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Our Vision

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

Our Mission

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

FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive
Mr. Tasnimul Haq Farooqui	Director
Mr. Aliuddin Ansari	Director
Mr. Rizwan Ata	Director
Mr. Mazhar Sharif	Director
Syed Owais Wasti	Director

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISOR

Meezan Bank Limited

BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)
Askari Bank Limited - Islamic Banking
Bank Alfalah Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
Habib Bank Limited - Islamic Banking
Meezan Bank Limited
Soneri Bank Limited - Islamic Banking

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Cash Fund (MCF) is pleased to present the audited annual financial statements of the fund for the period June 5 to June 30, 2009.

Economic and Money Market Review

The fiscal year 2009 was one of the most volatile for global economy with challenges involving sub-prime default, financial market crisis, stock market crashes and souring commodity prices including food inflation. The economic fundamental for Pakistan were also negatively impacted by global economic downturn and led to various economic imbalances including growing fiscal and trade deficit, rising inflation, declining foreign exchange reserves etc. In all, Pakistan managed an economic growth of 2% as against a target of 5%.

To stabilize the economy, government administered measures like subsidy removal, fiscal deficit management, monetary tightening and making foreign exchange market regulations more stringent. These steps along with a reversal in global commodity prices helped in bringing down current account deficit and inflationary pressure. Moreover, Stand-By Arrangement with IMF and strong remittance inflows of US\$ 7.8 billion for the year, the highest ever, helped in reserve replenishment which reached US\$11.84 billion at the close of the year. Rupee remained under pressure vis-à-vis the dollar and closed at about Rs 81.5, depreciating 16% during the period under review.

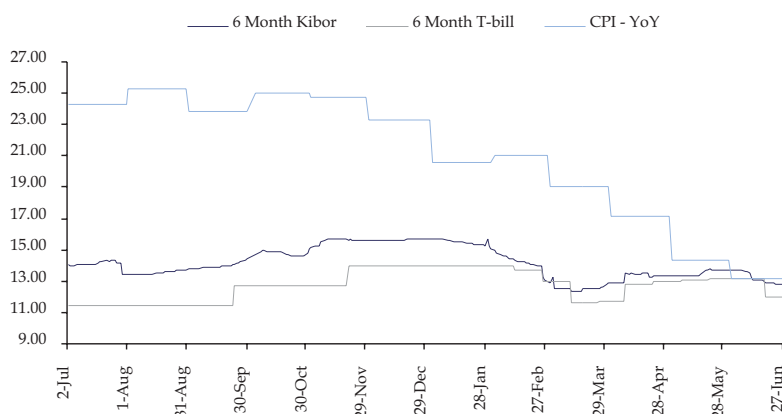
On the fiscal front, the Government of Pakistan did not succeed in meeting its tax collection target of Rs.1.3 trillion and collected Rs.1.15 trillion for the fiscal year 2009. The government has once again set an ambitious target of Rs 1.37 trillion for fiscal year 2010 for which Federal Board of Revenue is actively bringing about tax administration reforms.

Monetary Diligence

In order to arrest unabated inflation, which had reached an alarming level of 25% in first four months of fiscal year 2009, and to meet IMF conditions, State Bank of Pakistan (SBP) continued its policy of monetary tightening and raised the discount rate in November to 15%. The tight monetary stance resulted in six month KIBOR and T-bill rates to peak at 15.71% and 14.01% respectively.

Later, with some corrective measures by SBP included reducing Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) for commercial banks helped to ease off liquidity crunch in the economy. With the beginning of the new calendar year, as the inflation began easing off, the SBP also reversed its stance of monetary tightening when it reduced the discount rates by 100bps to 14% in April 2009.

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



To reduce government borrowing from SBP and promote Islamic mode of financing, SBP conducted three auctions of Ijara sukuk, three year Islamic bonds, in which it sold Rs. 27.5 billion worth of sukuku against a target of Rs. 30 billion.

Liquidity crisis and its impact on income and money market funds

The Income and money market funds category, contributing around 46% to the total open end mutual fund industry, enjoyed substantial growth since 2004. However, during fiscal year 2009, amid liquidity crunch in the market, the size of income and money market funds category declined to Rs. 79 billion, down 44% from Rs. 140 billion in June 2008. Moreover, with the rising interest rate environment, the yields on the sukuku increased by 300-400bps which arrested the growth of new issues (unlike in fiscal year 2008 when the sukuk market grew by 54% to over Rs.100 billion).

In the second quarter of fiscal year 2009, consistent monetary tightening by central bank led to a negative growth of 1.8% in money supply (M2), as compared to a growth of 1.3% during the same period last year, creating a severe liquidity crunch in the economy. This was a major blow to income and money market funds as it resulted in excessive redemptions. This situation was further aggravated when SECP issued a circular, applying a discount of 5% to 30% on face value of TFCs/Sukuku held by mutual funds, thus discounting NAVs of income and money market funds up to 24% depending on the composition of TFCs/Sukuku in their portfolio.

Al Meezan Investments, with the view to avoid volatility which we witnessed this year, launched Pakistan's first Shariah compliant money market fund - Meezan Cash Fund. As per its investment policy, MCF can invest or place funds in instruments/avenues with a rating of 'double A' (AA) and above. Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, alongwith a maximum portfolio duration of three months.

