

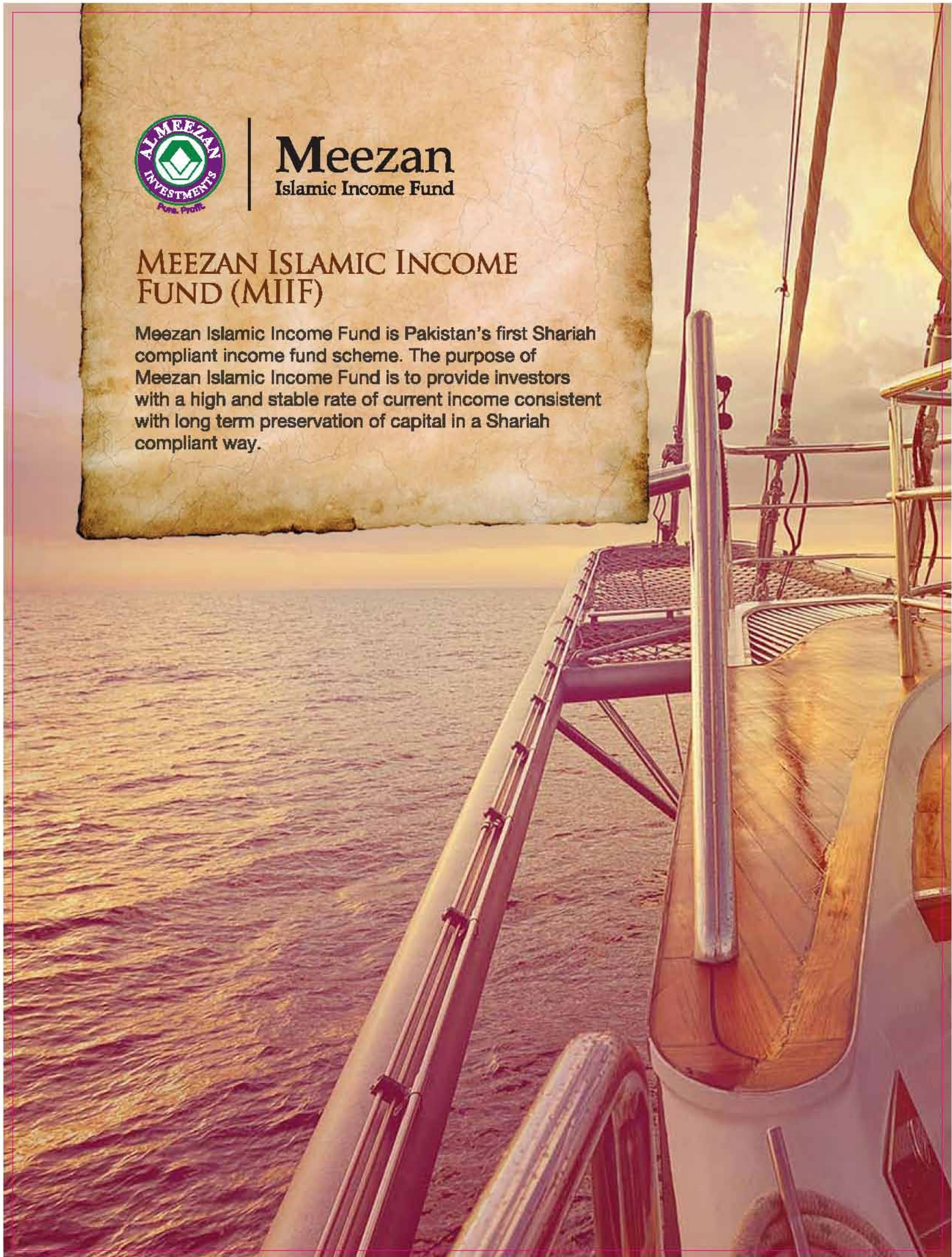


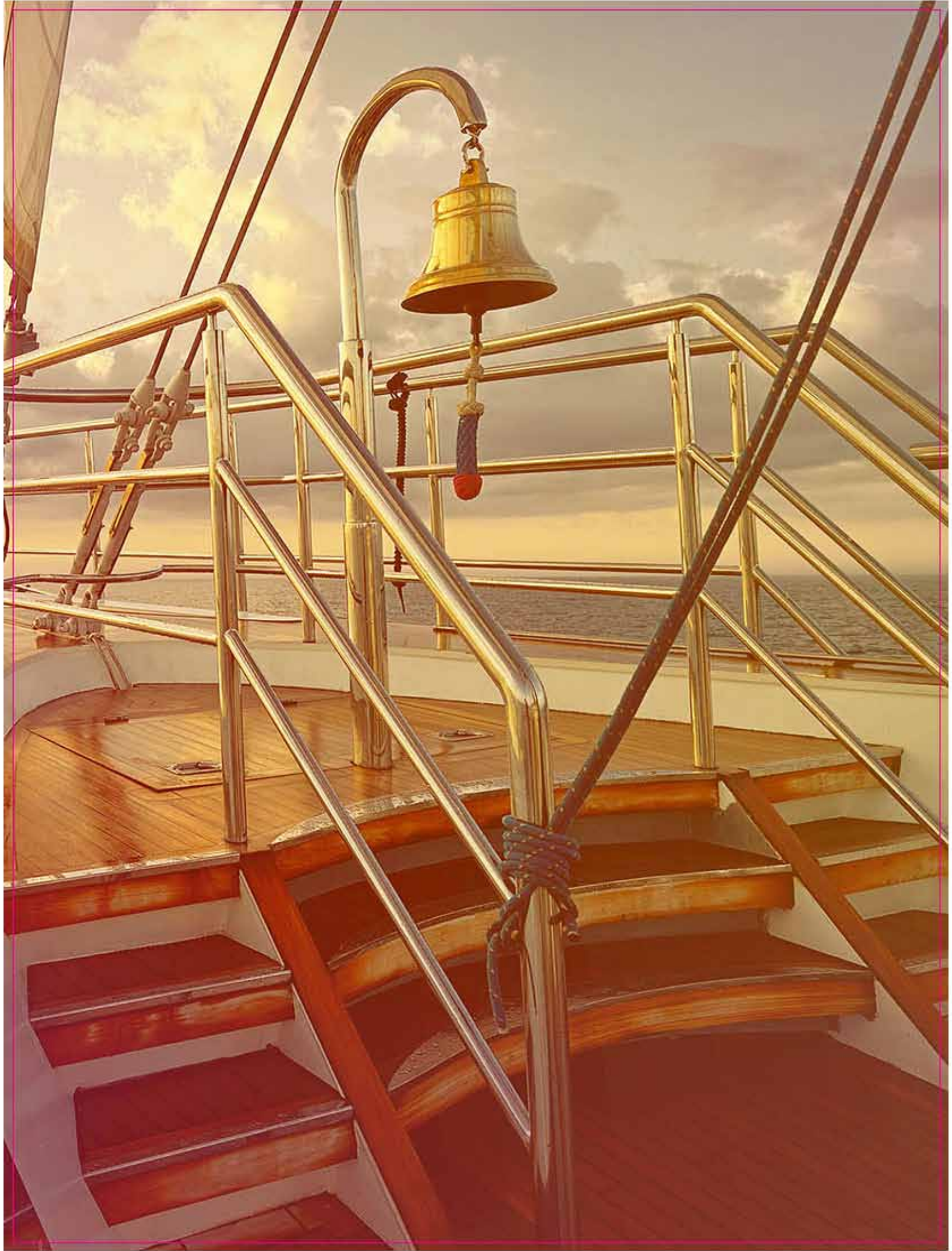
Meezan

Islamic Income Fund

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.





