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# Our Mission

*“ To be the leading mutual fund in the industry, providing unitholders, in a truly SHARIAH COMPLIANT way, the best combination of current income and future growth on a risk adjusted basis.”*

# Our Vision

*“To set standards of best practices and performance for the industry through efficient asset allocation & security selection on a SHARIAH COMPLIANT basis.”*

# FUND INFORMATION

## MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre,  
Shahrah-e-Faisal, Karachi 74400, Pakistan.  
Phone: (9221) 5630722-6, 111-MEEZAN  
Fax: (9221) 5676143, 5630808  
Web site: www.almeezangroup.com  
E-mail: info@almeezangroup.com

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Najmul Hassan	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Mazhar Sharif	Director
Mr. Muhammad Adrees	Director
Syed Owais Wasti	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

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

## TRUSTEE

Central Depository Company of Pakistan Limited  
Suite # M 13-16, Mezzanine Floor, Progressive Plaza,  
Beaumont Road, Karachi.

## AUDITORS

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

## SHARIAH ADVISOR

Meezan Bank Limited

## BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
The Bank of Khyber

## LEGAL ADVISOR

Bawaney & Partners  
404, 4<sup>th</sup> Floor, Beaumont Plaza, 6-CL-10  
Beaumont Road, Civil Lines  
Karachi - 75530  
Phone: (9221) 565 7658-59  
Fax: (9221) 565 7673  
E-mail: bawaney@cyber.net.pk

## TRANSFER AGENT

Meezan Bank Limited  
37-A, Lalazar Branch, Lalazar Area,  
Off: M.T. Khan Road, Karachi, Pakistan.  
Phone: (9221) 5610582, 5610417  
Fax: (9221) 5611427  
Web site: www.meezanbank.com

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited  
The Bank of Khyber



# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

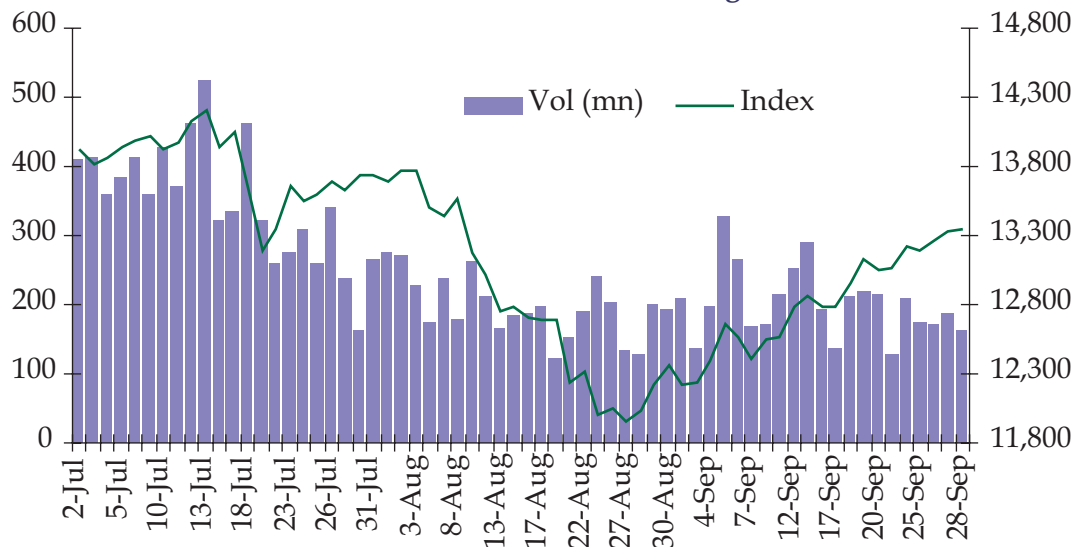
The Board of Directors of Al Meezan Investment Management Limited, the Management Company of Meezan Islamic Fund, is pleased to present the audited accounts of Meezan Islamic Fund (MIF) for the quarter ended September 30, 2007.

## Market Review

The Stock Market during the first quarter of the financial year was marked by volatility in trend and turnover. The market movements during the quarter can be segmented into three distinct phases; the positive, the slump and the recovery. Overall, the KSE-100 index during the quarter shed 419 points or 3% to finish the quarter at 13,353 with an average daily turnover of 250 mn shares.

