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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Istaqbal Mehdi	Chairman
Mr. Irfan Siddiqui	
Mr. Ariful Islam	
Mr. Farhan Malik	
Mr. Muhammad Asad	
Syed Owais Wasti	
Mr. Mohammad Shoaib, CFA	Chief Executive

### AUDIT COMMITTEE

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

### CFO & COMPANY SECRETARY

Syed Owais Wasti

### INVESTMENT ADVISER

Al Meezan Investment Management Limited

### AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants

### CUSTODIAN

Central Depository Company of Pakistan Limited

### BANKERS

Bank AL Habib Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Habib Metropolitan Bank Limited  
Al-Barakah Islamic Bank  
BankIslami Pakistan Limited  
Bank Alfalah Limited

### 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](http://www.almeezangroup.com)  
E-mail: [marketing@almeezangroup.com](mailto:marketing@almeezangroup.com)

### SHARE REGISTRAR

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

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**Al Meezan**  
Investment Management Ltd.



## Our Mission

*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.*

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## Our Vision

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



**Al Meezan**  
Investment Management Ltd.



## DIRECTORS' REPORT

The Board of Directors of Al Meezan Mutual Fund (AMMF), is pleased to present the unaudited accounts of the Fund for the nine months and quarter ended 31 March 2007.

### Market Review

After a disappointing 1HFY07 for the Pakistani stock market, where the KSE-100 Index gained only 0.51%, it recorded an impressive performance during 3QFY07 with a rise of 12.27% mainly driven by foreign flows. Foreign funds inflow was high during the third quarter on account of attractive valuations of Pakistani stocks as rising domestic political tensions were largely ignored. On the other hand, domestic investors remained cautious in the wake of uncertainty relating to SECP probes into stock market operations. Foreign interest driven rally led to KSE-100 index high of 11,867 on 08 February 2007 and was abated by an across the board decline in global equity markets, especially the Asian markets, on concerns of monetary tightening in China. This, combined with a slowdown in its major trading partner, the US, resulted in a major correction in the Chinese market followed by the other Asian markets. However, the regulatory authorities in these markets reassured their investors that there was nothing to be worried about which resulted in a rebound in nearly all the major markets of the world. Pakistan, which is being rated as one of the most attractive markets of the region by Merrill Lynch once again attracted international fund flows that stabilized the market.

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### Operational Review

During the first nine months of FY07, AMMF recorded an NAV based return of 9.5% versus market return of 12.8% as measured by KSE-100 Index. The underperformance of AMMF was primarily because of exceptional performance of banking stocks during the period.

For the nine months ended 31 March 2007, the fund earned gross income of Rs. 158 million, main contributors of which were capital gains of Rs. 75 million and dividend income of Rs. 69 million. After accounting for expenses of Rs. 35 million and revaluation surplus of Rs. 52 million the fund recorded a net profit of Rs. 175 million for the nine months period. This translates into earnings per share of Rs. 1.46. The net assets of AMMF as at 31 March 2007 stood at Rs. 1,838 million which is equivalent to net asset value per share of Rs. 15.37.





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### **Mutual Fund Rating**

Pakistan Credit Rating Agency (PACRA) has assigned 4-Star to AMMF which denotes good performance of the fund versus its peers. The management of the fund is striving to improve this rating further in the future.

### **Future Outlook**

We remain hopeful of the future prospects of the stock market in general and of Al Meezan Mutual Fund in particular. While the 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.

We take this opportunity to thank our valuable investors for reposing faith in us. We also thank the regulator, Securities and Exchange Commission of Pakistan, AMMF's custodian, Central Depository Company of Pakistan and the management of Karachi Stock Exchange for all their support and guidance.

