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Our Mission

To set standards of best practices and performance for the industry through efficient asset allocation and security selection.

Our Vision

To be the leading mutual fund in the industry, outperforming the benchmark on a consistent basis, and providing shareholders with the best combination of current income and future growth on a risk adjusted basis.

FUND INFORMATION

BOARD OF DIRECTORS

Mr. Istaqbal Mehdi Chairman
Mr. Mohammad Shoaib Chief Executive
Mr. Irfan Siddiqui
Mr. Ariful Islam
Mr. Farhan Malik
Mr. Muhammad Asad
Syed Owais Wasti CFO & Company Secretary

AUDIT COMMITTEE

Mr. Ariful Islam Chairman
Mr. Farhan Malik
Mr. Muhammad Asad

MANAGEMENT COMPANY

Al Meezan Investment Management Limited

AUDITORS

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

CUSTODIAN

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

BANKERS

Al Baraka Islamic Bank B.S.C (E.C)
Bank AL Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan

LEGAL ADVISOR

Saiduddin & Co.
Chamber 12-16, 19-22, 2nd Floor, Al Hamra Centre,
D-6, Block 7 & 8, Shaheed-e-Millat Road, Karachi.

REGISTERED OFFICE

Ground Floor, Block "B", Finance & Trade Centre,
Shahrah-e-Faisal, Karachi 74400, Pakistan
Phone: (9221) 563 0722-26, 111 MEEZAN
Fax: (9221) 567 6143, 563 0808
Web site: www.almeezangroup.com
E-mail: marketing@almeezangroup.com

SHARE REGISTRAR

THK Associates (Pvt.) Limited
Ground Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road, Karachi - 75530
P.O. Box No. 8533
Phone: (9221) 111-000-322
Fax: (9221) 565 5595

DIRECTORS' REPORT

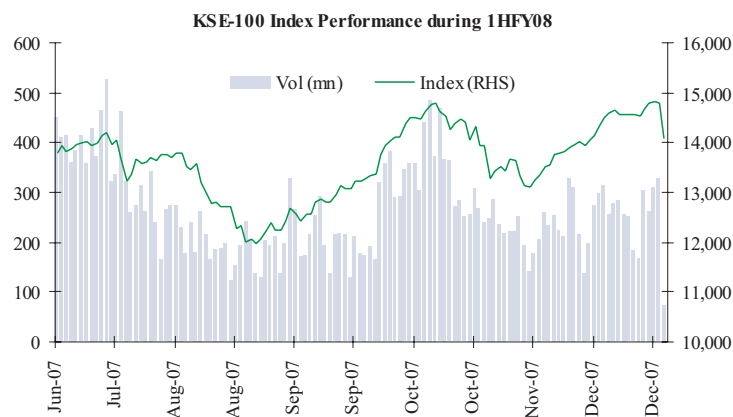
The Board of Directors of Al Meezan Mutual Fund Ltd. (AMMF) is pleased to present the unaudited accounts of the fund for the Half Year ended December 31, 2007.

Market Review

Stock Market's performance during first half of the financial year was marked by volatility both in price trend and turnover. KSE 100 index started the half year at 13,772 and ended higher at 14,077, showing an appreciation of 305 points or 2.2%. Issues related to political instability in the backdrop of reinstatement of Supreme Court Chief Justice, presidential election and imposition of emergency mainly explained market's volatility during 1HFY08. Moreover, sub prime mortgage crisis in the US led to persistent sell off in global equity markets which further contributed to weak market sentiment and volatility domestically.

The new financial year initiated its run from 13,772 points and crossed 14,000 level barrier making a new high of 14,202 on July 13, 2007. However, the rally failed to maintain momentum primarily on account of rising political uncertainty in the country. News regarding failure of talks between leading political parties and the Government, worsening law and order situation, uncertainty regarding President's re-election and significant outflows of foreign funds led to a decline of 2,247 points (16%) in the KSE-100 Index. The Index touched the lowest level for the period under review of 11,955 on August 27, 2007. Afterwards, positive developments on the political front and strong fundamentals resulted in an impressive recovery in September and October. Market touched a new high of 14,787 in October. Subsequently the market saw a downturn triggered by attack on former PM Benazir Bhutto and later imposition of emergency.

