs. 236 million.

After the completion of restructuring process of Security Leasing sukuk, the company is making timely payment as per the new agreed schedule. Moreover, the restructuring of Maple Leaf sukuk has also been completed and the sukuk has become performing after payment of two timely installments.

Outlook

Going forward, investors will be focusing on the macro-economic impact of the floods and on the steps taken by the government for the rehabilitation and rebuilding of country's infrastructure. The determination of losses and the materialization of foreign pledges in this regard will take time to firm up. However, it is anticipated that inflation will remain on the higher side because of supply side shortage and hence State Bank may likely go for further monetary tightening. With a very high percentage of MIIF portfolio invested in floating rate instruments, this will positively impact the return on portfolio of MIIF.

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



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, Trustee, Central Depository Company of Pakistan and management of Karachi 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: October 19, 2010
Karachi.**

**Mohammad Shoaib, CFA
Chief Executive**

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2010

	Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
		(Rupees in '000)	
Assets			
Balances with banks		1,309,228	1,132,702
Investments	5	1,885,870	2,204,674
Deposits and other receivables		61,680	92,576
Preliminary expenses and floatation costs		374	500
Total assets		3,257,152	3,430,452
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund		5,343	5,561
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		350	359
Payable to Securities and Exchange Commission of Pakistan (SECP)		624	3,439
Payable to Meezan Bank Limited (MBL)		-	46
Payable on redemption of units		4,526	9,709
Unclaimed dividend		31,558	-
Accrued expenses and other liabilities		3,150	17,304
Total liabilities		45,551	36,418
Net assets		3,211,601	3,394,034
Commitments			
Unitholders' funds (as per statement attached)		3,211,601	3,394,034
Number of units			
Number of units in issue		63,146,735	65,432,399
Rupees			
Net asset value per unit		50.86	51.87

The annexed notes 1 to 7 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 (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	September 30,	
	2010	2009
	(Rupees in '000)	
Income		
Profit on savings accounts with banks	31,611	64,164
Profit on placements	-	17,732
Profit on sukuk certificates	72,917	69,110
Profit on diminishing musharaka certificates	-	6,982
Realised gain on sale of sukuk certificates	5,674	676
	110,202	158,664
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	7,815	8,630
Provision against sukuk certificates	(7,700)	-
	115	8,630
Total income	110,317	167,294
Expenses		
Remuneration to Al Meezan - management company of the Fund	12,485	20,819
Remuneration to CDC - trustee of the Fund	1,084	1,640
Annual fee to SECP	624	1,041
Auditors' remuneration	150	118
Fees and subscription	58	8
Legal and professional charges	-	3,000
Amortisation of preliminary expenses and floatation costs	126	126
Brokerage	30	-
Bank and settlement charges	17	17
Printing expense	86	-
Total expenses	14,660	26,769
Net income from operating activities	95,657	140,525
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed	(4,753)	11,579
Net income for the quarter	90,904	152,104
Other comprehensive income / (loss) for the quarter		
Unrealised gain on 'available for sale' investment	-	3,465
Element of loss and capital losses included in prices of units sold less those in units redeemed pertaining to available for sale investment (net)	-	(1,468)
Total comprehensive income for the quarter	90,904	154,101

The annexed notes 1 to 7 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 (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	September 30, 2010 2009 (Rupees in '000)	
Undistributed income brought forward	122,521	189,474
Less: Final distribution for the year ended June 30, 2010		
- bonus units @ 2.5% (June 30, 2009: 3.5%)	(55,493)	(106,440)
- cash dividend @ 2.5%(June 30, 2009: 3.5%)	(26,298)	(57,816)
Less: Interim distribution for the quarter ended September 30, 2010		
- bonus units @ 3%	(61,353)	-
- cash dividend @ 3%	(31,558)	-
Net income for the quarter	90,904	152,104
Reversal of workers' welfare fund	15,649	-
Element of loss and capital losses included in prices of units sold less those in units redeemed (net)	-	(1,468)
Undistributed income carried forward	54,372	175,854

