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## FUND INFORMATION

### PENSION FUND MANAGER

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre,  
Shahrah-e-Faisal, Karachi 74400, Pakistan.  
Phone: (9221) 35630722-6, 111-MEEZAN  
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. P. Ahmed	Director
Mr. Rana Ahmed Humayun	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, 4<sup>th</sup> 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 PENSION FUND MANAGER

The Board of Directors of Al Meezan Investment Management Limited, the pension fund manager of Meezan Tahaffuz Pension Fund (MTPF) is pleased to present the un-audited financial statements of the fund for the quarter ended September 30, 2010

### Brief Overview

During the first quarter of fiscal year 2011, Meezan Tahaffuz Pension Fund (MTPF) - equity sub fund provided a return of 4% to its participants. The Debt sub fund provided registered a return of 12.0% while the money market sub fund provided its participants with a return of 11.26%.

### 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.

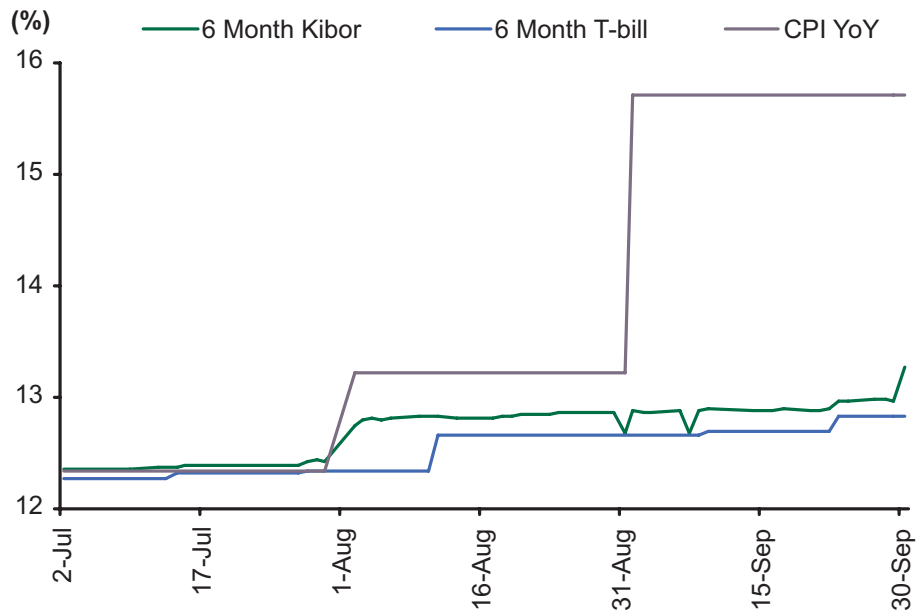
As a result all the macroeconomic targets are expected to be missed. The GDP growth target has already been revised down by 1-2% mainly because of sharply lower agricultural output growth estimates which accounts for 21 percent of GDP and 45 percent of employment. Average annual inflation is projected 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.