Outlook

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

Fund Rating

We are pleased to inform our investors that JCR-VIS, the leading rating agency in Pakistan, has assigned an AA(f) stability rating to MCF, signaling moderate degree of stability in returns with risk factors considered variable if economic variables change.

Compliance with Code of Corporate Governance

Al Meezan Investment Management Limited always strives to maintain the highest standards of corporate governance. In compliance with the Code of Corporate Governance, the Board of Directors declares that:

These financial statements, prepared by the management company of the Fund, present fairly the state of affairs of the Fund, the result of its operations, cash flows and movement in unit holder's fund.

- ▶ The Fund has maintained proper books of accounts.
- ▶ Appropriate accounting polices have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- ▶ International Accounting Standards and International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- ▶ The system of internal control is sound in design and has been effectively implemented and monitored.
- ▶ There are no significant doubts upon the Fund's ability to continue as a going concern.
- ▶ There has been no material departure from the best practices of corporate governance, as detailed in the Islamabad Stock Exchange (ISE) listing regulations.
- ▶ The Board of Directors and employees of the management company have signed "Statement of Ethics and Business Practices".
- ▶ The transaction in units of the Fund carried out by the Director / CEO of the management company is as under:

Trades by		No. of units invested	No. of units redeemed
Mr. Mohammad Shoaib, CFA	Chief Executive	79,968	-

- ▶ Pattern of holding of units is given on note no. 20 to the financial statements.
- ▶ Financial highlights since inception are given in note no. 16 of the financial statements.

Board Meetings

Please refer to note no. 18 provided in the financial statements.

Appointment of Auditors

M/s A.F. Ferguson & Co. Chartered Accountants retire and being eligible offers themselves as the auditors of the Fund for fiscal year 2010. The Board of Directors of the management company has approved their re-appointment.

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. We also thank the regulator, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan and management of the Stock Exchange for all their support and guidance. We also take this opportunity to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued guidance and support on shariah aspects of fund management.

For and on behalf of the Board

**Date: August 20, 2009
Karachi.**

**Mohammad Shoaib, CFA
Chief Executive**

**PATTERN OF HOLDINGS (UNITS) AS PER THE REQUIREMENT
OF CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2009**

Units held by	Units held	%
Individuals	3,957,219	31.82
Chief Executive & their Spouse Mohammad Shoaib, CFA	79,968	0.64
Executives Muhammad Asad	2,000	0.02
Associated companies / directors Al Meezan Investment Management Limited	1,900,180	15.28
Insurance companies	1,320,323	10.62
Banks / DFIs	1,500,000	12.06
Retirement funds	98,000	0.79
Public Limited Companies	760,000	6.11
Others	2,818,455	22.66
Total	12,436,145	100

REPORT OF THE FUND MANAGER

Meezan Cash Fund is an open end cash fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

Its objective is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market & Shariah compliant debt securities

Strategy and Investment Policy:

The fund provides valued investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term, i.e. to a maximum maturity of six months. Moreover, to ensure security of investment, rating of instruments must at least be 'AA'.

Brief Overview

The fiscal year 2009 was one of the most volatile for global economy with challenges involving sub-prime default, financial market crisis, stock market crashes and souring commodity prices including food inflation. The economic fundamental for Pakistan were also negatively impacted by global economic downturn and led to various economic imbalances including growing fiscal and trade deficit, rising inflation, declining foreign exchange reserves etc. In all, Pakistan managed an economic growth of 2% as against a target of 5%.

Subsequently, tight monetary stance adopted by SBP and lower commodity prices helped in easing pressure and economic recovery steadily progressed. Lower commodity prices have continued to ease pressure on external accounts, which alongwith a 23-month US\$ 7.6 billion Stand-By Arrangement by IMF and other inflows, have lent some degree of stability to the economy. Moreover, rescinding inflation paved the way for decline in interest rates which helped in bringing overall stability.

Economic and Money Market Review

The macroeconomic outlook remained bearish during the initial months of fiscal year 2009 as inflationary pressures mounted and current account deficit continued to widen unabated. The main reason for the widening of the current account deficit was the worsening of trade balance which rose to US\$ 5.84 billion during the initial months of fiscal year 2009. This was mainly due to the extraordinary increase in international crude oil prices, which peaked at US\$147 per barrel in mid July, and hike in food prices. As a result, foreign exchange reserves declined from US\$ 11.1 billion in June 2008 to US\$ 6.6 billion in November 2008.

Subsequently, the government administered much needed macro stabilization measures like subsidy removal, fiscal deficit management, monetary tightening and tightening of forex market regulations. The impact of these decisions along with reversal in global commodity prices helped in bringing down current account deficit and inflationary pressure. Subsequently, 23-month Stand-By Arrangement with IMF along with strong remittance inflows of US\$ 7.8 billion for the year, the highest ever, helped in reserve replenishment which reached US\$ 11.84 billion at the close of the year and also helped in stabilization in the rupee-dollar parity. The rupee remained under pressure vis-à-vis the dollar especially in the first half of fiscal year 2009 and closed at about Rs 81.5, depreciation of 16% for the period under review.

