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## Our Vision

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

## Our Mission

*To be the leading mutual fund in the industry, outperforming the bench mark 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. Irfan Siddiqui  
Mr. Mohammad Shoaib, CFA  
Mr. Ariful Islam  
Mr. Farhan Malik  
Mr. Muhammad Asad  
Mr. Imran Iqbal Panjwani  
Syed Owais Wasti

Chairman  
Chief Executive  
Director  
Director  
Director  
Director  
Director

### AUDIT COMMITTEE

Mr. Ariful Islam  
Mr. Imran Iqbal Panjwani  
Mr. Muhammad Asad

Chairman

### CFO & COMPANY SECRETARY

Syed Owais Wasti

### MANAGEMENT COMPANY

Al Meezan Investment Management Limited

### AUDITORS

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

### SHARIAH ADVISOR

Meezan Bank Limited.

### CUSTODIAN

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

### BANKERS

AlBaraka Islamic Bank  
Bank AL Habib Limited  
Bank Alfalah Limited  
BankIslami Pakistan Limited  
Dawood Islamic Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan

### 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

## REPORT OF THE DIRECTORS OF THE COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2008

The Board of Directors of Al Meezan Mutual Fund is pleased to present the un-audited financial statements of the fund for the half year ended December 31, 2008.

### MARKET REVIEW

The first half of FY09 witnessed a bearish trend in the stock market with KSE-100 index falling from its high of 12,221 to close the year at 5,865, a decline of 52%. There was a substantial decline in daily average traded volume to 41 million shares as compared to 261 million shares during the corresponding period last year, a decline of 84%.

### Economic Review

The macroeconomic outlook remained bearish during the initial months of FY09 as inflationary pressures mounted and current account deficit continued to widen unabated. The main reason for widening of the current account deficit was worsening of trade balance.

Due to the extraordinary increase in international crude prices, which peaked at US\$ 147 per barrel in mid July, and later hike in food prices, Pakistan's trade deficit continued to rise and reached US\$ 5.84 billion in first four months of FY09. As a result, foreign exchange reserves declined to US \$6.6 billion on November 21, 2008 from the level of US\$ 11.4 billion at the beginning of period. This also created pressure on rupee against US dollar.

Subsequently, government administered much needed macro stabilization measures like subsidy removal, fiscal deficit management, monetary tightening, additional tariff imposition towards luxury items and tightening of forex market regulations. The impact of these decisions along with reversal in global commodity prices helped in bringing down current account deficit and inflationary pressure. Subsequently, a Stand-By Arrangement with IMF for providing US\$ 7.6 billions over 23 month period along with strong remittance inflows helped in reserve replenishment which crossed US\$ 10 billions again and also helped in stabilization in the rupee-dollar parity. On the domestic front, Government of Pakistan remained ahead of its tax collection target during six months and collected Rs. 548 billion which also helped in providing some relief to the burgeoning government borrowing.

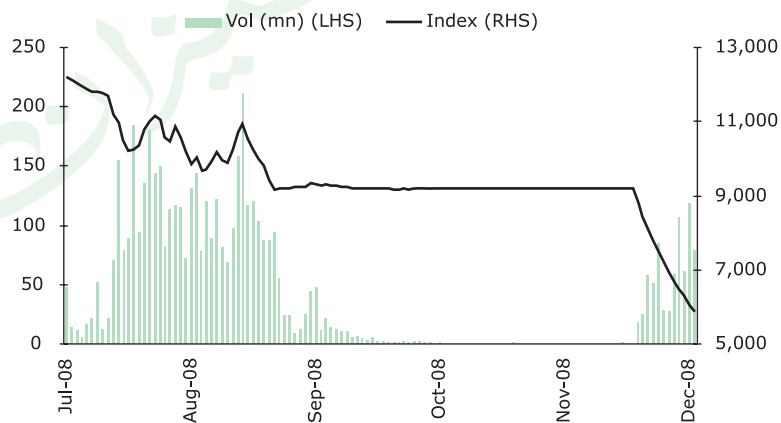
### Equity Market Review

The downward trend at KSE that began towards the end of FY08 continued into the first half of FY09. To arrest the sharp decline, Securities and Exchange Commission of Pakistan (SECP) had changed the circuit breakers to a floor of 1% and a cap of 10% at the end of FY08. This measure, however, did not improve the situation and created a problem for margin traders who wanted an exit. Due to the drying up of volumes after the introduction of these circuit breakers, the SECP decided to revert them back to the original 5% level in early July 2008.