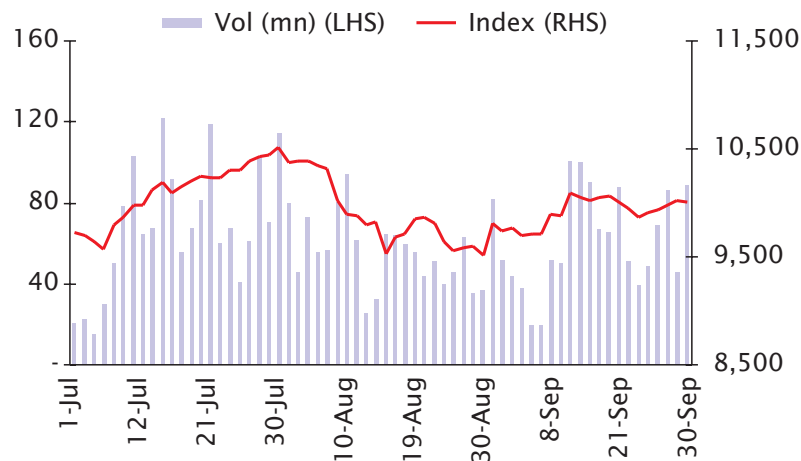
## Equity Market Review

The market remained volatile during the first quarter of fiscal year 2011 due to mixed news flow and uncertain macroeconomic situation. As expected, activity in the market dried up with implementation of capital gain tax (CGT) as the daily average volume shrank to 62mn shares as compared to the 188.6mn shares during the corresponding quarter last year, depicting decline of 67% year on year.

Despite concerns related to CGT, the quarter started on a bullish note on the back of expectations of positive corporate results alongwith foreign interest, which helped the market to post an extraordinary return of 8.2% for the month of July with KSE-100 index making a high of 10,519.

However, this rally was arrested by 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%. Inflation concerns resurfaced in the market with flood related damage to agriculture sector, jump in government expenditure on relief and rehabilitation, and price hike during Ramzan. In the wake of rising inflation expectations and keeping overall post-flood macroeconomic picture in view, SBP further increased the policy rate by another 50 bps in September 2010 to 13.5%.

Despite all the macroeconomic uncertainties, foreigners remained net buyers in the market on the back of cheap valuations relative to regional markets. Hence, there was a net foreign inflow of US\$ 106 million during the period under review. Moreover, the approval of Margin Trading System (MTS) by SECP along with above expectation payouts and earnings of the oil companies gave some respite to the market and helped KSE-100 index to close the quarter at 10,013.



### Investment Objective and Policy

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

### Operational Review

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

#### Equity Sub Fund

For the quarter ended September 30, 2010 the equity sub fund earned a gross income of Rs.4.4 million, as compared to a gross income of Rs. 17.3 million in 2009. The main contributors to this figure were unrealized gains of Rs. 2.2 million. The fund also received dividend income of Rs. 1.6 million during the quarter. After accounting for expenses of Rs.0.5 million, equity sub fund recorded a net profit of Rs. 3.9 million as compared to net income of Rs. 17 million in 2009. The net assets of this fund stood at Rs.111 million as at September 30, 2010, showing a growth of 6.45% during the quarter under review.

During the quarter, the net asset value (NAV) of the fund increased from Rs. 101 to Rs. 105.09, thus showing return of 4%.

#### Debt Sub Fund

For the quarter under review, the debt sub fund earned gross income of Rs.3.9 million, as compared to Rs. 2.3 million in corresponding period last year. The main contributor to this income was profit on sukuk certificates worth Rs. 1.5 million and profit on saving accounts Rs. 1.3 million. After accounting for expenses of Rs.0.5 million, the debt sub fund recorded a net gain of Rs.3.4 million. The net assets of the fund appreciated by 6.07% during the quarter and stood at Rs.104 million as on September 30, 2010. The net asset value (NAV) of the fund closed at Rs. 133.62 as on September 30, 2010.

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 instalments.



## Money Market Sub Fund

The money market sub fund recorded gross income of Rs.2.5 million for the September quarter 2010 as compared to Rs. 1.9 million in corresponding period last year. Main contribution was from profit on bank deposits and placements which contributed Rs. 2.06 million to the overall income. The fund recorded net profit of Rs.2.1 million, after accounting for expenses worth Rs.0.4 million. During the quarter the net assets of the sub fund increased to Rs.78 million from Rs.74 million three months ago.

## Outlook

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 emerging market. Pakistan's stock market is trading at a P/E multiple of under 7, which is almost at 45% 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.

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.

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 participants for reposing faith in Al Meezan Investments and making it the largest Shariah Compliant pension fund manager. We also thank the regulator, Securities and Exchange Commission of Pakistan and 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: October 19, 2010  
Karachi.