FUND INFORMATION

MANAGEMENT COMPANY

Al Meezan Investment Management Limited
Ground Floor, Block "B", Finance & Trade Centre,
Shahrah-e-Faisal, Karachi 74400, Pakistan.
Phone: (9221) 35630722-8, 111-MEEZAN
Fax: (9221) 35676143, 35630808
Website: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoalb, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director – MBL
Mr. Atif Azim	Independent Director
Mr. Ijaz Farooq	Nominee Director – MBL
Mr. Moin M. Fudda	Independent Director
Ms. Salma Kamila Khan	Independent Director
Mr. Arshad Majeed	Nominee Director – MBL
Mr. Naeem Abdul Sattar	Nominee Director – PKIC
Syed Amir Ali Zaidi	Nominee Director – PKIC

CFD & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasli

AUDIT COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Arshad Majeed	Member
Mr. Naeem Abdul Sattar	Member

RISK MANAGEMENT COMMITTEE

Mr. Muhammad Abdullah Ahmed	Chairman
Syed Amir Ali Zaidi	Member
Mr. Naeem Abdul Sattar	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Atif Azim	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoalb, CFA	Member

TRUSTEE

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

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants
State Life Building # 1-C,
I.I. Chundrigar Road, Karachi-74000

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
BankIslami 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
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

TRANSFER AGENT

Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited





REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2018

Type of Fund

Open end mutual fund which falls under the Income Fund category.

Objective

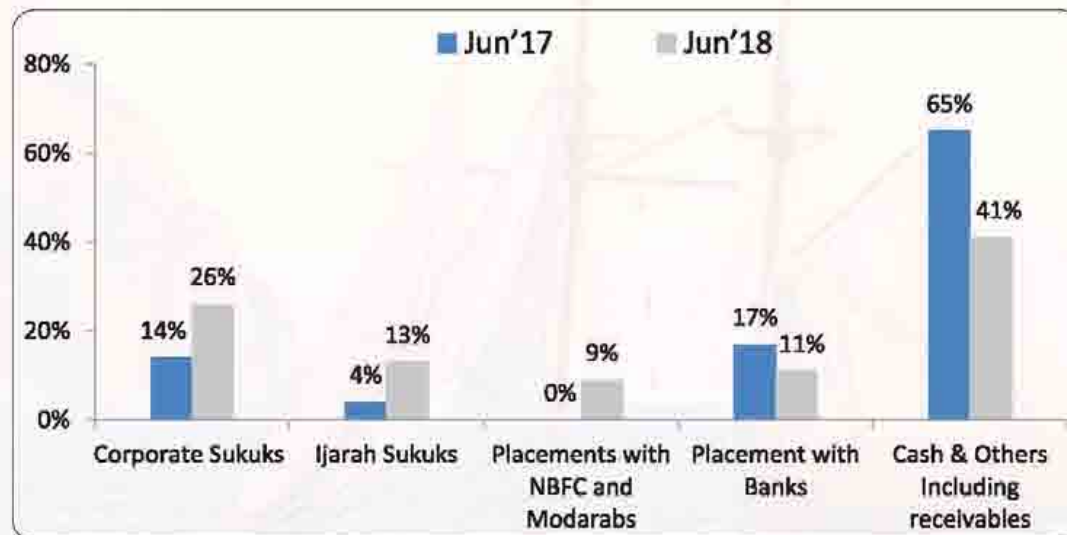
The Fund's primary objective is to provide investors with a competitive and stable rate of current income in a Shariah compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund shall seek to provide investors with a rate of total return consistent with a broadly diversified portfolio of long, medium and short term high quality Islamic Income instruments.

Strategy, Investment policy and asset allocation

MIIF invests in Corporate and Sovereign Sukuks (Islamic Bonds), Musharaka and Murabaha instruments, Shariah Compliant spread transactions, Certificate of Islamic Investments, Islamic bank deposits, and other Islamic Income products.

During the year, the focus was on proactive and continuous reallocation between high yield instruments, so as to maximize fund yield, while maintaining a balance within the risk management constraints. Term Deposits were also placed in order to lock in relatively higher profit rates.

Sector Allocation as on June 30, 2017 and 2018



Performance Review

During FY18, Meezan Islamic Income Fund (MIIF) provided a full year return of 4.27% as compared to its benchmark return of 2.44%. The fund manager remained on a continuous look out for deployment opportunities in high quality corporate Sukuks and investments were made in Sukuks issued by companies in the Pharmaceutical, Financial, Power and Oil sector during the year. In line with monetary tightening expectations, TDRs above six months' tenor were not placed during the year. The fund has three non performing Sukuks currently (Sukuks of Eden Housing Limited, Security Leasing Company Limited and Arzoo Textile Mills Limited) but it is pertinent to note that these stand fully provided for; a case for Arzoo Textile Mills Limited Sukuks is already under contestation in the courts, for Eden Housing Limited, Bank Islami is currently in the process of filing a case against the company since rescheduling terms could not be agreed and for Security Leasing Company Limited, negotiations have not been

very fruitful so it appears that the most likely way forward will be procession of legal proceedings against the company but the Sukuks holders are yet to reach a conclusion on the matter. As at year end, the fund was invested 34% in Islamic Corporate Sukuks, 5% in GoP Ijarah Sukuks, 20% in Islamic Bank Placements and others 41% in Islamic Bank Deposits Including other receivables.

The Fund earned a gross income of Rs. 618 million, which was primarily due to profit on Sukuks certificates amounting worth Rs. 246 million. Profit on saving accounts at Islamic banks including profit on term deposit receipts contributed Rs. 397 million, while realized loss on sale of Sukuks certificates was Rs. 25 million. On the other side, the fund incurred unrealized diminution worth Rs. 31 million. The fund also incurred expenses totalling to Rs. 159 million, which brought the net income figure to Rs. 459 million. The net assets of the Fund as at June 30, 2018 were Rs. 10,166 million as compared to Rs. 11,781 million at the end of last year depicting a decline of 13.71%. The net asset value per unit as at June 30, 2018 was Rs. 53.59 as compared to Rs. 51.39 per unit as on June 30, 2017.

	MIIF	Islamic Bank Deposits
Net Asset Value on June 30, 2017	51.39	
Net Asset Value on June 30, 2018	53.59	
Return for the year	4.27%	2.44%
Outperformance	1.83%	

Fund Rating

JCR-VIS Credit Rating Company has assigned Stability Rating of A (f) to Meezan Islamic Income Fund.

Distributions

The final Payout by the Fund during the fiscal year ended June 30, 2018 was Rs. 2.19 per unit (4.39%). Total distribution made by the fund was Rs. 246 million.

Breakdown of unit holdings by size:

(As on June 30, 2018)

Range (Units)	No. of Investors
1 - 9,999	3,790
10,000 - 49,999	1,158
50,000 - 99,999	213
100,000 - 499,999	161
500,000 and above	50
Total	5,372



Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Islamic Income Fund

August 3, 2018/ Dhu Al-Qi'dah 20, 1439

Alhamdulillah, the period from July 01, 2017 to June 30, 2018 was the twelfth year of operations of Meezan Islamic Income Fund (MIIF) under management of Al Meezan Investment Management Limited (AMIM). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 7.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

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

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MIIF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MIIF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MIIF for the year ended June 30, 2018 have been in compliance with *Shari'ah* principles.

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shari'ah Advisor

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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

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

Fax: (92-21) 34326020 - 23

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ISLAMIC INCOME FUND

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

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 year ended June 30, 2018 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 25, 2018





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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Meezan Islamic Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Islamic Income Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2018, and the income statement, statement of comprehensive income, statement of movement in unit holders' funds and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2018, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	Amendments to NBFC Regulations, 2008	
	<p>(Refer note 3.10 to the annexed financial statements)</p> <p>The Securities and Exchange Commission of Pakistan through its notification [SRO 756(1)/2017] dated August 3, 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The impacts of these amendments have been incorporated in the financial statements of the Fund for the year ended June 30, 2018. These amendments mainly includes changes with respect to recognition, measurement and presentation of "element of income", addition of certain disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund'.</p> <p>The Fund has changed its accounting policy during the current year in respect of accounting for "element of income" consequent to the issuance of the above mentioned notification. The change in accounting policy has been applied prospectively</p>	<p>We understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the changes with respect to recording of element of income.</p> <p>We performed walkthrough tests for ensuring compliance with the revised requirements and in this respect obtained reports of distribution of income and refund of capital by the Fund.</p> <p>We verified transactions on a test basis with the underlying records of the reports provided by the management to assess their compliance with the revised regulations.</p>