Nonetheless, the unabated economic pressures and downgrade of Pakistan's credit rating from B2 to B3 by Moody continued to create further downward pressure. To stem further downside in the market, KSE Board of Directors on August 27, 2008 decided to place a floor on the index at a level of 9,144 based on the closing prices of August 27. As a result, investors decided to stay away from the regular market where the volumes went down to less than a million shares in a day. However, limited trading took place in off the market counter at 20%-50% discount from the floor prices.

Subsequently, after 110 days on December 15, 2008 the floor was finally removed with the KSE-100 Index undergoing heavy correction falling by 36% in last 15 days and closed the half year at the level of 5,865. With the removal of the price floors, the brokers, who got margin calls from the financiers and were on the verge of default, were ultimately bailed out by financiers and government institutions. Initially trading in the ready market was nominal as prices corrected by 5% daily limit for several days. However, towards the end of the month, volumes picked up in scrips of fertilizer, power and gas distribution sectors.

The US subprime mortgage crises, which led to the collapse of many financial giants including Lehman Brothers, resulted in major financial downturn in the world markets. Even after governments' continuous liquidity injections, the bearish trend continued so much so that IMF termed this crisis as the worst after Great Depression. In line with increasing outflows from the emerging markets and with the removal of Pakistan from MSCI Emerging Market Index, foreigners remained net sellers at KSE with total outflow of US\$ 178million in the first half of FY09.



### **Performance Review**

The Fund, during the period ended December 31, 2008 incurred a total loss of Rs.973 million. The loss for the period comprises of mainly un-realized loss on re-measurement of investments at fair value through profit & loss of Rs.996 million and realized loss on sale of investments of Rs.19.64 million. The dividend income for the period was Rs.40 million and profit on bank deposits was Rs. 2.5 million. After accounting for expenses of Rs.17 million, the net loss for the period was Rs.990 million, which translates into a loss per share of Rs.7.20 as on December 31, 2008. The net assets of the fund at the period end were Rs.749 million as compared to Rs.1,906 million as at June 30, 2008. The net asset value of the fund as at December 31, 2008 was Rs.5.45 per share as compared to Rs.13.86 (cum dividend) per share as on June 30, 2008.

### **Future Outlook**

With greater fiscal discipline, tight monetary policy, stabilization of the Rupee and sustained weakness in international commodity prices, the government has now firmed up its grip on underlying economic fundamentals through the help of various multilateral donor agencies, particularly IMF which is spearheading Pakistan's economic revival. We expect that these corrective measures will bring back the country into more stable economic territory. Moreover, as Pakistan has succeeded in meeting all of the IMF targets for December 31, 2008, we expect SBP will not further tighten the monetary policy. Going forward, it is expected that equity market will stabilize since it is currently trading at attractive multiples.

### **Acknowledgement**

We thank all our investors who have placed their confidence in us. We also offer our sincere gratitude to the Securities and Exchange Commission of Pakistan, the Custodian Central Depository Company of Pakistan Limited and the management of the Karachi Stock Exchange. We also wish to place on record our appreciation for the personnel of the Management Company.

For and on behalf of the Board

**Karachi.**  
**February 24, 2009**

**Mohammad Shoaib, CFA**  
**Chief Executive**

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

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Al Meezan Mutual Fund Limited (the Fund) as at December 31, 2008 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in equity and reserves per share, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the 'condensed interim financial information'). Management company is responsible for the preparation and presentation of this condensed interim financial information in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations, 2007), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008), the directives issued by the Securities and Exchange Commission of Pakistan (the directives) and approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim financial information for the quarters ended December 31, 2008 and 2007 and the notes forming part thereof have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2008.

### 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, 2008 is not prepared, in all material respects, in accordance with the requirements of the Ordinance, NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008, the directives and approved accounting standards as applicable in Pakistan.