**Mohammad Shoaib, CFA**  
Chief Executive

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2010

	Unaudited September 30, 2010				Audited June 30, 2010	
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total	
	(Rupees in '000)					
<b>Assets</b>						
Balances with banks	5	4,538	54,730	56,453	115,721	97,628
Placements		-	-	-	-	20,000
Investments at fair value through profit or loss	6	104,790	48,378	18,730	171,898	155,954
Dividend receivable		1,677	-	-	1,677	775
Profit receivable		283	1,941	3,232	5,456	5,984
Deposit with Central Depository Company (CDC) of Pakistan Limited		100	100	100	300	300
<b>Total assets</b>		111,388	105,149	78,515	295,052	280,641
<b>Liabilities</b>						
Payable against purchase of investments		-	-	-	-	1,303
Payable to Al Meezan Investment Management Limited (Al Meezan)- Pension Fund Manager		521	512	479	1,512	1,330
Payable to CDC - trustee of the Fund		13	12	9	34	32
Payable to auditors		102	103	103	308	200
Payable to Securities and Exchange Commission of Pakistan (SECP)		38	35	28	101	77
Accrued expenses and other liabilities	7	125	-	-	125	852
<b>Total liabilities</b>		799	662	619	2,080	3,794
<b>Net assets</b>		110,589	104,487	77,896	292,972	276,847
<b>Participants' sub-funds (as per statement attached)</b>		110,589	104,487	77,896	292,972	276,847
<b>Number of units in issue</b>		1,052,290	781,967	588,005		
<b>Net assets value per unit (Rupees)</b>		105.09	133.62	132.48		

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**



## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	September 30, 2010				September 30, 2009
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
Note .....(Rupees in '000).....					
<b>Income</b>					
Profit on sukuk certificates	-	1,487	584	2,071	1,881
Profit on savings accounts with banks	358	1,287	1,479	3,124	1,635
Profit on placements	-	53	71	124	502
Unrealised gain on re-measurement of investments at fair value through profit or loss	2,262	240	-	2,502	14,798
Net realised gain on sale of investments	23	76	29	128	1,552
Dividend income	1,646	-	-	1,646	1,288
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed	173	734	355	1,262	(64)
<b>Total income</b>	<b>4,462</b>	<b>3,877</b>	<b>2,518</b>	<b>10,857</b>	<b>21,592</b>
<b>Expenses</b>					
Remuneration of AI Meezan-pension fund manager	413	383	288	1,084	779
Remuneration of CDC- trustee of the Fund	41	38	28	107	75
Annual fee of SECP	9	9	6	24	17
Auditors' remuneration	36	36	35	107	54
Amortisation of formation cost	-	-	-	-	62
Securities' transaction cost	29	-	-	29	24
Custody and settlement charges	1	1	1	3	2
Bank charges	1	1	-	2	2
<b>Total expenses</b>	<b>530</b>	<b>468</b>	<b>358</b>	<b>1,356</b>	<b>1,015</b>
<b>Net income</b>	<b>3,932</b>	<b>3,409</b>	<b>2,160</b>	<b>9,501</b>	<b>20,577</b>
<b>Earnings per unit outstanding</b>					
-basic (Rupees)	8	3.74	4.36	3.67	