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>from July 1, 2017 based on the clarification issued by the SECP. With this change in accounting policy the element of income which was previously recognized as part of the income for the year in the Income Statement is now considered as a "capital contribution" and taken to the Statement of Movement in Unit Holders' Fund. Element of income is explained in note 3.10.</p> <p>The SECP notification also stipulates that the accounting income available for distribution as appearing in the "Income Statement" excludes income already paid on units redeemed during the year. Accordingly, the net amount appearing on the "Income Statement" after deducting the income already paid on units redeemed is to be considered as the distributable amount.</p> <p>In order to avail tax exemption, the Fund has to distribute 90 percent of its accounting income (excluding realised and unrealised capital gains). However, at the time of distribution of income, the element of income contributed on issue of units recognized in the equity during the year is required to be refunded on the units in the same proportion in which income is distributed from the Income Statement i.e after taking into account the amount of income already paid on units redeemed. Management has developed a system for carrying out the calculations for such distributions.</p> <p>These calculations are important from the point of view of ensuring compliance with the applicable requirements. The above matters are significant accounting and regulatory developments / events for the mutual fund industry affecting the financial statements for the current year and therefore we considered these developments as key audit matter.</p>	<p>We recalculated the profit available for distribution taking into account amount already distributed at the time of redemption.</p> <p>We verified the accuracy of the management report for allocation of distributable amount between "distribution out of income" and "refund of capital". This included testing the parameters of the report.</p> <p>We verified disclosures relating to change in accounting policy to ensure that these are in compliance with the applicable accounting and reporting framework.</p>
2	<p>Net Asset Value</p> <p>(Refer notes 4 and 5 to the financial statements)</p> <p>The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2018 amounted to Rs 5.99 billion and balances with banks aggregated to Rs 4.07 billion.</p> <p>The proper valuation of investments and balances with banks for the determination of NAV of the Fund as at June 30, 2018 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • Tested the design and operating effectiveness of the key controls for valuation of investments; • Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2018 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; • Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; • Obtained approval of Board of Directors of the management company in relation to opening of bank accounts; and • Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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Islamic Income Fund

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

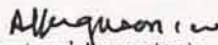
Report on Other Legal and Regulatory Requirement

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other Matter

The financial statements of the Fund for the year ended June 30, 2017 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated August 24, 2017.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.


Chartered Accountants

Karachi

Date: September 19, 2018



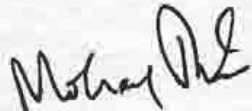


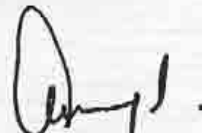
STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2018

	Note	2018 (Rupees in '000)	2017
Assets			
Balances with banks	4	4,070,871	8,138,062
Investments	5	5,993,947	5,116,078
Receivable against conversion of units		129,263	1,202,964
Deposits, prepayments and other receivables	6	116,395	159,081
Total assets		10,310,476	14,616,185
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	7	7,743	14,968
Payable to the Central Depository Company of Pakistan Limited - Trustee	8	783	798
Payable to the Securities and Exchange Commission of Pakistan	9	8,207	7,979
Payable to Meezan Bank Limited		1,708	673
Payable against conversion and redemption of units		49,459	2,712,438
Accrued expenses and other liabilities	10	76,662	97,903
Total liabilities		144,562	2,834,759
NET ASSETS		10,165,914	11,781,426
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		10,165,914	11,781,426
CONTINGENCIES AND COMMITMENTS	11		
NUMBER OF UNITS IN ISSUE		189,709,138	229,249,833
NET ASSET VALUE PER UNIT		53.5868	51.3900

The annexed notes from 1 to 30 form an integral part of these financial statements.

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


Mohammad Shoab, CFA
Chief Executive


Syed Amir Ali Zaidi
Director

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2018

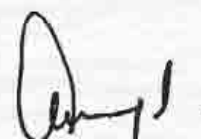
	Note	2018 (Rupees in '000)	2017
Income			
Profit earned	12	673,909	622,904
Profit on Bai Muajjal		-	21,105
Realsised (loss) / gain on sale of investments - net		(24,853)	6,528
Reversal of provision for Workers' Welfare Fund (WWF)		-	45,462
Other income		94	1,201
		649,150	697,200
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.3	(31,000)	50,303
Total income		618,150	747,503
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	7.1	103,021	159,579
Sindh Sales Tax on remuneration of the Management Company	7.2	13,393	20,745
Allocated expenses	7.3	10,944	10,639
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	8.1	9,261	9,047
Sindh Sales Tax on remuneration of the Trustee	8.2	1,204	1,176
Annual fees to the Securities and Exchange Commission of Pakistan		8,207	7,979
Brokerage expense		633	381
Auditors' remuneration	13	603	561
Fees and subscriptions		1,549	1,172
Printing expenses		786	446
Legal and professional charges		76	103
Bank & settlement charges		389	181
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	9,362	12,974
Total expenses		159,428	224,983
Net income from operating activities		458,722	522,520
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net	3.10	-	(201,657)
Net income for the year before taxation		458,722	320,863
Taxation	16	-	-
Net income for the year after taxation		458,722	320,863
Allocation of net income for the year			
Net income for the year after taxation		458,722	-
Income already paid on units redeemed		(212,919)	-
		245,803	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		245,803	-
		245,803	-

The annexed notes from 1 to 30 form an integral part of these financial statements.

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



Mohammad Shoaib, CFA
Chief Executive



Syed Amir Ali Zaidi
Director




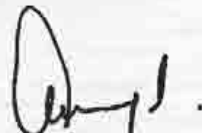
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	2018 (Rupees in '000)	2017
Net income for the year after taxation	458,722	320,863
Other comprehensive income for the year	-	-
Total comprehensive income for the year	458,722	320,863

The annexed notes from 1 to 30 form an integral part of these financial statements.

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


Mohammad Shoalb, CFA
Chief Executive


Syed Amir Ali Zaidi
Director

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2018

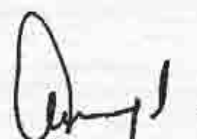
	2018		
	Capital Value	Undistributed Income / (loss)	Total
	(Rupees in '000)		
Net assets at beginning of the year	11,616,350	165,076	11,781,426
Issue of 461,491,894 units			
- Capital value (at net asset value per unit at the beginning of the year)	23,716,068	-	23,716,068
- Element of Income	372,251	-	372,251
Total proceeds on issuance of units	24,088,319	-	24,088,319
Redemption of 501,032,589 units			
- Capital value (at net asset value per unit at the beginning of the year)	25,748,065	-	25,748,065
- Element of Income	201,569	212,919	414,488
Total payments on redemption of units	25,949,634	212,919	26,162,553
Total comprehensive income for the year	-	458,722	458,722
Distribution during the year	-	-	-
Net Income for the year less distribution	-	458,722	458,722
Net assets at end of the year	9,755,035	410,879	10,165,914
Undistributed Income carried forward			
- Realised income		441,879	
- Unrealised loss		(31,000)	
		410,879	
Accounting Income available for distribution *			
- Relating to capital gains		-	
- Excluding capital gains		245,803	
		245,803	
			(Rupees)
Net assets value per unit at beginning of the year			51.3900
Net assets value per unit at end of the year			53.5868
			June 30, 2017
			Rupees in '000
Capital Value			8,911,616
Undistributed Income brought forward			
- Realised			115,433
- Unrealised			24,368
Net assets at beginning of the year			9,051,417
Issuance of 707,355,259 units			37,035,087
Redemption of 654,610,829 units			(34,532,010)
			2,503,077
Element of loss and capital losses included in prices of units issued less those in units redeemed - net			201,657
Net realised gain on sale of sukuk certificates			6,528
Unrealised appreciation in the value of investments (net)			50,303
Other net income for the year			264,032
Total comprehensive income for the year			320,863
Interim distribution for the year ended June 30, 2017			
- cash dividend @ 5.5% i.e. Rs. 2.75 per unit			(295,588)
Net Income for the year less distribution			25,275
Net assets at end of the year			11,781,426
Represented by:			
Capital value			11,616,350
Undistributed Income carried forward			
- Realised Income			114,773
- Unrealised Income			50,303
			11,781,426
			(Rupees)
Net assets value per unit at beginning of the year			51.2800
Net assets value per unit at end of the year			51.3900