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**Mohammad Shoaib, CFA**  
Chief Executive Officer

24 April 2007



**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
AS AT 31 MARCH 2007

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	<b>Note</b>	<b>(Unaudited) 31 March 2007 (Rupees in '000)</b>	<b>(Audited) 30 June 2006 (Restated)</b>
<b>Assets</b>			
Bank balances	5	299,460	29,382
Receivable against sale of investments		-	250,112
Investment in marketable securities - 'available for sale'	6	46,916	53,514
Investment in marketable securities - 'at fair value through profit or loss'	7	1,508,135	1,698,267
Dividend receivable		5,802	20,216
Derivative financial instruments	8	-	15,314
Deposits, prepayments and other receivables		6,144	354
Advance income tax		5,124	5,124
<b>Total assets</b>		<b>1,871,581</b>	<b>2,072,283</b>
<b>Liabilities</b>			
Remuneration payable to Al Meezan Investment Management Limited - Investment Adviser (an associated undertaking)		28,744	39,928
Payable to the Central Depository Company of Pakistan Limited - Custodian of the Company		112	85
Payable to the Securities and Exchange Commission of Pakistan		1,261	1,997
Accrued expenses and other liabilities		1,705	528
Derivative financial instruments	8	-	-
Unclaimed dividend		1,282	775
<b>Total liabilities</b>		<b>33,104</b>	<b>43,313</b>
<b>Net assets</b>		<b>1,838,477</b>	<b>2,028,970</b>
<b>Deferred sale commitments</b>	8		
<b>Shareholders' equity</b>			
Authorised capital 150,000,000 ordinary shares of Rs. 10/- each		1,500,000	1,500,000
Issued, subscribed and paid-up capital		1,196,000	1,196,000
Unappropriated income carried forward		606,011	789,906
		1,802,011	1,985,906
Surplus on revaluation of 'available for sale' investments		36,466	43,064
		1,838,477	2,028,970
Net assets value per share (Rupee)		15.37	16.96

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**Mohammad Shoab, CFA**  
Chief Executive

**Muhammad Asad**  
Director



**Al Meezan**  
Investment Management Ltd.



**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2007

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>31 March</u>		<u>31 March</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	<u>(Restated)</u>		<u>(Restated)</u>	
	<u>(Rupees in '000)</u>			
<b>Income</b>				
Capital gains on sale of investments - net	75,103	442,309	29,266	312,752
Dividend income	68,628	71,726	16,942	19,051
Profit on profit and loss sharing (PLS)				
accounts with banks	14,231	8,334	7,391	6,098
Profit on Term Finance Certificates	515	825	323	507
Other income	3	114	-	114
	<u>158,480</u>	<u>523,308</u>	<u>53,922</u>	<u>338,522</u>
Unrealised (loss) / gain on investments at fair value through profit or loss	<u>66,958</u>	<u>284,616</u>	<u>86,719</u>	<u>3,560</u>
Loss on derivative financial instruments (net)	<u>(15,314)</u>	<u>(445)</u>	<u>259</u>	<u>226</u>
	<u>51,644</u>	<u>284,171</u>	<u>86,978</u>	<u>3,786</u>
<b>Total income</b>	<u>210,124</u>	<u>807,479</u>	<u>140,900</u>	<u>342,308</u>
<b>Expenses</b>				
Remuneration to Al Meezan Investment Management Limited - Investment Adviser of the Company	28,744	29,405	9,153	11,421
Charges of Central Depository Company of Pakistan Limited - Custodian of the Company	1,043	1,398	316	420
Annual fee - Securities and Exchange Commission of Pakistan	1,261	1,470	458	571
Auditors' remuneration	234	211	134	22
Fees and subscription	127	196	-	-
Brokerage	3,406	9,290	943	4,361
Legal and professional	110	100	-	-
Bank and settlement charges	294	453	52	141
	<u>35,219</u>	<u>42,523</u>	<u>11,056</u>	<u>16,936</u>
<b>Net income for the period</b>	<u>174,905</u>	<u>764,956</u>	<u>129,844</u>	<u>325,372</u>
<b>Basic earnings per share (Rupees)</b>	<u>1.46</u>	<u>6.40</u>	<u>1.09</u>	<u>2.72</u>

