



**Pure. Profit.**



## Quarterly Report March 31, 2011



**MEEZAN**  
Islamic Fund

**MIF**  
**MEEZAN**  
Islamic Income Fund

  
**MEEZAN**  
SOVEREIGN FUND

  
**MEEZAN**  
CASH FUND

**Al Meezan Investment Management Limited**  
A subsidiary of Meezan Bank



## Contents

- 02 Vision & Mission Statements
- 03 Fund Information
- 04 Report of the Directors of the Management Company
- 07 Condensed Interim Statement of Assets and Liabilities
- 08 Condensed Interim Income Statement
- 09 Condensed Interim Distribution Statement
- 10 Condensed Interim Statement of Movement in Unit Holders' Fund
- 11 Condensed Interim Cash Flow Statement
- 12 Notes to the Condensed Interim Financial Report

**Our Vision**

"To set standards of best practices and performance for the industry through efficient selection of Government Securities on a SHARIAH COMPLIANT basis."

**Our Mission**

" To be the leading mutual fund in the industry, providing unitholders, stable and halal income stream generated primarily through investing in SHARIAH COMPLIANT Government Securities."

## FUND INFORMATION

### MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre  
Shahrah-e-Faisal, Karachi 74400, Pakistan.  
Phone: (9221) 35630722-6, 111-MEEZAN  
Fax: (9221) 35676143, 35630808  
Web site: [www.almeezangroup.com](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto:info@almeezangroup.com)

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

### CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

### AUDIT COMMITTEE

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

### TRUSTEE

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

### 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

Askari Bank Limited - Islamic Banking  
Bank Alfalah Limited - Islamic Banking  
Bank Al Habib Limited - Islamic Banking  
Habib Bank Limited - Islamic Banking  
Habib Metropolitan Bank Limited - Islamic Banking  
MCB Bank Limited - Islamic Banking  
Meezan Bank Limited  
Faysal Bank Limited  
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: 32062891  
Fax: 32552771  
Web site: [www.meezanbank.com](http://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 Sovereign Fund (MSF) is pleased to present the un-audited financial statements of the fund for the nine months ended March 31, 2011.

### **Brief Overview**

During the first nine months of fiscal year 2011, Meezan Sovereign Fund (MSF) provided an annualized return of 11.15% to its investors as compared to benchmark return of 8.28%.

### **Economic Review**

The economic performance of the country improved significantly after the devastating floods in the first quarter of the fiscal year as most of the macro economic targets which were expected to slump in the aftermath of the floods showed signs of recovery. The revised GDP target for FY11 now stands at ~2.5-3% as compared to the initial target of 1.5%-2%. Inflation pressure eased off with CPI touching a low of 12.91% in February 2011 after recent respite in food inflation. Moreover, the government's commitment to reduce borrowing from SBP did materialize to some extent, where during the eight months total amount borrowed stood at Rs 76 billion and Rs 204 billion from SBP and commercial banks respectively. On account of these favourable developments, the SBP decided to keep the discount rate unchanged at 14% in the last two monetary policy statements against a total increase of 1.5% in the previous three monetary policy statements.

On the external front, the country's current account position showed a healthy picture with an overall deficit of USD 98 million in the eight months as compared to a massive deficit of USD 3 billion in the same period last year. The overall figure was bolstered by remittances (↑20.3% YoY) and exports which crossed USD 2 billion each for four consecutive months. These positive developments helped the country's FX reserves to hit an all time high of USD 17.9 billion as the currency showed a steady trend during the period under review.

On the fiscal side, the government's revenue collection crossed the Rs 1 trillion mark for the nine months of the fiscal year. To ensure the collection of the revised target of Rs 1,588 billion, some new tax measures were introduced for the remaining months of fiscal year including 15% flood surcharge, increase in special excise duty (SED) from 1% to 2.5% and withdrawal of zero rating facility to some key sectors including fertilizers. During the period under review, a single round of talks was held between government of Pakistan (GoP) and International Monetary Fund (IMF), where the parties principally agreed to enhance the fiscal deficit target to 5.3% of GDP for FY11.

Despite the government's effort to increase the tax base, implement RGST from the next fiscal year and limit the fiscal deficit, the talks with IMF regarding the release of last two tranches remained inconclusive with the next meeting likely in May 2011.