**Chartered Accountants**  
**Karachi**  
**February 27, 2009**

**CONDENSED INTERIM  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2008 (UNAUDITED - NOTE 3)**

	Note	December 31, 2008 (Rupees in '000)	June 30, 2008
<b>Assets</b>			
Balances with banks	5	11,725	63,366
Investments - available for sale	6	23,377	52,764
Investments at fair value through profit or loss	7	727,065	1,770,335
Dividend receivable		7,320	18,398
Derivative financial instruments	8	30	-
Advances, deposits, prepayments and other receivables		8,893	10,832
<b>Total assets</b>		<u>778,410</u>	<u>1,915,695</u>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - management company of the Fund		2,102	3,221
Payable to the Central Depository Company of Pakistan Limited - custodian of the Fund		47	86
Payable to the Securities and Exchange Commission of Pakistan		711	2,067
Payable to Meezan Bank Limited - shariah adviser of the Fund		376	250
Accrued expenses and other liabilities		1,406	1,747
Unclaimed dividend		24,438	1,908
<b>Total liabilities</b>		<u>29,080</u>	<u>9,279</u>
<b>Net assets</b>		<u>749,330</u>	<u>1,906,416</u>
<b>Shareholders' equity</b>			
Authorised share capital 150,000,000 (June 30, 2008: 150,000,000) ordinary shares of Rs 10 each		<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up share capital 137,539,986 (June 30, 2008: 137,539,986) ordinary shares of Rs 10 each		1,375,400	1,375,400
(Loss) / unappropriated profit		(639,774)	487,925
Surplus on revaluation of investments		13,704	43,091
		<u>749,330</u>	<u>1,906,416</u>
Net assets value per share (Rupees)		<u>5.45</u>	<u>13.86</u>

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

**Chief Executive Officer**

**Director**



**CONDENSED INTERIM INCOME STATEMENT**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008 (UNAUDITED - NOTE 3)

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2008	2007	2008	2007
<b>(Rupees in '000)</b>					
<b>Income</b>					
Net realised (loss)/ gain on sale of investments		(19,642)	74,266	(583)	53,324
Dividend income		40,301	44,425	23,541	30,768
Profit on savings accounts with banks		2,494	15,075	1,721	5,212
		<u>23,153</u>	<u>133,766</u>	<u>24,679</u>	<u>89,304</u>
Unrealised (loss)/ gain on re-measurement of investments at fair value through profit or loss (net)	7	(996,212)	39,059	(506,453)	(12,040)
Gain/ (loss) on re-measurement of derivative financial instruments (net)		30	(17,418)	30	-
		<u>(996,182)</u>	<u>21,641</u>	<u>(506,423)</u>	<u>(12,040)</u>
<b>Total (loss)/ income</b>		<u>(973,029)</u>	<u>155,407</u>	<u>(481,744)</u>	<u>77,264</u>
<b>Expenses</b>					
Remuneration to Al Meezan Investment Management Limited - management company of the Fund		14,248	21,091	6,700	10,410
Remuneration to Central Depository Company of Pakistan Limited - custodian of the Fund		345	558	157	282
Annual fee to Securities and Exchange Commission of Pakistan		711	1,057	334	520
Shariah advisory fee to Meezan Bank Limited - shariah adviser of the Fund		126	126	63	63
Auditors' remuneration		319	278	221	202
Fees and subscription		64	439	32	48
Brokerage		242	2,148	1	1,000
Legal and professional charges		131	112	75	74
Bank and settlement charges		24	188	1	70
Printing expenses		8	-	-	-
Stamp duty		203	-	203	-
Advance tax written off		709	-	354	-
<b>Total expenses</b>		<u>17,130</u>	<u>25,997</u>	<u>8,141</u>	<u>12,669</u>
<b>Net (loss)/ income</b>		<u>(990,159)</u>	<u>129,410</u>	<u>(489,885)</u>	<u>64,595</u>
(Loss)/ earnings per share - basic (Rupees)	9	<u>(7.20)</u>	<u>0.94</u>	<u>(3.56)</u>	<u>0.47</u>

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

**Chief Executive Officer**

**Director**

**CONDENSED INTERIM  
DISTRIBUTION STATEMENT**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008 (UNAUDITED - NOTE 3)

	Six months period ended December 31,		Quarter ended December 31,	
	2008	2007	2008	2007
	(Rupees in '000)			
(Loss) / unappropriated income brought forward	487,925	977,863	(12,349)	564,278
Less: Final distribution in the form of cash dividend for the year ended June 30, 2008 @ 10 % (June 30, 2007: 25 %)	(137,540)	(299,000)	(137,540)	-
Less: Issue of bonus shares for the year ended June 30, 2008 @ nil % (June 30, 2007: 15 %)	-	(179,400)	-	-
Net (loss) / income for the period	(990,159)	129,410	(489,885)	64,595
(Loss) / unappropriated income carried forward	<u>(639,774)</u>	<u>628,873</u>	<u>(639,774)</u>	<u>628,873</u>