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The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**Mohammad Shoaib, CFA**  
Chief Executive

**Muhammad Asad**  
Director



**Al Meezan**  
Investment Management Ltd.



**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)**  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2007

	Nine months ended		Quarter ended	
	31 March 2007	2006	31 March 2007	2006
	<b>(Rupees in '000)</b>			
Unappropriated profit brought forward	<b>789,906</b>	439,403	<b>476,167</b>	789,287
Net profit for the period	<b>174,905</b>	764,956	<b>129,844</b>	325,372
Final dividend for year ended 2005-06 @ Rs. 3/share (30%)	<b>(358,800)</b>	-	-	-
Final dividend for year ended 2004-05 @ Re. 0.75 / share (7.5%)	-	(89,700)	-	-
Unappropriated profit carried forward	<b><u>606,011</u></b>	<u>1,114,659</u>	<b><u>606,011</u></b>	<u>1,114,659</u>

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The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**Mohammad Shoaib, CFA**  
Chief Executive

**Muhammad Asad**  
Director



**Al Meezan**  
Investment Management Ltd.





**CONDENSED INTERIM STATEMENT OF MOVEMENT  
IN EQUITY AND RESERVES-PER SHARE (UNAUDITED)**  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2007

	Nine months ended		Quarter ended	
	31 March 2007	2006	31 March 2007	2006
Net assets value per share at the beginning of the year	<b>16.96</b>	13.97	<b>14.30</b>	17.04
Gain on sale of investments	<b>0.63</b>	3.70	<b>0.24</b>	2.61
Dividend income	<b>0.57</b>	0.60	<b>0.13</b>	0.16
Profit on profit and loss sharing (PLS) accounts with banks	<b>0.12</b>	0.07	<b>0.06</b>	0.05
Profit on term finance certificates	<b>0.00</b>	0.01	<b>0.00</b>	0.00
Unrealised gain on investments at fair value through profit or loss	<b>0.56</b>	2.38	<b>0.73</b>	0.03
Loss on derivative financial instruments (net)	<b>(0.13)</b>	(0.00)	<b>0.00</b>	0.00
Operating expenses	<b>(0.29)</b>	(0.36)	<b>(0.09)</b>	(0.14)
Net profit for the period (based on weighted average number of shares outstanding)	<b>1.46</b>	6.40	<b>1.08</b>	2.72
Net changes in surplus on revaluation of 'available-for-sale' investments	<b>(0.06)</b>	0.14	<b>(0.01)</b>	(0.01)
Dividend declared and paid	<b>(3.00)</b>	(0.75)	<b>0.00</b>	0.00
<b>Net assets value per share at the end of the period</b>	<b>15.37</b>	19.76	<b>15.37</b>	19.75

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The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**Mohammad Shoaib, CFA**  
Chief Executive