From mid November some positive news flow regarding caretaker setup, announcement of election schedule, President Musharraf's oath as a civilian head of state and news of lifting of emergency in mid-December 07, led to a broader recovery of the market and KSE-100 Index touched an all time high of 14,815 on December 26, 2007. However, last week of December 07, witnessed a sharp decline in KSE-100 Index on account of assassination of former PM Benazir Bhutto and Index eventually closed the half year at 14,077.

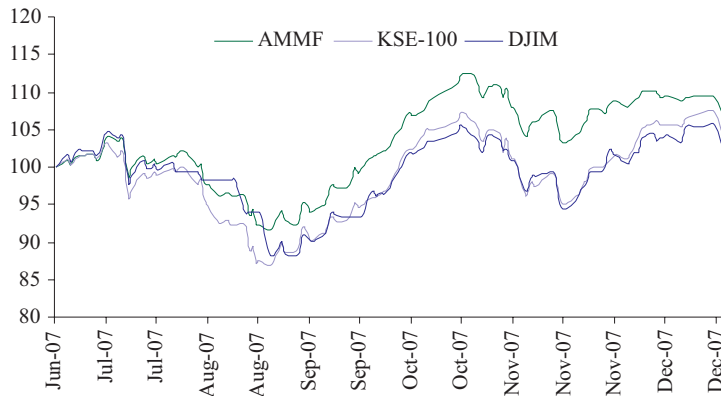


Operational Review

During the first six months of FY07-08, AMMF recorded an NAV based appreciation of 7.5% versus KSE-100 Index rise of 2.2% and Dow Jones-JS Pakistan Islamic Index appreciation of 0.5%.

For the six months ended December 31, 2007, the Fund earned gross income of Rs. 155 million, main contributors of which were capital gains of Rs. 74 million and dividend income of Rs. 44 million. After accounting for expenses of Rs. 26 million and revaluation surplus of Rs. 22 million the fund recorded a net profit of Rs. 129 million for the six months period. This translates into earnings per share of Re.0.94. The net assets of AMMF as at December 31, 2007 were Rs. 2.042 billion and net asset value per share was Rs. 14.85.

AMMF Performance vs KSE-100 and DJ-JS Pakistan Islamic Index



Mutual Fund Rating

PACRA assigns two types of star ratings, differentiated on the basis of period of review, which are (i) normal star ratings based on performance during the trailing 12 months, and (ii) long-term star ratings based on performance during the trailing 36 months period.

Star ratings measure the performance of the funds not only on the returns given by these funds over the period of analysis but also the risk measured by variability in return over monthly period.

Accordingly we are pleased to inform our valued share holders that PACRA has assigned 5 Star normal ratings and 4 star long term rating to Al Meezan Mutual Fund Limited based on the performance during FY07 for normal star rating and during FY05 to FY07 for long term star rating.

Future Outlook

We expect the market to be volatile at the beginning of 2008 due to uncertainty regarding outcome of elections expected to take place on February 18, 2008. However, once a new government is formed, political stability should lead to improved investor confidence and foreign inflows in the market. We continue to see value in Pakistani equities and remain positive on the basis of macro economic growth forecast and relative attractive valuations given the continuing double-digit earning growth.

Acknowledgement

We take this opportunity to thank our valuable investors for reposing faith in us and making us the largest Shariah Compliant asset management firm in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan, Al Meezan Mutual Fund's custodian, Central Depository Company of Pakistan and the management of Karachi Stock Exchange for all their support and guidance. Last but not the least, we would like to place on record our gratitude for Justice (Retd.) Muhammad Taqi Usmani, in special and other members of the Shariah Board of Meezan Bank in general, for their continued guidance on Shariah aspects.

For and on behalf of the Board

Karachi
February 13, 2008

Mohammad Shoaib, CFA
Chief Executive

AUDITORS' REPORT TO THE SHAREHOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed statement of assets and liabilities of Al Meezan Mutual Fund Limited as at December 31, 2007 and the related condensed income statement, condensed distribution statement, condensed statement of movement in equity and reserves per share, condensed statement of changes in equity and condensed cash flow statement together with the notes forming part thereof for the six months period ended December 31, 2007 (here-in-after referred to as the 'condensed interim financial information'). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information for the six months period ended December 31, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The financial statements of Al Meezan Mutual Fund Limited for the six months period ended December 31, 2006 and the year ended June 30, 2007 were respectively reviewed and audited by another firm of Chartered Accountants whose reports dated February 20, 2007 and August 1, 2007 expressed an unqualified conclusion and opinion respectively on those financial statements.