On the domestic front, the Government of Pakistan did not succeed in meeting its tax collection target of Rs. 1.3 trillion and collected Rs. 1.15 trillion for the fiscal year 2009. The government has once again set an ambitious target of Rs. 1.37 trillion for fiscal year 2010 for which Federal Board of Revenue is actively bringing about tax administration reforms. Given the current global economic situation, Pakistan is expected to post a growth of 3% in the fiscal year 2010.

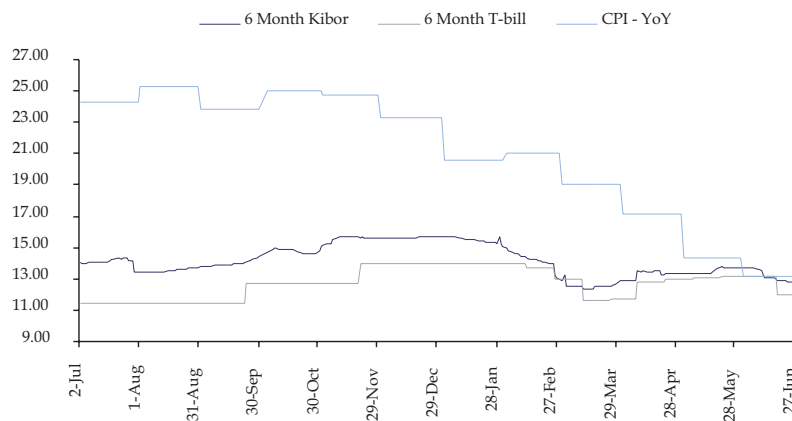
Monetary Diligence

In order to arrest the unabated inflation which had reached alarming level of 25% in first four months of fiscal year 2009, and to adhere to IMF conditions, the State Bank of Pakistan (SBP) continued its policy of monetary tightening and raised the discount rate by 1% in July and subsequently 2% in November to 15%. The tight monetary stance resulted in six month KIBOR and T-bill rates to peak at 15.71% and 14.01% respectively. The interest rate environment during the period under review kept the money market very tight with overnight rates making new highs of over 40%.

Later, some corrective measures by SBP included reducing Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) for commercial banks eased off the liquidity crunch in the market. Subsequently, in the monetary policy statement in January 2009, SBP stopped further monetary tightening which helped to improve the liquidity position and hence interest rates reversed their increasing trend. As a result, overnight rates declined to 10-11%.

In March 2009, the SBP further provided monetary easing by reducing the discount rate by 100bps to 14%. The effect of these measures was also reflected in six month KIBOR and T-bill rates which dropped from their peaks by 245bps and 200bps to close at 12.76% and 12.01% respectively on June 30, 2009.

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



New Developments

To reduce government borrowing from SBP and promote Islamic mode of financing, SBP conducted three auctions of Ijara sukuks, three year Islamic bonds, in which it sold Rs. 27.5 billion worth of sukuks against the target of Rs. 30 billion. Moreover, SECP, with the assistance of Mutual Fund Association of Pakistan MUFAP, has introduced new method of valuation of fixed income securities. According to this method, prices of the instruments are revised on a fortnightly basis using yield matrix. Moreover, Bond Automated Trading System (BATS) will soon be introduced at KSE which will help in efficient trading of the fixed income instruments in the secondary market.

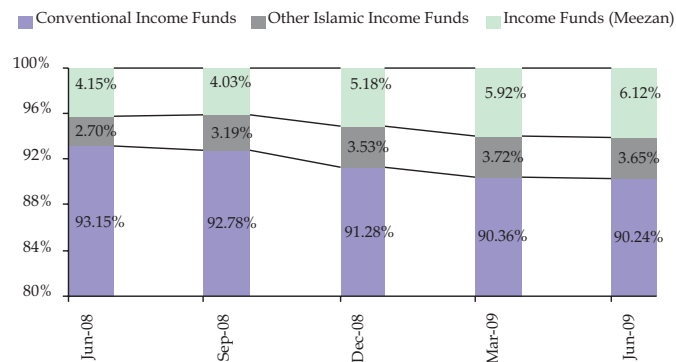
Fixed Income Mutual Fund Industry

Strategy Implementation - Strategic and tactical Asset Allocation

The Income and money market funds category, contributing around 46% to the total open ended mutual fund industry, had been enjoying substantial growth since 2004. However, during fiscal year 2009, amid liquidity crunch in the market, the income and money market funds category reached Rs. 79 billion, showing a decline of 44% from Rs. 140 billion in June 2008. Moreover, with the rising interest rates environment, the yields on the sukuku increased by 300-400bps which arrested the growth of new issues of sukuku (unlike in fiscal year 2008 when the sukuku grew by 54% to Rs. 100 billion).

In the second quarter of fiscal year 2009, consistent monetary tightening by central bank led to a negative growth of 1.8% in money supply (M2), as compared to a growth of 1.3% during the same period last year, creating a severe liquidity crunch in the economy. This was a major blow to income and money market funds as it resulted in excessive redemptions. This situation was further aggravated when SECP issued a circular, applying a discount of 5% to 30% on face value of TFCs/Sukuku held by mutual funds, thus discounting NAVs of income and money market funds up to 24% depending on the composition of TFCs/Sukuku in their portfolio.

