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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Aliuddin Ansari	Member
Mr. Mazhar Sharif	Member

TRUSTEE

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S.
Main 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 ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited, the management company of Meezan Cash Fund (MCF) is pleased to present the un-audited financial statements of the fund for the quarter ended September 30, 2010.

Brief Overview

During the first quarter of fiscal year 2011, Meezan Cash Fund (MCF) provided an annualized return of 10.20% to its investors as compared to benchmark return of 8.02%.

Economic Review

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

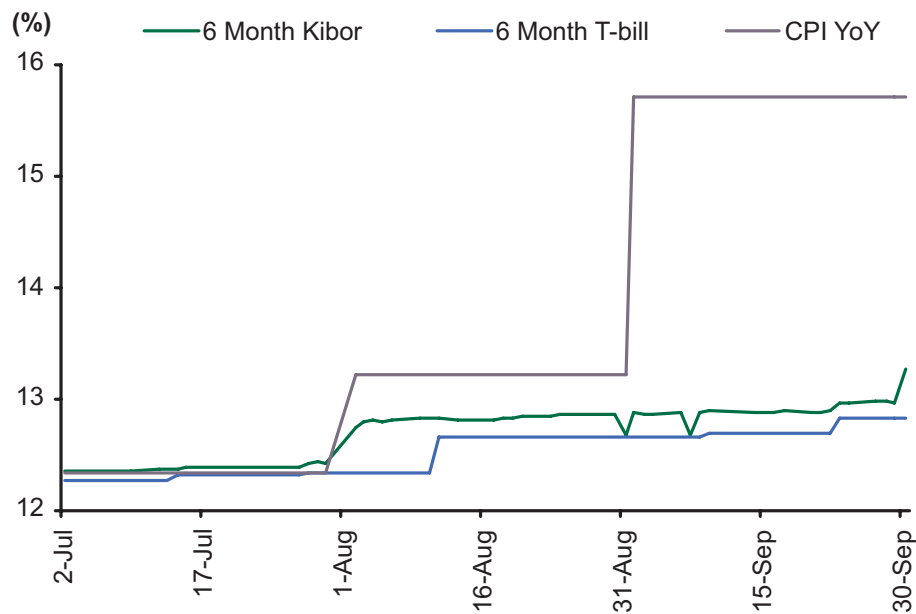
As a result all the macroeconomic targets are expected to be missed. The GDP growth target has already been revised down by 1-2% mainly because of sharply lower agricultural output growth estimates which accounts for 21 percent of GDP and 45 percent of employment. Average annual inflation is projected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

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

Money Market Review

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

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



Performance Review

During the quarter ended September 30, 2010, the net assets of the fund have grown from Rs.5,224.27 million from June 30, 2010 to Rs.5,846.48 million as on September 30, 2010. The net asset value of the fund as at September 30, 2010 was Rs.50.01 per unit after adjusting first quarter payout of Rs. 1.225 per unit. The fund provided an annualized return of 10.20% to its investors and outperformed the benchmark return (Average 6 Month Islamic Bank deposit) by 2.18%.

MCF earned a total income of Rs.164.12 million for the period ended September 30, 2010 which was contributed by profit on bank deposits and placements. The expenses for the current period amounted to Rs.18.174 million and the element of loss and capital losses included in prices of units issued less those in units redeemed was Rs.4.55 million. The fund recorded a net income of Rs.141.39 million for the period which translates into earnings per unit of Rs.1.21. The management company of Meezan Cash Fund approved interim payout for the quarter ended September 30, 2010 of 2.45% i.e Rs.1.225 per unit to the unit holders.



Outlook

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

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

Acknowledgement

We take this opportunity to thank our valued investors for reposing faith in Al Meezan Investments and making it the largest Shariah Compliant asset management company in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan, Trustee, Central Depository Company of Pakistan and management of Islamabad Stock Exchange for their support. We would also like to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued assistance and support on Shariah aspects of fund management

For and on behalf of the Board

Date: October 19, 2010
Karachi.