Karachi
February 27, 2008

A. F. Ferguson & Co.
Chartered Accountants

**CONDENSED INTERIM
STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2007 (UNAUDITED - NOTE 2)**

		December 31, 2007	June 30, 2007
	Note	(Rupees in '000)	
Assets			
Balances with banks	4	211,587	590,523
Investments - available for sale	5	47,386	55,179
Investments at fair value through profit or loss	6	1,772,504	1,551,853
Receivable against sale of investments		-	42,978
Dividend receivable		8,439	5,999
Derivative financial instruments	7	-	17,418
Deposits, prepayments and other receivables		6,564	7,433
Advance income tax		5,259	5,124
Total assets		2,051,739	2,276,507
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		3,459	38,340
Payable to the Central Depository Company of Pakistan Limited - Custodian of the Company		90	113
Payable to the Securities and Exchange Commission of Pakistan		1,058	1,741
Payable to Meezan Bank Limited - Shariah Adviser of the Company		126	250
Payable against purchase of investments		-	14,377
Accrued expenses and other liabilities		3,051	1,975
Unclaimed dividend		1,969	1,119
Total liabilities		9,753	57,915
Net assets		2,041,986	2,218,592
Commitments	7	-	-
Shareholders' equity			
Authorised share capital 150,000,000 (June 30, 2007: 150,000,000) Ordinary shares of Rs 10 each		1,500,000	1,500,000
Issued, subscribed and paid-up share capital	8	1,375,400	1,196,000
Unappropriated income		628,873	977,863
Surplus on revaluation of investments		37,713	44,729
		2,041,986	2,218,592
Net assets value per share (Rupees) - restated		14.85	16.13

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2007
(UNAUDITED - NOTE 2)

	Note	Six months period ended		Quarter ended	
		December 31,		December 31,	
		2007	2006	2007	2006
(Rupees in '000)					
Income					
Net realised gain on sale of investments		74,266	45,837	53,324	18,494
Dividend income		44,425	51,686	30,768	29,370
Profit on deposit accounts with banks		15,075	6,840	5,212	3,580
Profit on term finance certificates		-	192	-	99
Other income		-	3	-	3
		<u>133,766</u>	<u>104,558</u>	<u>89,304</u>	<u>51,546</u>
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss (net)	6	39,059	(19,761)	(12,040)	(48,716)
Loss on re-measurement of derivative financial instruments (net)		(17,418)	(15,573)	-	(449)
		<u>21,641</u>	<u>(35,334)</u>	<u>(12,040)</u>	<u>(49,165)</u>
Total income		155,407	69,224	77,264	2,381
Expenses					
Remuneration to Al Meezan Investment Management Limited - Management Company		21,091	19,591	10,410	9,262
Charges to Central Depository Company of Pakistan Limited - Custodian of the Company		558	727	282	366
Annual fee to Securities and Exchange Commission of Pakistan		1,057	803	520	509
Shariah advisory fee to Meezan Bank Limited - Shariah Adviser of the Company		126	-	63	-
Auditors' remuneration		278	100	202	50
Fees and subscription		439	127	48	67
Brokerage		2,148	2,463	1,000	1,551
Legal and professional charges		112	110	74	110
Bank and settlement charges		188	242	70	176
Total expenses		25,997	24,163	12,669	12,091
Net income		129,410	45,061	64,595	(9,710)
Basic and diluted earnings per share (Rupees) - restated	9	<u>0.94</u>	<u>0.33</u>	<u>0.47</u>	<u>(0.07)</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2007**

	Six months period ended December 31,		Quarter ended December 31,	
	2007	2006	2007	2006
	(Rupees in '000)			
Unappropriated income brought forward	977,863	789,906	564,278	485,877
Less: Final distribution in the form of cash dividend for the year ended June 30, 2007 @ 25 %	(299,000)	(358,800)	-	-
Less: Issue of bonus shares for the year ended June 30, 2007 @ 15 %	(179,400)	-	-	-
Net income for the period	129,410	45,061	64,595	(9,710)
Unappropriated income carried forward	628,873	476,167	628,873	476,167