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)



Mohammad Shoaib, CFA
Chief Executive



Syed Amir Ali Zaidi
Director




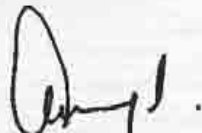
CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 (Rupees in '000)	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		458,722	320,863
Adjustments for:			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		31,000	(50,303)
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net		-	201,657
		489,722	472,217
Decrease / (increase) in assets			
Investments - net		221,131	1,033,220
Deposits, prepayments and other receivables		42,686	(73,335)
		263,817	959,885
(Decrease) / Increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(7,225)	1,243
Payable to the Central Depository Company of Pakistan Limited - Trustee		(15)	64
Payable to the Securities and Exchange Commission of Pakistan		228	1,759
Payable to Meezan Bank Limited		1,035	(561)
Accrued expenses and other liabilities		(21,241)	(39,194)
		(27,218)	(36,689)
Net cash generated from operating activities		726,321	1,395,413
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		25,162,020	36,690,371
Payments against redemption and conversion of units		(28,825,532)	(32,157,434)
Dividend paid		-	(295,588)
Net cash (used in) / generated from financing activities		(3,663,512)	4,237,349
Net (decrease) / increase in cash and cash equivalents		(2,937,191)	5,632,762
Cash and cash equivalents at the beginning of the year		8,138,062	2,505,300
Cash and cash equivalents at the end of the year	18	5,200,871	8,138,062

The annexed notes from 1 to 30 form an integral part of these financial statements.

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


Mohammad Shoalb, CFA
Chief Executive


Syed Amir Ali Zaidi
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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 on September 13, 2006 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) notified through S.R.O. 1203 (I) / 2008 on November 21, 2008. 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 unitholders safe and stable stream of halal income on their investments and to generate superior long-term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point 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.
- 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 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.
- 1.5 The Fund has been given a stability rating of A(f) by JCR-VIS Credit Rating Company Limited. The Management Company of the Fund has been given quality rating of AM1 by JCR-VIS Credit Rating Company Limited.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These 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 Financial Reporting Standards (IFRSs) 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 VIII A 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 VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from



the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2017 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards have been adopted in Pakistan and would be effective from the dates mentioned below against the respective standards:

Standard	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments	July 01, 2018
- IFRS 15 - Revenue from Contracts with Customers	July 01, 2018
- IFRS 16 - Leases	January 01, 2019

These standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards on the financial statements of the Fund.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.3 and 5) and provision for taxation (notes 3.14 and 16).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at fair value.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years except for the changes in accounting policies as explained in notes 3.10 and 3.11 below.

3.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

3.3 Financial assets

3.3.1 Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Fund are categorised as follows:

a) Financial assets at fair value through profit or loss

These are acquired principally for the purpose of generating profits from short-term fluctuations in prices.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available-for-sale

These are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss, or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.3.2 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets generally require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.3.3 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.3.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:



a) 'Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'

Basis of valuation of debt securities

The investments of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities.

Basis of valuation of government securities

The investments of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

Net gains and losses arising from changes in the fair value of financial assets classified as available for sale are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the Income Statement.

b) Loans and receivables

These are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the Income Statement through the amortisation process or when the financial assets carried at amortised cost are derecognised or impaired.

3.3.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

a) Available-for-sale financial assets

Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

b) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision for impairment loss is determined based on the provisioning criteria specified by the SECP.

3.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

3.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6 Provisions

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

3.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.8 Issue and redemption of units

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

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

3.9 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.



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

The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. MUFAP, in consultation with the SECP, has specified methodology of determination of income paid on units redeemed during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosure requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 based on a clarification issued by the SECP. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of loss been recognised as per the previous accounting policy, the income of the Fund would have been lower by Rs 41.392 million net off charge for SWWF with immaterial effect on the 'net assets attributable to the unit holders' and NAV per unit of the Fund as disclosed in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund' respectively. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

- 3.11** During the current year, the Fund has also changed its accounting policy in respect of the presentation of components of 'other comprehensive income' by including a separate statement titled 'Statement of Comprehensive Income'. Previously, these components were shown in a single statement along with the items of income and expenses under the heading 'Income Statement and Statement of Comprehensive Income'. As a result of the above change, two separate statements are now being presented i.e. 'Income Statement' (representing items of income and expenses) and 'Statement of Other Comprehensive Income' (representing components of 'other comprehensive income'). This change in accounting policy has been made for better presentation and has been applied retrospectively.

3.12 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits is recognised on time proportion basis using the effective yield method.
- Income on sukuk certificates, term deposit receipts, Bai Muajjal and government securities is recognised on time proportion basis using the effective yield except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 Issued by SECP for which the profits are recorded on cash basis.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.

3.13 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

3.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the period at the enacted rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I to the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV to the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

3.15 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year before taxation of the Fund by the weighted average number of units outstanding during the year.

Loss / earnings per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.



3.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

4. BALANCES WITH BANKS	Note	2018 (Rupees in '000)	2017
Balances with banks in:			
Savings accounts	4.1	4,061,947	8,117,991
Current account		8,924	20,071
		<u>4,070,871</u>	<u>8,138,062</u>

4.1 Profit and loss sharing accounts of the Fund carries profit rates ranging from 2.00% to 6.60% per annum (2017: 2.00% to 5.70% per annum).

5. INVESTMENTS	Note	2018 (Rupees in '000)	2017
At fair value through profit or loss			
Held for Trading	5.1	541,768	590,585
Investment - designated at fair value through profit or loss upon initial recognition	5.2	3,422,179	2,025,493
		<u>3,963,947</u>	<u>2,616,078</u>
Loans and receivables			
Term deposit receipts	5.4	1,130,000	2,500,000
Musharika certificates	5.5	900,000	-
		<u>5,993,947</u>	<u>5,116,078</u>

5.1 Held for trading - Sukuk certificates

Name of security	Profit payments / principal redemptions	Tenure	Maturity Date	Rate of Return	As at July 1, 2017	Purchased during the year	Disposed / matured during the year	As at June 30, 2018	Carrying value as at June 30, 2018	Market value as at June 30, 2018	Market value as a percentage of total investment
					(Number of certificates)			(Rupees in '000)		%	
GOP Ijarah Sukuk Certificates - XVII (note 5.1.1)					4,500	-	4,500	-	-	-	0.00%
GOP Ijarah Sukuk Certificates - XVIII (note 5.1.1)	Semi-annually	3 Years	29-Mar-19	5.59%	1,250	-	-	1,250	127,400	124,588	2.08%
GOP Ijarah Sukuk Certificates - XIX (note 5.1.1)	Semi-annually	3 Years	30-Jun-20	5.24%	-	4,250	-	4,250	425,180	417,180	6.96%
Total as at June 30, 2018									<u>552,580</u>	<u>541,768</u>	<u>9.04%</u>
Total as at June 30, 2017									587,017	590,585	11.54%