Mohammad Shoaib, CFA
Chief Executive

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

	Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
		(Rupees in '000)	
Assets			
Balances with banks	5	4,524,609	2,942,794
Placements	6	1,200,000	2,150,000
Profit receivable		138,526	173,173
Preliminary expenses and floatation costs		2,225	2,377
Deposits and prepayments		227	272
Total assets		5,865,587	5,268,616
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the fund		8,013	7,542
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the fund		583	536
Payable to Securities and Exchange Commission of Pakistan (SECP)		1,122	2,573
Payable on redemption of units		3,361	33,144
Brokerage Payable		45	45
Accrued expenses and other liabilities	7	5,988	508
Total liabilities		19,112	44,348
Net assets		5,846,475	5,224,268
Unitholders' funds (as per statement attached)		5,846,475	5,224,268
		Number of units	
Number of units in issue		116,896,844	101,068,945
		Rupees	
Net asset value per unit		50.01	51.69

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

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

Chief Executive

Director



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

	September 30	
	2010	2009
	(Rupees in '000)	
Income		
Profit on savings accounts with banks	125,592	24,128
Profit on placements with banks	<u>38,525</u>	<u>2,718</u>
Total income	164,117	26,846
Expenses		
Remuneration to Al Meezan - management company of the fund	14,965	2,438
Remuneration to CDC - trustee of the fund	1,749	486
Annual fee to SECP	1,122	186
Auditor's remuneration	92	-
Fees and subscription	48	81
Amortisation of preliminary expenses and floatation costs	151	151
Bank charges	6	4
Printing Charges	38	-
Other Expenses	3	3
Total expenses	<u>18,174</u>	<u>3,349</u>
Net income from operating activities	145,943	23,497
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	<u>(4,552)</u>	<u>10,624</u>
Net income	<u>141,391</u>	<u>34,121</u>
Earnings per unit outstanding - basic (Rupees)	<u>1.21</u>	<u>1.23</u>

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

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

Chief Executive

Director

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

	September 30	
	2010	2009
	(Rupees in '000)	
Undistributed income for the period brought forward - realised	170,821	2,050
Less : Final distribution for the period ended June 30, 2010 Bonus Units @ 3.38% (June 30,2009 : 0.3%)	(170,807)	(1,865)
Issue of 2,795,450 bonus units 30 September 2010 for the Quarter ended September 30, 2010	(139,774)	-
Net income	141,391	34,121
Net profit for the period carried forward	<u>1,631</u>	<u>34,306</u>

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

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

Chief Executive

Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	September 30	
	2010	2009
	(Rupees in '000)	
Net assets at the beginning of the period	5,224,268	623,857
Issue of 34,551,067 units (September 30, 2009: 26,000,873 units)	1,745,324	1,310,668
Redemption of 24,934,831 units (September 30, 2009: 10,769,941 units)	(1,269,060)	(538,497)
	476,264	772,171
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	4,552	(10,624)
Net income for the period less distribution	141,391	34,121
Issue of 3,416,130 bonus units on July 7, 2010 for the period ended June 30, 2010	(170,807)	(1,865)
Issue of 2,795,450 bonus units 30 September 2010 for the Quarter ended September 30, 2010	(139,774)	-
Net profit for the period less distribution	(169,190)	32,256
Issue of 3,416,130 bonus units on July 7, 2010 for the period ended June 30, 2010	170,807	-
Issue of 2,795,450 bonus units 30 September 2010 for the Quarter ended September 30, 2010	139,774	-
	310,581	-
Net assets at the end of the period	5,846,475	1,417,660

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

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

Chief Executive

Director

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

		September 30	
	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		(Rupees in '000)	
Net profit		141,391	34,121
Adjustments for:			
Profit on savings accounts with banks		(125,592)	(24,128)
Profit on placements		(38,525)	(2,718)
Amortisation of preliminary expenses and floatation costs		151	151
Element of loss and capital losses included			
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		4,552	(10,624)
		(18,023)	(3,198)
Decrease			
Deposits and prepayments		45	-
Placements		950,000	-
		950,045	-
Increase / (Decrease) in liabilities			
Payable to Al Meezan - management company of the fund		471	982
Payable to CDC - trustee of the fund		47	164
Payable to SECP		(1,451)	187
Payable on redemption of units		(29,783)	3,290
Accrued expenses and other liabilities		5,480	(765)
		(25,236)	3,858
Profit received on savings accounts with banks		150,219	3,023
Profit received on placements		48,546	-
Net cash inflow from operating activities		1,105,551	3,683
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from sale of units		1,745,324	1,308,803
Payment against redemption of units		(1,269,060)	(538,497)
Net cash inflow from financing activities		476,264	770,306
Net cash inflow during the period		1,581,815	773,989
Cash and cash equivalents at the beginning of the period		2,942,794	622,016
Cash and cash equivalents at the end of the period	5	4,524,609	1,396,005