Al Meezan Investments, with the view to avoid volatility which we witnessed this year, launched Pakistan's first Shariah compliant money market fund - Meezan Cash Fund. As per its investment policy, MCF can invest or place funds in instruments/avenues with a rating of 'double A' (AA) and above. Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, alongwith a maximum portfolio duration of three months.



Performance

The Fund earned a total income of Rs. 2.03 million for the period from June 5, 2009 to June 30, 2009 which was completely contributed by profit on bank deposits. The expenses for the current period amounted to Rs. 0.13 million and the element of income and capital gain included in prices of units issued less those in units redeemed was Rs. 0.16 million. After adjusting for these figures, the Fund recorded a net income of Rs. 2.05 million for the period which translates into earnings per unit of Rs. 0.16. During the period, MCF generated an annualized return of 10.62% thus outperforming the benchmark return by 3.02%. The benchmark, 6 month average Islamic bank deposit rate stood at 7.60%.

The net assets of MCF as at June 30, 2009 stood at Rs. 623.86 million which is tantamount to net asset value per unit of Rs. 50.16.

Distributions

For the fiscal year 2009, MCF paid out a dividend of Rs. 0.15 based on its performance of 11 days of operation.

Breakdown of unit holdings by size

(As at June 30, 2009)

Range of units	Number of unitholders
1 - 9,999	119
10,000 - 49,999	19
50,000 - 99,999	4
100,000 - 499,999	12
500,000 and above	8
Total	162

Future Outlook

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

REPORT OF THE SHARIAH ADVISOR MEEZAN CASH FUND (MCF)

Karachi
August 11, 2009

Alhamdulillah, on June 15, 2009, Al-Meezan Investment Management Limited launched a new fund by the name of Meezan Cash Fund (MCF). We Meezan Bank Limited are the shari'ah advisor of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the shari'ah Compliance of the Fund's activity.

In the capacity of Shari'ah advisor, we have prescribed criteria and procedure to be followed in ensuring Shariah Compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shariah compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MCF in light of the Shar'iah guidelines.
- ii. All the provisions of the scheme and investments made on account of MCF by AMIM are Shari'ah Compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MCF for the year ended June 30, 2009 have been in compliance with Shariah principles.

May Allah bless us with best Tawfeeq to accomplish our cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani
Shariah Advisor

INDEPENDENT ASSURANCE PROVIDER'S REPORT ON SHARIAH COMPLIANCE TO THE UNITHOLDERS

We have performed our independent assurance engagement of Meezan Cash Fund (the Fund) to assess the Fund's compliance with the Shariah guidelines prescribed by the Shariah Advisor of the Fund for the period June 5 to June 30, 2009.

Management company's responsibility

Management company of the Fund is responsible for the appointment of Shariah Advisor of the Fund and for compliance with the Shariah guidelines prescribed by the Shariah Advisor. This responsibility includes: designing, implementing and maintaining internal control to ensure compliance with the Shariah guidelines issued by the Shariah Advisor of the Fund.

Responsibility of independent assurance providers

Our responsibility is to express our conclusion on the compliance based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance whether the Fund has complied with the guidelines issued by the Shariah Advisor.

The procedures selected depend on our judgement, including the assessment of the risks of material non-compliances with the Shariah guidelines. In making those risk assessments, we have considered internal controls relevant to the entity's compliance with the guidelines in order to design our procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the guidelines. Our engagement was not for the purpose of expressing an opinion on the effectiveness of entity's internal control.

Conclusion

In our opinion, the Fund was, in all material respect, in compliance with the Shariah guidelines issued by the Shariah Advisor of the Fund for the period June 5 to June 30, 2009.

Chartered Accountants
Karachi, September 25, 2009

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN CASH FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

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

In our opinion, the management company has in all material respects managed the Fund during the period from June 05, 2009 to June 30, 2009 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the management company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 15, 2009

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE PERIOD JUNE 5, 2009 TO JUNE 30, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of Listing Regulations of Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The board of directors (the Board) of Al-Meezan Investment Management Limited, the management company, which is an unlisted public company, manages the affairs of Meezan Cash Fund (the Fund). The Fund being a unit trust scheme does not have its own board of directors. The management company has applied the principles contained in the code to the Fund, whose units are listed as a security on the Islamabad Stock Exchange, in the following manner:

1. The management company encourages representation of non-executive directors. All the directors except the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are non-executive directors.
2. The existing directors have confirmed that none of them is serving as a director in more than ten listed companies, including the management company.
3. All the existing resident directors of the management company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the Directors of the management company of the Fund is a member of a stock exchange.
4. No casual vacancy occurred during the period June 5, 2009 to June 30, 2009 on the Board of the management company of the Fund.
5. The Board has formulated a Statement of Ethics and Business Practices for the management company, which has been signed by the existing directors and employees of the management company.
6. The Board of the management company has developed a vision and mission statement. The investment policy of the Fund has been disclosed in the offering document, while other significant policies have also been formalized and have been adopted by the Board.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the CEO of the management company, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The orientation course for the directors of the management company was arranged during the year ended June 30, 2007.
10. The Board has approved the appointment of the Chief Financial Officer (CFO) and the company secretary of the management company.