The new financial year started on a positive note and the Index continued its upward momentum from previous year, making an all time high of 14,202 on July 13, 2007. However this upward movement failed to maintain itself primarily due to rising political uncertainty in the country. News regarding failed talks between leading political parties and the Government, suicidal attacks after the Lal Masjid operation, uncertainty regarding President's re-election and significant outflows of foreign funds led to a decline of 1,200 points in just one week, shedding a total of 1,500 points (11%) during the slump phase and making a low of 11,958 on August 27, 2007. The market completely ignored the robust profitability and handsome dividend payouts by the companies. Moreover, sub prime mortgage crisis in the US which led to persistent sell off in equity markets globally, further weakened market sentiment and contributed to this downtrend. However, later in September positive developments on political front and strong fundamentals helped in an impressive recovery of 1,400 points from the lowest level. Moreover, foreign funds which had divested their holdings during first couple of months started to invest in Pakistan again as foreign investors realized the fact that Pakistan's Capital Markets are not likely to be influenced by the sub prime crisis which had mostly affected the developed countries.

**KSE-100 Index Performance during FY08**



## **Operational Review**

Meezan Islamic Fund's (MIF) performance during the first quarter FY 08 was much better than the corresponding period last year as it earned Rs. 371 million during the quarter.

For the quarter ended September 30, 2007, the fund earned gross income of Rs. 185 million, main contributors of which were dividend income of Rs. 64 million, capital gain of Rs. 29 million and revaluation surplus of Rs. 78 million. After accounting for expenses of Rs. 35 million and element of income/ capital gain on purchase and sale of units of Rs. 220 million, the fund recorded a net profit of Rs. 371 million for the quarter. The net assets of MIF increased from Rs. 3,679 million at the beginning of the quarter to Rs. 4,565 million by the end of it, thus maintaining its position of being the largest Open End Equity fund in the private sector.

During the quarter, units amounting to Rs. 976 million were issued and units amounting to Rs. 240 million were redeemed, resulting in net inflow of Rs. 736 million.

## **Investment Policy**

MIF is a Shariah compliant equity fund and therefore its performance is linked with the performance of equity markets in Pakistan. However, as the fund manager, Al Meezan Investments actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. This involves a combination of stock selection, sector allocation and asset allocation. Therefore, the fund manager aims to reduce exposure to equities in times when the market risk increases.

## **Mutual Fund Rating**

Pakistan Credit Rating Agency (PACRA) and JCR-VIS Credit Rating Company have assigned their respective highest possible ratings for mutual funds to Meezan Islamic Fund. MIF has been rated 5-Star by both the companies which denotes superior performance of MIF versus its peers. It is important to note that while PACRA's rating is within the Islamic Funds category, JCR-VIS has assigned 5-Star rating to MIF in the overall Equity Funds category. We believe that this has been possible due to the untiring efforts of the management of Al Meezan Investments, the fund manager/ Management Company of MIF.

## **Future Outlook**

As the political uncertainty starts to subside we remain hopeful of the future prospects of the stock market in general and of Meezan Islamic Fund in particular. While minor corrections in the market may continue to take place in the short term, we believe that the long term direction would continue to be guided by the overall economic growth in the country and increasing foreign funds inflows on the back of positive investment and economic outlook of the country.

We thank all our investors who have placed their confidence in us. We also thank the regulator, Securities and Exchange Commission of Pakistan, MIF's trustee, Central Depository Company of Pakistan and the management of Karachi Stock Exchange for all their support and guidance.

