



**Al Meezan**  
Investment Management Ltd.

# KANJUT SAR

Evaluating time horizons are critical for investments, just like climbing mountains.

Height 7,760 meters,  
belongs to the range Hispar Karakoram





# MEEZAN ISLAMIC INCOME FUND (MIIF)

Meezan Islamic Income Fund is Pakistan's first Shariah Compliant income fund scheme. The purpose of Meezan Islamic Income Fund is to provide investors with a high and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation.

# 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  
Website: [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. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Moin M. Fudda	Nominee Director - MBL
Mr. Furquan R Kidwai	Independent Director
Mr. Mubashar Maqbool	Nominee Director - PKIC
Mr. Tariq Mairaj	Nominee Director - MBL
Mr. Naeem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

## COMPANY SECRETARY

Mr. Salman Muslim

## BOARD AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Tariq Mairaj	Member
Mr. Naeem Sattar	Member

## BOARD RISK MANAGEMENT COMMITTEE

Mr. Mubashar Maqbool	Chairman
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Mubashar Maqbool	Member
Mr. Furquan R. Kidwai	Member
Mr. Mohammad Shoaib, CFA	Member

## BOARD IT COMMITTEE

Mr. Furquan R. Kidwai	Chairman
Mr. Mohammad Shoaib, CFA	Member
Mr. Faiz ur Rehman	Subject Matter Expert

## TRUSTEE

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

## AUDITORS

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road,  
P.O. Box 15541, Karachi 75530

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Allied Bank Limited  
Al Baraka Islamic Bank B.S.C (E.C)  
Askari Bank Limited - Islamic Banking  
Bank Al Habib Limited - Islamic Banking  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited - Islamic Banking  
Habib Bank Limited -Islamic Banking  
Habib Metropolitan Bank Limited - Islamic Banking

MCB Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan - Islamic Banking  
Samba Bank Limited  
Sindh Bank Limited  
Soneri Bank Limited - Islamic Banking  
The Bank Of Punjab - Islamic Banking  
The Bank Of Khyber - Islamic Banking  
UBL Ameen - Islamic Banking

## LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone (+9221) 35156191-94 Fax: (+9221) 35156195  
E-mail: [bawaney@cyber.net.pk](mailto:bawaney@cyber.net.pk)

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



**Head Office:**

CDC House, 99-B, Block 'B'  
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Karachi - 74400, Pakistan.

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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ISLAMIC INCOME FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Income Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2022 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.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 23, 2023

## INDEPENDENT AUDITORS' REVIEW REPORT

To the Unit holders of Meezan Islamic Income Fund

Report on Review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim Statement of Assets and Liabilities of **Meezan Islamic Income Fund** (the Fund) as at **31 December 2022**, and the related condensed interim Income Statement, condensed interim Statement of Comprehensive Income, condensed interim Statement of Movement in Unit Holders' Fund and condensed interim Cash Flow Statement, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management Company is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2022 and 31 December 2021 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended 31 December 2022.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

-: 2 :-

**Other matter**

The condensed interim financial statements for the half year ended 31 December 2021 and the annual financial statements for the year ended 30 June 2022 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 26 February 2022 and audit report dated 21 September 2022 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the review resulting in this independent auditors' review report is Shaikh Ahmed Salman.



**Chartered Accountants**

**Date:** 27 February 2023

**Place:** Karachi

**UDIN Number:** RR202210076sVuS2cfwF



**MEEZAN ISLAMIC INCOME FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2022**

	<b>Note</b>	<b>December 31, 2022 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2022 (Audited)</b>
<b>Assets</b>			
Balances with banks	5	<b>4,802,690</b>	3,440,427
Investments	6	<b>12,241,155</b>	15,097,091
Receivable against conversion of units		<b>13,411</b>	86,611
Advance, deposits, prepayments and other receivables		<b>324,378</b>	325,582
<b>Total assets</b>		<b>17,381,634</b>	18,949,711
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	7	<b>25,954</b>	13,144
Payable to Central Depository Company of Pakistan Limited - Trustee		<b>1,269</b>	1,408
Payable to the Securities and Exchange Commission of Pakistan		<b>1,864</b>	5,316
Payable to Meezan Bank Limited		<b>597</b>	1,164
Payable against redemption and conversion of units		<b>21,481</b>	65,446
Accrued expenses and other liabilities	8	<b>73,329</b>	253,798
<b>Total liabilities</b>		<b>124,494</b>	340,276
<b>Net assets</b>		<b>17,257,140</b>	18,609,435
<b>Unit holders' fund (as per statement attached)</b>		<b>17,257,140</b>	18,609,435
<b>Contingencies and commitments</b>	9		
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>314,585,233</b>	361,122,076
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>54.8568</b>	51.5323

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN ISLAMIC INCOME FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2022**

Note	Six months period ended December 31,		Quarter ended December 31,	
	2022	2021	2022	2021
	(Rupees in '000)		(Rupees in '000)	
<b>Income</b>				
Profit on sukuk certificates and commercial papers	979,039	758,301	486,821	422,940
Profit on certificates of musharakah	-	45,165	-	22,374
Profit on savings accounts with banks	398,672	380,471	185,378	174,311
Net realised loss on sale of investments	(36,292)	(39,445)	(22,289)	(40,180)
Other income	68	283	22	187
	<b>1,341,487</b>	1,144,775	<b>649,932</b>	579,632
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1.1 & 6.1.2	(71,855)	41,098	(10,787)
		<b>1,269,632</b>	1,185,873	<b>639,145</b>
				564,381
<b>Total income</b>				
<b>Expenses</b>				
Remuneration of AI Meezan Investment Management Limited - Management Company	7.1	46,603	75,068	22,572
Sindh Sales Tax on remuneration of the Management Company		6,058	9,759	2,934
Allocated expenses	7.2	13,981	22,521	6,772
Selling and marketing expenses	7.3	37,283	52,525	18,058
Remuneration of Central Depository Company of Pakistan Limited - Trustee		6,990	11,246	3,385
Sindh Sales Tax on remuneration of the Trustee		909	1,462	440
Annual fee to the Securities and Exchange Commission of Pakistan		1,864	3,003	903
Auditors' remuneration		452	420	259
Fees and subscription		719	711	360
Legal and professional charges		221	184	221
Brokerage expense		642	623	201
Bank and settlement charges		53	1,658	22
Provision against sukuk certificates		-	45,000	-
Printing expense		18	-	-
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	(130,733)	-
		<b>115,793</b>	93,447	<b>56,127</b>
				93,005
<b>Net income for the period before taxation</b>		<b>1,153,839</b>	1,092,426	<b>583,018</b>
Taxation	12	-	-	-
<b>Net income for the period after taxation</b>		<b>1,153,839</b>	1,092,426	<b>583,018</b>
<b>Allocation of net income for the period</b>				
Net income for the period after taxation		1,153,839	1,092,426	
Income already paid on units redeemed		(213,080)	(318,387)	
		<b>940,759</b>	774,039	
<b>Accounting income available for distribution</b>				
- Relating to capital gains		-	1,653	
- Excluding capital gains		940,759	772,386	
		<b>940,759</b>	774,039	

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director





**MEEZAN ISLAMIC INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2022**

	<u>Six months period ended</u> <u>December 31,</u>		<u>Quarter ended,</u> <u>December 31,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>(Rupees in '000)</u>		<u>(Rupees in '000)</u>	
<b>Net income for the period after taxation</b>	<b>1,153,839</b>	1,092,426	<b>583,018</b>	471,376
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>1,153,839</u></b>	<u>1,092,426</u>	<b><u>583,018</u></b>	<u>471,376</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**MEEZAN ISLAMIC INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Six months period ended December 31, 2022			Six months period ended December 31, 2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the period</b>	<b>18,347,819</b>	<b>261,616</b>	<b>18,609,435</b>	27,004,995	241,180	27,246,175
Issuance of 142,792,901 units (2021: 379,656,490 units)						
- Capital value (at net asset value per unit at the beginning of the period)	7,358,445	-	7,358,445	19,542,286	-	19,542,286
- Element of income	185,962	-	185,962	294,565	-	294,565
Total proceeds on issuance of units	7,544,407	-	7,544,407	19,836,851	-	19,836,851
Redemption of 189,329,744 units (2021: 432,541,514 units)						
- Capital value (at net asset value per unit at the beginning of the period)	9,756,597	-	9,756,597	22,264,469	-	22,264,469
- Element of loss	80,864	213,080	293,944	150,897	318,387	469,284
Total payments on redemption of units	9,837,461	213,080	10,050,541	22,415,366	318,387	22,733,753
Total comprehensive income for the period	-	1,153,839	1,153,839	-	1,092,426	1,092,426
		1,153,839	1,153,839		1,092,426	1,092,426
<b>Net assets at the end of the period</b>	<b>16,054,765</b>	<b>1,202,375</b>	<b>17,257,140</b>	24,426,480	1,015,219	25,441,699
<b>Undistributed income brought forward</b>						
- Realised income		262,605			148,151	
- Unrealised (loss) / income		(989)			93,029	
		261,616			241,180	
<b>Accounting income available for distribution</b>						
- Relating to capital gains	-			1,653		
- Excluding capital gains	940,759			772,386		
	940,759			774,039		
Undistributed income carried forward		1,202,375			1,015,219	
<b>Undistributed income carried forward</b>						
- Realised income		1,274,230			974,121	
- Unrealised (loss) / income		(71,855)			41,098	
		1,202,375			1,015,219	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			51.5323			51.4736
Net asset value per unit at the end of the period			54.8568			53.3998

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



**MEEZAN ISLAMIC INCOME FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Note	Six months period ended December 31,	
		2022	2021
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period before taxation		1,153,839	1,092,426
<b>Adjustments for:</b>			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as "financial assets at fair value through profit or loss"	6.1.1 & 6.1.2	71,855	(41,098)
		<b>1,225,694</b>	1,051,328
<b>Decrease / (increase) in assets</b>			
Investments - net		2,784,081	(1,815,959)
Receivable against sale of investments		-	506
Advance, deposits, prepayments and other receivables		1,204	14,922
		<b>2,785,285</b>	(1,800,531)
<b>(Decrease) / increase in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		12,810	7,109
Payable to Central Depository Company of Pakistan Limited - Trustee		(139)	(473)
Payable to the Securities and Exchange Commission of Pakistan		(3,452)	(3,962)
Payable to Meezan Bank Limited		(567)	(1,240)
Accrued expenses and other liabilities		(180,469)	(322,056)
		<b>(171,817)</b>	(320,622)
<b>Net cash generated from / (used in) operating activities</b>		<b>3,839,162</b>	(1,069,825)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		7,617,607	19,816,051
Payments against redemption and conversion of units		(10,094,506)	(23,624,525)
Dividend paid		-	(36,220)
<b>Net cash used in financing activities</b>		<b>(2,476,899)</b>	(3,844,694)
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>		<b>1,362,263</b>	(4,914,519)
Cash and cash equivalents at the beginning of the period		3,440,427	12,514,171
<b>Cash and cash equivalents at the end of the period</b>		<b>4,802,690</b>	7,599,652

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN ISLAMIC INCOME FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Islamic Income Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on September 13, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 21, 2008 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) notified through S.R.O. 1203 (I) / 2008. The Trust Deed was previously registered under The "Trust Act 1882" and now has been registered under "The Sindh Trust Act 2020". The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, the above-mentioned Trust Deed has been registered under the Sindh Trust Act. The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund has been formed to provide the unit holders competitive and stable rate of income on their investments in a Shariah compliant way with a broadly diversified portfolio of long, medium and short term and high quality Islamic income instruments. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is listed on the Pakistan Stock Exchange Limited. 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 Fund is categorised as an Open End Shariah Compliant (Islamic) Income Scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 30, 2022 (2021: 'AM1' dated December 27, 2021) and by PACRA dated June 23, 2022 (2021: 'AM1' dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of A+(f) by VIS Credit Rating Company Limited dated January 03, 2023 (2021: A+(f) dated December 27, 2021).
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2. BASIS OF PRESENTATION**

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the requirements of IAS 34, 'Interim Financial Reporting' the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2022

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2022.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES**

**4.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022.

**4.2** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2022.

#### **4.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period:**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### **4.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:**

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

<b>Standards, interpretations and amendments</b>	<b>Effective date (Annual period beginning on and after)</b>
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	January 01, 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.	