11. The directors' report relating to the Fund, for the year period June 5 to June 30, 2009 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and the CFO of the management company before approval by the Board.
13. The interest of the CEO, Directors and the Executives in the units of the Fund is disclosed in the pattern of unit holdings.
14. The management company has complied with all the applicable corporate and financial reporting requirements of the code.
15. The Board has formed an audit committee. It comprises of three non-executive directors of the management company as its members including chairman of the audit committee. The CFO and the Company Secretary is the Secretary of the audit committee.
16. The meetings of the audit committee were held once in every quarter prior to the approval of interim and final results of the Fund and as required by the Code. The terms of reference of the audit committee have been framed and approved by the Board of the management company and advised to the committee for compliance.
17. The Board has outsourced the internal audit function of the Fund to a firm of Chartered Accountant.
18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the management company or units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Syed Owais Wasti
Chief Financial Officer

Mohammad Shoaib, CFA
Chief Executive

Karachi.
September 25, 2009

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Al Meezan Investment Management Limited (the management company) of Meezan Cash Fund (the Fund) to comply with the Listing Regulation No. 37 of the Islamabad Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the management company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the management company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of the management company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the period June 5 to June 30, 2009.

Chartered Accountants
Karachi, September 25, 2009

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS

We have audited the accompanying financial statements of Meezan Cash Fund, which comprise the statement of assets and liabilities as at June 30, 2009, and the related income statement, distribution statement, statement of movement in unitholders' fund and cash flow statement for the period June 5 to June 30, 2009, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The management company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2009 and of its financial performance, cash flows and transactions for the period June 5 to June 30, 2009 in accordance with the requirements of the approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Company and Notified Entities Regulations, 2008.

Chartered Accountants
Karachi, September 25, 2009

Audit Engagement Partner: Saad Kaliya

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2009

	Note	2009 (Rupees in '000)
Assets		
Balances with banks	5	622,016
Profit receivable on savings accounts		2,958
Preliminary expenses and floatation costs	6	<u>2,976</u>
Total assets		<u>627,950</u>
Liabilities		
Payable to Al Meezan Investment Management Limited - management company of the Fund	7	3,012
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund	8	34
Payable to Securities and Exchange Commission of Pakistan	9	13
Payable on redemption of units		100
Accrued expenses and other liabilities	10	<u>934</u>
Total liabilities		<u>4,093</u>
Net assets		<u>623,857</u>
Unitholders' funds (as per statement attached)		<u>623,857</u>
Number of units		
Number of units in issue	11	<u>12,436,145</u>
Rupees		
Net assets value per unit		<u>50.16</u>

The annexed notes 1 to 22 form an integral part of these financial statements.

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

Chief Executive

Director

INCOME STATEMENT FOR THE PERIOD JUNE 5 TO JUNE 30, 2009

	Note	For the period June 5 to June 30, 2009 (Rupees in '000)
Income		
Profit on savings accounts with banks		2,028
Total income		<u>2,028</u>
Expenses		
Remuneration to Central Depository Company of Pakistan Limited - trustee of the Fund		34
Annual fee to Securities and Exchange Commission of Pakistan Fees and subscription		13
Amortisation of preliminary expenses and floatation costs	6	60
Total expenses		<u>133</u>
Net income from operating activities		<u>1,895</u>
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		155
Net income		<u><u>2,050</u></u>

The annexed notes 1 to 22 form an integral part of these financial statements.

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

Chief Executive

Director

**DISTRIBUTION STATEMENT
FOR THE PERIOD JUNE 5 TO JUNE 30, 2009**

**For the period
June 5 to June
30, 2009
(Rupees in
'000)**

Net realised income for the period carried forward	<u><u>2,050</u></u>
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The annexed notes 1 to 22 form an integral part of these financial statements.

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

Chief Executive

Director

**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE PERIOD JUNE 5 TO JUNE 30, 2009**

	For the period June 5 to June 30, 2009 (Rupees in '000)
Issue of 13,517,189 units	676,120
Redemption of 1,081,044 units	(54,158)
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(155)
Net income for the period	2,050
Net assets at the end of the period	<u>623,857</u>
Net assets value per unit at the end of the period - Rupees	<u>50.16</u>

The annexed notes 1 to 22 form an integral part of these financial statements.

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

Chief Executive

Director

CASH FLOW STATEMENT FOR THE PERIOD JUNE 5 TO JUNE 30, 2009

	Note	For the period June 5 to June 30, 2009 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income		2,050
Adjustments for:		
Profit on saving accounts with banks		(2,028)
Amortisation of preliminary expenses and floatation costs		26
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		(155)
		(107)
Increase in liabilities		
Payable to Al Meezan Investment Management Limited - management company of the Fund		10
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund		34
Payable to Securities and Exchange Commission of Pakistan		13
Payable on redemption of units		100
Accrued expenses and other liabilities		4
		161
Net cash inflow from operating activities		54
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from sale of units		676,120
Payment against redemption of units		(54,158)
Net cash inflow from financing activities		621,962
Cash and cash equivalents at the end of the period	5	622,016

The annexed notes 1 to 22 form an integral part of these financial statements.

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

Chief Executive

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 5 TO JUNE 30, 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Cash Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (AMIML) as the management company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The trust deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The registered office of the management company of the Fund, is situated at Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point in time. Under the trust deed all the conducts and acts of the Fund are based on shariah. Meezan Bank Limited (MBL) acts as its shariah advisor to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund and has applied for listing on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 These are the first financial statements of the Fund. These financial statements have been prepared from June 5, 2009, being the date on which the 'deposited property' was first transferred to the trustee. The management company of the Fund is rated AM2- and the stability rating of the Fund is AA(f) given by JCR - VIS Credit Rating Company Limited.
- 1.5 Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.