For and on behalf of the Board

Karachi.  
October 22, 2007

**Mohammad Shoaib, CFA**  
Chief Executive

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2007

	(Unaudited) September 30, 2007	(Audited) June 30, 2007
	Note	(Rupees in '000)
<b>Assets</b>		
Bank balances in deposit accounts		442,097
Receivable against sale of investments		1,441
Investment in marketable securities - 'at fair value through profit or loss'	5	4,125,861
Dividend receivable		72,591
Derivative financial instruments	6	-
Advances, deposits, prepayments and other receivables		3,795
Preliminary expenses and floatation costs		207
<b>Total assets</b>		<b>4,645,992</b>
<b>Liabilities</b>		
Payable to Al Meezan Investment Management Limited - Management Company of the Fund		11,654
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund		438
Payable to Meezan Bank Limited - Shariah Advisor and holding company of the Management Company of the Fund		891
Payable to Securities and Exchange Commission of Pakistan		4,563
Payable on redemption of units		15,965
Payable against purchase of investments		42,485
Accrued expenses and other liabilities		4,508
Derivative financial instruments	6	93
<b>Total liabilities</b>		<b>80,596</b>
<b>Net assets</b>		<b>4,565,396</b>
<b>Commitments</b>	6	
<b>Unitholders' funds (as per statement attached)</b>		<b>4,565,396</b>
<b>Number of units in issue</b>		<b>74,253,772</b>
<b>Net asset value per unit (Rupees)</b>		<b>61.48</b>

The annexed notes 1 to 10 form an integral part of these financial statements.

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	September 30,	
	2007	2006
	(Rupees in '000)	
<b>Income</b>		
Gain on sale of investments (net)	28,890	18,112
Dividend income	63,900	89,146
Profit on deposit accounts with banks	12,065	5,758
Profit on term finance certificates	-	120
Other income	2,400	1,042
	<b>107,255</b>	<b>114,178</b>
Unrealised gain / (loss) on investments 'at fair value through profit or loss'	<b>123,718</b>	(5,874)
Loss on derivative financial instruments (net)	<b>(45,500)</b>	(27,826)
	<b>78,218</b>	<b>(33,700)</b>
<b>Total income</b>	<b>185,473</b>	<b>80,478</b>
<b>Expenses</b>		
Remuneration to Al Meezan Investment Management Limited - Management Company of the Fund	<b>29,425</b>	25,652
Remuneration to Central Depository Company of Pakistan Limited - Trustee of the Fund	<b>1,233</b>	1,107
Remuneration to Meezan Bank Limited	<b>151</b>	122
Annual Fee - Securities and Exchange Commission of Pakistan	<b>981</b>	855
Auditors' remuneration	<b>133</b>	160
Fees and subscription	<b>47</b>	9
Amortization of preliminary expenses and floatation costs	<b>70</b>	68
Brokerage	<b>3,010</b>	2,691
Bank and settlement charges	<b>355</b>	297
<b>Total expenses</b>	<b>35,405</b>	<b>30,961</b>
<b>Net income from operating activities</b>	<b>150,068</b>	<b>49,517</b>
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased	<b>220,621</b>	153,304
<b>Net income</b>	<b>370,689</b>	<b>202,821</b>

The annexed notes 1 to 10 form an integral part of these financial statements.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	September 30, 2007	2006
	(Rupees in '000)	
Undistributed income brought forward	1,242,346	1,097,800
Less: Final distribution in the form of bonus units for the year ended June 30, 2007 (comparative June 30, 2006)	(760,329)	(735,611)
Net income for the quarter	370,689	202,821
Undistributed income carried forward	<u>852,706</u>	<u>565,010</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN  
UNIT HOLDERS' FUNDS (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

September 30,  
2007                      2006  
(Rupees in '000)

Net assets at the beginning of the quarter	3,679,298	3,199,548
Issue of 16,899,352 units (September 30, 2006: 6,899,025 units)	976,062	409,113
Redemption of 4,080,010 units (September 30, 2006: 2,271,977 units)	(240,032)	(132,627)
	736,030	276,486
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased	(220,621)	(153,304)
Net income for the quarter less distribution	(389,640)	(532,790)
Issue of 12,695,418 bonus units for the year ended June 30, 2007 (2006: 12,548,813 bonus units)	760,329	735,611
<b>Net assets as at the end of the quarter - September 30</b>	<b>4,565,396</b>	<b>3,525,551</b>

The annexed notes 1 to 10 form an integral part of these financial statements.