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

**Chief Executive Officer**

**Director**

**CONDENSED INTERIM STATEMENT OF MOVEMENT  
IN EQUITY AND RESERVES PER SHARE  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008 (UNAUDITED - NOTE 3)**

	Six months period ended December 31,		Quarter ended December 31,	
	2008	2007	2008	2007
	-----Rupees-----			
Net assets value per share at the beginning of the period	13.86	16.13	10.13	14.41
Net realised (loss)/ gain on sale of investments	(0.14)	0.54	-	0.39
Dividend income	0.29	0.32	0.17	0.22
Profit on savings accounts with banks	0.02	0.11	0.01	0.04
Unrealised (loss)/ gain on re-measurement of investments at fair value through profit or loss (net)	(7.24)	0.29	(3.68)	(0.09)
Loss on re-measurement of derivative financial instruments (net)	-	(0.13)	-	-
Operating expenses	(0.13)	(0.19)	(0.06)	(0.09)
Net loss for the period (based on weighted average number of shares outstanding)	(7.20)	0.94	(3.56)	0.47
Dividend declared and paid	(1.00)	(2.17)	(1.00)	-
Net changes in surplus on revaluation of available for sale investments	(0.21)	(0.05)	(0.12)	(0.03)
Net assets value per share at the end of the period	<u>5.45</u>	<u>14.85</u>	<u>5.45</u>	<u>14.85</u>

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

**Chief Executive Officer**

**Director**

**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008 (UNAUDITED - NOTE 3)**

	Share capital	(Loss)/ Unappropriated profit	Surplus on revaluation of available-for- sale financial assets	Total
----- ( Rupees in '000 ) -----				
Balance as at July 1, 2007	1,196,000	977,863	44,729	2,218,592
Final dividend for the year ended June 30, 2007 @ 25 %	-	(299,000)	-	(299,000)
Issue of bonus shares for the year ended June 30, 2007 @ 15 %	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>
Net loss for the six months period ended June 30, 2008	-	(140,948)	-	(140,948)
Surplus on revaluation of available for sale investments	-	-	5,378	5,378
Balance as at June 30, 2008	<u>1,375,400</u>	<u>487,925</u>	<u>43,091</u>	<u>1,906,416</u>
Final dividend for the year ended June 30, 2008 @ 10 %	-	(137,540)	-	(137,540)
Net loss for the six months period ended December 31, 2008	-	(990,159)	-	(990,159)
Deficit on revaluation of available for sale investments	-	-	(29,387)	(29,387)
Balance as at December 31, 2008	<u>1,375,400</u>	<u>(639,774)</u>	<u>13,704</u>	<u>749,330</u>

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

**Chief Executive Officer**

**Director**

## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008 (UNAUDITED - NOTE 3)

Note	Six months period ended December 31,		Quarter ended December 31,	
	2008	2007	2008	2007
-----Rupees-----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net (loss) / income	(990,159)	129,410	(489,885)	64,595
<b>Adjustments for non-cash items</b>				
Dividend income	(40,301)	(44,425)	(23,541)	(30,768)
Advance tax written off	709	-	709	-
Profit on savings accounts with banks	(2,494)	(15,075)	(1,721)	(5,212)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss (net)	996,212	(39,059)	506,453	12,040
Loss on re-measurement of derivative financial instruments (net)	(30)	17,418	(30)	-
Surplus realised on sale of available for sale investments	-	(8,853)	-	(6,040)
	<u>(36,063)</u>	<u>39,416</u>	<u>(8,015)</u>	<u>34,615</u>
<b>(Increase) / decrease in assets</b>				
Investments - available for sale	-	9,630	-	1,545
Investments at fair value through profit or loss	47,058	(181,592)	52,302	30,860
Receivable against sale of investments	-	42,978	-	24,578
Deposits and prepayments	(1,010)	(2,613)	(1,195)	(2,443)
	<u>46,048</u>	<u>(131,597)</u>	<u>51,107</u>	<u>54,540</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to Al Meezan Investment Management Limited - management company of the Fund	(1,119)	(34,881)	(310)	(7,222)
Payable to Central Depository Company of Pakistan Limited - custodian of the Fund	(39)	(23)	(11)	9
Payable to Securities and Exchange Commission of Pakistan	(1,356)	(683)	334	(1,220)
Payable to Meezan Bank Limited - shariah adviser of the Fund	126	(124)	63	63
Payable against purchase of investments	-	(14,377)	-	(19,653)
Accrued expenses and other liabilities	(341)	1,076	(389)	948
	<u>(2,729)</u>	<u>(49,012)</u>	<u>(313)</u>	<u>(27,075)</u>
Cash generated from / (used in) operations	7,256	(141,193)	42,779	62,080
Dividend received	51,379	41,985	25,570	34,156
Profit received on savings accounts with banks	4,734	18,557	1,790	3,909
Taxes withheld	-	(135)	-	(135)
Net cash inflow / (outflow) from operating activities	<u>63,369</u>	<u>(80,786)</u>	<u>70,139</u>	<u>100,010</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid	(115,010)	(298,150)	(115,009)	(298,109)
Net cash (outflow) from financing activities	<u>(115,010)</u>	<u>(298,150)</u>	<u>(115,009)</u>	<u>(298,109)</u>
Net (decrease) in cash and cash equivalents during the period	(51,641)	(378,936)	(44,870)	(198,099)
Cash and cash equivalents at the beginning of the period	63,366	590,523	56,595	409,686
Cash and cash equivalents at the end of the period	5 11,725	211,587	11,725	211,587