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

5.2 Investment at fair value through profit or loss upon initial recognition - Sukuk certificates

Name of security	Profit payments / principal redemptions	Tenure	Maturity Date	Rate of Return	As at July 1, 2017	Purchased during the year	Disposed / matured during the year	As at June 30, 2018	Carrying value as at June 30, 2018	Market value as at June 30, 2018	Market value as a percentage of total investments
					(Number of certificates)			--- (Rupees in '000) ---		--- % ---	
Arzoo Textile Mills Limited (note 5.2.1, 5.2.2)			15-Apr-14	6 months Kibor + 2%	14,000	-	-	14,000	-	-	0.00%
Eden Housing Limited (face value of Rs. 984,375 per certificate) (note 5.2.2)			29-Sep-14	6 months Kibor + 2.5%	59,400	-	-	59,400	-	-	0.00%
Security Leasing Corporation Limited II (note 5.2.1, 5.2.2)			19-Jan-22	Nil	3,081	-	-	3,081	-	-	0.00%
FERTILIZER											
Engro Fertilizer Limited (note 5.2.1) (AA, non-traded)	Semi-annually	5 years	9-Jul-19	6 months Kibor + 1.75%	68,000	-	23,375	44,625	230,557	225,355	3.76%
Fatima Fertilizer Company (note 5.2.1) (AA-, non traded)	Semi-annually	5 years	28-Nov-21	6 months Kibor + 1.10%	33,539	-	7,453	26,086	136,295	132,521	2.21%
OIL & GAS MARKETING COMPANIES											
Hascol Petroleum Limited (note 5.2.1) (AA, non traded)	Quarterly	6 years	6-Jan-22	3 months Kibor + 1.50%	57,000	-	12,000	45,000	233,284	230,706	3.85%
POWER GENERATION & DISTRIBUTION											
K-Electric Limited (sukuk 4) (note 5.2.1) (AA+, traded)	Quarterly	7 years	17-Jun-22	3 months Kibor + 1.00%	230,000	-	70,000	160,000	837,176	810,939	13.53%
Neelum Jhelum Hydropower Company (Private) Limited (face value of Rs. 100,000 per certificate) (AAA, traded)	Semi-annually	10 years	29-Jun-26	6 months Kibor + 1.13%	-	11,250	3,600	7,650	784,125	795,563	13.27%
MISCELLANEOUS											
International Brands Limited (face value of Rs. 100,000 per certificate) (AA, traded)	Annually	4 years	15-Nov-21	12 months Kibor + 0.50%	-	4,000	-	4,000	400,000	400,000	6.67%
BANKS											
Meezan Bank Limited Tier - II (face value of Rs. 1,000,000 per certificate) (AA, traded)	Semi-annually	10 years	22-Sep-26	6 months Kibor + 0.50%	-	300	-	300	304,500	304,500	5.08%
Dubai Islamic Bank Pakistan Limited Tier - II (face value of Rs. 1,000,000 per certificate) (A+, non-traded)	Semi-annually	10 years	14-Jul-27	6 months Kibor + 0.50%	-	513	-	513	516,430	522,595	8.72%
Total as at June 30, 2018								3,442,367	3,422,179	57.09%	
Total as at June 30, 2017								1,978,758	2,025,493	39.59%	

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



5.2.2 Details of non-compliant investments with the investment criteria of the assigned category

The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 dated July 07, 2010, prescribed certain disclosures for the schemes holding investments that were non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirement of their constitutive documents. The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 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 June 30, 2018, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade. The following are the details of non-compliant investments held by the Fund:

Name of non-compliant investment	Type of Investment	Note	Value of investment before provision	Provision held (if any)	Value of investment after provision	Percentage of	
						Net assets	Gross assets
			----- (Rupees in '000) -----			---- % ----	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	5.2.2.1	70,000	70,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	5.2.2.1	58,472	58,472	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	5.2.2.2	15,403	15,403	-	-	-
Total - June 30, 2018			143,875	143,875	-	-	-
Total - June 30, 2017			143,875	143,875	-	-	-

5.2.2.1 On January 02, 2010, Arzoo Textile Mills Limited and May 6, 2011, Eden Housing Limited sukuk certificates have been classified as non-performing by MUFAP. Therefore in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 70 million and Rs. 58.472 million respectively has also been held as provision against the outstanding principal as at June 30, 2018.

5.2.2.2 The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk with the approval of contributories to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 3, 2012. Therefore in accordance with the requirement of Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy of the Fund, an amount of Rs 15.403 million has also been held as provision against the outstanding principal as at June 30, 2018.

	Note	2018 (Rupees in '000)	2017
5.3 Net unrealised (diminution) / appreciation on re-measurement of investments classified as Financial assets at fair value through profit or loss			
Market value of investments	5.1, 5.2	3,963,947	2,616,078
Carrying value of investments	5.1, 5.2	(3,994,947)	(2,565,775)
		(31,000)	50,303

5.4 Details of term deposit receipts

Name of the bank	Maturity Date	Profit rate	As at July 01, 2017	Term deposit receipts placed during the year	Matured during the year	As at June 30, 2018	Percentage of market value of total investments
		---	(Rupees in '000)				---
BankIslami Pakistan Limited	December 1, 2017	5.90%	800,000	-	800,000	-	0.00%
Dubai Islamic Bank limited	September 6, 2017	6.10%	550,000	-	550,000	-	0.00%
Dubai Islamic Bank limited	March 6, 2018	5.85%	-	440,000	440,000	-	0.00%
Dubai Islamic Bank limited	February 1, 2018	5.70%	450,000	-	450,000	-	0.00%
Dubai Islamic Bank limited	March 27, 2018	5.95%	-	500,000	500,000	-	0.00%
Dubai Islamic Bank limited	April 6, 2018	6.25%	-	630,000	630,000	-	0.00%
Dubai Islamic Bank limited	July 5, 2018	6.15%	-	630,000	-	630,000	10.51%
Bank Al Habib Limited	November 1, 2017	5.80%	-	850,000	850,000	-	0.00%
Bank Al Habib Limited	February 1, 2018	5.85%	-	600,000	600,000	-	0.00%
MCB Islamic Bank Limited	September 6, 2017	6.10%	700,000	-	700,000	-	0.00%
MCB Islamic Bank Limited	May 2, 2018	6.00%	-	1,000,001	1,000,001	-	0.00%
Habib Bank Limited	May 7, 2018	5.90%	-	617,000	617,000	-	0.00%
Habib Bank Limited	January 19, 2018	6.20%	-	480,000	480,000	-	0.00%
Habib Bank Limited	January 29, 2018	6.20%	-	30,000	30,000	-	0.00%
Faysal Bank Limited	August 18, 2018	6.13%	-	500,000	-	500,000	8.34%
As at June 30, 2018			2,500,000	6,277,001	7,647,001	1,130,000	18.85%
As at June 30, 2017						2,500,000	48.87%

5.5 Details of musharika certificates

Name of the Investee Company	Maturity Date	Profit rate	As at July 01, 2017	Placed during the year	Matured during the year	As at June 30, 2018	Percentage of market value of total investments
		---	(Rupees in '000)				---
First Habib Modaraba	September 5, 2018	6.75%	-	300,000	-	300,000	5.01%
Orix Modaraba	November 22, 2018	6.40%	-	200,000	-	200,000	3.34%
Orix Modaraba	November 22, 2018	6.40%	-	100,000	-	100,000	1.67%
Orix Modaraba	November 22, 2018	6.40%	-	150,000	-	150,000	2.50%
Orix Modaraba	November 22, 2018	6.40%	-	150,000	-	150,000	2.50%
As at June 30, 2018			-	900,000	-	900,000	15.02%
As at June 30, 2017							

6. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2018 (Rupees in '000)	2017
Security deposit with Central Depository Company of Pakistan Limited		100	100
Security deposit with National Clearing Company of Pakistan Limited		2,503	2,503
Prepayments		2,963	2,963
Advance tax	6.1	2,131	8
Profit receivable on balances with banks and term deposit receipts		32,380	119,385
Profit receivable on sukuk certificates		70,668	34,122
Profit receivable on musharika certificates		5,650	-
		116,395	159,081



- 6.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during the year ended June 30, 2018, withholding tax on profit on debt paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on debt as at June 30, 2018 amounts to Rs 2.131 million

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on debt has been shown as other receivables as at June 30, 2018 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	2018 (Rupees in '000)	2017
7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED			
Management fee payable	7.1	5,757	12,319
Sindh Sales Tax payable on remuneration of the Management Company	7.2	749	1,601
Allocated expenses	7.3	803	821
Sales load payable		383	200
Sindh Sales Tax on sales load payable		50	26
Certificate charges		1	1
		7,743	14,968

- 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 1.5% of the average annual net assets in case of an Income scheme. During the year, the Management Company has reduced charging of the remuneration to 10% of gross earnings of the Fund subject to the minimum of 0.5% of average annual net assets and maximum of 1.5% of average annual net assets. The reduction in remuneration is effective from November 16, 2017 (2017: 1.5% of average annual net assets).
- 7.2** During the year, an amount of Rs. 13.393 million (2017: Rs 20.745 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 14.245 million (2017: Rs. 20.683 million) has been paid to the Management Company which acts as a collecting agent.
- 7.3** The Management Company may charge fees and expenses related to registrar services, accounting, operations and valuations services, related to Collective Investment Scheme (CIS) upto a maximum of 0.1% of the average annual net assets of the Scheme. Accordingly, such expenses have been charged at the rate of 0.1% of the average annual net assets of the Scheme being lower than actual expenses.