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**



## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	September 30, 2010				September 30, 2009
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
Note -----(Rupees in '000)-----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income	3,932	3,409	2,160	9,501	20,577
<b>Adjustments for :</b>					
Dividend income	(1,646)	-	-	(1,646)	(1,288)
Workers Welfare Fund	395	228	136	759	-
Profit on sukuk certificates	-	(1,487)	(584)	(2,071)	(1,881)
Profit on savings accounts with banks	(358)	(1,287)	(1,479)	(3,124)	(1,635)
Profit on placements	-	(53)	(71)	(124)	(502)
Unrealised (gain) on re-measurement of investments at fair value through profit or loss	(2,262)	(240)	-	(2,502)	(14,798)
Amortisation of formation cost	-	-	-	-	62
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(173)	(734)	(355)	(1,262)	64
	(112)	(164)	(193)	(469)	599
<b>(Increase) / decrease in assets</b>					
Placements	-	8,300	11,700	20,000	14,400
Receivable against sale of investments	-	-	-	-	(1,224)
Investments at fair value through profit or loss	(14,174)	644	88	(13,442)	(28,039)
Other receivables	-	-	-	-	1,577
	(14,174)	8,944	11,788	6,558	(13,286)
<b>(Decrease) / increase in liabilities</b>					
Payable against purchase of investments	(1,303)	-	-	(1,303)	2,817
Payable to Al Meezan- Pension Fund Manager	64	63	55	182	(246)
Payable to CDC- trustee of the Fund	1	1	-	2	(26)
Payable to SECP	9	9	6	24	18
Payable to auditors	36	36	36	108	53
Accrued expenses and other liabilities	(363)	(228)	(136)	(727)	104
	(1,556)	(119)	(39)	(1,714)	2,720
Dividend received	744	-	-	744	336
Profit received on savings accounts with banks	262	1,196	32	1,490	490
Profit received on sukuk certificates	-	2,667	1,141	3,808	2,449
Profit received on placements	-	228	321	549	1,359
<b>Net cash outflow from operating activities</b>	(14,836)	12,752	13,049	10,966	(5,334)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts of contribution	3,246	3,658	1,571	8,475	3,855
Payment against withdrawal	(700)	(582)	(65)	(1,347)	(83)
<b>Net cash inflow from financing activities</b>	2,546	3,076	1,506	7,128	3,772
Net cash (outflow) / inflow during the period	(12,290)	15,828	14,555	18,094	(3,228)
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 4,538	54,730	56,453	115,721	44,688

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director  
  
 MEEZAN  
 TAHAFFUZ  
 PENSION FUND



## CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	September 30, 2010				September 30, 2009
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	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: 30,354 units; Debt sub fund: 27,833 units; Money market sub fund: 12,007 units) (2009: Equity sub fund: 29,338 units; Debt sub fund: 8,484 units; Money market sub fund: 1,561 units)	3,246	3,658	1,571	8,475	3,855
Amount paid on redemption of units (2010: Equity sub fund: 6,633 units; Debt sub fund: 4,415 units; Money market sub fund: 501 units) (2009: Equity sub fund: 1,002 units; Debt sub fund: 20 units; Money market sub fund: nil units)	(700)	(582)	(65)	(1,347)	(83)
	2,546	3,076	1,506	7,128	3,772
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed	(173)	(734)	(355)	(1,262)	65
Reversal of WWF	395	228	136	759	
Net income for the period	3,932	3,409	2,160	9,501	20,577
	4,327	3,637	2,296	10,260	20,577
Net assets at the end of the period	110,589	104,487	77,896	292,972	217,888

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## CONDENSED INTERIM CONTRIBUTION TABLE (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

Contributions net of front end fee received during the year	September 30, 2010							September 30, 2009
	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund		Total (Rupees in '000)	Total (Rupees in '000)
	Units	Rs in '000	Units	Rs in '000	Units	Rs in '000		
Individuals - issue of units	30,354	3,246	27,833	3,658	12,007	1,571	8,475	3,855
Total	<u>30,354</u>	<u>3,246</u>	<u>27,833</u>	<u>3,658</u>	<u>12,007</u>	<u>1,571</u>	<u>8,475</u>	<u>3,855</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**



## CONDENSED INTERIM NUMBER OF UNITS IN ISSUE (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	September 30, 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	30,354	27,833	12,007
Less: Units redeemed during the period	(6,633)	(4,415)	(501)
Total units in issue at the end of the period	<u>1,052,290</u>	<u>781,967</u>	<u>588,005</u>

	September 30, 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	29,338	8,484	1,561
Less: Units redeemed during the period	(1,002)	(20)	-
Total units in issue at the end of the period	<u>831,428</u>	<u>597,890</u>	<u>518,634</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

### 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 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 MBL as its shariah adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The pension fund manager of the Fund is registered with SECP as a Non-Banking Finance Company under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.4 The Fund is an open-ended un listed fund. Units are offered for public subscription on a continuous basis. The units are non-transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

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

Wherever the requirements of the trust deed, the VPS Rules or the said directives differ with the requirements of IFRSs, the requirements of the trust deed, the VPS Rules and the said directives take precedence.