**Muhammad Asad**  
Director



**Al Meezan**  
Investment Management Ltd.



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2007

	Nine months ended		Quarter ended	
	31 March 2007	2006 (Restated)	31 March 2007	2006 (Restated)
<b>(Rupees in '000)</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	174,905	764,956	129,844	325,372
<b>Adjustments for non-cash items</b>				
Dividend income	(68,628)	(71,726)	(16,942)	(19,051)
Profit on deposit accounts with banks	(14,231)	(8,334)	(7,391)	(6,098)
Profit on term finance certificates	(515)	(825)	(323)	(507)
Unrealised (loss) / gain on investments at fair value through profit or loss	(66,958)	(284,616)	(86,719)	(3,560)
Deficit on revaluation of derivatives	15,314	445	(259)	(226)
	39,887	399,900	18,210	295,930
<b>(Increase) / decrease in assets</b>				
Receivable against sale of investments	250,112	(276,045)	7,428	(123,211)
Investment in marketable securities - 'held for trading'	257,090	(446,562)	32,443	(126,385)
Deposits, prepayments and other receivables	-	(25)	-	4,741
Advance tax recoverable	-	-	3	-
	507,202	(722,632)	39,874	(244,855)
<b>Increase / (decrease) in liabilities</b>				
Payable to Al Meezan Investment Management Limited - Investment Adviser	(11,184)	3,023	9,153	11,421
Payable to Central Depository Company of Pakistan Limited - Custodian	27	(616)	-	(282)
Payable to Securities and Exchange Commission of Pakistan	(736)	574	(1,539)	571
Accrued expenses and other liabilities	1,177	346	268	180
Payable against purchase of investments	-	275,385	-	192,941
	(10,716)	278,712	7,882	204,831
Cash generated from / (used in) operations	536,373	(44,020)	65,966	255,906
Dividend received	83,042	62,193	15,688	10,017
Profit received on deposit accounts with banks	8,518	4,737	4,336	2,116
Profit received on term finance certificates	438	931	335	564
Cash generated from operating activities	628,371	23,841	86,325	268,603
Income tax paid	-	-	-	342
Net cash inflow from operating activities	628,371	23,841	86,325	268,945
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid	(358,293)	(90,373)	(3,701)	(130)
Net cash outflow from financing activities	(358,293)	(90,373)	(3,701)	(130)
Net increase in cash and cash equivalents during the period	270,078	(66,532)	82,624	268,815
Cash and cash equivalents at the beginning of the period	29,382	482,924	216,836	147,577
Cash and cash equivalents at the end of the period - note 5	299,460	416,392	299,460	416,392

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**Mohammad Shoab, CFA**  
Chief Executive

**Muhammad Asad**  
Director



**Al Meezan**  
Investment Management Ltd.



**CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (UNAUDITED)**  
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2007

	Issued, subscribed and paid-up capital	Unappropriated Profit	Total	Surplus on revaluation of investments	Total
(Rupees in '000)					
<b>Balance as at 01 July 2005</b>	1,196,000	439,403	1,635,403	35,474	1,670,877
Final dividend for year ended 2004-05 @ Re. 0.75 / share (7.5%)	-	(89,700)	(89,700)	-	(89,700)
Profit for the nine months ended 31 March 2006	-	764,956	764,956	-	764,956
Surplus on revaluation of 'available-for-sale' investments	-	-	-	16,292	16,292
<b>Balance as at 31 March 2006</b>	1,196,000	1,114,659	2,310,659	51,766	2,362,425
Profit for the quarter ended 30 June 2006	-	(324,753)	(324,753)	-	(324,753)
(Deficit) on revaluation of 'available-for-sale' investments	-	-	-	(8,702)	(8,702)
<b>Balance as at 30 June 2006</b>	1,196,000	789,906	1,985,906	43,064	2,028,970
Final dividend for year ended 2005-06 @ Rs. 3 / share (30%)	-	(358,800)	(358,800)	-	(358,800)
Profit for the nine months ended 31 March 2007	-	174,905	174,905	-	174,905
(Deficit) on revaluation of 'available-for-sale' investments	-	-	-	(6,598)	(6,598)
<b>Balance as at 31 March 2007</b>	<u>1,196,000</u>	<u>606,011</u>	<u>1,802,011</u>	<u>36,466</u>	<u>1,838,477</u>

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The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**Mohammad Shoaib, CFA**  
Chief Executive

**Muhammad Asad**  
Director



**Al Meezan**  
Investment Management Ltd.



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2007

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Al Meezan Mutual Fund Limited (the Fund) was incorporated in Pakistan on 13 July 1995 as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. 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). The Fund's registered office is on Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi. 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.

The Fund has an agreement with Al Meezan Investment Management Limited, an associated undertaking, to provide investment advisory services.