	Note	2018 (Rupees in '000)	2017
8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee payable	8.1	693	706
Sindh Sales Tax payable on trustee fee	8.2	90	92
		783	798

8.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- up to Rs 1,000 million Rs 0.6 million or 0.17% per annum of net assets, whichever is higher.
- from Rs 1,000 million to Rs.5,000 million Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1,000 million.
- exceeding Rs.5,000 million Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5,000 million.

8.2 During the year, an amount of Rs 1.204 million (2017: Rs. 1.176 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 1.206 million (2017: Rs. 1.174 million) was paid to the Trustee which acts as a collecting agent.

9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee at the rate of 0.095% of the average annual net assets of the fund payable to SECP under regulation 62 read with Schedule II of NBFC Regulation.

	Note	2018 (Rupees in '000)	2017
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		550	375
Printing expenses payable		438	215
Brokerage payable		204	188
Shariah advisor fee payable		538	403
Withholding tax payable		1,103	32,251
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	22,336	12,974
Zakat payable		127	131
Provision for Federal Excise Duty payable on remuneration of the Management Company and related Sindh Sales Tax	10.2	48,995	48,995
Provision for Federal Excise Duty payable on sales load and related Sindh Sales Tax	10.2	2,371	2,371
		76,662	97,903

10.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution





(Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2018, the net asset value of the Fund as at June 30, 2018 would have been higher by Re. 0.12 per unit (2017: Re 0.06 per unit).

- 10.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 51.366 million (2017: 51.366 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2018 would have been higher by Re 0.27 (2017: Re 0.22) per unit.

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2018 and June 30, 2017.

12. PROFIT EARNED

Profit on:

Balances with banks
Term deposit receipts
Musharika certificates
Sukuk certificates

2018 **2017**
(Rupees in '000)

253,093	216,448
144,031	157,069
30,592	-
246,193	249,387
673,909	622,904

2018 **2017**
(Rupees in '000)

13. AUDITORS' REMUNERATION

Annual audit fee	350	298
Half yearly review	130	130
Fee for other certifications	100	100
Out of pocket expenses	23	33
	603	561

14. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2018 is 1.47% which includes 0.30% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Federal excise Duties, Annual fee to the SECP etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

14. PERFORMANCE TABLE

	2018	2017	2016	2015	2014
Net assets (Rs '000) (ex-distribution)	10,165,914	11,781,426	9,051,417	3,995,835	4,918,355
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution)	51.3914	51.3912	51.2812	50.8500	50.1700
Offer price per unit as at June 30 (Rs) (ex-distribution)	51.6818	51.6800	51.6248	51.1907	50.5075
Distribution (%)					
- Interim					
- First quarter	-	-	-	-	-
- Second quarter	-	-	-	-	4.00%
- Third quarter	-	-	-	-	3.00%
- Fourth quarter (i)	-	5.00%	5.00%	-	2.56%
- Fourth quarter (ii)	-	-	-	-	2.00%
- Annual	Refer note 28	-	-	6.80%	-
Dates of distribution (interim)					
- First quarter	-	-	-	-	-
- Second quarter	-	-	-	-	24-Dec-13
- Third quarter	-	-	-	-	24-Mar-14
- Fourth quarter (i)	-	21-Jun-17	24-Jun-17	-	30-May-14
- Fourth quarter (ii)	-	-	-	-	24-Jun-14
Dates of distribution (annual)	July 6, 2018	-	-	03-Jul-15	-
Income distribution (Rupees in '000)	-	-	-	267,165	-
Growth distribution (Rupees in '000)	-	-	-	-	-
Highest offer price per unit (Rs)	53.8896				
Lowest offer price per unit (Rs)	51.6945				
Highest redemption price per unit (Rs)	53.5868				
Lowest redemption price per unit (Rs)	51.4041				
Total return (%)	4%				
Weighted Average Portfolio Duration (years)	2.08%				
Average annual return (%) as at June 30, 2018	4.26%	4.67%	5.03%	5.81%	7.00%

Investment portfolio composition of the Fund as described in Note 5.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.





16. 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 unitholders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ended June 30, 2018 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

17. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan (CDC) being the Trustee, other collective investment schemes managed by 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.
- 17.2** Transactions with connected persons are executed on an arm's length basis and 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 in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

	2018	2017
	(Rupees in '000)	
Al Meezan Investment Management Limited		
(Management Company)		
Transactions during the year		
Remuneration charged	103,021	159,579
Sindh Sales Tax on remuneration of the Management Company	13,393	20,745
Allocated expenses	10,944	10,639
Issue of 33,002,274 (2017: 65,179,148) units	1,725,000	3,399,818
Redemption of 35,115,734 (2017: 62,005,768) units	1,827,000	3,284,222
Balances		
Remuneration payable	5,757	12,319
Sindh Sales Tax on management fee payable	749	1,601
Sales load payable	383	200
Sindh Sales Tax on sales load payable	50	26
Allocated expenses payable	803	821
Certificate charges payable	1	1
Outstanding 18,479,681 (2017: 20,593,141) units - at net asset value	990,267	1,058,282

	2018	2017
	(Rupees in '000)	
Central Depository Company of Pakistan Limited		
- CDC (Trustee)		
Transactions during the year		
Remuneration of the Trustee	9,261	9,047
Sindh Sales Tax on remuneration of the Trustee	1,204	1,176
Settlement charges incurred	57	6
Sindh Sales Tax on settlement charges	7	1
Balances		
Security deposit	100	100
Remuneration Payable	693	706
Sindh Sales Tax on trustee fee payable	90	92
Meezan Bank Limited		
Transactions during the year		
Profit on saving account	2,041	2,423
Profit on sukuk certificates	1,485	-
Sukuk certificates purchased during the year 300 sukuk certificates (2017: nil)	304,500	-
Issue of 10,155,202 (2017: nil) units	530,000	-
Redemption of 10,155,202(2017: nil) units	532,065	-
Balances		
Profit receivable on saving account	371	1,201
Profit receivable on sukuk certificates	7,026	-
Balance with bank	141,814	88,058
Investment as at June 30, 2018: 300 sukuk certificates (June 30, 2017: nil)	304,500	-
Sales load payable	1,512	596
Sindh Sales Tax on sales load payable	196	77
MSAF - Meezan Strategic Allocation Plan-I		
Issue of 10,175,158 (2017: 48,935,434) units	531,000	2,557,864
Redemption of 12,357,647 (2017: 39,016,637) units	639,860	2,050,316
Outstanding 7,736,308 (2017: 9,918,797) units - at net asset value	414,564	509,727
Cash dividend	-	14,295
MSAF - Meezan Strategic Allocation Plan-II		
Issue of 5,035,700 (2017: 24,199,084) units	263,000	1,279,074
Redemption of 4,263,241 (2017: 20,395,525) units	221,740	1,080,095
Outstanding 4,578,838 (2017: 3,806,559) units - at net asset value	245,365	195,619
Cash dividend	-	9,074
MSAF - Meezan Strategic Allocation Plan-III		
Issue of 4,780,885 (2017: 16,923,712) units	250,000	896,018
Redemption of 8,023,229 (2017: 9,818,485) units	415,160	524,081
Outstanding 3,862,902 (2017: 7,105,227) units - at net asset value	207,001	365,138
Cash dividend	-	8,495
MSAF - Meezan Strategic Allocation Plan-IV		
Issue of 7,269,504 (2017: 10,195,627) units	378,500	541,579
Redemption of 11,663,825 (2017: 1,206,640) units	603,770	63,002
Outstanding 4,594,666 (2017: 8,988,987) units - at net asset value	246,213	461,944
Cash dividend	-	17,579