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

**Chief Executive Officer**

**Director**

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS**  
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2008 (UNAUDITED - NOTE 3)

**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 at Shahrah-e-Faisal, Karachi. The Fund 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 the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations, 2007) were notified which are now superseded by the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008) issued through S.R.O. 1203(I)/2008 on November 21, 2008.
- 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** According to clause 65 of the NBFC Regulations, 2008, a closed end fund or an investment company shall, upon expiry of every five years from November 21, 2008 or the date of launch of the fund whichever is later, hold a meeting of shareholders within one month of such period to seek approval of the shareholders (by special resolution), to convert into an open end scheme or revoke the closed end scheme or wind up the investment company.

**2. BASIS OF MEASUREMENT**

The transaction 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. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

**3. STATEMENT OF COMPLIANCE**

- 3.1** 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, NBFC Regulations 2007, NBFC Regulations 2008 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, NBFC Regulations, 2007 and NBFC Regulations, 2008 and the said directives differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, the NBFC Rules, NBFC Regulations, 2007, NBFC Regulations, 2008 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'.

3.2 The condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at December 31, 2008 and the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in equity and reserves per share, condensed interim statement of changes in equity and condensed interim cash flow statement, for the six months period ended December 31, 2008, which have been subject to a review but not audited. These condensed interim financial statements also include condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in equity and reserves per share, condensed interim statement of changes in equity and condensed interim cash flow statement and notes thereto for the quarter ended December 31, 2008 which have not been subjected to a review.

3.3 The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2008 has been extracted from the audited financial statements of the Fund for the year ended June 30, 2008 whereas the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in equity and reserves per share, condensed interim statement of changes in equity and condensed interim cash flow statement, for the six months period ended December 31, 2007 were subject to review but not audited.

3.4 Standards, amendments and interpretation effective from July 1, 2008.

During the period, IFRS 7 'Financial instruments: Disclosures' became effective. Adoption of such standard would require certain additional disclosures to the complete set of financial statements. However, in accordance with paragraph 18 of IAS 34 such disclosures have not been made in these condensed interim financial statements.

Certain interpretations to the approved accounting standards and interpretations are mandatory for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or have any significant effect to the Fund's operations and are therefore not disclosed in these condensed interim financial statements.

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

Certain standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning after July 1, 2008 but are considered not to be relevant or have any significant effect to the Fund's operations and are therefore not detailed in these condensed interim financial statements.

#### 4. 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, 2008.

		December 31, 2008	June 30, 2008
		(Rupees in '000)	
<b>5. BALANCES WITH BANKS</b>	Note		
On current accounts		1,529	2,273
On savings accounts	5.1	10,196	61,093
		<u>11,725</u>	<u>63,366</u>

5.1 The balances in savings accounts bear expected profit which ranges from 5% to 15% per annum (June 30, 2008: 3% to 9.5% per annum).