2. BASIS OF MEASUREMENT

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

3. STATEMENT OF COMPLIANCE

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

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

3.2 Standard and interpretations effective from July 1, 2008:

During the year, IFRS 7 'Financial Instruments : Disclosures' became effective. This IFRS has superseded IAS 30 and the disclosure requirements of IAS 32. The presentation requirements of IAS 32 remain unchanged. This IFRS requires disclosures in the financial statements that enable users to evaluate:

- (a) the significance of financial instruments for the entity's financial position and performance; and
- (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks. Such disclosures have been set out in note 13 to these financial statements.

Certain standards, amendments and interpretations to the approved accounting standards were mandatory for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

3.3 Standards, amendments and interpretations to published approved accounting standards that are effective from January 1, 2009:

IFRS 7 (Amendment), 'Financial instruments: Disclosures' (effective from January 1, 2009) introduces enhanced disclosures relating to liquidity risk and fair value measurements. However, it does not have any impact on the classification and valuation of the financial instruments.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below.

4.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value in accordance with the criteria laid down in the International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

4.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of critical accounting estimates. It also requires the management company to exercise its judgment in the process of applying its accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, are as follows:

- (a) Classification and valuation of financial instruments (note 4.3)
- (b) Impairment (note 4.3.5)
- (c) Recognition of provision for current taxation (current and prior year) and deferred taxation (note 4.10)
- (d) Amortisation of preliminary expenses and flotation costs (notes 4.8 and 6)

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

4.3 Financial instruments

4.3.1 The Fund classifies its financial instruments in the following categories:

a) Investments 'at fair value through profit or loss'

- Financial instruments 'held for trading'

These include financial instruments acquired principally for the purpose of generating profit from short-term fluctuations in prices or dealers' margins or are securities included in a portfolio in which a pattern of short-term profit taking exists.

- Financial instruments designated 'at fair value through profit or loss upon initial recognition'.

These include investments that are designated as investments 'at fair value through profit or loss upon initial recognition'.

b) Held to maturity

These are securities acquired by the Fund with the intention and ability to hold them upto maturity.

c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as fair value through profit or loss or available for sale.

d) Available for sale

These financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

4.3.2 Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

The Fund follows trade date accounting for purchase and sale of investments. Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

4.3.3 Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on 'financial asset or financial liability at fair value through profit or loss' are expensed immediately.

Subsequent to initial recognition, instruments classified as 'financial assets at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the income statement. Changes in the fair value of instruments classified as 'available for sale' are recognised in equity until derecognised or impaired when the accumulated fair value adjustments recognised in equity are included in the income statement.

Financial assets classified as loans and receivables and held-to-maturity are carried at amortised cost using the effective yield method, less impairment losses, if any.

Financial liabilities, other than those at 'fair value through profit or loss', are measured at amortised cost using the effective yield method.

4.3.4 Fair value measurement principles

The fair value of investments is based on their price quoted on the Karachi Stock Exchange at the balance sheet date without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their fair market value.

4.3.5 Impairment

Impairment loss on investments other than 'available for sale' is recognised in the income statement whenever the carrying amount of investment exceeds its recoverable amount. If in a subsequent period, the amount of an impairment loss recognised decreases the impairment is reversed through the income statement.

In case of investment classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement is removed from equity and recognised in the income statement. However, the decrease in impairment loss on equity securities classified as 'available for sale' is recognised in equity.

4.3.6 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.4 Unitholders' fund

Unitholders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

4.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the management company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributors and the management company.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption application during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.6 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called 'element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed' is set up in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

The net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period is taken to the income statement.

4.7 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of that obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.8 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years commencing from June 15, 2009 in accordance with the requirements of the trust deed of the Fund.

4.9 Net assets value per unit

The net assets value (NAV) per unit is calculated by dividing the net assets of the Fund by the number of units in issue at period end.

4.10 Taxation

Current

The income of the Fund is exempt from income tax under clause 99 of part I of the second schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates. However, the Fund intends to avail the tax exemption by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability and deferred tax has been recognised in these financial statements.

4.11 Revenue recognition

- i. Gains / (losses) arising on sale of investments are included in income currently and are recognised on the date at which the transaction takes place.
- ii. Unrealised gains / (losses) arising on revaluation of securities classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- iii. Profit on savings accounts with banks is recorded on an accrual basis.
- iv. Dividend income is recognised at the time of closure of share transfer books of the investee company.

4.12 Expenses

All expenses, including management fee and trustee fee, are recognised in the income statement on an accrual basis.

4.13 Offsetting of financial instruments

A financial asset and financial liability is set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.14 Zakat

Units held by resident Pakistani unitholders are subject to Zakat at 2.5% of the face value or redemption value, whichever is lower, of units, under the Zakat and Ushr Ordinance, 1980 (XVII of 1980), except those exempted. Zakat is deducted at source from the dividend amount or from the redemption payment, if units are redeemed during the zakat year before payment of dividend after it becomes leviable.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash comprises current and savings accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4.16 Dividend and bonus units

Dividends declared (including distribution in the form of bonus units) subsequent to the balance sheet date are considered as a non-adjusting event and are recognised in the period in which they are authorised or approved.