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

**Chief Executive**

**Director**

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	September 30,	
	2007	2006
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the quarter	370,689	202,821
<b>Adjustments for:</b>		
Dividend income	(63,900)	(89,146)
Profit on deposit accounts with banks	(12,065)	(5,758)
Profit on term finance certificates	-	(120)
Unrealised loss / (gain) on investments - 'at fair value through profit or loss'	(123,718)	5,874
Loss on derivative financial instruments (net)	45,500	27,826
Amortisation of preliminary expenses and floatation costs	70	68
Element of (income) / loss and (capital gains) / losses included in prices of units sold less those in units repurchased	(220,621)	(153,304)
	(4,045)	(11,739)
<b>(Increase) / decrease in assets</b>		
Receivable against sale of investments	164,947	111,860
Investment in marketable securities - 'at fair value through profit or loss'	(1,158,077)	(700,926)
Advances, prepayments and other receivables	(25)	(27)
	(993,155)	(589,093)
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited - Management Company of the fund	9,139	(448)
Payable to Central Depository Company of Pakistan Limited - Trustee of the fund	14	34
Payable to Meezan Bank Limited - Shariah Adviser	(192)	(91)
Payable to Securities and Exchange Commission of Pakistan	981	855
Payable against redemption of units	(68,185)	4,125
Payable against purchase of investments	(13,931)	341,255
Accrued and other liabilities	293	510
	(71,881)	346,240
Dividend received	7,958	26,688
Profit received on deposit accounts with banks	19,578	4,407
Net cash outflow from operating activities	(1,041,545)	(223,497)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from sale of units	976,062	409,113
Payments against redemption of units	(240,032)	(132,627)
	736,030	276,486
Net increase / (decrease) in banks	(305,516)	52,989
Balance with banks at the beginning of the quarter	747,613	171,183
Balance with banks at the end of the quarter	442,097	224,172

The annexed notes 1 to 10 form an integral part of these financial statements.

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

**Chief Executive**

**Director**



Islamic Fund

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2007

## 1 LEGAL STATUS AND NATURE OF BUSINESS

Meezan Islamic Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (AMIML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 16, 2003 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 04, 2003 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company of the Fund, is situated in Finance & Trade Centre Shahrah-e-Faisal, Karachi, Pakistan.

The Fund has been formed to enable the unit holders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Adviser to ensure that the activities of the Fund are in compliance with the principles of Shariah. The Management Company of the Fund is registered with SECP as a Non-Banking Finance Company under NBFC Rules.

The Fund is an open-ended fund listed on the Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

## 2 BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah Guidelines issued by the Shariah Adviser are accounted for on substance rather than the form prescribed by the earlier referred guidelines.

## 3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan, the requirements of NBFC Rules and the directives issued by the SECP. The disclosures made in these financial statements have, however, been limited based on the requirements of International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and should be read in conjunction with the financial statements as at and for the year ended June 30, 2007. Approved accounting standards comprise of such IASs and International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of these standards, the requirements of NBFC rules and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules and the said directives take precedence.

## 4 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the fund for the year ended June 30, 2007.

### 4.1 Estimates and judgements

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

	Note	(Unaudited) September 30, 2007	(Audited) June 30, 2006
5 INVESTMENT IN MARKETABLE SECURITIES - 'at fair value through profit or loss'		(Rupees in '000)	
Held for trading	5.1	3,408,078	2,250,045
Investments 'at fair value through profit or loss upon initial recognition.'	5.2	717,783	594,021
		4,125,861	2,844,066