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

<b>5. BALANCES WITH BANKS</b>	<b>Note</b>	<b>December 31, 2022 (Unaudited)</b>	<b>June 30, 2022 (Audited)</b>
		<b>(Rupees in '000)</b>	
Balances with banks in:			
Savings accounts	5.1	4,802,649	3,440,383
Current accounts		41	44
		<u>4,802,690</u>	<u>3,440,427</u>
<b>5.1</b>	These include a balance maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.50% (June 30, 2022: 6.01%) per annum. Other profit and loss sharing accounts of the Fund have expected profit rates ranging from 5.00% to 15.90% per annum (June 30, 2022: 3.00% to 16.25% per annum).		



**December 31, 2022**  
**(Unaudited)**  
**(Rupees in '000)**

**June 30, 2022**  
**(Audited)**

**6. INVESTMENTS**
**Investments - 'at fair value through profit or loss'**

Sukuk certificates	6.1	12,241,155	14,544,888
Commercial papers	6.2	-	552,203
		<b>12,241,155</b>	<b>15,097,091</b>

**6.1 Sukuk certificates**

Government securities	6.1.1	9,304,509	10,538,677
Corporate sukuk certificates	6.1.2	2,936,646	4,006,211
		<b>12,241,155</b>	<b>14,544,888</b>

**6.1.1 Government securities**

Name of the security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Sold / Matured during the period	As at December 31, 2022	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised (diminution)/ appreciation as at December 31, 2022	Percentage in relation to	
					----- Number of certificates -----			----- (Rupees in '000) -----			Net assets of the Fund	Total market value of investments	
GoP Ijarah Sukuk Certificates - XX - VRR	Semi-annually / At maturity	May 29, 2020	May 29, 2025	Weighted average 6 months T-Bills	2,000	-	2,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XX - VRR	Semi-annually / At maturity	June 24, 2020	June 24, 2025	Weighted average 6 months T-Bills	2,340	-	2,340	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXII - VRR	Semi-annually / At maturity	December 9, 2020	December 9, 2025	Weighted average 6 months T-Bills	1,735	-	1,735	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXV - VRR	Semi-annually / At maturity	April 27, 2022	April 27, 2027	Weighted average 6 months T-Bills	6,800	-	6,800	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXI - VRR	Semi-annually / At maturity	July 29, 2020	July 29, 2025	Weighted average 6 months T-Bills	-	400	-	400	39,900	39,960	60	0.23	0.33
GoP Ijarah Sukuk Certificates - XXIV - VRR	Semi-annually / At maturity	October 29, 2021	October 29, 2026	Weighted average 6 months T-Bills	5,000	8,000	5,000	8,000	792,080	795,200	3,120	4.61	6.50
GoP Ijarah Sukuk Certificates - XXVIII - VRR	Semi-annually / At maturity	October 26, 2022	October 26, 2027	Weighted average 6 months T-Bills	-	6,000	2,700	3,300	329,889	328,449	(1,440)	1.90	2.68
GoP Ijarah Sukuk Certificates - XI - FRR	Semi-annually / At maturity	December 15, 2021	December 15, 2026	Weighted average 6 months T-Bills	5,000	-	-	5,000	480,000	473,650	(6,350)	2.74	3.87
Pakistan Energy Sukuk II	Semi-annually / At maturity	May 21, 2020	May 21, 2030	6 months KIBOR minus base rate of 0.10%	1,643,450	-	110,000	1,533,450	7,720,921	7,667,250	(53,671)	44.43	62.64
<b>Total as at December 31, 2022</b>									<b>9,362,790</b>	<b>9,304,509</b>	<b>(58,281)</b>	<b>53.91</b>	<b>76.02</b>
<b>Total as at June 30, 2022</b>									<b>10,585,639</b>	<b>10,538,677</b>	<b>(46,962)</b>	<b>56.63</b>	<b>69.82</b>

**6.1.1.1** The nominal value of these sukuk certificates is Rs.100,000 each except for Pakistan Energy sukuk certificates having nominal value of Rs. 5,000 each.

## 6.1.2 Corporate sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Face value per certificate (Rupees)	Profit rate	As at July 1, 2022	Purchased during the period	Sold / Matured during the period	As at December 31, 2022	Carrying value as at December 31, 2022 *	Market value as at December 31, 2022 *	Unrealised appreciation/ (diminution) as at December 31, 2022	Percentage in relation to		
					---- (Number of certificates) ----			----- (Rupees in '000) -----			----- % -----			
Arzoo Textile Mills Limited (note 6.1.2.1) *	N/A	April 15, 2014	5,000	Not applicable	14,000	-	-	14,000	-	-	-	-	-	-
Eden Housing Limited (note 6.1.2.1) *	N/A	September 29, 2014	984	Not applicable	59,400	-	-	59,400	-	-	-	-	-	-
Security Leasing Corporation Limited II (note 6.1.2.1) *	N/A	January 19, 2022	1,540	Not applicable	10,000	-	-	10,000	-	-	-	-	-	-
Hascol Petroleum Limited (note 6.1.2.1) *	N/A	January 06, 2022	1,250	Not applicable	80,000	-	-	80,000	-	-	-	-	-	-
<b>COMMERCIAL BANKS</b>														
Dubai Islamic Bank Pakistan Limited (AA+, VIS, non-traded)	Semi-annually / At maturity	July 14, 2027	1,000,000	6 months KIBOR plus base rate of 0.50%	538	-	538	-	-	-	-	-	-	-
<b>POWER GENERATION &amp; DISTRIBUTION</b>														
K-Electric Limited Sukuk V (AA+, VIS, non-traded)	Quarterly	August 3, 2027	4,750	3 months KIBOR plus base rate of 1.70%	171,200	-	-	171,200	830,440	826,524	(3,916)	4.79	3.42	6.75
The Hub Power Company Limited (AA+, PACRA, traded)	Semi-annually	August 22, 2023	50,000	3 months KIBOR plus base rate of 1.90%	2,455	-	-	2,455	129,146	124,186	(4,960)	0.72	3.51	1.01
The Hub Power Company Limited (AA+, PACRA, traded)	Semi-annually	March 19, 2024	75,000	12 months KIBOR plus base rate of 1.90%	3,350	-	-	3,350	258,482	255,647	(2,835)	1.48	6.70	2.09
Hub Power Holdings Limited (AA+, PACRA, non-traded) (note 6.1.2.3)	Quarterly / Semi-annually commencing from May 12, 2024	November 12, 2025	100,000	6 months KIBOR plus base rate of 2.50%	6,000	-	-	6,000	600,000	605,358	5,358	3.51	10.00	4.95
Engro Powergen Thar (Private) Limited (AA-, PACRA, non-traded) (note 6.1.2.2)	Annually	August 2, 2024	3,750	3 months KIBOR plus base rate of 1.10%	62,400	-	-	62,400	247,861	246,042	(1,819)	1.43	10.40	2.01
Lucky Electric Power Company Limited (AA, PACRA)	At maturity	December 15, 2022	1,000,000	6 months KIBOR plus base rate of 1.20%	350	-	350	-	-	-	-	-	-	-
Lucky Electric Power Company Limited VI (AA, PACRA)	At maturity	April 13, 2023	1,000,000	6 months KIBOR plus base rate of 1.50%	-	250	-	250	250,000	250,000	-	1.45	0.02	2.04
<b>PHARMACEUTICALS</b>														
OBS AGP (Private) Limited (A+, VIS, traded)	Quarterly	July 15, 2026	93,750	3 months KIBOR plus base rate of 1.55%	3,300	-	-	3,300	310,922	314,016	3,094	1.82	12.69	2.57

Name of the security	Profit payments / principal redemptions	Maturity date	Face value per certificate (Rupees)	Profit rate	As at July 1, 2022	Purchased during the period	Sold / Matured during the period	As at December 31, 2022	Carrying value as at December 31, 2022 *	Market value as at December 31, 2022 *	Unrealised appreciation / (diminution)	Percentage in relation to		
												Net assets of the Fund	Total issue (with face value of investment)	Total market value of investments
					---- (Number of certificates) ----			----- (Rupees in '000) -----			----- % -----			
<b>CEMENT &amp; CONSTRUCTION</b>														
Javedan Corporation Limited (AA-, VIS, traded)	Semi-annually	October 4, 2026	66,667	6 months KIBOR plus base rate of 1.75%	800	-	-	800	52,949	52,267	(682)	0.30	2.67	0.43
<b>STEEL &amp; ALLIED PRODUCTS</b>														
Agha Steel Industries Limited (A+, VIS, non-traded)	Quarterly	October 9, 2025	750,000	3 months KIBOR plus base rate of 0.80%	182	-	-	182	141,488	135,985	(5,503)	0.79	3.64	1.11
<b>CHEMICALS</b>														
Engro Polymer and Chemicals Limited (AA, PACRA, non-traded) (note 6.1.2.2)	Quarterly / Semi-annually commencing from July 11, 2024	July 11, 2026	100,000	3 months KIBOR plus base rate of 0.90%	478	-	478	-	-	-	-	-	-	-
<b>TEXTILE COMPOSITE</b>														
Masood Textile Mills Limited (A, VIS, non-traded)	Quarterly	December 17, 2024	571,429	3 months KIBOR plus base rate of 2.00%	127	-	-	127	71,485	71,597	112	0.41	5.08	0.58
<b>MISCELLANEOUS</b>														
Shakarganj Food Products Limited (BBB+, VIS, non-traded) (note 6.1.2.1 & 6.1.2.2)	Quarterly	July 10, 2025	550,000	3 months KIBOR plus base rate of 1.75%	100	-	-	100	57,447	55,024	(2,423)	0.32	13.79	0.45
<b>Total as at December 31, 2022</b>									<b>2,950,220</b>	<b>2,936,646</b>	<b>(13,574)</b>	<b>17.02</b>	<b>23.99</b>	
<b>Total as at June 30, 2022</b>									<b>3,960,238</b>	<b>4,006,211</b>	<b>45,973</b>	<b>21.53</b>	<b>26.54</b>	

\* In case of debt securities against which provision has been made, these are carried at carrying value less provision.

**6.1.2.1** The Securities and Exchange Commission of Pakistan vide Circular no. 7 of 2009 dated March 06, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the Circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Islamic Income Fund (the Fund) as an 'Income Scheme' in accordance with the said Circular. As at December 31, 2022, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Following investments of the Funds are in sukuk certificates which are non-compliant securities. At the time of investment, these were compliant as per SECP criteria and the investment policy of the Fund.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held (if any)	Value of investment after provision	Percentage of	
					Net assets	Total assets
					----- % -----	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	70,000	70,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	58,472	58,472	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	15,403	15,403	-	-	-
Hascol Petroleum Limited	Non-traded sukuk certificates	99,259	99,259	-	-	-
Shakarganj Food Products Limited	Non-traded sukuk certificates	55,024	-	55,024	0.32	0.32
<b>Total as at December 31, 2022</b>		<b>298,158</b>	<b>243,134</b>	<b>55,024</b>	<b>0.32</b>	<b>0.32</b>
<b>Total as at June 30, 2022</b>		<b>311,026</b>	<b>243,134</b>	<b>67,892</b>	<b>0.36</b>	<b>0.36</b>



**6.1.2.2** Circular No. 33 of 2012 allows the asset manager to apply a mark up within available limit for valuation of any specific debt security. Exercising the discretionary power, the above mentioned sukuk certificates of Engro Powergen Thar (Private) Limited and Shakarganj Food Products Limited have been valued at a discretionary rate of Rs.105.1461 and Rs.100.0439 when the reported market rate on MUFAP valuation sheet as at December 31, 2022 was Rs.107.5391 and Rs.101.8600 respectively.

<b>Six months period ended December 31,</b>	
<b>2022</b>	<b>2021</b>
<b>(Rupees in '000)</b>	

**6.1.2.3 Movement of provision**

Opening balance	<b>243,134</b>	198,134
Charge for the period	-	45,000
Reversals for the period	-	-
Closing balance	<b>243,134</b>	<b>243,134</b>

**6.2 Commercial papers**

Name of the security	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Matured during the period	As at December 31, 2022	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised appreciation/ (diminution) as at December 31, 2022	Percentage in relation to	
			----- (Number of certificates) -----			----- (Rupees in '000) -----		----- % -----			
Mughal Iron & Steel Industries Limited ICP-1 (A-2, VIS)	July 21, 2022	6 months KIBOR plus base rate of 1.75%	300	-	300	-	-	-	-	-	-
Lucky Electric Power Company Limited ICP-2 (A-1, PACRA)	July 12, 2022	6 months KIBOR plus base rate of 1.50%	250	-	250	-	-	-	-	-	-
<b>Total as at December 31, 2022</b>							-	-	-	-	-
<b>Total as at June 30, 2022</b>							552,203	552,203	-	2.97	3.66

**6.2.1** The nominal value of these commercial papers is Rs.1,000,000 each.

7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	<b>December 31, 2022</b>	<b>June 30, 2022</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>(Rupees in '000)</b>	
Remuneration payable	7.1	<b>1,440</b>	1,464
Sindh Sales Tax on payable on remuneration of the Management Company		<b>187</b>	190
Allocated expenses payable	7.2	<b>2,246</b>	157
Selling and marketing expenses payable	7.3	<b>20,943</b>	7,205
Sales load payable		<b>1,007</b>	3,653
Sindh Sales Tax payable on sales load		<b>131</b>	475
		<b>25,954</b>	<b>13,144</b>

**7.1** As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.50% (December 31, 2021: 0.50%) per annum of the average annual net assets of the Fund during the period ended December 31, 2022. The remuneration is payable to the Management Company monthly in arrears.