	2018 (Rupees in '000)	2017
MSAF - Meezan Strategic Allocation Plan-V		
Issue of 1,667,261 (2017: nil) units	87,000	-
Redemption of 1,303,699 (2017: nil) units	68,020	-
Outstanding 363,562 (2017: nil) units - at net asset value	19,482	-
Meezan Financial Planning Fund of Funds		
- Aggressive Allocation Plan		
Issue of 208,445 (2017: 2,195,497) units	10,936	117,237
Redemption of 881,116 (2017: 361,689) units	45,851	18,826
Outstanding 1,161,137 (2017: 1,833,808) units - at net asset value	62,222	94,239
Cash dividend	-	4,976
Meezan Financial Planning Fund of Funds		
- Moderate Allocation Plan		
Issue of 334,253 (2017: 2,299,084) units	17,541	122,733
Redemption of 879,257 (2017: 308,938) units	45,914	16,071
Outstanding 1,445,143 (2017: 1,990,147) units - at net asset value	77,441	102,274
Cash dividend	-	5,213
Meezan Financial Planning Fund of Funds		
- Conservative Allocation Plan		
Issue of 360,446 (2017: 3,299,620) units	18,881	176,034
Redemption of 1,358,365 (2017: 321,796) units	70,816	16,870
Outstanding 1,979,904 (2017: 2,977,823) units - at net asset value	106,097	153,030
Cash dividend	-	7,283
Meezan Financial Planning Fund of Funds - MAAP - I		
Issue of 35,256,918 (2017: 6,726,576) units	1,819,662	357,567
Redemption of 31,788,986 (2017: 6,726,576) units	1,645,916	352,937
Outstanding 3,467,932 (2017: nil) units - at net asset value	185,835	-
Cash dividend	-	5,943
Meezan Financial Planning Fund of Funds - MAAP - II		
Issue of 4,596,367 (2017: 3,583,861) units	237,200	190,861
Redemption of 4,596,367 (2017: 5,253,864) units	238,776	275,419
Cash dividend	-	4,044
Meezan Financial Planning Fund of Funds - MAAP - III		
Issue of 46,358,992 (2017: 20,823,790) units	2,414,633	1,079,303
Redemption of 53,804,184 (2017: 21,231,840) units	2,820,365	1,120,962
Outstanding 1,494,217 (2017: 7,445,192) units - at net asset value	-	382,609
Cash dividend	-	8,115
Meezan Financial Planning Fund of Funds - MAAP - IV		
Issue of 4,922,358 (2017: 11,142,025) units	255,000	575,247
Redemption of 3,880,834 (2017: 12,818,462) units	201,000	669,488
Outstanding 1,494,217 (2017: 452,694) units - at net asset value	80,070	23,266
Cash dividend	-	1,079
Meezan Capital Preservation Fund - II		
Issue of nil (2017: 25,503,768) units	-	1,329,868
Redemption of nil (2017: 25,503,768) units	-	1,339,775

**Al Meezan Investment Management Limited
- Employees' Gratuity Fund**

Issue of nil (2017: 9,874) units
Outstanding 212,599 (2017: 212,599) units - at net asset value
Cash dividend

2018 **2017**
(Rupees in '000)

	-	507
	11,393	10,925
	-	507
	251,166	54,958
	243,541	125,230
	15,684	12,068
	-	401

Directors and Executives of the Management Company

Issue of 4,794,864 (2017: 1,046,162) units
Redemption of 4,642,395 (2017: 2,268,190) units
Outstanding 292,675 (2017: 234,831) units - at net asset value
Cash dividend

17.6 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

Note **2018** **2017**
(Rupees in '000)

18. CASH AND CASH EQUIVALENTS

Cash and bank balances
Term Deposit Receipt (with original maturity of three months)

4	4,070,871	8,138,062
5	1,130,000	-
	5,200,871	8,138,062

19. FINANCIAL INSTRUMENTS BY CATEGORY

2018

	Loans and receivables	At fair value through profit or loss	Available-for-sale	Total
	Rupees in '000			
Financial assets				
Balances with banks	4,070,871	-	-	4,070,871
Investments	2,030,000	3,963,947	-	5,993,947
Receivable against conversion of units	129,263	-	-	129,263
Deposits and other receivables	111,301	-	-	111,301
	6,341,435	3,963,947	-	10,305,382

2018

	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	7,743	7,743
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	783	783
Payable to Meezan Bank Limited	-	1,708	1,708
Payable against conversion and redemption of units	-	49,459	49,459
Accrued expenses and other liabilities	-	1,730	1,730
	-	61,423	61,423



2017

	Loans and receivables	At fair value through profit or loss	Available-for-sale	Total
Rupees in '000				
Financial assets				
Balances with banks	8,138,062	-	-	8,138,062
Investments	2,500,000	2,616,078	-	5,116,078
Receivable against conversion of units	1,202,964	-	-	1,202,964
Deposits and other receivables	156,110	-	-	156,110
	<u>11,997,136</u>	<u>2,616,078</u>	<u>-</u>	<u>14,613,214</u>
2017				
		At fair value through profit or loss	At amortised cost	Total
Rupees in '000				
Financial liabilities				
Payable to Al Meezan Investment Management Limited - Management Company		-	14,968	14,968
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	798	798
Payable to Meezan Bank Limited		-	673	673
Payable against conversion and redemption of units		-	2,712,438	2,712,438
Accrued expenses and other liabilities		-	1,181	1,181
		<u>-</u>	<u>2,730,058</u>	<u>2,730,058</u>

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2018, the Fund is exposed to such risk on its balances held with banks, investments in Ijarah and sukuk certificates, term deposit receipts and musharika certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuk certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 74.185 million (2017: Rs. 100.607 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2018, the Fund holds GoP Ijarah sukuk which are classified as financial assets at fair value through profit or loss' exposing the Fund to fair value profit rate risk. In case of 100 basis points increase in rates announced by the Financial Markets Association of Pakistan for GoP Ijarah sukuk and with all other variables held constant, the net income for the year and net assets of the Fund would have been higher by Rs 5.500 million (2017: Rs 5.750 million). In case of 100 basis points decrease in those rates, the net income for the year and net assets of the Fund would have been lower by Rs 5.500 million (2017: Rs 5.750 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2018 can be determined as follows:

	Effective yield / interest rate (%)	2018			Total	
		Exposed to yield / interest rate risk				Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year		
(Rupees in '000)						
Financial assets						
Balances with banks	2.00% - 6.60%	4,061,947	-	-	8,924	4,070,871
Investments - Sukuk certificates	Kibor + 0.50% - Kibor + 1.75%	1,863,389	1,558,790	-	-	3,422,179
Investments - Government securities sukuk certificates	5.24% - 5.59%	124,588	417,180	-	-	541,768
Investments - loans and receivables	6.13% - 6.75%	1,430,000	600,000	-	-	2,030,000
Receivable against conversion of units		-	-	-	129,263	129,263
Deposits and other receivables		-	-	-	111,301	111,301
		7,479,924	2,575,970	-	249,488	10,305,382
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	7,743	7,743
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,708	1,708
Payable to Meezan Bank Limited		-	-	-	783	783
Payable against conversion and redemption of units		-	-	-	49,459	49,459
Accrued expenses and other liabilities		-	-	-	1,730	1,730
		-	-	-	61,423	61,423
On-balance sheet gap (a)		7,479,924	2,575,970	-	188,065	10,243,959
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		7,479,924	2,575,970	-		
Cumulative interest rate sensitivity gap		7,479,924	10,055,894	10,055,894		



2017

	Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
(Rupees in '000)						
Financial assets						
Balances with banks	2.00% - 5.70%	8,117,991	-	-	20,071	8,138,062
Investments - Sukuk certificates	Kibor + 1% - Kibor + 2.25%	1,850,262	175,231	-	-	2,025,493
Investments - Government securities sukuk certificates	5.59% - 6.10%	590,585	-	-	-	590,585
Investments - loans and receivables	5.70% - 6.10%	1,250,000	1,250,000	-	-	2,500,000
Receivable against conversion of units		-	-	-	1,202,964	1,202,964
Deposits and other receivables		-	-	-	156,110	156,110
		11,808,838	1,425,231	-	1,379,145	14,613,214
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	14,968	14,968
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	673	673
Payable to Meezan Bank Limited		-	-	-	798	798
Payable against conversion and redemption of units		-	-	-	2,712,438	2,712,438
Accrued expenses and other liabilities		-	-	-	1,181	1,181
		-	-	-	2,730,058	2,730,058
On-balance sheet gap (a)		11,808,838	1,425,231	-	(1,350,913)	11,883,156
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		11,808,838	1,425,231	-		
Cumulative interest rate sensitivity gap		11,808,838	13,234,069	13,234,069		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of 30 June 2018.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