## 5.1 Held for Trading - Shares of listed companies

Name of the investee company	As at July 01, 2007	Purchases during the quarter	Bonus / Rights issue	Sales during the quarter	As at September 30, 2007	Carrying value	Market value	Percentage of net assets on the basis of market value (see note 5.1.2 below)
	----- Number of shares -----					as at September 30, 2007 (Rs in '000)		
<b>Commercial banks</b>								
BankIslami Pakistan Limited	-	6,583,000	-	5,283,000	1,300,000	16,913	17,225	0.46
<b>Textile composite</b>								
Nishat Mills Limited	1,144,500	280,700	-	245,700	1,179,500	144,508	137,766	3.93
<b>Jute</b>								
Thal Limited (note 5.1.1)	196,180	-	-	-	196,180	54,734	59,050	1.49
<b>Cement</b>								
D. G. Khan Cement Company Limited	-	908,500	-	213,900	694,600	70,966	76,406	1.93
Fauji Cement Company Limited	-	1,723,000	-	-	1,723,000	31,185	31,617	0.85
Attock Cement Pakistan Limited	348,000	14,000	-	-	362,000	44,048	41,811	1.20
<b>Refinery</b>								
National Refinery Limited	278,000	-	28,200	278,000	28,200	8,014	10,929	0.22
<b>Power generation and distribution</b>								
Kot Addu Power Company Limited	-	214,000	-	-	214,000	10,272	11,535	0.28
The Hub Power Company Limited	1,464,500	3,365,500	-	100,000	4,730,000	157,429	158,928	4.28
<b>Oil and gas marketing companies</b>								
Pakistan State Oil Company Limited	92,700	125,000	-	100,000	117,700	42,511	42,437	1.16
<b>Oil and gas exploration companies</b>								
Oil and Gas Development Company Limited	2,950,966	968,000	-	-	3,918,966	454,298	450,681	12.35
Pakistan Oilfields Limited	328,800	341,000	-	200,000	469,800	144,095	145,403	3.92
Pakistan Petroleum Limited	932,500	538,700	-	34,000	1,437,200	385,926	382,501	10.49
<b>Automobile assembler</b>								
Indus Motor Company Limited	458,500	-	-	-	458,500	140,072	151,305	3.81
Pak Suzuki Motor Company Limited	280,410	10,000	-	-	290,410	113,806	112,040	3.09
<b>Automobiles parts and accessories</b>								
Agriauto Industries Limited (note 5.1.1)	570,200	-	-	-	570,200	56,393	54,740	1.53
<b>Technology and communication</b>								
Pakistan Telecommunication Company Limited "A"	50,000	5,983,200	-	-	6,033,200	324,098	316,743	8.81
<b>Fertilizer</b>								
Engro Chemicals Pakistan Limited	1,425,200	466,080	-	217,000	1,674,280	376,407	435,145	10.23
Fauji Fertilizer Company Limited	1,903,262	833,600	-	-	2,736,862	329,159	314,739	8.95
Fauji Fertilizer Bin Qasim Limited	3,499,000	3,686,000	-	680,500	6,504,500	266,234	288,149	7.24
<b>Chemical</b>								
Sitara Chemical Industries Limited	143,300	-	-	45,400	97,900	15,591	23,790	0.42
ICI Pakistan Limited	-	827,000	-	-	827,000	127,494	129,384	3.47
<b>Securities sold under deferred sale arrangements</b>								
<b>Oil and gas exploration companies</b>								
Oil and Gas Development Company Limited	350,000	-	-	350,000	-	-	-	-
Pakistan Petroleum Limited	-	60,000	-	-	60,000	15,661	15,754	0.43
<b>Fertilizer</b>								
Fauji Fertilizer Company Limited	25,000	168,400	-	193,400	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	288,500	-	-	288,500	-	-	-	-
<b>Total</b>						<b>3,329,814</b>	<b>3,408,078</b>	
<b>Total cost of Investments</b>							<b>2,993,153</b>	

5.1.1 All shares have a nominal value of Rs 10 each except for the shares of Agriauto Industries Limited and Thal Limited which have a face value of Rs. 5 each.

5.1.2 Net assets are as defined in rule 2 (xxxiv) of NBFC Rules.

5.1.3 The SECP through its letter No. SC/MF-JD(R)/363/2003 dated July 22, 2003 has increased the investment limits prescribed in rule 71(3) and (4) of NBFC Rules to fifteen percent and thirty percent respectively.

## 5.2 Investments 'at fair value through profit or loss' upon initial recognition

	Note	(Unaudited) September 30, 2007	(Audited) June 30, 2007
(Rupees in '000)			
Shares of listed companies	5.2.1	717,783	594,021
		717,783	594,021
		717,783	594,021