**7.2** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company, based on its own discretion, has charged such expenses at the rate of 0.15% (December 31, 2021: 0.15%) of the average annual net assets of the Fund during the period ended December 31, 2022, subject to total expense charged being lower than actual expense incurred.

- 7.3** In accordance with Circular 11 dated July 05, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the following rates during the period ended December 31, 2022, subject to total expense charged being lower than actual expense incurred:

Rate applicable from July 1, 2022 to December 31, 2022	Rate applicable from July 1, 2021 to September 30, 2021	Rate applicable from October 1, 2021 to December 31, 2021
0.4% of the average annual net assets of the Fund	0.3% of the average annual net assets of the Fund	0.4% of the average annual net assets of the Fund

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31, 2022	June 30, 2022
		(Unaudited)	(Audited)
(Rupees in '000)			
Auditors' remuneration payable		384	459
Brokerage payable		403	527
Shariah advisor fee payable		532	531
Withholding tax payable		-	163,987
Capital gain tax payable		18,110	33,900
Zakat payable		114	381
Other payable		727	954
Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	8.1	50,417	50,417
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	8.1	2,642	2,642
		<u>73,329</u>	<u>253,798</u>

- 8.1** The status of provision of Federal Excise Duty is same as disclosed in financial statement for the year ended June 30, 2022. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2022 would have been higher by Re.0.17 (June 30, 2022: Re.0.15) per unit.

**9. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022.

**10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.







**Six months period ended  
December 31,**

**Transactions during the period**

**Meezan Bank Limited**

Profit on savings account  
Profit on sukuk certificates  
Shariah advisor fee

2022	2021
2,095	1,059
-	10,515
541	540

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration of the Trustee  
Sindh Sales Tax on remuneration of the Trustee  
CDS Charges

2022	2021
6,990	11,246
909	1,462
52	33

**Meezan Financial Planning Fund of Funds**

**- Aggressive Allocation Plan**

Units issued: Nil (December 31, 2021: 99,658 units)  
Units redeemed: 388,917 units (December 31, 2021: 208,584 units)

2022	2021
-	5,250
21,049	10,946

**Meezan Financial Planning Fund of Funds**

**- Moderate Allocation Plan**

Units issued: 38,747 units (December 31, 2021: 376,987 units)  
Units redeemed: 322,003 units (December 31, 2021: 717,426 units)

2022	2021
2,000	19,750
17,075	38,042

**Meezan Financial Planning Fund of Funds**

**- Conservative Allocation Plan**

Units issued: Nil (December 31, 2021: 426,395 units)  
Units redeemed: 1,093,197 units (December 31, 2021: 530,852 units)

2022	2021
-	22,500
58,221	27,905

**Meezan Financial Planning Fund of Funds - MAAP - I**

Units issued: Nil (December 31, 2021: 804,211 units)  
Units redeemed: Nil (December 31, 2021: 1,644,638 units)

2022	2021
-	42,304
-	86,495

**Meezan Strategic Allocation Fund - MSAP - I**

Units issued: Nil (December 31, 2021: 3,044,367 units)  
Units redeemed: Nil (December 31, 2021: 3,044,367 units)

2022	2021
-	160,143
-	160,330

**Meezan Strategic Allocation Fund - MSAP - II**

Units issued: Nil (December 31, 2021: 1,896,168 units)  
Units redeemed: Nil (December 31, 2021: 1,896,168 units)

2022	2021
-	99,745
-	99,861

**Meezan Strategic Allocation Fund - MSAP - III**

Units issued: Nil (December 31, 2021: 2,041,470 units)  
Units redeemed: Nil (December 31, 2021: 2,041,470 units)

2022	2021
-	107,388
-	107,513

**Meezan Strategic Allocation Fund - MSAP - IV**

Units issued: Nil (December 31, 2021: 827,170 units)  
Units redeemed: Nil (December 31, 2021: 827,170 units)

2022	2021
-	43,512
-	43,562

**Meezan Strategic Allocation Fund - MSAP - V**

Units issued: Nil (December 31, 2021: 281,913 units)  
Units redeemed: Nil (December 31, 2021: 281,913 units)

2022	2021
-	14,830
-	14,846

	Six months period ended December 31,	
	2022	2021
<b>Transactions during the period</b>		
<b>AI Meezan Investment Management Limited - Employees' Gratuity Fund</b>		
Units redeemed: 209,363 units (December 31, 2021: Nil)	11,000	-
<b>Directors and Executives of the Management Company</b>		
Units issued: 154,195 units (December 31, 2021: 4,206,179 units)	8,160	218,753
Units redeemed: 237,390 units (December 31, 2021: 4,244,108 units)	12,575	223,897

## 11. TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund as at December 31, 2022 based on current period results is - 1.24% (December 31, 2021: 1.19%) which includes 0.10% (December 31, 2021: 0.10%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Income Scheme'.

## 12. TAXATION

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 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2023 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these condensed interim financial statements.

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

## 13. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### 13.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).



As at December 31, 2022 and June 30, 2022, the Fund held the following financial instruments measured at fair value:

ASSETS	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>Financial assets 'at fair value through profit or loss'</b>				
Sukuk certificates	-	12,241,155	-	12,241,155
	-	12,241,155	-	12,241,155

ASSETS	As at June 30, 2022			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>Financial assets 'at fair value through profit or loss'</b>				
Sukuk certificates	-	14,544,888	-	14,544,888
Commercial papers **	-	552,203	-	552,203
	-	15,097,091	-	15,097,091

\*\* The valuation of commercial papers has been done based on amortisation to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and are placed with counterparties which have high credit rating. The commercial papers having maturity slightly more than six months have also been valued on the same basis.

#### 14. GENERAL

14.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

14.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

#### 15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 13, 2023 by the Board of Directors of the Management Company.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**Al Meezan**  
Investment Management Ltd.

# KUNYANG CHHISH

A generational wealth legacy and the delight of conquering a summit are both exhilarating.

Height 7,823 meters,  
belongs to the range Hispar Karakoram





# MEEZAN SOVEREIGN FUND (MSF)

Meezan Sovereign Fund is Pakistan's first Shariah Compliant Government Securities Fund. The purpose of the fund is to provide maximum possible preservation of capital and a reasonable rate of return.

# 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  
Website: [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. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Moin M. Fudda	Nominee Director - MBL
Mr. Furquan R Kidwai	Independent Director
Mr. Mubashar Maqbool	Nominee Director – PKIC
Mr. Tariq Mairaj	Nominee Director - MBL
Mr. Naeem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

## COMPANY SECRETARY

Mr. Salman Muslim

## BOARD AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Tariq Mairaj	Member
Mr. Naeem Sattar	Member

## BOARD RISK MANAGEMENT COMMITTEE

Mr. Mubashar Maqbool	Chairman
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Mubashar Maqbool	Member
Mr. Furquan R. Kidwai	Member
Mr. Mohammad Shoaib, CFA	Member

## BOARD IT COMMITTEE

Mr. Furquan R. Kidwai	Chairman
Mr. Mohammad Shoaib, CFA	Member
Mr. Faiz ur Rehman	Subject Matter Expert

## TRUSTEE

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

## AUDITORS

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road,  
P.O. Box 15541, Karachi 75530

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Allied Bank Limited  
Al Baraka Islamic Bank B.S.C (E.C)  
Askari Bank Limited - Islamic Banking  
Bank Al Habib Limited - Islamic Banking  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited - Islamic Banking  
Habib Bank Limited -Islamic Banking

Habib Metropolitan Bank Limited - Islamic Banking  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan - Islamic Banking  
Sindh Bank Limited  
Soneri Bank Limited  
The Bank Of Punjab Limited  
UBL Ameen - Islamic Banking

## LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone (+9221) 35156191-94 Fax: (+9221) 35156195  
E-mail: [bawaney@cyber.net.pk](mailto:bawaney@cyber.net.pk)

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shakra-e-Faisal  
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN SOVEREIGN FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Sovereign Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2022 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.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 23, 2023



## INDEPENDENT AUDITORS' REVIEW REPORT

To the Unit holders of Meezan Sovereign Fund

Report on Review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim Statement of Assets and Liabilities of **Meezan Sovereign Fund (the Fund)** as at **31 December 2022**, and the related condensed interim Income Statement, condensed interim Statement of Comprehensive Income, condensed interim Statement of Movement in Unit Holders' Fund and condensed interim Cash Flow Statement, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management Company is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2022 and 31 December 2021 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended 31 December 2022.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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**Other matter**

The condensed interim financial statements for the half year ended 31 December 2021 and the annual financial statements for the year ended 30 June 2022 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 26 February 2022 and audit report dated 21 September 2022 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the review resulting in this independent auditors' review report is Shaikh Ahmed Salman.



**Chartered Accountants**

**Date:** 27 February 2023

**Place:** Karachi

**UDIN Number:** RR202210076uaKm4t20N



**MEEZAN SOVEREIGN FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)**  
**AS AT DECEMBER 31, 2022**

		<b>December 31, 2022 (Unaudited)</b>	<b>June 30, 2022 (Audited)</b>
	<b>Note</b>	<b>(Rupees in '000)</b>	
<b>Assets</b>			
Balances with banks	5	<b>1,601,753</b>	384,892
Investments	6	<b>5,049,101</b>	5,794,717
Receivable against conversion of units		<b>3,352</b>	79,729
Deposits, prepayments and other receivable		<b>131,959</b>	115,438
<b>Total assets</b>		<b>6,786,165</b>	6,374,776
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	7	<b>7,262</b>	2,521
Payable to Central Depository Company of Pakistan Limited - Trustee		<b>317</b>	329
Payable to the Securities and Exchange Commission of Pakistan		<b>614</b>	1,789
Payable to Meezan Bank Limited		<b>371</b>	516
Payable against redemption and conversion of units		<b>24,262</b>	35,110
Accrued expenses and other liabilities	8	<b>86,537</b>	138,434
<b>Total liabilities</b>		<b>119,363</b>	178,699
<b>Net assets</b>		<b>6,666,802</b>	6,196,077
<b>Contingencies and commitments</b>			
	9		
<b>Unit holders' fund (as per statement attached)</b>		<b>6,666,802</b>	6,196,077
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>121,213,864</b>	119,927,049
<b>(Rupees)</b>			
<b>Net asset value per unit</b>		<b>55.0003</b>	51.6654

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN SOVEREIGN FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2022**

Note	Six months period ended December 31,		Quarter ended December 31,	
	2022	2021	2022	2021
	(Rupees in '000)		(Rupees in '000)	
<b>Income</b>				
Profit on sukuk certificates	393,142	324,195	189,291	179,045
Net realised loss on sale of sukuk certificates	(6,675)	(8,063)	(375)	(8,063)
Profit on saving accounts with banks	55,081	66,238	26,735	26,953
	441,548	382,370	215,651	197,935
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1.1 & 6.1.2	30,076	(438)	(11,585)
<b>Total income</b>	413,368	412,446	215,213	186,350
<b>Expenses</b>				
Remuneration of AI Meezan Investment Management Limited Management Company	7.1	15,342	25,507	7,237
Sindh Sales Tax on remuneration of the Management Company		1,995	3,316	941
Allocated expenses	7.2	4,603	7,652	2,171
Selling and marketing expense	7.3	9,205	15,304	4,342
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,688	3,058	796
Sindh Sales Tax on remuneration of the Trustee		219	397	103
Annual fee to Securities and Exchange Commission of Pakistan		614	1,020	290
Auditors' remuneration		493	372	327
Legal and professional charges		-	184	-
Fees and subscription		564	555	268
Brokerage expense		542	149	33
Printing expenses		7	-	-
Bank and settlement charges		174	39	67
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	(40,077)	-
<b>Total expenses</b>		35,446	17,476	16,575
<b>Net income for the period before taxation</b>		377,922	394,970	198,638
Taxation	12	-	-	-
<b>Net income for the period after taxation</b>		377,922	394,970	198,638
<b>Allocation of net income for the period</b>				
Net income for the period after taxation		377,922	394,970	
Income already paid on units redeemed		(58,575)	(141,027)	
		319,347	253,943	
<b>Accounting income available for distribution</b>				
- Relating to capital gains		-	10,250	
- Excluding capital gains		319,347	243,693	
		319,347	253,943	