### 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 condensed financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan, requirements of the 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 30 June 2006. 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. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed financial statements are the same as those applied in the preparation of the annual financial statements of the fund for the year ended 30 June 2006.

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**Al Meezan**  
Investment Management Ltd.



#### 4.1 ESTIMATES AND JUDGEMENTS

The preparation of condensed 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.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2006.

	Note	31 March 2007	30 June 2006
<b>5 BANK BALANCES</b>		<b>(Rupees in '000)</b>	
PLS savings accounts		298,162	28,600
Current accounts		1,298	782
		299,460	29,382

#### 6. INVESTMENT IN MARKETABLE SECURITIES - classified as 'available for sale'

	6.1	46,916	53,514
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##### 6.1 Listed shares - available for sale

Name of the company	Number of Shares				As at 31 March 2007		Percentage in relation to			
	As at 01 July 2006	Purchases during the period	Bonus / right shares	Sales during the period	As at 31 March 2007	Cost	Market value	Total assets of the fund %	Investee Co's paid up capital %	Total investments %
(Rupees in '000)										
<b>Refinery</b>										
National Refinery Limited	20,000	-	-	-	20,000	6,326	4,804	0.26	0.03	0.32
								0.26		0.32
<b>Oil and gas marketing companies</b>										
Pakistan State Oil Company Limited	1,043	-	-	-	1,043	403	370	0.02	0.00	0.02
								0.02		0.02
<b>Fertilizer</b>										
Fauji Fertilizer Company Limited	395,469	-	-	-	395,469	37,937	41,742	2.23	0.08	2.68
								2.23		2.68
Total cost and market value 'available for sale' investments as at 31 March 2007						44,666	46,916			

	31 March 2007	30 June 2006
<b>7. INVESTMENT IN MARKETABLE SECURITIES - classified as 'at fair value through profit or loss'</b>	<b>(Rupees in '000)</b>	
<b>Held for trading</b>		
Listed shares	1,504,675	1,693,982
<b>Designated investments at fair value through profit or loss upon initial recognition</b>		
Listed term finance certificates	3,460	4,285
	1,508,135	1,698,267



## 7.1 Listed shares - Held for trading

Name of the company	Number of Shares				As at 31 March 2007		Percentage in relation to			
	As at 01 July 2006	Purchases during the period	Bonus / right shares	Sales during the period	As at 31 March 2007	Carrying value	Market value	Total assets of the fund %	Investee Co's paid up capital %	Total investments %
							(Rupees in '000)			
<b>Commercial Banks</b>										
BankIslami Pakistan Limited	529,000	264,400	-	130,000	663,400	7,625	6,501	0.35	0.33	0.42
Meezan Bank Limited (Associate)	77,000	388,500	7,700	50,000	423,200	8,151	8,295	0.44	0.11	0.53
								0.79		0.95
<b>Textile Composite</b>										
Artistic Denim Mills Limited	50,500	-	86,800	137,300	-	-	-	-	-	-
Nisat Mills Limited	777,700	508,500	109,570	167,000	1,228,770	113,586	123,614	6.60	0.77	7.95
								6.60		7.95
<b>Synthetic &amp; Rayon</b>										
Dewan Salman Fibre Ltd.	-	100,000	-	-	100,000	777	785	0.04	0.43	0.05
								0.04		0.05
<b>Jute</b>										
Thal Limited	165,000	-	33,000	-	198,000	27,893	38,808	2.07	0.85	2.50
								2.07		2.50
<b>Cement Companies</b>										
Cherat Cement Company Limited	218,250	-	13,207	166,200	65,257	3,688	3,083	0.16	0.07	0.20
D G Khan Cement Company Limited	638,500	1,004,700	107,550	1,233,500	517,250	37,420	44,742	2.39	0.20	2.88
Attock Cement Company Limited	58,400	4,300	-	-	62,700	5,689	6,051	0.32	0.09	0.39
Fauji Cement Limited	198,000	519,000	-	369,000	348,000	5,783	5,777	0.31	0.09	0.37
Maple Leaf Cement Company Limited	1,631,900	-	-	1,631,900	-	-	-	-	-	-
								3.19		3.84
<b>Refinery</b>										
National Refinery Limited	332,000	-	-	72,000	260,000	69,420	62,452	3.34	0.39	4.02
								3.34		4.02
<b>Power Generation &amp; Distribution</b>										
The Hub Power Company Limited	1,210,000	845,000	-	774,500	1,280,500	35,326	37,070	1.98	0.11	2.38
Kot Addu Power Company Limited	238,500	-	-	238,500	-	-	-	-	-	-
								1.98		2.38
<b>Oil &amp; Gas Marketing Companies</b>										
Pakistan State Oil Company Limited	370,500	255,000	-	490,300	135,200	43,272	48,003	2.56	0.08	3.09
Shell Pakistan Limited	26,200	-	6,550	1,300	31,450	12,112	12,266	0.66	0.06	0.79
Sui Southern Gas Company Limited	498,500	-	-	498,500	-	-	-	-	-	-
								3.22		3.88
<b>Oil &amp; Gas Exploration Companies</b>										
Oil & Gas Development Company Limited	1,508,700	1,294,300	-	1,344,000	1,459,000	181,747	173,329	9.26	0.03	11.15
Pakistan Oilfields Limited	504,100	107,000	-	350,800	260,300	88,299	83,465	4.46	0.13	5.37
Pakistan Petroleum Limited	527,600	490,000	-	526,500	491,100	115,769	120,492	6.44	0.07	7.75
								20.16		24.26
<b>Total carried forward</b>						<b>756,557</b>	<b>774,733</b>			