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

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

Chief Executive

Director





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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Cash Fund (the Fund) was established under a trust deed executed between Al Meezan as the management company and CDC as the trustee. The trust deed was executed on May 14, 2009 and was approved by the SECP under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). 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. 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 listed on the Islamabad Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The management company of the Fund has been given quality rating of AM2 and the stability rating of the Fund is AA(f) given by JCR-VIS.
- 1.4 Title to the assets of the Fund are held in the name of CDC as the 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 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 requirements of the Trust Deed, the NBFC Rules, NBFC Regulations and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence. The disclosures made in this condensed interim financial report have, however, been limited based on the requirements of the IAS 34: 'Interim Financial Reporting'

- 3.2 This condensed interim financial report comprises of the condensed interim statement of assets and liabilities as at September 30, 2010 and the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes thereto for the three months period ended September 30, 2010. This condensed interim financial report also includes condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarter ended September 30, 2010.
- 3.3 The comparative statement of assets and liabilities presented in this condensed interim financial report as at June 30, 2010 has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2010, whereas the comparative condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the condensed interim financial report for the three months period 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.

		September 30, 2010	June 30, 2010
Note	-----	(Rupees in '000)	-----
5. BALANCES WITH BANKS			
	On savings accounts	4,523,695	2,940,475
	On current accounts	914	2,319
		<u>4,524,609</u>	<u>2,942,794</u>

- 5.1 The balances in savings accounts bear expected profit which ranges from 5% to 11.50% per annum.

6. PLACEMENTS

Placements carry expected profit at rates ranging from 10.90 % per annum to 11.46 % per annum and are due to mature from October 8, 2010 to December 12, 2010.



September 30, June 30,
2010 2010
(Rupees in '000)

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	337	245
Annual Listing fee	3	10
Withholding tax payable	5,207	3
Printing Charges	287	250
Zakat Payable	152	-
Others	2	-
	5,988	508

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTY

The connected persons include Al Meezan being the management company, CDC being the trustee, Meezan Bank Ltd. (MBL) being the holding company of the management company and Al Meezan Mutual Fund Limited, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund - I, Meezan Islamic Fund, Meezan Sovereign Fund and Meezan Balanced Fund being the Funds under the management of the management company and Pakistan Kuwait Investment Company (Private) Limited.

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

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

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

	September 30, 2010	June 30, 2010
	(Rupees in '000)	
Al Meezan- management company of the Fund		
Remuneration payable	5,011	4,540
Preliminary expenses and floatation costs payable	3,002	3,002
Other Payables	-	-
Investments of 1,102,461 units (June 30, 2010: 2,661,126 units)	55,134	137,554
MBL		
Balances with bank	16,635	71,410
Profit receivable	164	127
CDC - trustee of the Fund		
Trustee fee payable	583	536
Directors and executives		
Investments of 59,646 units (June 30, 2010: 932,111 units)	298	48,180

	September 30	
	2010	2009
	(Rupees in '000)	
Al Meezan - management company of the Fund		
Remuneration for the period	<u>14,965</u>	<u>2,438</u>
Units issued: nil units (September 30, 2009: nil units)	<u>-</u>	<u>-</u>
Redemptions: 1,674,975 units (September 30, 2009: nil units)	<u>85,000</u>	<u>-</u>
Bonus units issued: 89,946 units (September 30, 2009: 5,699 units)	<u>4,497</u>	<u>285</u>
MBL		
Profit on savings accounts	<u>423</u>	<u>231</u>
CDC - trustee of the Fund		
Trustee fee	<u>1,749</u>	<u>198</u>
Directors and executives		
Units issued: 8,834 units (September 30, 2009: 596,493 units)	<u>447</u>	<u>30,304</u>
Redemptions: 18,853 units (September 30, 2009: nil units)	<u>954</u>	<u>-</u>
Bonus units issued: 50,812 units (September 30, 2009: 245 units)	<u>2,540</u>	<u>12</u>

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on October 19, 2010 by the Board of Directors of the management company.

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

Chief Executive

Director