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN SOVEREIGN FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2022**

	<u>Six months period</u>		<u>Quarter ended,</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>(Rupees in '000)</u>		<u>(Rupees in '000)</u>	
<b>Net income for the period after taxation</b>	<b>377,922</b>	394,970	<b>198,638</b>	157,335
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>377,922</u></b>	<u>394,970</u>	<b><u>198,638</u></b>	<u>157,335</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN SOVEREIGN FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Six months period ended December 31, 2022			Six months period ended December 31, 2021		
	Capital value	Undistri- buted income	Total	Capital value	Undistri- buted income	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the period</b>	5,884,164	311,913	6,196,077	9,634,121	305,131	9,939,252
Issue of 58,224,846 units (2021: 186,800,269 units)						
- Capital value (at net asset value per unit at the beginning of the period)	3,008,209	-	3,008,209	9,637,362	-	9,637,362
- Element of income	108,043	-	108,043	182,476	-	182,476
Total proceeds on issuance of units	3,116,252	-	3,116,252	9,819,838	-	9,819,838
Redemption of 56,938,031 units (2021: 211,887,032 units)						
- Capital value (at net asset value per unit at the beginning of the period)	2,941,726	-	2,941,726	10,931,633	-	10,931,633
- Element of loss	23,148	58,575	81,723	92,359	141,027	233,386
Total payments on redemption of units	2,964,874	58,575	3,023,449	11,023,992	141,027	11,165,019
Total comprehensive income for the period	-	377,922	377,922	-	394,970	394,970
Distribution during the period	-	-	-	-	-	-
Net income for the period less distribution	-	377,922	377,922	-	394,970	394,970
<b>Net assets at the end of the period</b>	<b>6,035,542</b>	<b>631,260</b>	<b>6,666,802</b>	<b>8,429,967</b>	<b>559,074</b>	<b>8,989,041</b>
<b>Undistributed income brought forward</b>						
- Realised income		314,344			203,956	
- Unrealised (loss) / income		(2,431)			101,175	
		311,913			305,131	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-			10,250	
- Excluding capital gains		319,347			243,693	
		319,347			253,943	
<b>Undistributed income carried forward</b>		<b>631,260</b>			<b>559,074</b>	
<b>Undistributed income carried forward</b>						
- Realised income		659,440			528,998	
- Unrealised (loss) / income		(28,180)			30,076	
		<b>631,260</b>			<b>559,074</b>	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
Net asset value per unit at beginning of the period		<u>51.6654</u>			<u>51.5918</u>	
Net asset value per unit at end of the period		<u>55.0003</u>			<u>53.6451</u>	

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**





**MEEZAN SOVEREIGN FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	<b>Six months period ended</b>	
	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	377,922	394,970
<b>Adjustments for:</b>		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	28,180	(30,076)
	<b>406,102</b>	<b>364,894</b>
<b>Decrease / (increase) in assets</b>		
Investments - net	717,436	(271,638)
Deposits, prepayments and other receivable	(16,521)	(16,128)
	<b>700,915</b>	<b>(287,766)</b>
<b>(Decrease) / increase in liabilities</b>		
Payable to Al Meezan Investment Management Limited - Management Company	4,741	2,245
Payable to Central Depository Company of Pakistan Limited - Trustee	(12)	(317)
Payable to the Securities and Exchange Commission of Pakistan	(1,175)	(802)
Payable to Meezan Bank Limited	(145)	(250)
Accrued expenses and other liabilities	(51,897)	(91,185)
	<b>(48,488)</b>	<b>(90,309)</b>
<b>Net cash generated from / (used in) operating activities</b>	<b>1,058,529</b>	<b>(13,181)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	3,192,629	10,275,340
Payments against redemption and conversion of units	(3,034,297)	(11,242,748)
<b>Net cash generated from / (used in) financing activities</b>	<b>158,332</b>	<b>(967,408)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<b>1,216,861</b>	<b>(980,589)</b>
Cash and cash equivalents at the beginning of the period	384,892	2,060,201
<b>Cash and cash equivalents at the end of the period</b>	<b>1,601,753</b>	<b>1,079,612</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN SOVEREIGN FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

**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 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 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Trust Deed was previously registered under the "Trust Act, 1882" and now has been registered under "The Sindh Trusts Act, 2020". The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, the above-mentioned Trust Deed has been registered under the Sindh Trust Act. The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.
- 1.2** The Fund has been formed to provide the unit holders preservation of capital along with Halal returns by investing primarily in a portfolio of Shariah compliant government securities, thus minimising the credit risk of investments. The Fund also keeps an exposure in short-term near cash instruments for the purpose of maintaining liquidity and to capitalise on high returns if available at any given point of time. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah principles. 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 investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is an open end Shariah Compliant (Islamic) Income Scheme, listed on the Pakistan Stock Exchange Limited. 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** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 30, 2022 (2021: 'AM1' dated December 27, 2021) and by PACRA dated June 23, 2022 (2021: 'AM1' dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of 'AA(f)' by VIS Credit Rating Company Limited dated January 03, 2023 (2021: 'AA(f)' December 27, 2021).
- 1.5** The title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2. BASIS OF PRESENTATION**

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

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the published audited annual financial statements of the Fund for the year ended June 30, 2022.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2022.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT POLICIES**

**4.1** The accounting policies adopted and the methods of computation of balances used in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022.

**4.2** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2022.

#### **4.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 01, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### **4.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

<b>Standards, interpretations and amendments</b>	<b>Effective date (annual period beginning on or after)</b>
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	January 01, 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

<b>Standards</b>		<b>IASB Effective date (annual periods beginning on or after)</b>	
IFRS 1 - First-time Adoption of International Financial Reporting Standards		July 01, 2009	
IFRS 17 – Insurance Contracts		January 01, 2023	

  

<b>5. BALANCES WITH BANKS</b>	<b>Note</b>	<b>December 31, 2022 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2022 (Audited) (Rupees in '000)</b>
In saving accounts	5.1	1,601,749	384,888
In current accounts		<u>4</u>	<u>4</u>
		<u><b>1,601,753</b></u>	<u><b>384,892</b></u>

**5.1** This includes a balance maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.50% (2022: 6.01%) per annum. Other profit and loss sharing accounts of the Fund have expected rates of profit ranging from 5.00% to 15.90% (2022: 3.00% to 16.25%) per annum.

<b>6. INVESTMENTS</b>	<b>Note</b>	<b>December 31, 2022 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2022 (Audited) (Rupees in '000)</b>
<b>Investments - 'at fair value through profit or loss'</b>			
Sukuk certificates	6.1	<u><b>5,049,101</b></u>	<u><b>5,794,717</b></u>
<b>6.1 Sukuk certificates</b>			
Government securities	6.1.1	<b>5,020,800</b>	5,761,444
Corporate sukus	6.1.2	<u><b>28,301</b></u>	<u>33,273</u>
		<u><b>5,049,101</b></u>	<u><b>5,794,717</b></u>

**6.1.1 Government securities**

Name of the security	Issue date	Maturity Date	Rate of Return	As at July 01, 2022	Purchased during the period	Disposed/matured during the period	As at December 31, 2022	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised (diminution) as at December 31, 2022	Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
Pakistan Energy Sukuk (note 6.1.1.1)	March 1, 2019	March 1, 2029	6 months KIBOR plus base rate of 0.8%	150,000	-	-	150,000	801,000	801,000	-	12.01%	15.86%
Pakistan Energy Sukuk II (note 6.1.1.1)	May 21, 2020	May 21, 2030	6 months KIBOR minus base rate of 0.10%	984,200	-	180,000	804,200	4,049,147	4,021,000	(28,147)	60.31%	79.64%
GoP Ijarah Sukuk Certificates - XXIV - VRR (note 6.1.1.1)	October 29, 2021	October 29, 2026	Weighted average 6 months T-Bills	50	2,000	50	2,000	198,020	198,800	780	2.98%	3.94%
<b>Total - December 31, 2022</b>								<u>5,048,167</u>	<u>5,020,800</u>	<u>(27,367)</u>	<u>75.3%</u>	<u>99.44%</u>
<b>Total as at June 30, 2022</b>								<u>5,766,001</u>	<u>5,761,444</u>	<u>(4,557)</u>	<u>92.99%</u>	<u>99.43%</u>

6.1.1.1 The nominal value of these sukuk certificates is Rs.100,000 each except for Pakistan Energy Sukuk Certificates I and II having nominal value of Rs.5,000 each.

### 6.1.2 Corporate sukuku

Name of the security	Maturity date	Profit rate	As at July 1, 2022	Purchases during the period	Sales / redemptions during the period	As at December 31, 2022	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised appreciation as at December 31, 2022	Percentage in relation to		
										(Number of certificates)	(Rupees in '000)	Net assets of the Fund
<b>Power generation &amp; distribution</b>												
Neelum Jhelum Hydropower Company (Private) Limited (AAA, VIS, non-traded) (note 6.1.2.1)	June 29, 2026	6 months KIBOR plus base rate of 1.13%	720	-	-	720	29,114	28,301	(813)	0.42%	0.56%	0.07%
<b>Total - December 31, 2022</b>							<b>29,114</b>	<b>28,301</b>	<b>(813)</b>	<b>0.42%</b>	<b>0.56%</b>	<b>0.07%</b>
<b>Total as at June 30, 2022</b>							<b>31,147</b>	<b>33,273</b>	<b>2,126</b>	<b>0.54%</b>		

6.1.2.1 The remaining face value of the sukuk certificates is Rs. 36,750 each.

7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	December 31, 2022	June 30, 2022
		(Unaudited)	(Audited)
Management fee payable	7.1	535	416
Sindh Sales Tax payable on remuneration of the Management Company		70	54
Allocated expenses payable	7.2	765	47
Selling and marketing expenses payable	7.3	5,072	1,787
Sales load payable		726	192
Sindh sales tax on sales load payable		94	25
		<b>7,262</b>	<b>2,521</b>

7.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at the rate of 0.5% (2021: 0.5%) of average annual net assets of the Fund. The remuneration is payable to the Management Company monthly in arrears.

7.2 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its own discretion has currently charged 0.15% (2021: 0.15%) of the average annual net assets of the scheme for allocation of such expenses to the Fund for the period subject to the total expense charged not being higher than actual expense incurred.

7.3 In accordance with Circular 11 dated July 05, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, charged selling and marketing expense at the rate of 0.3% (2021: 0.3%) per annum of the average annual net assets of the Fund subject to the total expense charged not being higher than actual expense incurred.



8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31, 2022 (Unaudited) (Rupees in '000)	June 30, 2022 (Audited)
Auditors' remuneration payable		439	368
Brokerage payable		284	377
Shariah advisor fee payable		256	268
Withholding tax payable		-	41,908
Capital gain tax payable		2,919	12,763
Zakat payable		-	111
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	8.1	80,077	80,077
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	8.1	2,562	2,562
		<u>86,537</u>	<u>138,434</u>

8.1 The status of provision of Federal Excise Duty is same as disclosed in financial statement for the year ended June 30, 2022. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2022 would have been higher by Re.0.68 (June 30, 2022: Re.0.69) per unit.