The annexed notes 1 to 7 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 (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	September 30, 2010 2009 (Rupees in '000)	
Net assets at the beginning of the quarter	3,394,034	4,872,608
Issue of 3,663,586 units (September 30, 2009: 39,679,666 units)	189,737	2,018,031
Redemption of 8,252,052 units (September 30, 2009: 22,649,572 units)	(425,620) (235,883)	(1,156,754) 861,277
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed (net)		
- transferred to income statement	4,753	(11,579)
- transferred directly to distribution statement	-	1,468
	4,753	(10,111)
Total comprehensive income for the quarter less distribution	(83,798)	(10,155)
Reversal of workers' welfare fund	15,649	-
Issue of 1,096,257 bonus units for the year ended June 30, 2010	55,493	106,440
Issue of 1,206,545 bonus units for the quarter ended September 30, 2010	61,353	-
Net assets at the end of the quarter	3,211,601	5,820,059
Net asset value per unit as at the beginning of the quarter	51.87	51.91
Net asset value per unit as at the end of the quarter	50.86	51.50

The annexed notes 1 to 7 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 (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	September 30,	
	2010	2009
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the quarter	90,904	152,104
Adjustments for non-cash items		
Profit on savings accounts with banks	(31,611)	(64,164)
Profit on placements	-	(17,732)
Profit on sukuk certificates	(72,917)	(69,110)
Profit on diminishing musharaka certificates	-	(6,982)
Reversal of workers' welfare fund	15,649	-
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	(7,815)	(8,630)
Provision against sukuk certificates	7,700	-
Amortisation of preliminary expenses and floatation costs	126	126
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed	4,753	(11,579)
	<u>(84,115)</u>	<u>(178,071)</u>
Decrease / (increase) in assets		
Placements	-	1,335,500
Investments	318,919	(969,539)
Deposits, prepayments and other receivables	(22)	(22)
	<u>318,897</u>	<u>365,939</u>
Increase / (decrease) in liabilities		
Payable to Al Meezan - management company of the Fund	(218)	3,182
Payable to CDC - trustee of the Fund	(9)	69
Payable to SECP	(2,815)	1,041
Payable to MBL	(46)	(538)
Accrued expenses and other liabilities	(14,154)	8,348
	<u>(17,242)</u>	<u>12,102</u>
Profit received on savings accounts with banks	31,906	55,438
Profit received on placements	-	39,294
Profit received on sukuk certificates	103,540	59,914
Net cash inflow from operating activities	<u>443,890</u>	<u>506,720</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from sale of units	189,737	2,018,031
Payments against redemption of units	(430,803)	(1,171,087)
Dividend paid	(26,298)	(57,816)
Net cash (outflow) / inflow from financing activities	<u>(267,364)</u>	<u>789,128</u>
Net cash inflow during the quarter	176,526	1,295,848
Cash and cash equivalents at the beginning of the quarter	1,132,702	1,301,480
Cash and cash equivalents at the end of the quarter	<u>1,309,228</u>	<u>2,597,327</u>

The annexed notes 1 to 7 form an integral part of these condensed interim 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, 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Islamic Income 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 September 13, 2006 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) notified through S.R.O 1203(I) /2008 on November 21, 2008. 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 unit holders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the trust deed all conducts and acts of the Fund are based on shariah. MBL acts as its shariah adviser 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 Karachi 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 has been given quality rating of AM2 by JCR - VIS.
- 1.4 Title to the assets of the Fund are on 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 the approved accounting standards as applicable in Pakistan.

3. STATEMENT OF COMPLIANCE

- 3.1 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 and the directives issued by the SECP.
- 3.2 Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, and the said directives take precedence.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2010.