- 3.2 These condensed interim financial statements comprise of the condensed interim Balance Sheet as at September 30, 2010 and the condensed interim income statement, condensed interim statement of movement in participants' sub funds, condensed interim cash flow statement, condensed interim contribution table, condensed interim number of units in issue and notes thereto for the quarter ended September 30, 2010.
- 3.3 The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited financial statements of the Fund for the year ended June 30, 2010 whereas the comparative condensed interim income statement, condensed interim statement of movement in participants' sub fund, condensed interim cashflow statement, condensed interim contribution table and condensed interim number of units in issue have been extracted from the financial statements for the quarter ended September 30, 2009.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2010.

#### 5. BALANCES WITH BANKS

	September 30, 2010				June 30, 2010
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
	(Rupees in '000)				
Current accounts	81	10	9	100	121
Savings accounts	4,457	54,720	56,444	115,621	97,507
	<u>4,538</u>	<u>54,730</u>	<u>56,453</u>	<u>115,721</u>	<u>97,628</u>

#### 6 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	September 30, 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	6.1	104,790	-	-	104,790	88,354
- sukuk certificates	6.2	-	28,630	17,500	46,130	46,130
		104,790	28,630	17,500	150,920	134,484
Investments at fair value through profit or loss upon initial recognition	6.3	-	19,748	1,230	21,470	21,470
		<u>104,790</u>	<u>48,378</u>	<u>18,730</u>	<u>172,390</u>	<u>155,954</u>

## 6.1 'Held for trading' - shares of listed companies

Name of the investee company	As at July 1, 2010	Purchases during the Quarter	Cost of purchase	Bonus / rights issue	Sales during the Quarter	As at September 30, 2010	Carrying value as at September 30, 2010	Market value as at September 30, 2010	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 6.1.2 below)	Percentage of paid up capital of investee company
	Number of shares		Rs in '000		Number of shares		Rupees in '000				
<b>EQUITY SUB FUND</b>											
<b>Automobile and parts</b>											
Indus Motor Company Limited	16,846	4,000	1,008	-	-	20,846	5,428	4,515	(913)	4.08	0.57
Pak Suzuki Motor Company Limited	23,000	-	-	-	10,000	13,000	1,031	901	(130)	0.82	0.11
Agriauto Industries Limited	-	25,000	1,734	-	-	25,000	1,734	1,750	16	1.58	1.22
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited	277,000	-	-	-	-	277,000	7,213	7,507	294	6.79	0.08
Fauji Fertilizer Company Limited	94,975	-	-	-	-	94,975	9,789	9,957	168	9.00	0.15
ICI Pakistan Limited	40,101	39,000	4,788	-	-	79,101	9,542	9,262	(280)	8.38	0.67
<b>Construction and materials</b>											
Attock Cement Pakistan Limited	41,160	50,000	3,479	-	-	91,160	6,174	5,865	(309)	5.30	0.68
Lucky Cement Limited	141,700	-	-	-	-	141,700	8,805	9,800	995	8.86	0.30
<b>Fixed line telecommunication</b>											
Pakistan Telecommunication Company Limited "A"	229,500	120,000	2,274	-	-	349,500	6,359	6,571	212	5.94	0.02
<b>Food producers</b>											
Unilever Pakistan Limited	676	-	-	-	-	676	2,626	2,721	95	2.46	0.41
<b>General industries</b>											
Packages Limited	28,400	18,000	2,159	-	-	46,400	5,525	4,686	(839)	4.24	0.56
Thal Limited (note 6.1.1)	6,000	-	-	-	5,000	1,000	95	106	11	0.10	0.04
Tri-Pack Films Limited	27,000	-	-	-	-	27,000	2,633	2,673	40	2.42	0.89
<b>Oil and gas</b>											
National Refinery Limited	34,600	-	-	-	-	34,600	6,327	6,991	665	6.32	0.87
Oil and Gas Development Company Limited	21,200	-	-	-	-	21,200	3,004	3,089	85	2.79	0.01
Pakistan Oilfields Limited	41,900	-	-	-	-	41,900	9,046	9,936	890	8.98	0.42
Pakistan Petroleum Limited	45,386	-	-	9,077	-	54,463	8,356	9,390	1,033	8.49	0.09
Pakistan State Oil Company Limited	32,800	-	-	-	-	32,800	8,535	8,813	279	7.97	0.51
Shell Pakistan Limited	1,330	-	-	-	-	1,330	305	256	(49)	0.23	0.04
<b>Total</b>			<u>15,442</u>				<u>102,528</u>	<u>104,790</u>	<u>2,262</u>		