#### 9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022.

#### 10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include AI Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, AI Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The management considers that the transactions between the related parties are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

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

	December 31, 2022 (Unaudited) (Rupees in '000)	June 30, 2022 (Audited)
<b>AI Meezan Investment Management Limited - Management Company</b>		
Management fee payable	535	416
Sindh Sales Tax payable on remuneration of the Management Company	70	54
Sales load payable	726	192
Sindh Sales Tax payable on sales load	94	25
Allocated expense payable	765	47
Selling and marketing expense payable	5,072	1,787
Investment of 2,098,266 units (June 30, 2022: 9,873,760 units)	115,405	510,132



December 31,  
2022  
(Unaudited)  
(Rupees in '000)

June 30,  
2022  
(Audited)

**Meezan Bank Limited**

Balances with bank	31,460	265,464
Profit receivable on saving accounts	196	88
Sales load payable	329	457
Sindh Sales Tax on sales load payable	43	59
Shariah advisor fee payable	256	268
ATM deposit	395	394
Investment of 9,969 units (June 30, 2022: 9,969 units)	548	515

**Central Depository Company of Pakistan Limited - Trustee**

Trustee fee payable	281	291
Sindh Sales Tax on trustee fee payable	36	38
Security deposit	100	100

**AI Meezan Investment Management Limited - Employees Gratuity Fund**

Investment of 187,593 units (June 30, 2022: 187,593 units)	10,318	9,691
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**Directors and Executives of the Management Company**

Investment of 105,248 units (June 30, 2022: 158,431 units)	5,789	8,185
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**Meezan Strategic Allocation Fund - II - MCPP - V\***

Investment of 4 units (June 30, 2022: 4 units)	-	-
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\* Nil figures due to rounding off

For the six months period  
ended December 31  
2022                      2021  
(Unaudited)  
(Rupees in '000)

**Transactions during the period**

**AI Meezan Investment Management Limited - the Management Company**

Remuneration of AI Meezan Investment Management Limited	15,342	25,507
Sindh Sales Tax on remuneration of the Management Company	1,995	3,316
Allocated expenses	4,603	7,652
Selling and marketing expense	9,205	15,304
Units issued: 2,098,266 units (2021: Nil)	115,002	-
Units redeemed: 9,873,760 units (2021: 19,388,675 units)	520,300	1,001,742

**Meezan Bank Limited**

Profit on saving accounts	1,007	614
Shariah advisor fee	393	376

**Central Depository Company of Pakistan Limited - the Trustee**

Remuneration of the Trustee	1,688	3,058
Sindh Sales Tax on trustee fee	219	397
CDS charges	67	5

**Meezan Strategic Allocation Fund - MCPP - III**

Units issued: Nil (2021: 3,713,278 units)	-	198,451
Units redeemed: Nil (2021: 21,092 units)	-	1,130

**Meezan Strategic Allocation Fund - II - MCPP - IV**

Units issued: Nil (2021: 8,206,996 units)	-	438,611
Units redeemed: Nil (2021: 79,300 units)	-	4,250

**For the six months period  
ended December 31**

**2022                      2021**

**(Unaudited)**

**(Rupees in '000)**

**Meezan Strategic Allocation Fund - II - MCPP - V**

Units issued: Nil (2021: 1,435,803 units)

Units redeemed: Nil units (2021: 16,780 units)

-	76,734
-	900
-	900

**Meezan Strategic Allocation Fund - II - MCPP - VI**

Units issued: Nil (2021: 1,529,172 units)

Units redeemed: Nil (2021: Nil)

-	81,724
-	-
-	-

**Meezan Strategic Allocation Fund - II - MCPP - VII**

Units issued: Nil (2021: 1,746,554 units)

Units redeemed: Nil (2021: 24,964 units)

-	93,342
-	1,334
-	1,334

**Meezan Strategic Allocation Fund - II - MCPP - VIII**

Units redeemed: Nil (2021: Nil)

-	-
-	-
-	-

**Meezan Strategic Allocation Fund - III - MCPP - IX**

Units issued: Nil (2021: 1,064,988 units)

Units redeemed: Nil (2021: Nil)

-	56,917
-	-
-	-

**Directors and executives of the Management Company**

Units issued: 260,090 units (2021: 913,286 units)

Units redeemed: 313,274 units (2021: 801,222 units)

<b>13,884</b>	48,063
<b>16,706</b>	42,070
<b>16,706</b>	42,070

**11. TOTAL EXPENSE RATIO**

The annualised total expense ratio (TER) of the Fund based on the current period results is 1.16% (December 31, 2021: 1.13%) which includes 0.09% (December 31, 2021: 0.09%) representing levies such as Sales tax, annual fee to the SECP etc. The ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

**12. TAXATION**

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2023 as reduced by capital gains (whether realised or unrealised) to its unitholders.

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

**13. FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### 13.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2022 and June 30, 2022, the Fund held the following financial instruments measured at fair value:

As at December 31, 2022			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
<b>ASSETS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
Sukuk certificates	-	5,049,101	-
	<u>5,049,101</u>		<u>5,049,101</u>

As at June 30, 2022			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
<b>ASSETS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
Sukuk certificates	-	5,794,717	-
	<u>5,794,717</u>		<u>5,794,717</u>

### 14. GENERAL

14.1 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

14.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

### 15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 13, 2023 by the Board of Directors of the Management Company.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director





**Al Meezan**  
Investment Management Ltd.

# PUMARI CHHISH

Mountain climbing and investments both require intrinsic understanding of marginal benefits.

Height 7,492 meters,  
belongs to the range Hispar Karakoram





# MEEZAN DAILY INCOME FUND(MDIF)

Meezan Daily Income Fund is an Allocation Plan under “Meezan Daily Income Fund (MDIF)” with an objective to provide investors with a competitive rate of return, together with daily payout, through investment in Shariah Compliant Fixed Income Instruments.



# 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  
Website: [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. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Moin M. Fudda	Nominee Director - MBL
Mr. Furquan R Kidwai	Independent Director
Mr. Mubashar Maqbool	Nominee Director - PKIC
Mr. Tariq Mairaj	Nominee Director - MBL
Mr. Naeem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

## COMPANY SECRETARY

Mr. Salman Muslim

## BOARD AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Tariq Mairaj	Member
Mr. Naeem Sattar	Member

## BOARD RISK MANAGEMENT COMMITTEE

Mr. Mubashar Maqbool	Chairman
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Mubashar Maqbool	Member
Mr. Furquan R. Kidwai	Member
Mr. Mohammad Shoaib, CFA	Member

## BOARD IT COMMITTEE

Mr. Furquan R. Kidwai	Chairman
Mr. Mohammad Shoaib, CFA	Member
Mr. Faiz ur Rehman	Subject Matter Expert

## TRUSTEE

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

## AUDITORS

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road,  
P.O. Box 15541, Karachi 75530

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)	Allied Bank Limited - Islamic Banking
Askari Bank Ltd - Islamic Banking	Bank Islami Pakistan Limited
Bank of Khyber - Islamic Banking	Bank Alfalah Limited
Habib Bank Limited - Islamic Banking	Dubai Islamic Bank
Soneri Bank Ltd - Islamic Banking	Faysal Bank Limited - Islamic Banking
United Bank Limited- Islamic Banking	Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited	The Bank of Punjab - Islamic Banking

## LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone (+9221) 35156191-94 Fax: (+9221) 35156195  
E-mail: [bawaney@cyber.net.pk](mailto:bawaney@cyber.net.pk)

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN DAILY INCOME FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Daily Income Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2022 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.

  
**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 23, 2023

## INDEPENDENT AUDITORS' REVIEW REPORT

To the Unit holders of Meezan Daily Income Fund

Report on Review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim Statement of Assets and Liabilities of **Meezan Daily Income Fund** (the Fund) as at **31 December 2022**, and the related condensed interim Income Statement, condensed interim Statement of Comprehensive Income, condensed interim Statement of Movement in Unit Holders' Fund and condensed interim Cash Flow Statement, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management Company is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2022 and 31 December 2021 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended 31 December 2022.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



-: 2 :-

**Other matter**

The condensed interim financial statements for the half year ended 31 December 2021 and the annual financial statements for the year ended 30 June 2022 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 26 February 2022 and audit report dated 21 September 2022 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the review resulting in this independent auditors' review report is Shaikh Ahmed Salman.



**Chartered Accountants**

**Date:** 27 February 2023

**Place:** Karachi

**UDIN Number:** RR202210076YB5ZtlxLO





**MEEZAN DAILY INCOME FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2022**

	December 31, 2022 (Unaudited)			June 30, 2022 (Audited)	
	MDIP-I	MMMP	Total	MDIP-I	
Note -----(Rupees in '000)-----					
<b>Assets</b>					
Balances with banks	5	32,443,331	4,780,661	37,223,992	22,995,517
Investments	6	41,003,560	-	41,003,560	7,294,000
Receivable against conversion of units		92,539	-	92,539	47,229
Deposits, prepayments and profit receivable		1,213,947	19,095	1,233,042	484,814
Preliminary expenses and floatation costs		570	-	570	648
<b>Total assets</b>		<b>74,753,947</b>	<b>4,799,756</b>	<b>79,553,703</b>	<b>30,822,208</b>
<b>Liabilities</b>					
Payable to AI Meezan Investment Management Limited - Management Company	7	40,491	1,397	41,888	8,087
Payable to Central Depository Company of Pakistan Limited - Trustee		5,183	123	5,306	2,072
Payable to the Securities and Exchange Commission of Pakistan		4,899	31	4,930	2,638
Payable to Meezan Bank Limited		19,487	-	19,487	15,378
Payable against conversion and redemption of units		37,729	30	37,759	107,446
Dividend payable		56,668	3,227	59,895	-
Accrued expenses and other liabilities	8	141,262	2,538	143,800	37,943
<b>Total liabilities</b>		<b>305,719</b>	<b>7,346</b>	<b>313,065</b>	<b>173,564</b>
<b>Net assets</b>		<b>74,448,228</b>	<b>4,792,410</b>	<b>79,240,638</b>	<b>30,648,644</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>74,448,228</b>	<b>4,792,410</b>	<b>79,240,638</b>	<b>30,648,644</b>
<b>Contingencies and commitments</b>					
9					
Number of units					
Number of units in issue		1,488,964,303	95,848,181	-	612,972,871
Rupees					
Net asset value per unit		50.0000	50.0000	-	50.0000

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN DAILY INCOME FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Six months period ended December 31, 2022	For the period from October 29, 2022 to December 31, 2022	Total	For the period from September 14, 2021 to December 31, 2021	
	MDIP-I	MMMP		MDIP-I	
Note ----- (Rupees in '000) -----					
<b>Income</b>					
Profit on sukuks	584,816	-	584,816	7,902	
Income on commercial papers	-	-	-	11,864	
Profit on certificate of musharaka	187,830	-	187,830	6,926	
Profit on term deposit receipts	363,609	-	363,609	1,249	
Profit on savings accounts with banks	2,334,231	22,903	2,357,134	147,232	
Profit on Bai muajjal	209,564	-	209,564	-	
Net realised gain on sale of investment	1,310	-	1,310	1,300	
<b>Total income</b>	<b>3,681,360</b>	<b>22,903</b>	<b>3,704,263</b>	<b>176,473</b>	
<b>Expenses</b>					
Remuneration of AI Meezan Investment Management Limited - Management Company	7.1	112,637	2,246	114,883	2,682
Sindh Sales Tax on remuneration of the Management Company		14,643	292	14,935	349
Selling and marketing expenses	7.2	36,618	183	36,801	1,794
Remuneration of Central Depository Company of Pakistan Limited - Trustee		18,372	115	18,487	1,417
Sindh Sales Tax on remuneration of the Trustee		2,388	15	2,403	184
Annual fee to the Securities and Exchange Commission of Pakistan		4,899	31	4,930	378
Auditors' remuneration		249	21	270	104
Brokerage expenses		989	-	989	23
Bank and settlement charges		927	4	931	25
Allocated expense		-	31	31	-
Amortisation of preliminary expenses and floatation costs		78	-	78	45
Fees and subscription		655	-	655	145
<b>Total expenses</b>		<b>192,455</b>	<b>2,938</b>	<b>195,393</b>	<b>7,146</b>
<b>Net income for the period before taxation</b>		<b>3,488,905</b>	<b>19,965</b>	<b>3,508,870</b>	<b>169,327</b>
Taxation	11	-	-	-	-
<b>Net income for the period after taxation</b>		<b>3,488,905</b>	<b>19,965</b>	<b>3,508,870</b>	<b>169,327</b>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		3,488,905	19,965	3,508,870	169,327
Income already paid on units redeemed		-	-	-	-
		<b>3,488,905</b>	<b>19,965</b>	<b>3,508,870</b>	<b>169,327</b>
<b>Accounting income available for distribution</b>					
- Relating to capital gains		1,310	-	1,310	1,300
- Excluding capital gains		3,487,595	19,965	3,507,560	168,027
		<b>3,488,905</b>	<b>19,965</b>	<b>3,508,870</b>	<b>169,327</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN DAILY INCOME FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED DECEMBER 31, 2022**