Name of the company	Number of Shares				As at 31 March 2007		Percentage in relation to			
	As at 01 July 2006	Purchases during the period	Bonus / right shares	Sales during the period	As at 31 March 2007	Carrying value	Market value	Total assets of the fund %	Investee Co's paid up capital %	Total investments %
						(Rupees in '000)				
<b>Total brought forward</b>						<b>756,557</b>	<b>774,733</b>			
<b>Automobile Assembler</b>										
Indus Motor Company Limited	312,600	-	-	-	312,600	59,707	75,055	4.01	0.40	4.83
Pak Suzuki Motors Company Limited	86,120	-	-	-	86,120	26,955	44,778	2.39	0.16	2.88
								6.40		7.71
<b>Automobile Parts &amp; Accessories</b>										
Agriauto Industries Limited	598,500	-	-	-	598,500	41,177	46,085	2.46	2.49	2.96
								2.46		2.96
<b>Technology &amp; Communication</b>										
Pakistan Telecommunication Company Limited "A"	3,109,600	725,000	-	2,329,000	1,505,600	66,239	71,365	3.81	0.04	4.59
								3.81		4.59
<b>Fertilizer</b>										
Engro Chemicals Pakistan Limited	564,200	321,000	-	133,000	752,200	131,638	139,759	7.47	0.45	8.99
Fauji Fertilizer Company Limited	927,486	214,000	-	140,400	1,001,086	118,748	105,665	5.65	0.20	6.79
Fauji Fertilizer Bin Qasim Company Limited	2,352,000	859,000	-	483,000	2,728,000	82,035	86,887	4.64	0.29	5.59
								17.76		21.37
<b>Pharmaceutical</b>										
Glaxo SmithKline (Pakistan) Limited	66,500	-	16,625	-	83,125	11,704	12,801	0.68	0.06	0.82
								0.68		0.82
<b>Chemical</b>										
Sitara Chemical Industries Limited	177,100	-	-	-	177,100	20,455	17,002	0.91	0.95	1.09
								0.91		1.09
<b>Paper &amp; Board</b>										
Century Paper & Board Mills Limited	65,200	-	-	65,200	-	-	-	-	-	-
Packages Limited	559,286	-	-	-	559,286	117,087	125,280	6.69	0.80	8.06
								6.69		8.06
<b>Glass &amp; Ceramics</b>										
Ghani Glass Limited	50,000	16,600	16,650	-	83,250	5,415	5,265	0.28	0.10	0.35
								0.28		0.35
<b>Securities sold under deferred sale arrangement</b>										
<b>Textile Composite</b>										
Nishat Mills Limited	-	290,500	-	290,500	-	-	-	-	-	-
								-		-
<b>Cement Companies</b>										
D G Khan Cement Company Limited	-	246,500	-	246,500	-	-	-	-	-	-
								-		-
<b>Oil &amp; Gas Marketing Companies</b>										
Pakistan State Oil Company Limited	-	284,100	-	284,100	-	-	-	-	-	-
								-		-
<b>Oil &amp; Gas Exploration Companies</b>										
Oil & Gas Development Company Limited	-	442,500	-	442,500	-	-	-	-	-	-
Pakistan Oilfields Limited	-	56,500	-	56,500	-	-	-	-	-	-
Pakistan Petroleum Limited	-	297,000	-	297,000	-	-	-	-	-	-
								-		-
<b>Fertilizer</b>										
Engro Chemicals Pakistan Ltd.	-	138,000	-	138,000	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Company Limited	-	84,500	-	84,500	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	470,500	-	470,500	-	-	-	-	-	-
Pioneer Cement Limited	-	2,500,000	-	2,500,000	-	-	-	-	-	-
								-		-
						1,437,717	1,504,675			
Total cost of investments										1,414,529