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN EQUITY AND RESERVES-PER CERTIFICATE
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2007
(UNAUDITED - NOTE 2)**

	Six months period ended		Quarter ended	
	December 31,		December 31,	
	2007	2006	2007	2006
	(Rupees in '000)			
Net assets value per share at the beginning of the year	16.13	14.75	14.41	12.53
Net realised gain on sale of investments	0.54	0.33	0.39	0.13
Dividend income	0.32	0.38	0.22	0.21
Profit on deposit accounts with banks	0.11	0.05	0.04	0.03
Profit on term finance certificates	0.00	0.00	0.00	0.00
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss (net)	0.29	(0.14)	(0.09)	(0.35)
Loss on re-measurement of derivative financial instruments (net)	(0.13)	(0.11)	-	(0.00)
Operating expenses	(0.19)	(0.18)	(0.09)	(0.09)
Net income for the period (based on weighted average number of shares outstanding)	0.94	0.33	0.47	(0.07)
Dividend declared and paid	(2.17)	(2.61)	0.00	0.00
Net changes in surplus on revaluation of available for sale investments	(0.05)	(0.05)	(0.03)	(0.04)
Net assets value per share at the end of the period	14.85	12.42	14.85	12.42

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2007
(UNAUDITED - NOTE 2)**

	Share capital	Unapprop- riated income	Surplus/ (deficit) on revaluation of investments	Total
	(Rupees in '000)			
Balance as at July 1, 2006	1,196,000	789,906	43,064	2,028,970
Final dividend for year the ended June 30, 2006	-	(358,800)	-	(358,800)
Net income for the six months period ended December 31, 2006	-	45,061	-	45,061
(Deficit) on revaluation of available for sale investments	-	-	(6,286)	(6,286)
Balance as at December 31, 2006	1,196,000	476,167	36,778	1,708,945
Net income for the six months period ended June 30, 2007	-	501,696	-	501,696
Surplus on revaluation of available for sale investments	-	-	7,951	7,951
Balance as at June 30, 2007	1,196,000	977,863	44,729	2,218,592
Final dividend for year the ended June 30, 2007	-	(299,000)	-	(299,000)
Issue of bonus shares for the year ended June 30, 2007	179,400	(179,400)	-	-
Net income for the six months period ended December 31, 2007	-	129,410	-	129,410
Surplus on revaluation of available for sale investments	-	-	1,837	1,837
Surplus realised on available for sale investments transferred to income statement on disposal	-	-	(8,853)	(8,853)
Balance as at December 31, 2007	<u>1,375,400</u>	<u>628,873</u>	<u>37,713</u>	<u>2,041,986</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2007
(UNAUDITED - NOTE 2)**

	Six months period ended December 31,		Quarterended December 31,	
	2007	2006	2007	2006
(Rupees in '000)				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	129,410	45,061	64,595	(9,710)
Adjustments for non-cash items				
Dividend income	(44,425)	(51,686)	(30,768)	(29,370)
Profit on deposit accounts with banks	(15,075)	(6,840)	(5,212)	(3,580)
Profit on term finance certificates	-	(192)	-	(99)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss (net)	(39,059)	19,761	12,040	48,716
Loss on re-measurement of derivative financial instruments (net)	17,418	15,573	-	449
Surplus realised on sale of available for sale investments	(8,853)	-	(6,040)	-
	39,416	21,677	34,615	6,406
(Increase) / decrease in assets				
Investments - available for sale	9,630	-	1,545	-
Investments at fair value through profit or loss	(181,592)	224,647	30,860	84,762
Receivable against sale of investments	42,978	242,684	24,578	188,675
Deposits, prepayments and other receivables	(2,613)	-	(2,443)	-
Advance income tax	(135)	(3)	(135)	(3)
	(131,732)	467,328	54,405	273,434
Increase / (decrease) in liabilities				
Payable to Al Meezan Investment Management Limited - Management Company	(34,881)	(20,337)	(7,222)	9,262
Payable to Central Depository Company of Pakistan Limited - Custodian of the Company	(23)	27	9	27
Payable to Securities and Exchange Commission of Pakistan	(683)	803	(1,220)	803
Payable to Meezan Bank Limited - Shariah Adviser of the Company	(124)	-	63	-
Payable against purchase of investments	(14,377)	-	(19,653)	-
Accrued expenses and other liabilities	1,076	909	948	(22,382)
	(49,012)	(18,598)	(27,075)	(12,290)
Cash generated from / (used in) operations	(141,328)	470,407	61,945	267,550
Dividend received	41,985	67,354	34,156	48,685
Profit received on deposit accounts with banks	18,557	4,182	3,909	1,678
Profit received on term finance certificates	-	103	-	103
	(80,786)	542,046	100,010	318,016
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(298,150)	(354,592)	(298,109)	(354,584)
Net cash (outflow) from financing activities	(298,150)	(354,592)	(298,109)	(354,584)
Net increase/(decrease) in cash and cash equivalents during the period	(378,936)	187,454	(198,099)	(36,568)
Cash and cash equivalents at the beginning of the period	590,523	29,382	409,686	253,404
Cash and cash equivalents at the end of the period - note 4	211,587	216,836	211,587	216,836