### **Money Market Review**

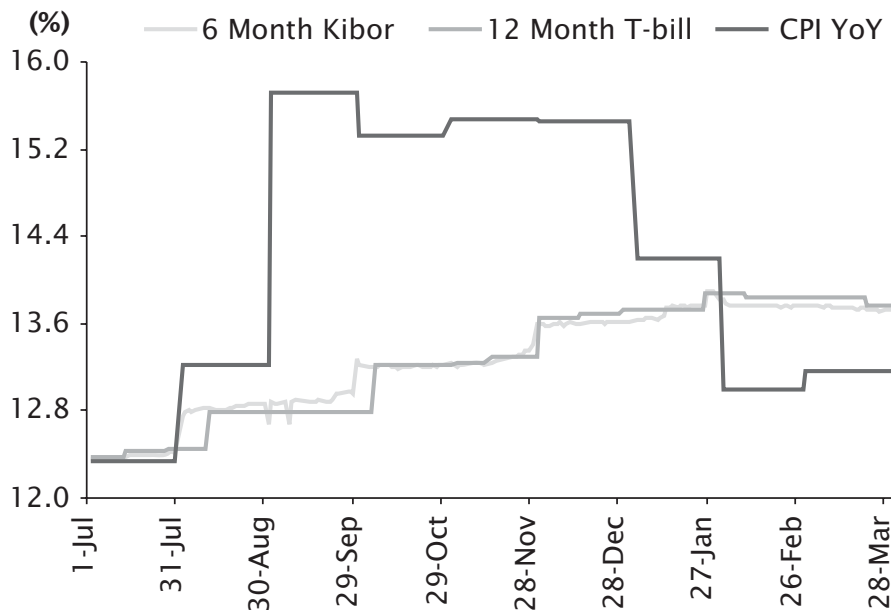
During the first nine months of fiscal year 2011, the money market remained highly volatile and to normalize the liquidity situation, State Bank of Pakistan (SBP) regularly conducted Open market operations. With the resurgence of inflation, SBP changed its monetary policy stance after 20 months and increased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

Further hike in inflation occurred as the country was hit by one of the worst floods in its history. Thus to curb the inflationary pressures, SBP went for further monetary tightening increasing the policy rate to 14%, with consecutive 50 bps hikes in September and November. Subsequently, Inflation pressure eased off with CPI touching a low of 12.91% in February 2011 after decent respite in food inflation. Moreover, the government's commitment to reduce the borrowing from the SBP did materialize to some extent. On account of these positive developments, the SBP decided to keep the discount rate unchanged at 14% in the last two monetary policy statements.

As a result, KIBOR rates also increased, with six month rate increasing by 86 bps to close the nine months at 13.73%. During this period, SBP conducted 15 T-Bill auctions in which it accepted Rs. 1,875 billion against a target of Rs. 1,815 billion with a maturity of Rs. 1,749 billion. The cut off rate of six month T-Bill also increased by 98 bps to close the period at 13.64%.

Apart from borrowing from SBP, government also tapped other avenues to meet government expenditure. During the period, SBP conducted three auctions of Ijarah Sukuks worth Rs. 137 billion at coupon rate of six month T-Bill.

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



### Performance Review

Meezan Sovereign Fund (MSF) earned a total income of Rs. 441.20 million for the nine months ended March 31, 2011. Profit on sukuk certificates was the main contributor to the total figure, contributing Rs. 322.24 million. A sum of Rs. 130.45 million was earned from profit on savings account with banks. The Fund incurred an unrealized loss of Rs. 12.29 million. Realized gain on sale of sukuk certificates contributed Rs. 0.80 million. After accounting for expenses of Rs.43.81 million, the net income of the Fund was 548.36 million.



The net assets of the Fund were at Rs. 9,491 million as at March 31, 2011. The net asset value (NAV) per unit of the fund as at the period end was Rs. 50.06 per unit, providing a total annualized return of 11.15%. During the period, fresh units worth Rs. 11,483 million were issued while units amounting to Rs. 3,034 million were redeemed, resulting in net inflow of Rs. 8,449 million.

### **Payouts**

Details of Interim payout paid during the fiscal year 2010-11 are as under:

<b>Quarter ended</b>	<b>Rs. per unit</b>	<b>%</b>
September 30, 2010	1.25	2.50
December 31, 2010	0.65	1.30
March 31, 2011	2.10	4.20

### **Outlook**

Going forward, the key challenge for the government under the current political environment would be to implement the reforms demanded by IMF. In line with the government's commitment to keep SBP borrowing within limits, and as inflation has tapered off from its peak, we are of the view that the government will continue its 'wait and watch' policy before increasing the discount rate in the last quarter of the fiscal year. This bodes well on portfolio return of MSF.