## 6. INVESTMENTS - AVAILABLE FOR SALE

December 31, June 30,  
2008 2008  
(Rupees in '000)  
Note

Shares of listed companies

6.1 23,377 52,764

### 6.1 Shares of listed companies - available for sale

Name of the investee company	As at July 01, 2008	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2008	Carrying value as at December 31, 2008	Market value as at December 31, 2008 (see note 7.5 below)	Unrealised loss as at December 31, 2008	Percentage in relation to		
									net assets of the Fund on the basis of market value of investments (see note 7.3 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-----					
<b>Sector / companies</b>											
<b>Oil and gas marketing company</b>											
Pakistan State Oil Company Limited	1,043	-	-	-	1,043	435	151	(284)	0.02	0.00	0.02
<b>Fertilizer</b>											
Fauji Fertilizer Company Limited	395,469	-	-	-	395,469	52,329	23,226	(29,103)	3.10	0.08	3.09
						<u>52,764</u>	<u>23,377</u>	<u>(29,387)</u>			

Total cost of investments - available for sale

9,673

## 7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

December 31, June 30,  
2008 2008  
(Rupees in '000)  
Note

Shares of listed companies

7.1 727,065 1,770,335

### 7.1 Shares of listed companies - held for trading

Name of the investee company	As at July 01, 2008	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2008	Carrying value as at December 31, 2008	Market value as at December 31, 2008 (see note 7.5 below)	Unrealised loss as at December 31, 2008	Percentage in relation to		
									net assets of the Fund on the basis of market value of investments (see note 7.3 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-----					
<b>Closed end mutual fund</b>											
Meezan Islamic Income Fund (an associate of the fund)	-	1,665,651	-	1,665,651	-	-	-	-	-	-	-
<b>Commercial banks</b>											
Meegan Bank Limited (an associate of the fund)	1,349,640	-	116,069	-	1,465,709	41,150	31,483	(9,667)	4.20	0.30	4.20
									<u>4.20</u>		
<b>Textile composite</b>											
Nishat Mills Limited	186,170	50,000	-	-	236,170	19,047	5,337	(13,710)	0.71	0.15	0.71
									<u>0.71</u>		
<b>Jute</b>											
Thal Limited (note 7.2)	153,000	-	61,200	-	214,200	29,991	17,524	(12,467)	2.34	0.50	2.34
									<u>2.34</u>		
<b>Cement</b>											
Attock Cement Company Limited	370,600	-	-	-	370,600	28,584	13,964	(14,620)	1.86	0.51	1.86
D G Khan Cement Company Limited	315,000	230,000	-	-	545,000	34,618	11,592	(23,026)	1.55	0.21	1.54
Fauji Cement Company Limited	124,355	100,000	-	-	224,355	2,058	1,054	(1,004)	0.14	0.03	0.14
									<u>3.55</u>		
									<u>3.54</u>		