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2007
(UNAUDITED-NOTE 2)**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Al Meezan Mutual Fund Limited (the Fund) was incorporated in Pakistan on July 13, 1995 as a public limited company under the Companies Ordinance, 1984 having its registered office in Karachi, Sindh and is listed on the Karachi Stock Exchange.
- 1.2 The Fund is registered as an 'investment company' under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) vide License no. NBFC -II\11 AMMFL-IC-04\05 issued by the Securities and Exchange Commission of Pakistan (SECP). On November 21, 2007, Non Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations) were notified.
- 1.3 The Fund has an agreement with Al Meezan Investment Management Limited (AMIML), an associated undertaking, to provide asset management services.
- 1.4 The objective of the Fund is to carry on the business of a closed-end mutual fund and to invest its assets in securities, which are listed or proposed to be listed on the stock exchanges.
- 1.5 On November 21, 2007 the Securities and Exchange Commission of Pakistan (SECP) notified the revised NBFC Regulations. Regulation 75 of these Regulations requires that an asset management company managing a closed-end fund shall, upon expiry of five years from the date of launch of the fund, hold a meeting of the shareholders of the company to seek approval of the shareholders (by special resolution) to continue as a closed-end fund or convert into an open-end scheme or wind up the investment company.
- 1.6 The management is of the view that the Regulations cannot be applied retrospectively and the period of five years shall commence from the date the Regulations came into force. The matter has also been taken up by the Mutual Funds Association of Pakistan (MUFAP) with the SECP. Based on these discussions, the management is confident that the aforementioned Regulation 75 will be suitably amended and it will not have any immediate impact on the operations of the investment company.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan, the Companies Ordinance, 1984, the NBFC Rules and NBFC Regulations and the directives issued by the SECP. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies

Ordinance, 1984, NBFC Rules and NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, the NBFC Rules and NBFC Regulations and the said directives take precedence. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the IAS 34: 'Interim Financial Reporting'.

- 2.2 The condensed interim financial statements comprise of the condensed statement of assets and liabilities as at December 31, 2007 and the condensed income statement, condensed distribution statement, condensed statement of movement in equity and reserves per share, condensed statement of changes in equity and condensed cash flow statement, for the period ended December 31, 2006, which have been subject to a review but not audited.
- 2.3 The comparative balance sheet presented in these condensed financial statements as at June 30, 2007 has been extracted from the audited financial statements of the company for the year ended June 30, 2007 whereas the condensed income statement, condensed distribution statement, condensed statement of movement in equity and reserves per share, condensed statement of changes in equity and condensed cash flow statement, for the period ended December 31, 2006 and were subject to review but not audited.

2.4 New accounting standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are not yet effective:

The following standard and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2008 and are not relevant to the fund operations or are not expected to have significant impact on the Fund's financial statements other than certain increased disclosures in certain cases:

- i. IAS 23 - Borrowing Costs (effective from January 1, 2009)
- ii. IFRIC 12 - Service Concession Agreements (effective from January 1, 2008)
- iii. IFRIC 13 - Customer Loyalty Programmes (effective from July 1, 2008)
- iv. IFRIC 14 - IAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from January 1, 2008)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements and the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2007.