	2018						Total
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial Instruments with no fixed maturity	
(Rupees in '000)							
Financial assets							
Balances with banks	4,070,871	-	-	-	-	-	4,070,871
Investments	630,000	800,000	724,588	2,216,701	1,622,658	-	5,993,947
Receivable against conversion of units	129,263	-	-	-	-	-	129,263
Deposits and other receivables	52,806	20,631	35,261	-	-	2,603	111,301
	4,882,940	820,631	759,849	2,216,701	1,622,658	2,603	10,305,382
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	7,743	-	-	-	-	-	7,743
Payable to the Central Depository Company of Pakistan Limited - Trustee	783	-	-	-	-	-	783
Payable to Meezan Bank Limited	1,708	-	-	-	-	-	1,708
Payable against conversion and redemption of units	49,459	-	-	-	-	-	49,459
Accrued expenses and other liabilities	204	1,088	438	-	-	-	1,730
	59,897	1,088	438	-	-	-	61,423
Net assets / (liabilities)	4,823,043	819,543	759,411	2,216,701	1,622,658	2,603	10,243,959
2017							
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial Instruments with no fixed maturity	Total
(Rupees in '000)							
Financial assets							
Balances with banks	8,138,062	-	-	-	-	-	8,138,062
Investments	-	1,250,000	1,250,000	2,616,078	-	-	5,116,078
Receivable against conversion of units	1,202,964	-	-	-	-	-	1,202,964
Deposits and other receivables	43,273	55,428	54,806	-	-	2,603	156,110
	9,384,299	1,305,428	1,304,806	2,616,078	-	2,603	14,613,214
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	14,968	-	-	-	-	-	14,968
Payable to the Central Depository Company of Pakistan Limited - Trustee	798	-	-	-	-	-	798
Payable to Meezan Bank Limited	673	-	-	-	-	-	673
Payable against conversion and redemption of units	2,712,438	-	-	-	-	-	2,712,438
Accrued expenses and other liabilities	188	778	215	-	-	-	1,181
	2,729,065	778	215	-	-	-	2,730,058
Net assets / (liabilities)	6,655,234	1,304,650	1,304,591	2,616,078	-	2,603	11,883,156





20.3 Credit risk

20.3.1 Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, receivable against issuance and conversion and receivable against sale of investments.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	2018		2017	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	(Rupees in '000)			
Balance with banks and term deposits	5,200,871	5,200,871	8,138,062	8,138,062
Investments in debt instruments	4,863,947	4,322,179	5,116,078	4,525,493
Receivable against conversion of units	129,263	129,263	1,202,964	1,202,964
Deposits and other receivables	116,395	111,301	159,081	156,110
	10,310,476	9,763,614	14,616,185	14,022,629

The maximum exposure to credit risk before any credit enhancement as at June 30, 2018 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon and receivable against conversion of units and against investments, term deposit receipts, musharika certificates and investments in sukuk certificates. The credit rating profile of financial assets exposed to credit risk are as follows:

Rating	% of financial assets exposed to credit risk	
	2018	2017
AAA	10%	23%
AA+	21%	10%
AA-	27%	7%
AA	18%	23%
A+	23%	37%
A	0%	0%
	100%	100%

Ratings of sukuks (other than GoP Ijarah Sukuks certificates) have been disclosed in related notes to the financial statements. GoP Ijarah Sukuks are government guaranteed.

20.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the Sukuks, however, pledge securities with the Investment agent in Trust for the benefit of the Sukuk Holder.

Due to the Fund's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Fund except for Arzoo Textiles Limited Sukuk, Security Leasing Corporation Sukuk and Eden Housing Limited Sukuk (refer note 5).

21. FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. 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 June 30, 2018, the Fund held the following financial instruments measured at fair values:

	2018		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	-	3,963,947	-
	-	3,963,947	-
	2017		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	-	2,616,078	-
	-	2,616,078	-

22. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23. UNIT HOLDING PATTERN OF THE FUND

Category	2018			2017		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	5,205	4,495,934	44.23%	4,476	5,504,771	46.72%
Associated Companies / Directors	13	2,650,159	26.07%	13	3,367,008	28.58%
Insurance Companies	10	230,204	2.26%	17	220,864	1.88%
Banks and DFIs	1	10	0.00%	1	10	0.00%
Retirement Funds	67	1,136,425	11.18%	67	1,037,268	8.80%
Private Limited Companies	30	735,961	7.24%	26	542,469	4.60%
Public Limited Companies	3	1,667	0.02%	8	81,412	0.70%
Others	43	915,554	9.01%	38	1,027,624	8.72%
	5,372	10,165,914	100%	4,646	11,781,426	100%

24. LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2018		2017	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Paramount Capital (Pvt.) Limited	51%	Paramount Capital (Pvt.) Limited	76%
Invest One Markets Limited	40%	Invest One Markets Limited	0%
BMA Capital Management Limited	7%	BMA Capital Management Limited	0%
JS Global Capital Limited	2%	JS Global Capital Limited	14%
Next Capital Limited	1%	Next Capital Limited	0%
Invest Capital Management Limited	0%	Invest Capital Management Limited	10%

24.1 The fund has traded with only the above mentioned 5 brokers / dealers during the year ended June 30, 2018 (2017: 3 brokers / dealers)

25. DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Experience in years
Mr. Mohammad Shoaib	Chief Executive	CFA / MBA	Twenty Eight years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Two years
Mr. Ahmed Hassan	VP Investments	CFA / MBA	Eleven years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Eight years
Mr. Zain Malik	VP Investments	CFA / BBA	Nine years
Mr. Asif Imtiaz	Senior Manager	CFA / MBA - Finance	Ten years
Mr. Asmar Hamoodi	AVP Investments	BBA - Finance / CFA / A.C.C.A	Six years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Thirteen years
Mr. Ali Asghar	AVP/Head of Research	CFA level II / MBA (in progress)	Seven years

25.1 The Fund manager of the Fund is Mr. Zain Malik. Other Funds being managed by the Fund Manager are as follows:

- Meezan Cash Fund; and
- Meezan Sovereign Fund

26. MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name	Designation	Meeting held on				
		August 24, 2017	October 19, 2017	February 8, 2018	April 24, 2018	May 31, 2018
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	Yes	No	Yes	No
Mr. Arshad Majeed *	Director	-	-	-	No	Yes
Syed Amir Ali *	Director	Yes	Yes	Yes	Resigned	-
Ms. Saima Kamila Khan **	Director	-	-	Yes	Yes	Yes
Mr. P. Ahmed **	Director	Yes	Yes	-	-	-
Mazhar Sharif ***	Director	Yes	Yes	-	-	-
Mr. Naeem Sattar ***	Director	-	-	Yes	Yes	Yes

* Syed Amir Ali resigned and in his place Mr. Arshad Majeed was appointed as Director of Al Meezan Investment Management Limited for the remaining term of the Board. The SECP vide their letter no. SCD/AMCW/AMIML/369/2018 dated May 15, 2018 have expressed their No Objection to this appointment.

**Ms. Kamila was appointed as an Independent Director in place of Mr. P. Ahmed in the elections of the Company held in December 2017. The SECP vide their letter no. SCD/AMCW/AMIML/230/2018 dated January 16, 2018 have expressed their No Objection to this appointment.

***Mr. Naeem Sattar was appointed as a nominee Director of PKIC in place of Mr. Mazhar Sharif in the elections of the Company held in December 2017. The SECP vide their letter no. SCD/AMCW/AMIML/230/2018 dated January 16, 2018 have expressed their No Objection to this appointment.





27. CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

28. NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

The Board of Directors of the Management Company in the meeting held on July 6, 2018, approved a final cash dividend of Rs 2.1954 per unit on the face value of Rs 50 each (i.e. 4.39%) amounting to Rs 245.803 million. The financial statements of the Fund for the year ended June 30, 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2019.

29. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 09, 2018.

30. GENERAL

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

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

**Mohammad Shoalb, CFA
Chief Executive**

**Syed Amir Ali Zaidi
Director**



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