### **Acknowledgement**

We take this opportunity to thank our valued investors for reposing faith in Al Meezan Investments and making it the largest asset management company in the private sector 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: April 21, 2011  
Karachi.**

**Mohammad Shoaib, CFA  
Chief Executive**

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2011

	Note	(Un-Audited) March 31, 2011 (Rupees in '000)	(Audited) June 30, 2010
<b>Assets</b>			
Balances with banks		1,298,321	646,710
Investments	5	8,078,000	304,409
Deposits, prepayments and other receivables (net)		377,137	26,091
Preliminary expenses and floatation costs		1,974	2,358
<b>Total assets</b>		<b>9,755,432</b>	<b>979,568</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the Fund		11,513	3,058
Payable to Central Depository Company of Pakistan Limited (CDC) - trustee of the Fund		739	98
Payable to Securities and Exchange Commission of Pakistan (SECP)		2,728	157
Payable to Meezan Bank Limited (MBL)		149	1
Payable on redemption of units		1,488	5,034
Dividend Payable		247,266	-
Accrued expenses and other liabilities		801	324
<b>Total liabilities</b>		<b>264,684</b>	<b>8,672</b>
<b>Net assets</b>		<b>9,490,748</b>	<b>970,896</b>
<b>Contingency</b>	6		
<b>Unitholders' funds (as per statement attached)</b>		<b>9,490,748</b>	<b>970,896</b>
<b>Number of Units</b>			
<b>Number of units in issue</b>		<b>189,589,249</b>	<b>18,736,382</b>
<b>Rupees</b>			
<b>Net asset value per unit</b>		<b>50.06</b>	<b>51.82</b>

The annexed notes 1 to 8 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 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)

	Nine months period ended March 31 2011	For the period Jan 09 to March 31 2010	Quarter ended March 31 2011
----- (Rupees in '000) -----			
<b>Income</b>			
Profit on savings accounts with banks	130,458	7,769	83,598
Profit on sukuk certificates	322,235	409	216,424
Realised gain on sale of sukuk certificates	799	-	980
	<u>453,491</u>	<u>8,178</u>	<u>301,002</u>
Unrealised loss on re-measurement of investments at fair value through profit or loss (net)	(12,290)	-	(5,600)
<b>Total income</b>	<u>441,201</u>	<u>8,178</u>	<u>295,402</u>
<b>Expenses</b>			
Remuneration to Al Meezan - management company of the Fund	36,377	701	23,919
Remuneration to CDC - trustee of the Fund	3,749	140	2,069
Annual fee to SECP	2,728	52	1,794
Auditors' remuneration	268	89	67
Fees and subscription	71	21	48
Amortisation of preliminary expenses and floatation costs	384	70	126
Brokerage	152	-	143
Bank and settlement charges	35	5	13
Printing expense	48	28	-
<b>Total expenses</b>	<u>43,813</u>	<u>1,106</u>	<u>28,179</u>
<b>Net income from operating activities</b>	<u>397,388</u>	<u>7,072</u>	<u>267,223</u>
Element of income / (loss) and capital gain / (losses) included in prices of units sold less those in units redeemed (net)	150,974	(623)	33,248
<b>Net income for the period</b>	<u>548,362</u>	<u>6,449</u>	<u>300,471</u>

The annexed notes 1 to 8 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 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)

	Nine months period ended March 31 2011	For the period Jan 09 to March 31 2010	Quarter ended March 31 2011
	----- (Rupees in '000) -----		
Undistributed income brought forward	34,077	-	123,469
Less: Final distribution for the year ended June 30, 2010 - bonus units @ 3.6%	(33,725)	-	-
Less: Interim distribution for the quarter ended September 30, 2010 - bonus units @ 2.5%	(17,545)	-	-
Less: Interim distribution for the quarter ended December 31, 2010 - bonus units @ 1.30% - cash dividend @ 1.30%	(79,134) (28,095)	- -	- -
Less: Interim distribution for the quarter ended March 31, 2011 - bonus units @ 4.20% - cash dividend @ 4.20%	(247,286) (165,367)	- -	(247,286) (165,367)
Net income	548,362	6,449	300,471
Undistributed income carried forward	<u>11,287</u>	<u>6,449</u>	<u>11,287</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)**