4. BALANCES WITH BANKS

December 31, 2007 **June 30, 2007**
Note **(Rupees in '000)**

Current accounts		3,108	1,150
Deposit accounts	4.1	208,479	589,373
		211,587	590,523

4.1 These represent deposits payable on demand and carry return at approximately 3% to 9.5% per annum (June 30, 2007: 3% to 9.5% per annum).

5. INVESTMENTS - AVAILABLE FOR SALE

5.1 Shares of listed companies - available for sale

Name of the investee company	As at July 01, 2007	Purchases during the period	Bonus/ right shares	Sales during the period	As at Dec 31, 2007	Carrying Value as at Dec 31, 2007	Market value as at Dec 31, 2007	Unrealised gain/(loss) as at Dec 31, 2007	Percentage in relation to		
									Net assets of the Fund on the basis of market value of investments (see note 6.3) below	Paid-up capital of investee company (with face value of investments)	Total market value (carrying value of investments)
		----- Number of shares -----			----- Rupees in '000 -----						

Sector / companies

Refinery											
National Refinery Limited	20,000	-	4,000	24,000	-	-	-	-	-	-	-
Oil and gas marketing companies											
Pakistan State Oil Company Limited	1,043	-	-	-	1,043	408	424	16	0.02	0.00	0.02
Fertilizer											
Fauji Fertilizer Company Limited	395,469	-	-	-	395,469	47,951	46,962	(989)	2.30	0.11	2.58
						48,359	47,386	(973)			

Total cost of investments - available for sale

9,673

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

6.1 Shares of listed companies - held for trading

Name of the investee company	As at July 01, 2007	Purchases during the period	Bonus/ right shares	Sales during the period	As at Dec 31, 2007	Carrying Value as at Dec 31, 2007	Market value as at Dec 31, 2007	Unrealised gain/(loss) as at Dec 31, 2007	Percentage in relation to		
									Net assets of the Fund on the basis of market value of investments (see note 6.3)	Paid-up capital of investee company (with face value of investments)	Total market value (carrying value of investments)
		----- Number of shares -----			----- Rupees in '000 -----						

Commercial banks

BankIslami Pakistan Limited	-	250,000	78,125	80,000	248,125	2,864	4,020	1,156	0.20	0.08	0.22
Meezan Bank Limited	1,261,700	-	-	137,000	1,124,700	35,990	43,301	7,311	2.12	0.30	2.38
									2.32		2.60

Textile composite

Nishat Mills Limited	698,770	186,000	-	232,000	652,770	79,717	68,671	(11,046)	3.36	0.41	3.77
									3.36		3.77