Name of the investee company	As at July 01, 2008	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2008	Carrying value as at December 31, 2008	Market value as at December 31, 2008 (see note 7.5 below)	Unrealised loss as at December 31, 2008	Percentage in relation to		
									net assets of the Fund on the basis of market value of investments (see note 7.3 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) -----					
<b>Power generation &amp; distribution</b>											
The Hub Power Company Limited	2,533,500	-	-	-	2,533,500	72,458	35,697	(36,761)	4.76	0.22	4.76
									4.76		4.76
<b>Oil &amp; gas marketing companies</b>											
Pakistan State Oil Company Limited	204,500	-	-	27,000	177,500	74,060	25,663	(48,397)	3.42	0.10	3.42
Sui Northern Gas Pipelines Limited	232,200	-	-	-	232,200	10,117	4,983	(5,134)	0.66	0.04	0.66
									4.08		4.08
<b>Oil &amp; gas exploration companies</b>											
Oil & Gas Development Company Limited	1,708,000	-	-	550,000	1,158,000	144,009	57,888	(86,121)	7.73	0.03	7.71
Pakistan Oilfields Limited	312,000	-	55,400	35,000	332,400	101,061	34,068	(66,993)	4.55	0.14	4.54
Pakistan Petroleum Limited	951,610	-	90,961	42,000	1,000,571	223,755	100,677	(123,078)	13.44	0.12	13.42
									25.72		25.67
Total carried forward						780,908	339,930	(440,978)			
Total brought forward						780,908	339,930	(440,978)			
<b>Automobile assembler</b>											
Indus Motor Company Limited	196,092	-	-	-	196,092	39,228	24,096	(15,132)	3.22	0.25	3.21
Pak Suzuki Motor Company Limited	185,980	-	-	-	185,980	22,279	14,806	(7,473)	1.98	0.23	1.97
									5.20		5.18
<b>Automobile parts &amp; accessories</b>											
Agriauto Industries Limited (note 7.2)	590,800	-	118,160	-	708,960	48,889	21,886	(27,003)	2.92	2.46	2.92
									2.92		2.92
<b>Technology &amp; communication</b>											
Pakistan Telecommunication Company Limited "A"	2,357,000	-	-	-	2,357,000	91,074	39,810	(51,264)	5.31	0.06	5.30
TRG Pakistan Limited	4,095,000	100,000	-	-	4,195,000	26,069	7,467	(18,602)	1.00	1.12	1.00
									6.31		6.30
<b>Fertilizer</b>											
Engro Chemical Pakistan Limited	669,038	125,000	-	-	794,038	214,206	76,593	(137,613)	10.22	0.37	10.21
Fauji Fertilizer Company Limited	908,086	-	-	-	908,086	120,158	53,332	(66,826)	7.12	0.18	7.11
Fauji Fertilizer Bin Qasim Limited	3,885,000	440,000	-	-	4,325,000	151,332	55,793	(95,539)	7.45	0.46	7.43
									24.79		24.75
<b>Pharmaceutical</b>											
Glaxo SmithKline (Pakistan) Limited	103,906	-	-	-	103,906	17,664	7,891	(9,773)	1.05	0.06	1.05
									1.05		1.05
<b>Chemicals</b>											
ICI Pakistan Limited	336,600	-	-	-	336,600	54,317	23,128	(31,189)	3.09	0.24	3.08
Sitara Chemical Industries Limited	62,460	-	-	-	62,460	15,768	12,544	(3,224)	1.67	0.31	1.67
									4.76		4.75
<b>Paper &amp; Board</b>											
Packages Limited	503,987	-	-	-	503,987	126,949	40,919	(86,030)	5.46	0.60	5.45
									5.46		5.45
<b>Glass &amp; Ceramics</b>											
Ghani Glass Limited	54,212	-	2,710	-	56,922	6,118	2,850	(3,268)	0.38	0.06	0.38
									0.38		0.38
<b>Miscellaneous</b>											
Tri-Pack Films Limited	48,300	-	-	-	48,300	8,318	6,020	(2,298)	0.80	0.16	0.80
									0.80		0.80
						1,723,277	727,065	(996,212)			
<b>Total cost of investments - held for trading</b>						<b>1,698,499</b>					

- 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 Regulation 66 of NBFC Regulations, 2008.
- 7.4 100,000 shares of Oil & Gas Development Company Limited having market value of Rs 4.999 million (June 30, 2008: 12.436 million) have been pledged as collateral in favour of National Clearing Company of Pakistan Limited (NCCPL) against exposure margins and mark-to-market losses.
- 7.5 During the period, the Karachi Stock Exchange (Guarantee) Limited (KSE) placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the "Floor Mechanism", the individual security price of equity security could vary within the normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008. Consequent to the introduction of the above measures by the KSE the market volume declined significantly. The "Floor Mechanism" was subsequently removed by KSE on December 15, 2008. Subsequent to the removal of the "Floor Mechanism" the KSE 100 index declined from 9,187.10 points at December 15, 2008 to 5,865.01 points at December 31, 2008 and the market remained generally inactive during this period due to low trading volumes.

SECP through its circular No. Enf/D-III/Misc/1/2008 dated January 29, 2009 has clarified that the market prices quoted on stock exchange on December 31, 2008 may be used as the fair value of securities as of that date for the purpose of preparation of financial statements for the period ended December 31, 2008. Accordingly, equity securities have been valued at the market prices as quoted on the stock exchange on December 31, 2008.

#### 8. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivative	Number of shares	Settlement	Underlying	Notional amount	Fair value		
					Assets	Liabilities	
----- Rupees in '000 -----							
Rights entitlement							
Nishat Mills Limited	118,085	February 12, 2009	Equity indices	-	30	-	
					<b>December 31, 2008</b>	30	-
					<b>June 30, 2008</b>	-	-

9. (LOSS) / EARNINGS PER SHARE	Six months ended		Quarter ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
----- (Rupees in '000) -----				
Net (loss) / profit for the period	(990,159)	129,410	(489,885)	64,595
Weighted average number of ordinary shares outstanding during the period	137,540	137,540	137,540	137,540
----- (Rupees) -----				
(Loss) / earnings per share	(7.20)	0.94	(3.56)	0.47

There were no convertible dilutive potential shares outstanding on December 31, 2008 and 2007.