		2009
	Note	(Rupees in '000)
5. BALANCES WITH BANKS		
On savings accounts	5.1	622,011
On current account		5
		<u>622,016</u>

5.1 The balances in savings accounts have an expected profit ranging from 4.97% to 11.75% per annum.

		2009
	Note	(Rupees in '000)
6. PRELIMINARY EXPENSES AND FLOATATION COSTS		
Preliminary expenses and floatation costs	6.1	3,002
Less: Amortisation during the period		26
		<u>2,976</u>

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund, restricted to one percent of Pre-IPO capital, and are being amortised over the period of five years in accordance with the trust deed of the Fund.

		2009
	Note	(Rupees in '000)
7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - management company of the Fund		
Management fee	7.1	-
Preliminary expenses and floatation costs		3,002
Other payable		10
		<u>3,012</u>

7.1 Under the provisions of NBFC Regulations, the management company is entitled to a remuneration of an amount not exceeding three percent of the average annual net assets of the Fund during the first five years of the Fund's existence, and thereafter, of an amount equal to two percent of such assets of the Fund. In accordance with the offering document of the Fund, the remuneration of the management company is restricted to one percent per annum of average annual net assets. The management company has waived its remuneration for the current period.

**8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED
- trustee of the Fund**

The trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed in accordance with the tariff specified therein, based on the daily net assets value of the Fund.

9. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee at the rate of 0.075% of the average annual net assets of the Fund payable to SECP under regulation 62 read with Schedule II of NBFC Regulations, 2008.

**2009
(Rupees in '000)**

10. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration - other certification	75
Withholding tax payable	4
Profit payable to Pre-IPO and core investors	855
	934

11. CLASSES OF UNITS IN ISSUE

11.1 The Fund may issue following classes of units:

Class	Description
A	Units have been issued to Core Investors with no front-end load and no back-end load. Any bonus units issued for distribution of income shall also be Class A units.
B	Units have been issued to Pre-IPO investors with no front-end load.
C	Units shall be issued after the IPO period and may be charged with front-end load.
D	Units shall be issued after the IPO period any may be charged with a back-end load.

11.2 The units in issue as at June 30, 2009 and their par values were as follows:

Class	Number of units	2009 (Rupees in '000)
A - Growth units	1,900,180	95,009
B - Growth units	7,395,398	369,770
C - Growth units	3,140,567	157,028
Total	12,436,145	621,807

The par value of each unit is Rs 50. The management company of the Fund has set a minimum initial investment limit of Rs 5,000. All units carry equal rights and are entitled to dividends and payment of net asset value on liquidation.

12. TRANSACTIONS WITH CONNECTED PERSONS

The connected persons include AMIML being the management company, CDC being the trustee, MBL being the shariah adviser of the Fund and holding company of the management company, Al Meezan Mutual Fund Limited, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, Meezan Balanced Fund, Meezan Capital Protected Fund - I and Meezan Islamic Income Fund being the Funds under the common management of the management company and directors and officers of the management company.

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

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

Details of transactions with connected persons and balances with them for the period June 5 to June 30, 2009 are as follows:

	2009 (Rupees in '000)
Al Meezan Investment Management Limited	
- management company of the Fund	
Investment of 1,900,180 units	<u>95,313</u>
Preliminary expenses and floatation costs	<u>3,002</u>
Other payable	<u>10</u>
Meezan Bank Limited	
Balance with bank	<u>15,604</u>
Central Depository Company of Pakistan Limited	
- trustee of the Fund	
Trustee fee payable	<u>34</u>
Director	
Investment of 79,968 units	<u>4,011</u>
For the period June 5 to June 30, 2009 (Rupees in '000)	
Meezan Bank Limited	
Profit on savings accounts	<u>58</u>
Central Depository Company of Pakistan Limited	
- trustee of the Fund	
Trustee fee	<u>34</u>

13. RISK MANAGEMENT

The risk management policy of the Fund aims to maximise the return attributable to the unitholders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risk of the Funds are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk and interest rate risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations and the directives issued by SECP.

Risks managed and measured by the Fund are explained below:

13.1 Market risk

13.1.1 Interest rate risk

The interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates which effects cashflows pertaining to debt instruments and their fair values. Since the Fund has not made any investment in debt instruments during the period June 5 to June 30, 2009, therefore the Fund is not exposed to interest rate risk as at June 30, 2009.

13.2 Credit risk

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other counter parties. Further, all transactions in securities are settled through approved brokers, thus the risk of default is considered to be minimal. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the board of directors of the management company on a quarterly basis.

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As at June 30, 2009 the Fund's portfolio of financial instruments is not broadly diversified and no transactions are entered into with the counter parties thereby exposed to insignificant concentrations of credit risk.

The maximum exposure to credit risk as at June 30, 2009, is tabulated below:

Financial assets

	2009 (Rupees in '000)
Balances with banks	622,016
Profits receivable on savings accounts	2,958
	<u>624,974</u>

The Fund does not have any collateral against any of the aforementioned assets.