Name of the investee company	As at July 01, 2007	Purchases during the period	Bonus/ right shares	Sales during the period	As at Dec 31, 2007	Carrying Value as at Dec 31, 2007	Market value as at Dec 31, 2007	Unrealised gain/(loss) as at Dec 31, 2007	Percentage in relation to		
									Net assets of the Fund on the basis of market value of investments (see note 6.3)	Paid-up capital of investee company (with face value of investments)	Total market value (carrying value of investments)
	Number of shares of listed companies				Rupees in '000						
Jute											
Thal Limited (note 6.2)	160,000	-	48,000	55,000	153,000	32,836	43,513	10,677	2.13	0.50	2.39
									2.13		2.39
Cement											
Attock Cement Company Limited	299,800	-	-	-	299,800	36,711	29,890	(6,821)	1.46	0.42	1.64
D G Khan Cement Company Limited	-	185,000	-	185,000	-	-	-	-	0.00	0.00	0.00
Fauji Cement Company Limited	-	200,000	-	133,500	66,500	1,207	991	(216)	0.05	0.02	0.05
									1.51		1.69
Refinery											
National Refinery Limited	171,300	-	11,460	182,760	-	-	-	-	0.00	0.00	0.00
									0.00		0.00
Power generation & distribution											
The Hub Power Company Limited	1,680,000	853,500	-	-	2,533,500	89,125	77,272	(11,853)	3.78	0.22	4.25
Kot Addu Power Company Limited	-	105,000	-	104,100	900	43	43	-	0.00	0.00	0.00
									3.78		4.25
Oil & gas marketing companies											
Pakistan State Oil Company Limited	53,200	166,000	-	85,000	134,200	50,369	54,566	4,197	2.67	0.08	3.00
									2.67		3.00
Oil & gas exploration companies											
Oil & Gas Development Company Limited	1,379,000	971,000	-	325,000	2,025,000	238,025	241,886	3,861	11.85	0.05	13.29
Pakistan Oilfields Limited	204,000	115,000	-	182,000	137,000	44,517	45,813	1,296	2.24	0.07	2.52
Pakistan Petroleum Limited	545,100	267,000	54,510	95,000	771,610	186,070	189,083	3,013	9.26	0.10	10.39
									23.35		26.20
Automobile assembler											
Indus Motor Company Limited	313,100	-	-	47,000	266,100	81,294	84,939	3,645	4.16	0.34	4.67
Pak Suzuki Motor Company Limited	226,680	-	-	40,700	185,980	72,904	61,308	(11,596)	3.00	0.23	3.37
									7.16		8.04
Automobile parts & accessories											
Agriauto Industries Limited (note 6.2)	590,800	-	-	-	590,800	58,430	63,954	5,524	3.13	2.46	3.51
									3.13		3.51
Technology & communication											
Pakistan Telecommunication Company Limited "A"	50,000	2,800,000	-	775,000	2,075,000	109,558	87,254	(22,304)	4.27	0.05	4.79
TRG Pakistan Limited	-	1,000,000	-	-	1,000,000	12,805	14,000	1,195	0.69	0.27	0.77
									4.96		5.56
Fertilizer											
Engro Chemical Pakistan Limited	633,700	248,880	-	328,000	554,580	129,423	147,380	17,957	7.22	0.29	8.10
Fauji Fertilizer Company Limited	771,086	307,000	-	-	1,078,086	131,119	128,023	(3,096)	6.27	0.22	7.03
Fauji Fertilizer Bin Qasim Limited	2,388,000	1,939,500	-	717,500	3,610,000	146,842	151,800	4,958	7.43	0.39	8.34
									20.92		23.47
Pharmaceutical											
Glaxo SmithKline (Pakistan) Limited	83,125	-	20,781	-	103,906	15,586	19,992	4,406	0.98	0.06	1.10
									0.98		1.10
Chemicals											
ICI Pakistan Limited	-	200,100	-	75,000	125,100	19,453	24,601	5,148	1.20	0.09	1.35
Sitara Chemical Industries Limited	177,100	-	5,860	119,500	63,460	9,187	21,322	12,135	1.04	0.31	1.17
									2.24		2.52
Paper & Board											
Packages Limited	571,250	86,000	-	205,000	452,250	145,428	164,529	19,101	8.06	0.62	9.04
									8.06		9.04
Glass & Ceramics											
Ghani Glass Limited	83,250	-	4,162	33,200	54,212	3,942	4,353	411	0.21	0.06	0.24
									0.21		0.24
						<u>1,733,445</u>	<u>1,772,504</u>	<u>39,059</u>			
Total cost of investments - held for trading							<u>1,454,631</u>				

6.2 All shares have a nominal value of Rs.10/- each except for shares of Agriauto Industries Limited & Thal Limited which have a face value of Rs. 5/- each.

6.3 Net assets are as defined in Rule 2 (xxvi) of NBFC Regulations.

6.4 SECP through its letter No.NBFC-II/AD/AMIML/406 dated June 12, 2007 had relaxed the investment limits prescribed in rule 49(3) and (4) of NBFC Rules to fifteen percent and thirty percent respectively. However said rules have been replaced by the regulations 64 (5) and (8) of the NBFC Regulations issued on November 21, 2007.