6.1.1 All shares have a nominal value of Rs 10 each except Thal Limited having nominal value of Rs 5 each.

6.1.2 Net assets are as defined in rule 2(1)(m) of VPS Rules.



## 6.2 '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 September 30, 2010	Carrying value as at September 30, 2010	Provision	Market value as at September 30, 2010	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 6.1.2)
			Number of certificates	Rupees in '000	Number of certificates	Rupees in '000	Number of certificates	Rupees in '000					
<b>DEBT SUB FUND</b>													
GoP - Ijara sukuk - IV (note 6.2.1)	September 17, 2012	12.64%	280	-	-	-	-	280	28,000	-	28,630	630	27.40
			280	-	-	-	-	280	28,000	-	28,630	630	
<b>MONEY MARKET SUB FUND</b>													
GoP - Ijara sukuk - II (note 6.2.1)	September 25, 2011	12.78%	175	-	-	-	-	175	17,500	-	17,500	-	22.47
			175	-	-	-	-	175	17,500	-	17,500	-	

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

## 6.3 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 September 30, 2010	Carrying value as at September 30, 2010	Provision	Market value as at September 30, 2010	Unrealised gain / (loss)	Percentage of net assets on the basis of market value (see note 6.1.2)
			Number of certificates	Rupees in '000	Number of certificates	Rupees in '000							
<b>DEBT SUB FUND</b>													
Dawood Hercules Chemicals Limited (note 6.3.1)	September 18, 2012	6 months Kibor plus base rate of 1.2%	50	-	-	-	3	47	2,296	-	2,298	2	2.20
	April 2, 2013	6 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	1,406	-	1,328	(79)	1.27
Eden Housing Limited (note 6.3.2)	November 2, 2015	6 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	1,406	-	1,328	(79)	1.27
Karachi Shipyard & Engineering Works Limited (note 6.3.3)	December 3, 2018	6 months Kibor plus base rate of 0.4%	2,000	-	-	-	-	2,000	9,675	-	9,710	34	9.29
Maple Leaf Cement Factory Limited (note 6.3.3)	March 19, 2014	3 months Kibor plus base rate of 1.0%	1,000	-	-	-	-	1,000	3,629	(109)	3,888	368	3.72
Security Leasing Corporation Limited II (note 6.3.3)	September 30, 2012	3% on cash basis and 3% on accrual basis	351	-	-	-	23	328	1,230	-	1,230	-	1.18
Shahmurad Sugar Mills Limited (note 6.3.4)	March 19, 2014	6 months Kibor plus base rate of 2.25%	2	-	-	-	1	1	1,270	-	1,294	24	1.24
<b>MONEY MARKET SUB FUND</b>			3,903	-	-	-	27	3,876	19,507	(109)	19,748	349	
Security Leasing Corporation Limited II (note 6.3.3)		3% on cash basis and 3% on accrual basis	351	-	-	-	23	328	1,230	-	1,230	-	1.58
			351	-	-	-	23	328	1,230	-	1,230	-	

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

6.3.2 The principal buy out reduces the face value per certificate instead of number of certificates. The face value of the sukuk certificates is Rs 3,750 each.