	Nine months period ended March 31 2011	For the period Jan 09 to March 31 2010	Quarter ended March 31 2011
	----- (Rupees in '000) -----		
Net assets at the beginning of the period	970,896	-	8,399,341
Issue of 225,457,147 units ( 2010 : 13,843,745 Units) and 64,460,401 Units for the nine months and quarter respectively	11,482,652	692,769	3,300,443
Redemption of 59,489,702 units (2010: 3,247,884) and 43,695,712 for the nine months and quarter respectively	(3,033,767)	(163,599)	(2,228,972)
	8,448,885	529,170	1,071,471
Element of (loss) / income and capital (losses) /gains included in prices of units sold less those in units redeemed	(150,974)	623	(33,248)
Net Income for the period	548,362	6,449	300,471
Issue of bonus units during the quarter	(244,732)	-	(165,367)
Cash distribution during the period	(326,421)	-	(247,286)
Net loss for the period less distribution	(22,791)	6,449	(112,182)
Issue of 674,240 bonus units during the year ended June 30, 2010	33,725	-	-
Issue of 350,684 bonus units during the quarter ended September 30, 2010	17,545	-	-
Issue of 553,811 bonus units during the quarter ended December 31, 2010	28,095	-	-
Issue of 3,306,687 bonus units during the quarter ended March 31, 2011	165,366	-	165,366
Net assets at the end of the period	9,490,748	536,242	9,490,748

The annexed notes 1 to 8 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 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)

	Nine months period ended March 31 2011	For the period Jan 09 to March 31 2010	Quarter ended March 31 2011
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	548,362	6,449	300,471
<b>Adjustments for non-cash items</b>			
Profit on savings accounts with banks	(130,458)	(7,769)	(83,598)
Profit on sukuk certificates	(322,235)	(409)	(216,424)
Unrealised gain on re-measurement of investments at fair value through profit or loss (net)	(12,290)	-	(5,600)
Amortisation of preliminary expenses and floatation costs	384	70	126
Element of loss and capital losses included in prices of units sold less those in units redeemed	(150,974)	(33,248)	-
	(615,573)	(7,485)	(338,744)
<b>Increase in assets</b>			
Investments	(7,761,301)	(25,562)	(2,251,050)
Deposits, prepayments and other receivables	(124)	(39)	48
	(7,761,425)	(25,601)	(2,251,002)
<b>(Increase)/ decrease in liabilities</b>			
Payable to Al Meezan - management company of the Fund	8,455	666	1,952
Payable to CDC - trustee of the Fund	641	99	27
Payable to SECP	2,571	52	1,794
Payable to MBL	149	9	129
Payable on redemption of units	(3,546)	6,871	(2,527)
Accrued expenses and other liabilities	477	168	79
	8,747	7,865	1,453
Profit received on savings accounts with banks	62,759	850	40,478
Profit paid on purchase of sukuk certificates	39,012	283	20,686
<b>Net cash outflow from operating activities</b>	(7,718,118)	(17,639)	(2,226,657)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts from sale of units	11,482,652	692,769	3,300,443
Payments against redemption of units	(3,033,767)	(163,599)	(2,228,972)
Dividend paid	(79,157)	-	(79,157)
<b>Net cash outflow from financing activities</b>	8,369,729	529,170	992,314
Net cash inflow during the period	651,611	511,531	(1,234,343)
Cash and cash equivalents at the beginning of the period	646,710	-	2,532,664
Cash and cash equivalents at the end of the period	1,298,321	511,531	1,298,321

The annexed notes 1 to 8 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 REPORT FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Sovereign Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (Al Meezan) 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 maximum possible preservation of capital along with Halal and reasonable returns by investing primarily in a portfolio of shariah compliant government securities thus minimizing the credit risk of investments. The Fund shall also keep an exposure in short-term near cash instruments for the purpose of maintaining liquidity and to capitalize on exceptional returns if available at any given point of time. Under the trust deed all conducts and acts of the Fund are based on shariah. MBL acts as its shariah adviser to ensure that the activities of the Fund are in compliance with the principles of shariah. The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an open-end fund listed on the 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 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 and the directives issued by the SECP.
- 3.2 Wherever the requirements of the Trust Deed, the NBFC Rules, NBFC Regulations or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations, and the said directives take precedence.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 period January 09 2010 to June 30, 2010.