7.2 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.

7.3 Net assets are as defined in Rule 2 (xxxiv) of NBFC Rules.

**7.4 Term Finance Certificates - designated at fair value through profit or loss upon initial recognition**

Term finance certificates have a face value of Rs. 5,000/- each.

Name of the company	Note	Number of Shares				As at 31 March 2007		Percentage in relation to			
		As at 01 July 2006	Purchases during the period	Bonus / right shares	Sales during the period	As at 31 March 2007	Carrying value	Market value	Total assets of the fund %	Investee Co's paid up capital %	Total investments %
		(Rupees in '000)									
Al Zamin Leasing Modaraba I	7.4.1	516	-	-	-	516	1,755	1,755	0.09	0.00	0.11
Sitara Chemical Industries Limited	7.4.2	880	-	-	-	880	2,112	1,705	0.09	0.01	0.11
							<u>3,867</u>	<u>3,460</u>	0.18		0.22
							<u>1,441,584</u>	<u>1,508,135</u>			

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7.4.1 A minimum expected profit of 8% per annum shall be paid on the term finance certificates. If the modaraba generates profits in excess of 8% per annum, the holders of the term finance certificates will have a share in the excess profits in the same ratio that is the basis of sharing the minimum expected profit.

7.4.2 These are based on the mechanism of profit and loss sharing where the payment of profit to or the sharing of loss with the holders of the term finance certificates is linked to the operating profit or loss of the chemical division. For this purpose, the level of operating profits is divided into two broad tiers; 'level I' profits, which are the first Rs.100 million of operating profits, and 'level II' profits which are all operating profits in excess of 'level I' profits. Profit shall be paid to the holders of the term finance certificates on the first Rs.100 million (level I profits) at a rate of 12% per annum on the outstanding principal. The rate of percentage profit shall be proportionately reduced if the operating profit is less than Rs.100 million. The holder of the term finance certificate shall be paid an additional 2% per annum of the outstanding principal on each subsequent Rs.100 million of operating profit over and above the first Rs.100 million (level I profits).