	For the quarter ended December 31, 2022	For the period from October 29, 2022 to December 31, 2022	Total	For the quarter ended December 31, 2021	
	MDIP-I	MMMP		MDIP-I	
<b>Income</b>					
Profit on sukus	364,891	-	364,891	7,902	
Income on commercial papers	-	-	-	11,864	
Profit on certificate of musharaka	83,138	-	83,138	6,926	
Profit on term deposit receipts	292,771	-	292,771	1,249	
Profit on savings accounts with banks	1,373,207	22,903	1,396,110	140,315	
Profit on Bai muajjal	209,564	-	209,564	-	
Net realised gain on sale of investment	1,310	-	1,310	1,300	
<b>Total income</b>	<b>2,324,881</b>	<b>22,903</b>	<b>2,347,784</b>	<b>169,556</b>	
<b>Expenses</b>					
Remuneration of AI Meezan Investment Management Limited - Management Company	7.1	71,602	2,246	73,848	2,682
Sindh Sales Tax on remuneration of the Management Company		9,308	292	9,600	349
Selling and marketing expenses	7.2	25,675	183	25,858	1,794
Remuneration of Central Depository Company of Pakistan Limited - Trustee		11,533	115	11,648	1,345
Sindh Sales Tax on remuneration of the Trustee		1,499	15	1,514	175
Annual fee to the Securities and Exchange Commission of Pakistan		3,075	31	3,106	359
Auditors' remuneration		141	21	162	93
Brokerage expenses		989	-	989	23
Bank and settlement charges		890	4	894	25
Allocated Expense		-	31	31	-
Amortisation of preliminary expenses and floatation costs		39	-	39	39
Fees and subscription		327	-	327	145
<b>Total expenses</b>		<b>125,078</b>	<b>2,938</b>	<b>128,016</b>	<b>7,029</b>
<b>Net income for the quarter before taxation</b>		<b>2,199,803</b>	<b>19,965</b>	<b>2,219,768</b>	<b>162,527</b>
Taxation	11	-	-	-	-
<b>Net income for the quarter after taxation</b>		<b>2,199,803</b>	<b>19,965</b>	<b>2,219,768</b>	<b>162,527</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN DAILY INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2022**

Six months period ended December 31, 2022	For the period from October 29, 2022 to December 31, 2022	Total	For the period from September 14, 2021 to December 31, 2021	
MDIP-I	MMMP		MDIP-I	
----- (Rupees in '000) -----				
<b>Net income for the period after taxation</b>	3,488,905	19,965	3,508,870	169,327
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>3,488,905</u>	<u>19,965</u>	<u>3,508,870</u>	<u>169,327</u>

For the quarter ended December 31, 2022	For the period from October 29, 2022 to December 31, 2022	Total	For the quarter ended December 31, 2021	
MDIP-I	MMMP		MDIP-I	
----- (Rupees in '000) -----				
<b>Net income for the quarter after taxation</b>	2,199,803	19,965	2,219,768	162,527
Other comprehensive income for the quarter	-	-	-	-
<b>Total comprehensive income for the quarter</b>	<u>2,199,803</u>	<u>19,965</u>	<u>2,219,768</u>	<u>162,527</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN DAILY INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

Six months period ended December 31, 2022			For the period from October 29, 2022 to December 31, 2022			For the period from September 14, 2021 to December 31, 2021		
MDIP-I			MMMP			MDIP-I		
Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
------(Rupees in '000)-----			------(Rupees in '000)-----			------(Rupees in '000)-----		
<b>Net assets at the beginning of the period</b>	30,648,644	-	30,648,644	-	-	-	-	-
Issuance of units: MDIP-I 1,734,488,505 units, MMMP 106,626,290 units (2021: MDIP-I 413,061,091 units, MMMP Nil)								
- Capital value (at par value per unit)	86,724,438	-	86,724,438	5,331,315	-	5,331,315	20,653,055	-
- Element of income	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	86,724,438	-	86,724,438	5,331,315	-	5,331,315	20,653,055	-
Redemption of units: MDIP-I 858,497,073 units, MMMP 10,778,109 units (2021: MDIP-I 149,761,451 units, MMMP Nil)								
- Capital value (at par value per unit)	42,924,854	-	42,924,854	538,905	-	538,905	7,488,072	-
- Element of loss	-	-	-	-	-	-	-	-
Total payments on redemption of units	42,924,854	-	42,924,854	538,905	-	538,905	7,488,072	-
Total comprehensive income for the period	-	3,488,905	3,488,905	-	19,965	19,965	-	169,327
Distributions during the period*	-	(3,488,905)	(3,488,905)	-	(19,965)	(19,965)	-	(169,327)
Net income for the period less distribution	-	-	-	-	-	-	-	-
<b>Net assets at the end of the period</b>	<b>74,448,228</b>	<b>-</b>	<b>74,448,228</b>	<b>4,792,410</b>	<b>-</b>	<b>4,792,410</b>	<b>13,164,983</b>	<b>-</b>
Accounting income available for distribution								
- Relating to capital gains		1,310			-			1,300
- Excluding capital gains		3,487,595			19,965			168,027
		3,488,905			19,965			169,327
Distributions during the period*		(3,488,905)			(19,965)			(169,327)
Undistributed income carried forward		-			-			-
<b>Undistributed income carried forward</b>								
- Realised income		-			-			-
- Unrealised income		-			-			-
		-			-			-
		(Rupees)			(Rupees)			(Rupees)
Net assets value per unit at the end of the period		<b>50.0000</b>			<b>50.0000</b>			<b>50.0000</b>

\* Meezan Daily Income Fund is required to distribute dividend on a daily basis on each business day. The cumulative distribution per unit for the six month period ended December 31, 2022 for MDIP-I amounted to Rs.3.5683 per unit and MMMP 1.0702 per unit

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN DAILY INCOME FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Six months period ended December 31, 2022	For the period from October 29, 2022 to December 31, 2022	Total	For the period from September 14, 2021 to December 31, 2021
	MDIP-I	MMMP		MDIP-I
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	3,488,905	19,965	3,508,870	169,327
<b>Adjustment for non-cash items:</b>				
Amortisation of preliminary expenses and floatation costs	78	-	78	45
	<u>3,488,983</u>	<u>19,965</u>	<u>3,508,948</u>	<u>169,372</u>
<b>Increase in assets</b>				
Investments - net	(10,118,503)	-	(10,118,503)	(1,180,583)
Deposits, prepayments and profit receivable	(729,133)	(19,095)	(748,228)	(112,092)
Preliminary expenses and floatation costs paid	-	-	-	(769)
	<u>(10,847,636)</u>	<u>(19,095)</u>	<u>(10,866,731)</u>	<u>(1,293,444)</u>
<b>Increase in liabilities</b>				
Payable to Al Meezan Investment Management Limited - Management Company	32,404	1,397	33,801	4,293
Payable to Central Depository Company of Pakistan Limited - Trustee	3,111	123	3,234	931
Payable to the Securities and Exchange Commission of Pakistan (SECP)	2,261	31	2,292	378
Payable to Meezan Bank Limited	4,109	-	4,109	3,018
Accrued expenses and other liabilities	103,319	2,538	105,857	7,433
	<u>145,204</u>	<u>4,089</u>	<u>149,293</u>	<u>16,053</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>(7,213,449)</u>	<u>4,959</u>	<u>(7,208,490)</u>	<u>(1,108,019)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts against issuance and conversion of units	86,679,128	5,331,315	92,010,443	20,625,456
Payments against redemption and conversion of units	(42,994,571)	(538,875)	(43,533,446)	(7,458,157)
Dividend paid	(3,432,237)	(16,738)	(3,448,975)	(165,447)
<b>Net cash generated from financing activities</b>	<u>40,252,320</u>	<u>4,775,702</u>	<u>45,028,022</u>	<u>13,001,852</u>
<b>Net increase in cash and cash equivalents</b>	<u>33,038,871</u>	<u>4,780,661</u>	<u>37,819,532</u>	<u>11,893,833</u>
Cash and cash equivalents at the beginning of the period	25,939,517	-	25,939,517	-
<b>Cash and cash equivalents at the end of the period</b>	<u>58,978,388</u>	<u>4,780,661</u>	<u>63,759,049</u>	<u>11,893,833</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN DAILY INCOME FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** Meezan Daily Income Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 13, 2021 under Sindh Trusts Act, 2020 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

**1.2** The Fund is an open ended Shariah compliant Income Scheme with allocation plans. The investment objective of the Fund is to earn return by investing in Shariah compliant fixed income instruments and has the following specific features:

(a) Dividend will be distributed to the entitled unit holders on a daily basis (i.e. each business day); and

(b) Daily dividend received by the unit holders shall be reinvested.

By distributing dividend on a daily basis, the Management Company is required to ensure that total distribution in an accounting period accumulates to an amount that is required under the tax laws and other regulations in force.

**1.3** 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 Fund is listed on Pakistan Stock Exchange Limited.

**1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 30, 2022 (2021: 'AM1' dated December 27, 2021) and by PACRA dated June 23, 2022 (2021: 'AM1' dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of A+(f) by VIS Credit Rating Company Limited dated January 19, 2023.

**1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**1.6** During the current period Meezan Mahana Munafa Plan has been launched as at October 29, 2022.

**2 BASIS OF PRESENTATION**

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and 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 the accounting and reporting standards as applicable in Pakistan.

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the 'International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the published financial statements of the Fund for the period ended June 30, 2022.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declared that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2022.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT POLICIES**

**4.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the period ended June 30, 2022.

**4.2** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the period ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Funds for the period ended June 30, 2022.

#### **4.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 01, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### **4.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

<b>Standards, interpretations and amendments</b>	<b>Effective date (annual periods beginning on or after)</b>
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	January 01, 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

		December 31, 2022 (Unaudited)			June 30, 2022 (Audited)	
		MDIP-I	MMMP	Total	MDIP-I	
<b>5 BALANCE WITH BANKS</b>		Note ----- (Rupees in '000) -----				
	Savings accounts	5.1	<u>32,443,331</u>	<u>4,780,661</u>	<u>37,223,992</u>	<u>22,995,517</u>
5.1	This includes a balance maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.50% (June 30, 2022: 6.01%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 6.00% to 15.90% (June 30, 2022: 3.70% to 16.40%) per annum.					

		December 31, 2022 (Unaudited)			June 30, 2022 (Audited)	
		MDIP-I	MMMP	Total	MDIP-I	
<b>6 INVESTMENTS</b>		Note ----- (Rupees in '000) -----				
<b>At fair value through profit or loss</b>						
	Sukuk Certificates	6.1	<u>8,895,000</u>	-	<u>8,895,000</u>	4,350,000
	Term deposit receipts	6.2	<u>7,000,000</u>	-	<u>7,000,000</u>	-
	Certificates of musharaka	6.3	<u>17,036,000</u>	-	<u>17,036,000</u>	2,944,000
	Bai Muajjal receivable	6.4	<u>8,072,560</u>	-	<u>8,072,560</u>	-
			<u>41,003,560</u>	-	<u>41,003,560</u>	<u>7,294,000</u>
<b>6.1 Sukuk certificates</b>						
	Government securities	6.1.1	-	-	-	-
	Corporate sukuk certificates	6.1.2	<u>8,895,000</u>	-	<u>8,895,000</u>	4,350,000
			<u>8,895,000</u>	-	<u>8,895,000</u>	<u>4,350,000</u>

**6.1.1 Government securities**

Name of the Security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	Purchased during the period	Sold during the period	As at December 31, 2022	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised appreciation / (diminution) as at December 31, 2022	Percentage in relation to	
					Number of certificates			(Rupees in '000)		Net assets of the Fund	Total market value of investments	
GoP Ijarah Sukuk Certificates - XVIII - VRR	Semi-annually / At maturity	April 30, 2020	April 30, 2025	Weighted Average 6 months T-Bills	62,950	62,950	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XIX - VRR	Semi-annually / At maturity	May 29, 2020	May 29, 2025	Weighted Average 6 months T-Bills	6,000	6,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIV - VRR	Semi-annually / At maturity	October 29, 2021	October 29, 2026	Weighted Average 6 months T-Bills	2,500	2,500	-	-	-	-	-	-
<b>Total as at December 31, 2022</b>								-	-	-	-	-
<b>Total as at June 30, 2022</b>								-	-	-	-	-