### 5.2.1 Shares of listed companies

Name of the investee company	As at July 01, 2007	Purchases during the quarter	Bonus / Rights issue	Sales during the quarter	As at September 30, 2007	Carrying value as at September 30, 2007		Percentage of net assets on the basis of market value (see note 5.1.2 above)
						Number of shares		
						(Rs in '000)		
<b>Closed-end mutual funds</b>								
Al Meezan Mutual Fund Limited ( an associate of the Fund)	17,018,000	-	2,552,700	-	19,570,700	258,674	234,848	5.14
<b>Commercial banks</b>								
Meezan Bank Limited ( an associate of the Fund)	1,847,037	9,500	-	-	1,856,537	59,398	65,443	1.43
<b>Pharmaceutical</b>								
Glaxosmithkline Pakistan Limited	108,875	-	27,218	-	136,093	20,414	22,047	0.48
<b>Paper and board</b>								
Packages Limited	801,843	338,000	-	10,000	1,129,843	349,504	395,445	8.66
<b>Grand Total</b>						<b>687,990</b>	<b>717,783</b>	
<b>Total cost of Investments</b>							<b>565,080</b>	

## 6 DERIVATIVE FINANCIAL INSTRUMENTS

Type of contract	Settlement	Underlying	Notional amount (Rupees in '000)	2007 Fair value	
				(Assets)	(Liabilities)
(Rupees in '000)					
Deferred Sales	30-Oct-07	Equity indices	15,661		93
				-	93
			June 30, 2007	45,562	154

		(Unaudited) September 30,	
		2007	2006
		(Rupees in '000)	
<b>7</b>	<b>EARNINGS PER UNIT OUTSTANDING AS AT SEPTEMBER 30,</b>		
	Net income for the quarter	370,689	202,821
		<u>                    </u>	<u>                    </u>
		<b>(Number of units)</b>	
	Units outstanding as at September 30,	74,253,772	59,210,802
		<u>                    </u>	<u>                    </u>
		<b>(Rupees)</b>	
	Earnings per unit outstanding as at September 30,	4.99	3.43
		<u>                    </u>	<u>                    </u>

#### 8. TRANSACTIONS WITH CONNECTED PERSONS

The connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company Limited being the Trustee, Meezan Bank Limited being the holding company of the management company, Pakistan Kuwait Investment Company (Private) Limited and Al Meezan Mutual Fund Limited, Meezan Islamic Income Fund, Meezan Thahaffuz Pension Fund and Meezan Balanced Fund being the Funds under the common management of the Management Company.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Rules and the Trust Deed respectively.

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

Transactions and balances with connected persons- unsecured	Quarter ended September 30	
	2007	2006
(Rupees in '000)		
<b>Al Meezan Investment Management Limited -Management Company</b>		
Remuneration	29,425	25,652
Sales load accrued	3,615	2,662
Bonus units issued in the Fund: 22 units (2006: 139,682 units)	1	8,188
Investment in the Fund : 1,703,050 units ( 2006: Nil units)	95,000	-
Redemptions : Nil units (2006: Nil units)	-	-
	<u>                    </u>	<u>                    </u>
	<b>September 30,</b>	<b>June 30,</b>
	<b>2007</b>	<b>2007</b>
	<b>(Rupees in '000)</b>	
Balance payable	11,654	7,219
Total units held : 1,703,154 units / June 30, 2007 : 89 units	104,703	6
	<u>                    </u>	<u>                    </u>

	Quarter ended September 30	
	2007	2006
(Rupees in '000)		
<b>Meezan Bank Limited</b>		
Remuneration as the Shariah Advisor	151	122
Sales load accrued	3,438	3,102
Profit on Deposit Accounts	93	2,131
Balance payable as at September 30, 2007 / June 30, 2007	891	1,083
Bank balances as at September 30, 2007 / June 30, 2007	11,371	44,963
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	1,233	1,107
Central Depository Services charges	24	41
Balance payable as at September 30, 2007 / June 30, 2007	438	424
Security deposit (profit free) as at September 30, 2007 / June 30, 2007	100	100
<b>Directors and executives</b>		
Bonus units issued: 77,453 units (2006: 99,133 units)	4,639	5,811
Investment in the Fund : 78,700 units (2006: 8,799 units)	4,407	523
Redemptions : 32,781 units (2006: Nil units)	1,989	-
	<b>September 30, 2007</b>	<b>June 30, 2007</b>
	<b>(Rupees in '000)</b>	
Total units held : 420,720 units / June : 401,034 units	25,866	30,209

## 9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 22, 2007 by the Board of Directors of the Management Company.

## 10. GENERAL

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

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

**Chief Executive**

**Director**