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

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



## 7. ACCRUED EXPENSES AND OTHER LIABILITIES

	September 30, 2010				June 30, 2010
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total
	(Rupees in '000)				
Workers' Welfare Fund	-	-	-	-	759
Charity payable	125	-	-	125	93
	<u>125</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>852</u>

## 8. EARNINGS PER UNIT OUTSTANDING - BASIC

	September 30, 2010			September 30, 2009		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	(Rupees in '000)					
Net income for the period	<u>3,932</u>	<u>3,409</u>	<u>2,160</u>	<u>17,016</u>	<u>1,924</u>	<u>1,637</u>
	(Number of units)					
Units outstanding as at September 30, 2010	<u>1,052,290</u>	<u>781,967</u>	<u>588,005</u>	<u>831,428</u>	<u>597,890</u>	<u>518,634</u>
	(Rupees)					
Earnings per unit outstanding - basic	<u>3.74</u>	<u>4.36</u>	<u>3.67</u>	<u>20.47</u>	<u>3.22</u>	<u>3.16</u>

## 9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan being the pension fund manager, CDC being the trustee, MBL being the shariah adviser of the Fund and holding company of the pension fund manager, directors and officers of the pension fund manager, Meezan Islamic Fund, Meezan Islamic Income Fund, Al Meezan Mutual Fund, Meezan Balanced Fund, Meezan Capital Protected Fund - I, Meezan Cash Fund and Meezan Sovereign Fund being the funds under the common management of the pension fund manager.

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 pension fund manager and the trustee is determined in accordance with the provisions of VPS Rules and the Trust Deed respectively.



Details of transactions with connected persons and balances with them as of September 30, 2010 and for the period then ended are as follows:

September 30, 2010				June 30, 2010
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	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)

52,547	66,810	66,238	185,595	180,000
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**Directors and executives of the Pension Fund Manager**

As at September 30, 2010

(Equity sub fund: 59,513 units; debt sub fund: 15,648 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)

6,254	2,091	467	8,812	8,111
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Units issued during the period

(Equity sub fund:3,384 units; debt sub fund: 328 units,  
money market sub fund: 17 units)

585	102	14	701	1,864
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September 30, 2010				June 30, 2010
Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Total

----- (Rupees in '000) -----

**Al Meezan - pension fund manager**

Remuneration payable at the beginning of the period

457	449	424	1,330	900
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Formation cost payable at the beginning of the period

-	-	-	-	237
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Remuneration for the period

413	383	288	1,084	3,425
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Front-end fee for the period

305	305	305	915	771
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1,175	1,137	1,017	3,329	5,333
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Amount paid during the period

(654)	(625)	(505)	(1,784)	(4,003)
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Balance at the end of the period

521	512	512	1,545	1,330
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**MBL**

Bank balance

84	801	1,137	2,022	94
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Profit on savings accounts

2	5	2	9	98
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**CDC - trustee of the Fund**

Balance at the beginning of the period

12	11	9	32	75
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Remuneration for the period

41	38	28	107	342
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CDS charges for the period

1	1	1	3	18
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54	50	38	142	435
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Amount paid during the period

(41)	(38)	(29)	(108)	(403)
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Balance at the end of the period

13	12	9	34	32
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## 10 DATE OF AUTHORISATION

These condensed interim financial statements were authorised on October 19, 2010 by the board of directors of the Pension Fund Manager.

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

**Chief Executive**

**Director**