6.1.1.1 The nominal value of the GOP ijarah sukuk certificates is Rs.100,000 each

## 6.1.2 Corporate sukuk certificates

Name of the security	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Sold / redeemed during the period	As at December 31, 2022	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised appreciation/ (diminution) as at December 31, 2022	Percentage in relation to	
			(Number of certificates)			(Rupees in '000)			Net assets of the Fund	Total market value of investments	%
K-Electric Limited PPSTS - 1 (AA, PACRA) (note 6.1.2.2)	August 04, 2022	6 months KIBOR plus base rate of 0.85%	625	-	625	-	-	-	-	-	-
K-Electric Limited PPSTS - 2 (AA, PACRA) (note 6.1.2.2)	August 15, 2022	6 months KIBOR plus base rate of 0.85%	675	-	675	-	-	-	-	-	-
K-Electric Limited PPSTS - 3 (AA, PACRA) (note 6.1.2.2)	September 01, 2022	6 months KIBOR plus base rate of 0.85%	675	-	675	-	-	-	-	-	-
K-Electric Limited PPSTS - 4 (AA, PACRA) (note 6.1.2.2)	September 23, 2022	6 months KIBOR plus base rate of 0.85%	300	-	300	-	-	-	-	-	-
K-Electric Limited PPSTS - 5 (AA, PACRA) (note 6.1.2.2)	October 12, 2022	6 months KIBOR plus base rate of 0.95%	400	-	400	-	-	-	-	-	-
Hub Power Company Limited XI (AA+, PACRA) (note 6.1.2.1)	October 27, 2022	6 months KIBOR plus base rate of 1.00%	6,750	-	6,750	-	-	-	-	-	-
Lucky Electric Power Company Limited PPSTS - 2 (AA, PACRA) (note 6.1.2.2)	December 15, 2022	6 months KIBOR plus base rate of 1.20%	1,000	-	1,000	-	-	-	-	-	-
Lucky Electric Power Company Limited PPSTS - 4 (AA, PACRA) (note 6.1.2.2)	January 09, 2023	6 months KIBOR plus base rate of 1.20%	-	750	-	750	750,000	750,000	-	1.01%	1.83%
China Power Hub Generation Company (PVT) Limited - I (A-1+, PACRA) (note 6.1.2.2)	January 30, 2023	6 months KIBOR plus base rate of 1.35%	-	1,200	-	1,200	1,200,000	1,200,000	-	1.61%	2.93%
K-Electric Limited PPSTS - 7 (AA, PACRA) (note 6.1.2.2)	February 10, 2023	6 months KIBOR plus base rate of 1.35%	-	750	-	750	750,000	750,000	-	1.01%	1.83%
K-Electric Limited PPSTS - 8 (AA, PACRA) (note 6.1.2.2)	February 28, 2023	6 months KIBOR plus base rate of 1.35%	-	600	-	600	600,000	600,000	-	0.81%	1.46%
K-Electric Limited PPSTS - 9 (AA, PACRA) (note 6.1.2.2)	March 21, 2023	6 months KIBOR plus base rate of 1.40%	-	300	-	300	300,000	300,000	-	0.40%	0.73%
Lucky Electric Power Company Limited PPSTS - 5 (AA, PACRA) (note 6.1.2.2)	March 28, 2023	6 months KIBOR plus base rate of 1.50%	-	750	-	750	750,000	750,000	-	1.01%	1.83%
K-Electric Limited - X (A-1+, PACRA) (note 6.1.2.2)	April 05, 2023	6 months KIBOR plus base rate of 1.45%	-	400	-	400	400,000	400,000	-	0.54%	0.98%
Lucky Electric Limited - V (A-1+, PACRA) (note 6.1.2.2)	April 13, 2023	6 months KIBOR plus base rate of 1.5%	-	1,050	-	1,050	1,050,000	1,050,000	-	1.41%	2.56%
K-Electric Limited - XI (A-1+, PACRA) (note 6.1.2.2)	April 26, 2023	6 months KIBOR plus base rate of 1.45%	-	750	-	750	750,000	750,000	-	1.01%	1.83%
Nishat Mills Limited (A-1+, PACRA) (note 6.1.2.2)	May 02, 2023	6 months KIBOR plus base rate of 0.9%	-	320	-	320	320,000	320,000	-	0.43%	0.78%
China Power Hub Generation Company - I (A-1+, PACRA) (note 6.1.2.2)	June 07, 2023	6 months KIBOR plus base rate of 1.45%	-	675	-	675	675,000	675,000	-	0.91%	1.65%
K-Electric Limited - XII (A-1+, PACRA) (note 6.1.2.2)	June 13, 2023	6 months KIBOR plus base rate of 1.4%	-	750	-	750	750,000	750,000	-	1.01%	1.83%
Lucky Electric Limited - VI (A-1+, PACRA) (note 6.1.2.2)	June 13, 2023	6 months KIBOR plus base rate of 1.35%	-	600	-	600	600,000	600,000	-	0.81%	1.46%
<b>Total as at December 31, 2022</b>							<b>8,895,000</b>	<b>8,895,000</b>	<b>-</b>	<b>11.95%</b>	<b>21.69%</b>
<b>Total as at June 30, 2022</b>							<b>4,350,000</b>	<b>4,350,000</b>			

6.1.2.1 The nominal value of the sukuk certificates is Rs.100,000 and the profit and principal of corporate sukuks is receivable at maturity.



6.1.2.2 The nominal value of the sukuk certificates is Rs.1,000,000 and the profit and principal of corporate sukus is receivable at maturity.

## 6.2 Term deposit receipts

Name of the bank	Maturity date	Profit rate	As at July 1, 2022	Placed during the period	Matured during the period	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised appreciation/ (diminution) as at December 31, 2022	Percentage in relation to	
									Net assets of the Fund	Total market value of investments
									(Rupees in '000)	
Meezan Bank Limited (AAA, PACRA)	August 29, 2022	14.15%	-	2,500,000	2,500,000	-	-	-	0.00%	0.00%
The Bank Of Punjab (AA+, PACRA)	February 16, 2023	15.80%	-	2,000,000	-	2,000,000	2,000,000	-	2.69%	4.88%
Bank Alfalah Limited (AA+, PACRA)	March 2, 2023	16.00%	-	2,000,000	-	2,000,000	2,000,000	-	2.69%	4.88%
The Bank Of Punjab (AA+, PACRA)	January 20, 2023	15.50%	-	2,000,000	-	2,000,000	2,000,000	-	2.69%	4.88%
The Bank Of Punjab (AA+, PACRA)	January 30, 2023	15.50%	-	1,000,000	-	1,000,000	1,000,000	-	1.34%	2.44%
<b>Total as at December 31, 2022</b>						<b>7,000,000</b>	<b>7,000,000</b>		<b>9.41%</b>	<b>17.08%</b>
<b>Total as at June 30, 2022</b>						-	-			

6.2.1 The profit and principal of term deposit receipts is receivable at maturity.

## 6.3 Certificate of Musharaka

Name of the bank	Maturity date	Profit rate	As at July 1, 2022	Placed during the period	Matured during the period	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised appreciation/ (diminution) as at December 31, 2022	Percentage in relation to	
									Net assets of the Fund	Total market value of investments
									(Rupees in '000)	
First Habib Modaraba (AA+, PACRA)	July 28, 2022	15.50%	718,000	-	718,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	July 28, 2022	15.50%	718,000	-	718,000	-	-	-	0.00%	0.00%
Orix Modaraba (AA, PACRA)	July 29, 2022	15.86%	700,000	-	700,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	August 9, 2022	15.50%	308,000	-	308,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	August 19, 2022	15.50%	500,000	-	500,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	October 28, 2022	15.80%	-	718,000	718,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	October 28, 2022	15.80%	-	718,000	718,000	-	-	-	0.00%	0.00%
Orix Modaraba (AA, PACRA)	October 28, 2022	16.12%	-	300,000	300,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	November 10, 2022	15.80%	-	308,000	308,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	November 18, 2022	15.80%	-	500,000	500,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	January 13, 2023	16.88%	-	300,000	-	300,000	300,000	-	0.40%	0.73%
First Habib Modaraba (AA+, PACRA)	January 27, 2023	16.88%	-	718,000	-	718,000	718,000	-	0.96%	1.75%
First Habib Modaraba (AA+, PACRA)	January 27, 2023	16.88%	-	718,000	-	718,000	718,000	-	0.96%	1.75%
First Habib Modaraba (AA+, PACRA)	February 10, 2023	16.88%	-	300,000	-	300,000	300,000	-	0.40%	0.73%
First Habib Modaraba (AA+, PACRA)	February 17, 2023	16.88%	-	500,000	-	500,000	500,000	-	0.67%	1.22%
UBL Ameen (AAA, PACRA)	December 13, 2022	14.80%	-	6,000,000	6,000,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	December 16, 2022	14.80%	-	400,000	400,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	December 16, 2022	15.50%	-	1,500,000	1,500,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	December 16, 2022	15.50%	-	1,000,000	1,000,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	January 13, 2023	15.70%	-	6,000,000	-	6,000,000	6,000,000	-	8.06%	14.63%
UBL Ameen (AAA, PACRA)	January 13, 2023	15.70%	-	300,000	-	300,000	300,000	-	0.40%	0.73%
UBL Ameen (AAA, PACRA)	January 13, 2023	15.70%	-	400,000	-	400,000	400,000	-	0.54%	0.98%
Meezan Bank Limited (AAA, PACRA)	December 23, 2022	15.50%	-	6,500,000	6,500,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	December 30, 2022	15.50%	-	4,500,000	4,500,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	January 13, 2023	15.50%	-	2,000,000	-	2,000,000	2,000,000	-	2.69%	4.88%
Meezan Bank Limited (AAA, PACRA)	January 13, 2023	15.50%	-	750,000	-	750,000	750,000	-	1.01%	1.83%
UBL Ameen (AAA, PACRA)	January 13, 2023	15.70%	-	550,000	-	550,000	550,000	-	0.74%	1.34%
Meezan Bank Limited (AAA, PACRA)	January 13, 2023	15.50%	-	4,500,000	-	4,500,000	4,500,000	-	6.04%	10.97%
<b>Total as at December 31, 2022</b>						<b>17,036,000</b>	<b>17,036,000</b>		<b>22.87%</b>	<b>41.54%</b>
<b>Total as at June 30, 2022</b>						<b>2,944,000</b>	<b>2,944,000</b>			

6.3.1 The profit and principal of certificate of musharaka is receivable at maturity.

## 6.4 Bai Muajjal receivable

Name of the counterparty	Maturity date	Profit rate	Total transaction Price	Total deferred income	Accrued profit for the period	Carrying value as at December 31, 2022	Percentage in relation to		
							Net assets of the Fund	Total market value of investments	
						(Rupees in '000)			
Samba Bank Limited (AA, VIS)	December 13, 2022	14.90%	772,672	19,241	19,241	-	0.00%	0.00%	
Samba Bank Limited (AA, VIS)	December 14, 2022	14.90%	773,026	19,249	19,249	-	0.00%	0.00%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 20, 2022	14.90%	518,185	11,634	11,634	-	0.00%	0.00%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 20, 2022	14.90%	518,421	11,428	11,428	-	0.00%	0.00%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 20, 2022	14.90%	259,210	5,714	5,714	-	0.00%	0.00%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 21, 2022	14.90%	518,657	11,433	11,433	-	0.00%	0.00%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 21, 2022	14.90%	259,328	5,717	5,717	-	0.00%	0.00%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 22, 2022	14.90%	2,423,177	51,438	51,438	-	0.00%	0.00%	
Pak Brunei Investment Company Limited (AA+, VIS)	May 15, 2023	15.50%	784,008	60,594	15,981	799,989	1.07%	1.95%	
Pak Brunei Investment Company Limited (AA+, VIS)	May 15, 2023	15.50%	784,362	60,288	15,655	800,017	1.07%	1.95%	
Pak Brunei Investment Company Limited (AA+, VIS)	May 15, 2023	15.50%	784,716	59,982	15,329	800,045	1.07%	1.95%	
Pak Brunei Investment Company Limited (AA+, VIS)	May 15, 2023	15.50%	785,070	59,676	15,002	800,072	1.07%	1.95%	
Pak Brunei Investment Company Limited (AA+, VIS)	May 15, 2023	15.50%	366,532	27,706	6,849	373,380	0.50%	0.91%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	799,949	31,362	1,045	800,994	1.08%	1.95%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	635,248	24,905	830	636,078	0.85%	1.55%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	811,382	31,811	1,060	812,442	1.09%	1.98%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	800,303	31,028	697	801,000	1.08%	1.95%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	635,549	24,640	554	636,103	0.85%	1.55%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	811,733	31,471	707	812,440	1.09%	1.98%	
<b>Total as at December 31, 2022</b>						<b>209,564</b>	<b>8,072,560</b>	<b>10.82%</b>	<b>19.67%</b>
<b>Total as at June 30, 2022</b>						-	-	-	-

## 7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	December 31, 2022 (Unaudited)			June 30, 2022 (Audited)
		MDIP-I	MMMP	Total	MDIP-I
(Rupees in '000)					
Management fee payable	7.1	5,951	1,047	6,998	1,027
Sindh Sales Tax on remuneration of the Management Company		774	136	910	134
Selling and marketing expenses payable	7.2	27,318	183	27,501	2,135
Allocated expense payable	7.3	-	31	31	-
Sales load payable		5,706	-	5,706	4,240
Sindh Sales Tax on sales load payable		742	-	742	551
		<b>40,491</b>	<b>1,397</b>	<b>41,888</b>	<b>8,087</b>

7.1 As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit.

Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the following rates during the period ended December 31, 2022:

### MDIP-I

Rate applicable from July 1, 2022 to November 30, 2022	Rate applicable from December 1, 2022 to December 31, 2022
0.45% of the average annual net assets	0.49% of the average annual net assets

### MMMP

Rate applicable from October 29, 2022 to December 31, 2022
1.47% of the average annual net assets

The remuneration is payable to the Management Company monthly in arrears.