**8 DERIVATIVE FINANCIAL INSTRUMENTS**

Type of contract	Settlement	Underlying	Notional amount	Nine months ended 31 March 2007	
				Fair value	
				(Assets)	(Liabilities)
Deferred Sale	February 2007	Equity indices	-	-	-
Letter of right	February 2007	Equity indices	-	-	-
30 June 2006				15,314	-







## 9 BASIC EARNINGS PER SHARE

	Nine Months Ended		Quarter Ended	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
	(Rupees in '000)			
Net profit for the period (Rupees)	174,905	764,956	129,844	325,372
Weighted average number of ordinary shares outstanding during the period	119,600	119,600	119,600	119,600
Basic earnings per share (Rupees)	1.46	6.40	1.09	2.72

9.1 No figure for diluted earnings per share has been presented as the company has not issued any instruments which would have an impact on earnings per share when exercised subsequent to 31 March 2007.

Nine months ended 31 March	
2007	2006
(Rupees in '000)	

## 10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

### Al Meezan Investment Management Limited - Investment Adviser of the Company

Remuneration for the period	28,744	29,405
Balance as at 31 March 2007	28,744	29,405
Dividend for the period ended 31 March 2007	59,363	14,841

### Meezan Bank Limited

Bank balance at the end of the period	1,397	197,567
Profit on bank accounts with the bank	2,839	5,386
Dividend for the period ended 31 March 2007	12,488	2,371

### Central Depository Company of Pakistan Limited - Custodian

Remuneration for the period	1,043	1,398
Balance at the end of the period	112	95

### Pak Kuwait Investment Company (Private) Limited

Dividend for the period ended 31 March 2007	55,881	13,970
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**Al Meezan**  
Investment Management Ltd.



## 11. DATE OF AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

These financial statements have been authorised for issue on 24 April 2007 by the Board of Directors of the company.

## 12. GENERAL

12.1 Comparative figures have been rearranged and reclassified for the purpose of comparison and better presentation. The significant reclassifications are as follows:

Particulars	Reclassification from component	Reclassification to component	Year ended 30 June 2006 (Rupees in '000)
Investments	Short-term investments	Investment in marketable securities - 'available for sale'	53,514
Investments	Short-term investments	Investment in marketable securities - 'at fair value through profit or loss'	1,698,267
18 Derivative	Short-term investments	Derivative financial instruments	15,314

In addition to above, some changes were made to the narrations of expenses and income disclosed in the income statement.

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

**Mohammad Shoaib, CFA**  
Chief Executive

**Muhammad Asad**  
Director



**Al Meezan**  
Investment Management Ltd.



**STATEMENT OF INCOME & EXPENDITURE OF  
INVESTMENT ADVISER IN RELATION TO THE  
INVESTMENT COMPANY  
FOR THE NINE MONTHS ENDED AS AT 31 MARCH 2007**

	<b>2007</b>	<b>2006</b>
	<b>(Rupees in '000)</b>	
	(Restated)	
<b>INCOME</b>		
Remuneration receivable from		
Al Meezan Mutual Fund Limited	28,744	29,405
Dividend income	59,363	14,841
	<b>88,107</b>	<b>44,246</b>
<b>OPERATING EXPENSES</b>		
Salaries and other benefits	5,908	6,598
Motor vehicle running expenses	156	244
Fees and subscription	202	88
Insurance expense	92	70
Stationery and printing	172	305
Communication	328	319
Depreciation	759	1,106
Travelling and conveyance	144	104
Entertainment	31	61
Legal and professional charges	360	327
Training and development	41	18
Repairs and maintenance	16	19
Office supplies	43	125
Transfer agency fees	302	431
Rent, rates and taxes	761	1,048
Utilities	187	145
Miscellaneous expenses	11	95
	<b>9,513</b>	11,103
<b>Profit for the period</b>	<b>78,594</b>	<b>33,143</b>

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Note:

The above expenses are allocated based on the average net assets of the respective funds managed by the investment adviser. Other revenue & expense not relating to the investment company has not been included in the above statement.

**Mohammad Shoaib, CFA**  
Chief Executive

**Muhammad Asad**  
Director



**Al Meezan**  
Investment Management Ltd.