	Note	(Unaudited) September 30, 2010 (Rupees in '000)	(Audited) June 30, 2010
5. INVESTMENTS			
Investments at fair value through profit or loss	5.1	1,809,415	1,952,983
Investments - available for sale	5.2	76,455	190,102
		<u>1,885,870</u>	<u>2,143,085</u>
5.1 Investments at fair value through profit or loss			
- Held for trading	5.1.1	502,157	300,000
- Investments at fair value through profit or loss upon initial recognition	5.1.2	1,307,258	1,652,983
		<u>1,809,415</u>	<u>1,952,983</u>

5.1.1 Held for trading - Sukuk certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2010	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2010	Carrying value as at September 30, 2010	Market value as at September 30, 2010	Unrealised loss	Percentage of market value of investment
			----- Number of certificates -----			-- (Rupees in '000) --				
Century Paper & Board Mills Limited (note 5.1.1.2)	September 25, 2014	6 months Kibor plus base rate of 1.35%	4,320	9,000	1,480	11,840	55,990	55,944	(46)	2.97
GoP Ijarah Sukuk Certificates - III (note 5.1.1.1)	March 11, 2012	12.69%	2,000	-	-	2,000	203,880	203,880	-	10.81
GoP Ijarah Sukuk Certificates - IV (note 5.1.1.1)	September 17, 2012	12.64%	4,870	-	2,500	2,370	242,333	242,333	-	12.85
Total							<u>502,203</u>	<u>502,157</u>	<u>(46)</u>	
Total cost of investments							<u>493,062</u>			

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

5.1.1.2 The nominal value of the sukuk certificates is Rs 5,000 each.



5.1.2 Investments at fair value through profit or loss upon initial recognition - Sukuk certificates

5.1.2.1 Sukuk certificates

Name of the investee company	Maturity date	Profit rate	As at July 1, 2010	Purchases during the quarter	Sales / redemptions during the quarter	As at September 30, 2010	Carrying value as at September 30, 2010	Provision as at September 30, 2010	Market value as at September 30, 2010	Unrealised gain / (loss)	Percentage of total market value of investments.
			-----Number of Certificate-----					-----Rupees in '000-----			
Arzoo Textile Mills Limited (note 5.1.1.2)	April 15, 2014	6 months Kibor plus base rate of 2%	14,000	-	-	14,000	32,200	7,700	24,500	-	1.30
Century Paper & Board Mills Limited (note 5.1.1.2)	September 25, 2014	6 months Kibor plus base rate of 1.35%	17,046	-	1,894	15,152	72,565	-	71,593	(972)	3.80
Eden Builders Limited (note 5.1.1.2)	March 8, 2014	3 months Kibor plus base rate of 2.3%	9,000	-	600	8,400	40,167	-	40,697	530	2.16
Eden Housing Limited (note 5.1.1.2)	April 2, 2013	6 months Kibor plus base rate of 2.5%	59,400	-	-	59,400	167,062	-	157,723	(9,339)	8.36
Engro Chemical Pakistan Limited (note 5.1.1.2)	September 1, 2015	6 months Kibor plus base rate of 1.5%	60,500	-	10,000	50,500	247,450	-	248,081	631	13.15
Karachi Shipyard & Engineering Works (note 5.1.1.2)	November 2, 2015	6 months Kibor plus base rate of 0.4%	12,000	-	-	12,000	58,160	-	58,339	179	3.09
Karachi Shipyard & Engineering Works II (note 5.1.1.2)	February 4, 2016	-----do-----	53,400	-	-	53,400	258,335	-	259,254	919	13.75
Maple Leaf Cement Factory Limited (note 5.1.1.2)	December 3, 2018	3 months Kibor plus base rate of 1%	63,973	-	14	63,959	232,257	-	248,847	16,590	13.20
Security Leasing Corporation Limited II (note 5.1.1.2)	March 19, 2014	3% on cash basis and 3% on accrual basis	7,031	-	468	6,563	24,609	-	24,609	-	1.30
Shahmurad Sugar Mills Limited (note 5.1.2.2)	September 30, 2012	6 months Kibor plus base rate of 2.25%	61	-	12	49	46,378	-	47,218	840	2.50
Sitara Chemical Industries Limited II (note 5.1.1.2)	December 17, 2011	3 months Kibor plus base rate of 1.7%	4,140	-	690	3,450	17,187	-	17,192	5	0.91
Sitara Chemical Industries Limited III (note 5.1.1.2)	December 31, 2012	3 months Kibor plus base rate of 1%	24,750	-	2,250	22,500	110,727	-	109,205	(1,522)	5.79
Grand Total							<u>1,307,097</u>	<u>7,700</u>	<u>1,307,258</u>	<u>7,861</u>	
Total cost of investments									<u>1,469,363</u>		