- 7.2 In accordance with Circular 11 dated July 05, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the following rates during the period ended December 31, 2022, subject to total expense charged being lower than actual expense incurred:

**MDIP-I**

Rate applicable from July 1, 2022 to October 24, 2022	Rate applicable from October 25, 2022 to November 30, 2022
0.12% of the average annual net assets	0.13% of the average annual net assets

Rate applicable from December 1, 2022 to December 31, 2022
0.23% of the average annual net assets

**MMMP**

Rate applicable from October 29, 2022 to December 31, 2022
0.12% of the average annual net assets

- 7.3 The Management Company, based on its own discretion, has charged such expenses at the rate of 0.02% of the average annual net assets of the Fund during the period ended December 31, 2022, subject to total expense charged being lower than actual expense incurred in MMMP.

**8 ACCRUED EXPENSES AND OTHER LIABILITIES**

December 31, 2022 (Unaudited)			June 30, 2022 (Audited)	
MDIP-I	MMMP	Total	MDIP-I	
----- (Rupees in '000) -----				
Brokerage payable	227	-	227	16
Auditors' remuneration payable	231	21	252	131
Zakat Payable	166	-	166	612
Withholding tax payable	140,090	2,457	142,547	36,645
Rating Fee Payable	11	-	11	-
Other Payable	-	60	60	-
Shariah advisory fee payable	537	-	537	539
	<b>141,262</b>	<b>2,538</b>	<b>143,800</b>	<b>37,943</b>

**9 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022.

**10 TOTAL EXPENSE RATIO**

The annualised total expense ratio (TER) of the Fund as at December 31, 2022 based on current period results is as follows:

	As at December 31, 2022	
	MDIP-I	MMMP
Total Expense Ratio (TER)	0.79%	1.86%
Government levies (included in TER)	0.09%	0.21%

  

	As at December 31, 2021	
	MDIP-I	MMMP
Total Expense Ratio (TER)	0.30%	-
Government levies (included in TER)	0.03%	-

The above ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a 'Income Scheme'.

## 11 TAXATION

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 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2023 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these condensed interim financial statements.

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

## 12 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

The details of transactions carried out by the Fund with connected persons during the period and balances with them as at period end are as follows:

	December 31, 2022 (Unaudited)	June 30 2022 (Audited)
	<b>MDIP-I</b>	
	<b>(Rupees in '000)</b>	
<b>Balances</b>		
<b>Al Meezan Investment Management Limited - Management Company</b>		
Management fee payable	5,951	1,027
Sindh Sales Tax on management fee payable	774	134
Selling and marketing expenses payable	27,318	2,135
Sales load payable	5,706	4,240
Sindh Sales Tax on sales load payable	742	551
Investment of 4,582,895 units (June 30, 2022: Nil)	229,145	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable to the Trustee	4,505	1,834
Sindh Sales Tax on remuneration of the Trustee	586	238
CDS charges payable	92	-
Security deposit	100	100
<b>Meezan Bank Limited</b>		
Balance with bank	323,738	458,682
Profit receivable on saving account	902	1,202
Sales load payable	17,245	13,609
Sindh Sales Tax on sales load payable	2,242	1,769
Shariah advisor fee payable	537	539
Term deposit receipts and certificate of musharaka outstanding	7,250,000	-
Profit receivable on term deposit receipts and certificate of musharaka	13,058	-
ATM deposit	1,000	-



	December 31, 2022 (Unaudited)	June 30 2022 (Audited)
	MDIP-I (Rupees in '000)	
<b>Balances</b>		
<b>Al Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Investment of 390,309 units (June 30, 2022: Nil)	<u>19,515</u>	<u>-</u>
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Investment of 837,499 units (June 30, 2022: 1,667,038 units)	<u>41,875</u>	<u>83,352</u>
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Investment of 598,122 units (June 30, 2022: 1,452,507 units)	<u>29,906</u>	<u>72,625</u>
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Investment of 693,801 units (June 30, 2022: 923,647 units)	<u>34,690</u>	<u>46,182</u>
<b>Meezan Strategic Allocation Fund - MSAP - IV</b>		
Investment of 216,754 units (June 30, 2022: 409,858 units)	<u>10,838</u>	<u>20,493</u>
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Investment of 74,728 units (June 30, 2022: 220,543 units)	<u>3,736</u>	<u>11,027</u>
<b>Meezan Financial Planning Fund Of Funds - MAAP - I</b>		
Investment of 268,957 units (June 30, 2022: 340,490 units)	<u>13,448</u>	<u>17,025</u>
<b>Directors and Executives of the Management Company</b>		
Investment of 14,690,204 units (June 30, 2022: 7,558,695 units)	<u>734,510</u>	<u>377,935</u>
		For the period from September 14, 2021 to December 31, 2021
	Six months period ended December 31, 2022	(Unaudited)
		(Unaudited) MDIP-I (Rupees in '000)
<b>Transactions during the period</b>		
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	<u>112,637</u>	<u>2,682</u>
Sindh Sales Tax on management fee for the period	<u>14,643</u>	<u>349</u>
Selling and marketing expense	<u>36,618</u>	<u>1,794</u>
Units issued: 18,118,895 units (December 31, 2021: 56,625,892 units)	<u>905,945</u>	<u>2,831,295</u>
Units redeemed: 13,536,000 units (December 31, 2021: 29,900,000 units)	<u>676,800</u>	<u>1,495,000</u>
Dividend paid	<u>22,545</u>	<u>36,406</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	<u>18,372</u>	<u>1,417</u>
Sindh Sales Tax on remuneration of the Trustee	<u>2,388</u>	<u>184</u>
CDS charges	<u>652</u>	<u>4</u>
<b>Meezan Bank Limited</b>		
Profit on savings account	<u>12,096</u>	<u>269</u>
Shariah advisory fee	<u>538</u>	<u>108</u>
Profit on term deposit receipts and certificate of musharaka	<u>74,647</u>	<u>-</u>
Term deposit receipt and certificate of musharaka placed	<u>23,250,000</u>	<u>-</u>
Term deposit receipt and certificate of musharaka matured	<u>16,000,000</u>	<u>-</u>
<b>Al Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Units issued: 390,309 units (December 31, 2021: Nil)	<u>19,515</u>	<u>-</u>
Dividend paid	<u>15</u>	<u>-</u>
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Units issued: 71,561 units (December 31, 2021: 6,754,263 units)	<u>3,578</u>	<u>337,713</u>
Units redeemed: 901,100 units (December 31, 2021: 4,126,669 units)	<u>45,055</u>	<u>206,333</u>
Dividend paid	<u>3,578</u>	<u>3,037</u>



	Six months period ended December 31, 2022 (Unaudited)	For the period from September 14, 2021 to December 31, 2021 (Unaudited)
<b>Transactions during the period</b>		
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Units issued: 59,326 units (December 31, 2021: 4,196,376 units)	2,966	209,819
Units redeemed: 913,711 units (December 31, 2021: 2,335,490 units)	45,686	116,775
Dividend paid	2,966	1,961
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Units issued: 56,554 units (December 31, 2021: 4,517,166 units)	2,828	225,858
Units redeemed: 286,400 units (December 31, 2021: 2,807,757 units)	14,320	140,388
Dividend paid	2,828	2,047
<b>Meezan Strategic Allocation Fund - MSAP - IV</b>		
Units issued: 59,897 units (December 31, 2021: 1,814,481 units)	2,995	90,724
Units redeemed: 253,000 units (December 31, 2021: 1,165,236 units)	12,650	58,262
Dividend paid	945	784
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Units issued: 8,585 units (December 31, 2021: 586,803 units)	429	29,340
Units redeemed: 154,400 units (December 31, 2021: 354,390 units)	7,720	17,720
Dividend paid	429	256
<b>Meezan Financial Planning Fund Of Funds - MAAP - I</b>		
Units issued: 21,267 units (December 31, 2021: 1,763,613 units)	1,063	88,181
Units redeemed: 92,800 units (December 31, 2021: 1,307,881 units)	4,640	65,394
Dividend paid	1,063	742
<b>Directors and Executives of the Management Company</b>		
Units issued: 17,487,826 units (December 31, 2021: 7,352,951 units)	874,391	367,648
Units redeemed: 10,293,174 units (December 31, 2021: 4,036,516 units)	514,659	201,826
Dividend Paid	40,059	2,337
	<b>December 31, 2022 (Unaudited)</b>	
<b>Balances</b>	<b>MMMP</b>	
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Management fee payable		1,047
Sindh Sales Tax on management fee payable		136
Selling and marketing expenses payable		183
Allocated expense payable		31
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable to the Trustee		109
Sindh Sales Tax on remuneration of the Trustee		14
<b>Meezan Bank Limited</b>		
Balance with bank		1,081,199
Profit receivable on saving account		5
<b>Unitholders holding 10% or more</b>		
Investment of 15,413,121 units (June 30, 2022: Nil)		770,656



For the period from October  
29, 2022 to December 31,  
2022  
(Unaudited)  
MMMP  
(Rupees in '000)

**Transactions during the period**

**Al Meezan Investment Management Limited - Management Company**

Remuneration for the period	2,246
Sindh Sales Tax on management fee for the period	292
Selling and marketing expense	183
Allocated expense	31

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration of the Trustee	115
Sindh Sales Tax on remuneration of the Trustee	15

**Meezan Bank Limited**

Profit on savings account	2,841
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**Unitholders holding 10% or more**

Units issued: 15,422,993 units (December 31, 2021: Nil)	771,150
Units redeemed: 9,872 units (December 31, 2021: Nil)	494
Dividend paid	1,353

	Note	December 31, 2022 (Unaudited)			June 30, 2022 (Audited)
		MDIP-I	MMMP	Total	MDIP-I
<b>13 CASH AND CASH EQUIVALENTS</b>		(Rupees in '000)			
Balances with banks	5	32,443,331	4,780,661	37,223,992	22,995,517
Term deposit receipts - having original maturity of 3 months or less	6.2	5,000,000	-	5,000,000	2,944,000
Certificates of musharakah	6.3	17,036,000	-	17,036,000	-
Bai Muajjal receivable	6.4	4,499,057	-	4,499,057	-
		<u>58,978,388</u>	<u>4,780,661</u>	<u>63,759,049</u>	<u>25,939,517</u>

**14 FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

**Fair value hierarchy**

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2022 and June 30, 2022, the Fund held the following financial instruments measured at fair value:

MDIP-I			
As at December 31, 2022			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
<b>Financial assets - at fair value through profit or loss</b>			
Corporate sukuks*	8,895,000	-	8,895,000
Term deposit receipts*	7,000,000	-	7,000,000
Certificates of musharakah*	17,036,000	-	17,036,000
Bai Muajjal receivable **	8,072,560	-	8,072,560
	<b>41,003,560</b>		<b>41,003,560</b>

MDIP-I			
As at June 30, 2022			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
<b>Financial assets - at fair value through profit or loss</b>			
Corporate sukuks*	4,350,000	-	4,350,000
Certificates of musharakah*	2,944,000	-	2,944,000
	<b>7,294,000</b>		<b>7,294,000</b>

The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counterparties which have high credit rating.

The valuation of bai muajjal receivable has been carried out based on amortisation to their fair value / sale price as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and are placed with counterparties which have high credit rating.

## 15 GENERAL

15.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

15.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

## 16 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 13, 2023 by the Board of Directors of the Management Company.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director