#### 5 Held for trading

##### 5.1 Sukuk certificates

Name of the Issuer	Maturity date	Profit rate	As at July 1, 2010	Purchases during the period	Sale / redemptions during the period	As at March 31, 2011	Carrying value as at March 31, 2011	Market value as at March 31, 2011	Unrealised loss at March 31, 2011	Percentage in relation to	
										Number of Certificates	Rupees in '000
GoP Ijarah Sukuk Certificates - IV (note 5.1.1)	September 17, 2012	12.25%	2,750	2,600	-	5,350	547,040	535,000	(12,040)	5.64	6.62
Karachi Shipyard & Engineering Works II (note 5.1.2)	February 4, 2016	6 months Kibor plus base rate of 0.4%	4,800	-	4,800	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - V (note 5.1.1)	November 15, 2013	13.11%	-	49,560	-	49,560	4,956,250	4,956,000	(250)	52.22	61.35
GoP Ijarah Sukuk Certificates - VI (note 5.1.1)	December 20, 2013	13.39%	-	8,250	-	8,250	825,000	825,000	-	8.69	10.21
GoP Ijarah Sukuk Certificates - VII (note 5.1.1)	March 07, 2014	13.68%	-	23,770	6,150	17,620	1,762,000	1,762,000	-	18.57	21.81
							<u>8,090,290</u>	<u>8,078,000</u>	<u>(12,290)</u>		
Total cost of investments								<u>8,090,390</u>			

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

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

5.1.3 Net assets are as defined in regulation 66 of NBFC Regulations, 2008.

#### 6 CONTINGENCY

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.



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

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

However, the Management Company believes that the aforementioned constitutional petition pending in the Court has strong grounds for decision in favour of the mutual funds. The aggregate unrecognised amount of WWF as at March 31, 2011 amounted to Rs 11.420 million.

## 7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	March 31, 2011	June 30, 2010
	(Rupees in '000)	
<b>Al-Meezan - management company of the Fund</b>		
Remuneration payable	<u>8,617</u>	<u>490</u>
Sales load payable	<u>538</u>	<u>13</u>
Preliminary expenses and floatation costs payable	<u>2,358</u>	<u>2,555</u>
Investments as at March 31, 2011: 6,196,473 units (June 30, 2010: 1,000,000 units)	<u>310,195</u>	<u>51,820</u>

	March 31, 2011	June 30, 2010
	(Rupees in '000)	
<b>MBL</b>		
Sales load payable	149	1
Balances with bank	3,377	14,800
Profit receivable on savings account	169	78
Investments as at March 31, 2011: 98,474,437 units (June 30, 2010: NIL units)	4,929,630	-
<b>CDC - trustee of the Fund</b>		
Trustee fee payable	739	98
<b>Directors and officers of the management company</b>		
Investments as at March 31, 2011: 3,122,499 units (June 30, 2010: 29,105 units)	156,312	1,508
	Nine months period ended March 31, 2011	For the period Jan 09 to March 31 2010
	(Rupees in '000)	
<b>Al-Meezan - management company of the Fund</b>		
Remuneration for the period	36,377	701
Preliminary expenses and floatation costs	384	70
Investment 4,843,652 units (March 31 2010 : NIL units)	245,500	-
Bonus units issued: 352,821 units (March 31 2010 : NIL units)	17,675	-
<b>MBL</b>		
Profit on savings accounts	682	96
Investment 113,186,089 units (March 31 2010 : NIL units)	5,750,000	-
Redemption 14,711,652 units (March 31 2010 : NIL units)	14,712	-
Cash Dividend (March 31 2010 : NIL dividend)	280,367	-





	Nine months period ended March 31, 2011	For the period Jan 09 to March 31 2010
(Rupees in '000)		
<b>CDC - trustee of the Fund</b>		
Remuneration for the period	<u>3,749</u>	<u>140</u>
<b>Directors and officers of the management company</b>		
Investment 2,952,946 units (March 31 2010 : NIL units)	<u>150,151</u>	<u>-</u>
Redemptions 7,155 units (March 31 2010 : NIL units)	<u>368</u>	<u>-</u>
Bonus 147,605 units (March 31 2010 : NIL units)	<u>7,396</u>	<u>-</u>

#### 8. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 21, 2011 by the board of directors of the management company.

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

Chief Executive

Director



**Pure. Profit.**

**Registered Office**

**Al Meezan Investment Management Limited**

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