5.1.2.2 The nominal value of these sukuk certificates is Rs 1,000,000 each.

5.2 Investments - available for sale

Name of the investee company	Maturity date	Profit rate	As at July 1, 2010	Purchases during the quarter	Sales during the quarter	As at September 30, 2010	Carrying value as at September 30, 2010	Market value as at September 30, 2010	Unrealised loss	Percentage of total investment
			----- Number of certificates -----			-- (Rupees in '000) --				
GoP Ijarah Sukuk Certificates - III (note 5.1.2)	March 11, 2012	12.69%	750	-	-	750	76,563	76,455	(108)	4.05
Total							<u>76,563</u>	<u>76,455</u>	<u>(108)</u>	
Total cost of investments							<u>76,563</u>			

6. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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 Sovereign Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - I, Meezan Cash Fund, 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, NBFC Regulations, 2008 and the Trust Deed respectively.

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

	(Unaudited) September 30, 2010	(Audited) June 30, 2010
	(Rupees in '000)	
Al Meezan - management company of the Fund		
Remuneration payable	<u>4,012</u>	<u>4,148</u>
Sales load payable	<u>330</u>	<u>412</u>
Preliminary expenses and floatation costs payable	<u>1,000</u>	<u>1,000</u>
Certificate charges payable	<u>1</u>	<u>1</u>
Investments as at September 30, 2010: 4,501,027 units (June 30, 2010: 4,739,846 units)	<u>228,922</u>	<u>245,856</u>
MBL		
Sales load payable	<u>-</u>	<u>46</u>
Balances with bank	<u>8,091</u>	<u>13,248</u>
Profit receivable on savings account	<u>92</u>	<u>176</u>
Investments as at September 30, 2010: 17,642,001 units (June 30, 2010: 17,642,001 units)	<u>897,096</u>	<u>915,091</u>



	(Unaudited) September 30, 2010	(Audited) June 30, 2010
	(Rupees in '000)	
CDC - trustee of the Fund		
Trustee fee payable	<u>350</u>	<u>359</u>
Deposits	<u>2,600</u>	<u>2,600</u>
Directors and officers of the management company		
Investments as at September 30, 2010: 626,758 units (June 30, 2010: 611,003 units)	<u>31,871</u>	<u>31,693</u>
Three months period ended September 30,		
	2010	2009
	(Rupees in '000)	
Al-Meezan - management company of the Fund		
Remuneration for the quarter	<u>12,485</u>	<u>20,819</u>
Units issued: 777,303 units (September 30, 2009: 726,225 units)	<u>40,000</u>	<u>37,000</u>
Redemptions: 1,262,136 units (September 30, 2009: 18,756 units)	<u>65,000</u>	<u>950</u>
Bonus units issued: 246,014 units (September 30, 2009: 59,975 units)	<u>8,066</u>	<u>3,008</u>
MBL		
Profit on savings accounts	<u>85</u>	<u>395</u>
Cash dividend paid	<u>48,516</u>	<u>41,066</u>
CDC - trustee of the Fund		
Remuneration for the quarter	<u>1,084</u>	<u>1,640</u>
CDS Charges for the quarter	<u>2</u>	<u>1</u>
Directors and officers of the management company		
Units issued: nil units (September 30, 2009: 45,228 units)	<u>-</u>	<u>2,308</u>
Redemptions: 17,292 units (September 30, 2009: 603,198 units)	<u>897</u>	<u>72,786</u>
Bonus units issued: 33,047 units (September 30, 2009: 41,118 units)	<u>1,677</u>	<u>2,062</u>

7. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 19, 2010 by the Board of Directors of the Management Company.

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

Chief Executive

Director