7. DERIVATIVE FINANCIAL INSTRUMENTS

7.1 Derivative financial instruments outstanding as at December 31, 2007 amounted to Rs nil (June 30, 2007: Rs 17.418 million)

8 SHARE CAPITAL

Issued, subscribed and paid-up share capital	Ordinary shares	
	Number	Amount
	(Rupees in '000)	
Ordinary shares of Rs.10/- each fully paid in cash	96,562,488	965,625
Ordinary shares of Rs.10/- each fully paid bonus shares	23,037,500	230,375
As at June 30, 2007	119,599,988	1,196,000
Ordinary shares of Rs.10/- each issued as bonus shares	17,939,998	179,400
As at December 31, 2007	137,539,986	1,375,400

	Six months period ended		Quarter ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
9 BASIC EARNINGS PER SHARE				
Net profit for the period (Rupees in '000)	129,410	45,061	64,595	(9,710)
Weighted average number of ordinary shares outstanding during the period	137,540	137,540	137,540	137,540
Basic and diluted earning per share (Rupees)-restated	0.94	0.33	0.47	(0.07)

9.1 The number of ordinary shares as at December 31, 2006 has been adjusted for issue of bonus shares.

10 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

	December 31, 2007	June 30, 2007
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	3,459	38,340
Investment of 22,755,692 shares (June 30, 2007: 19,787,559 shares)	288,997	300,771

	December 31 2007	June 30 2007
(Rupees in '000)		
Meezan Islamic Fund		
Investment of 19,570,700 shares (June 30, 2007: 17,018,000 shares)	<u>248,548</u>	<u>258,674</u>
Meezan Bank Limited		
- Shariah Adviser of the company		
Balance with bank	<u>10,023</u>	<u>2,735</u>
Investment in 1,124,700 shares (June 30, 2007: 1,261,700 shares)	<u>43,301</u>	<u>40,374</u>
Investment of 5,561,607 shares (June 30, 2007: 4,836,180 shares)	<u>70,632</u>	<u>73,510</u>
Central Depository Company of Pakistan Limited		
- custodian		
Charges payable	<u>90</u>	<u>113</u>
Charges for the period	<u>558</u>	<u>727</u>
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 20,751,690 shares (June 30, 2007: 18,627,122 shares)	<u>263,546</u>	<u>283,132</u>
Dividend for the period	<u>41,911</u>	<u>55,881</u>
Directors and officers		
Investment of 349,440 shares (June 30, 2007: 303,862 shares)	<u>4,438</u>	<u>4,619</u>
Dividend for the period	<u>757</u>	<u>890</u>
Sitara Chemical Industries Limited		
Investment in 63,460 shares (June 30, 2007: 177,100 shares)	<u>21,322</u>	<u>28,203</u>
Al Meezan Investment Management Limited		
- Management Company of the company		
Remuneration for the period	<u>21,091</u>	<u>19,591</u>
Dividend for the period	<u>44,522</u>	<u>59,363</u>
Meezan Islamic Fund		
Dividend for the period	<u>42,545</u>	<u>51,054</u>
Meezan Bank Limited		
- Shariah Adviser of the company		
Profit on deposit accounts with bank	<u>36</u>	<u>2,662</u>
Shariah advisory fee for the period	<u>126</u>	<u>-</u>
Dividend for the period	<u>10,881</u>	<u>12,488</u>

11 DATE OF AUTHORISATION

These condensed interim financial statements have been authorised for issue on February 13, 2008 by the board of directors of the company.

Chief Executive

Director

**STATEMENT OF THE INCOME & EXPENDITURE OF
THE MANAGEMENT COMPANY IN RELATION TO THE
INVESTMENT COMPANY
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2007**

	2007	2006
	(Rupees in '000)	
INCOME		
Remuneration receivable from Al Meezan Mutual Fund Ltd.	21,091	19,591
Dividend income	49,469	59,363
	70,560	78,954

OPERATING EXPENSES

Salaries and other benefits	4,943	5,238
Motor vehicle running expenses	90	116
Fees and subscription	290	168
Insurance expense	32	61
Printing and stationery	101	150
Financial charges	794	-
Communication	240	187
Depreciation	475	574
Travelling and conveyance	165	102
Entertainment	25	25
Legal and professional charges	546	224
Training and development	54	27
Repairs and maintenance	29	8
Office supplies	40	34
Transfer agency fees	250	235
Rent, rates and taxes	362	599
Utilities	102	87
Miscellaneous expenses	13	23
	8,552	7,858
Profit for the period	62,008	71,096

Note:

The Above expenses are allocated based on the average net assets of the respective funds managed by the Asset Management Company. Other revenue and expenses not relating to the investment company has not been included in the above statement.