13.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising Funds to meet its obligations and commitments. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unit holder's redemptions at any time. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable. The Fund will manage the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

In accordance with the regulation 58(1)(k) of the NBFC Regulation 2008, the Fund has the ability to borrow Funds for meeting the redemption requests, with the approval of the trustee, for a period not exceeding three months to the extent of fifteen per cent of the net assets which amounts to Rs 93.579 million as on June 30, 2009. However, no such borrowing has been obtained during the period.

Further, the Fund is also allowed, as per regulation 57(10) of the NBFC Regulation 2008, to defer redemption request to next dealing day, had such requests exceed ten percent of the total number.

In accordance with the risk management policy of the Fund, the fund manager monitors the liquidity position on a daily basis, which is reviewed by the board of directors of the management company on a quarterly basis.

An analysis of the Fund's liabilities into relevant maturity grouping as at June 30, 2009 is tabulated below:

	Maturity upto			
	Three months	six months	one year	More than one year
Payable to Al Meezan Investment Management Limited				
- management company of the Fund	10	-	600	2,402
Payable to Central Depository Company of Pakistan Limited - trustee of the Fund	34	-	-	-
Payable on redemption of units	100	-	-	-
Accrued expenses and other liabilities	930	-	-	-
	<u>1,074</u>	<u>-</u>	<u>600</u>	<u>2,402</u>

14. CAPITAL RISK MANAGEMENT

The Fund's capital is represented by redeemable units. They are entitled to dividends and to payment of a proportionate share based on the Fund's net asset value per share on the redemption date. The relevant movements are shown on the statement of movement in unit holders' Fund.

The Fund has no restrictions or specific capital requirements on the subscription and redemption of units except that the core investor (management company) shall hold its investment of at least Rs 50 million for a minimum period of two years during which its units will not be redeemable.

The Fund's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for units holders and to maintain a strong capital base to meet unexpected losses or opportunities.

In accordance with the NBFC Regulations, the Fund is required to distribute at least ninety percent of its income from sources other than capital gain whether realised or unrealised as reduced by such expenses as are chargeable to the Fund.

In accordance with risk management policies stated note 13, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments where necessary.

15. FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying value of financial assets and liabilities either equal or approximate their fair values.

16. PERFORMANCE TABLE

2009

Net assets (Rs '000) (ex-distribution)*	623,857
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution)*	50.01
Offer price per unit as at June 30 (Rs) (ex-distribution)*	50.01
Distribution (%)	
- Interim	-
- Annual	0.30%
Date of distribution	July 6, 2009
Highest offer price per unit (Rs)	50.16
Lowest offer price per unit (Rs)	50.00
Highest redemption price per unit (Rs)	50.16
Lowest redemption price per unit (Rs)	50.00
Total return (%)	10.62%
Earnings per unit outstanding - (Rs)	0.16

* The distribution is not accounted for in these financial statements as also explained in note 21.

Average annual return (%) 10.62%

Investment portfolio composition of the Fund

Since the Fund was formed from June 5, 2009, therefore subscriptions received have been placed in savings accounts as at June 30, 2009.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate as described in note 13.

17. INVESTMENT COMMITTEE MEMBERS

17.1 Details of members of investment committee of the Fund are as follow:

		2009	
		Designation	Qualification Experience in years
1	Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA Nineteen years
2	Mr. Muhammad Asad	Chief Investment Officer	CFA Level II / MBA Thirteen years
3	Ms. Sanam Ali Zaib	Head of Research	CFA Level II / MBA Five years

- 17.2 The Fund Manager of the Fund is Syed Talal Mehdi, Esq. Other funds being managed by the Fund Manager are as follows:
- Meezan Tahaffuz Pension Fund
 - Meezan Balanced Fund

18. DETAILS OF MEETINGS OF BOARD OF DIRECTORS

The Fund was launched on June 5, 2009 and no board meeting has been conducted during the period June 5 to June 30, 2009.

19. BROKERAGE COMMISSION BY PERCENTAGE

Since the Fund has not made any investment during the period June 5 to June 30, 2009, therefore no brokerage expense has been incurred.

20. PATTERN OF UNITHOLDING

	----- (2009) -----		
	Number of investors	Investment amount Rupees in '000	% of total investment
Individuals	142	198,614	31.84
Associated companies / directors	2	99,334	15.92
Insurance companies	3	66,234	10.62
Banks / DFIs	2	75,247	12.06
Retirement Funds	4	4,916	0.79
Public limited companies	1	38,125	6.11
Others	8	141,387	22.66
Total	<u>162</u>	<u>623,857</u>	<u>100.00</u>

21. NON ADJUSTING EVENT

The board of directors of the management company of the Fund in its meeting held on July 6, 2009 has announced a final payout of 0.30% amounting to Rs 1.865 million equivalent to 37,301 bonus units. The financial statements for the period ended June 30, 2009 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending June 30, 2010.

	2009 Number of units
The effect of issue of bonus units is as follows:	
Number of units in issue before bonus units	<u>12,436,145</u>
Number of units in issue after bonus units	<u>12,473,446</u>
	Rupees
Net assets value per unit before bonus issue	<u>50.16</u>
Net assets value per unit after bonus issue	<u>50.01</u>

22. DATE OF AUTHORISATION FOR ISSUE

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

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

Chief Executive

Director