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

The connected person include AMIML being the management company, CDC being the custodian, MBL being the shariah adviser and holding company of the management company, Pakistan Kuwait Investment Company (Private) Limited and Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Balanced Fund, Meezan Tahaffuz Pension Fund and Meezan Capital Protected Fund - I, 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 custodian is determined in accordance with the provisions of NBFC Rules and Regulations.

	<b>December 31, June 30,</b>	
	<b>2008</b>	<b>2008</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited</b> <b>- management company of the Fund</b>		
Remuneration payable	<u>2,102</u>	<u>3,221</u>
Investment of 23,205,692 shares (June 30, 2008: 23,205,692 shares)	<u>83,076</u>	<u>311,753</u>
<b>Central Depository Company of Pakistan Limited - custodian of the Fund</b>		
Remuneration payable	<u>47</u>	<u>86</u>
<b>Meezan Bank Limited - shariah adviser of the Fund</b>		
Balances with bank	<u>1,022</u>	<u>2,262</u>
Remuneration payable	<u>376</u>	<u>250</u>
Investment in 1,465,709 shares (June 30, 2008: 1,349,640 shares)	<u>31,483</u>	<u>41,150</u>
Investment of 5,561,607 shares (June 30, 2008: 5,561,607 shares)	<u>19,911</u>	<u>76,194</u>
<b>Meezan Islamic Fund</b>		
Investment of 19,570,700 shares (June 30, 2008: 19,570,700 shares)	<u>70,063</u>	<u>268,119</u>
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Investment of 16,895,690 shares (June 30, 2008: 16,895,690 shares)	<u>60,487</u>	<u>231,471</u>
<b>Directors and officers</b>		
Investment of 349,440 shares (June 30, 2008: 349,440 shares)	<u>1,251</u>	<u>4,787</u>
	<b>Six months period ended</b>	
	<b>December 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited</b> <b>- investment adviser of the Fund</b>		
Remuneration for the period	<u>14,248</u>	<u>21,091</u>
Dividend for the period	<u>23,206</u>	<u>44,522</u>
<b>Central Depository Company of Pakistan Limited - custodian of the Fund</b>		
Charges for the period	<u>345</u>	<u>558</u>
<b>Meezan Bank Limited - shariah adviser of the Fund</b>		
Profit on deposit accounts with bank	<u>1</u>	<u>36</u>
Shariah advisory fee for the period	<u>126</u>	<u>126</u>
Dividend for the period	<u>5,562</u>	<u>10,881</u>
116,096 bonus shares received	<u>-</u>	<u>-</u>
<b>Meezan Islamic Fund</b>		
Dividend for the period	<u>19,571</u>	<u>42,545</u>
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Dividend for the period	<u>16,896</u>	<u>41,911</u>
<b>Directors and officers</b>		
Dividend for the period	<u>349</u>	<u>757</u>

#### 11. DATE OF AUTHORISATION

These condensed interim financial statements have been authorised for issue on February 24, 2009 by the board of directors of the Fund.

**Chief Executive Officer**

**Director**

**STATEMENT OF THE INCOME & EXPENDITURE OF THE  
MANAGEMENT COMPANY IN RELATION TO THE INVESTMENT  
COMPANY FOR THE SIX MONTHS ENDED DECEMBER 31, 2008**

	<b>December 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>(Rupees in '000)</b>	
<b>INCOME</b>		
Remuneration receivable from Al Meezan MutualFund Limited	14,248	21,091
Dividend income	<u>23,206</u>	<u>49,469</u>
	<b>37,454</b>	<b>70,560</b>
<b>OPERATING EXPENSES</b>		
Salaries and other benefits	2,174	4,943
Motor vehicle running expenses	93	90
Fees and subscription	46	290
Insurance expense	13	32
Printing and stationery	109	101
Financial charges	783	794
Communication	140	240
Depreciation	329	475
Travelling and conveyance	38	165
Entertainment	7	25
Legal and professional charges	86	546
Training and development	28	54
Repairs and maintenance	12	29
Office supplies	7	40
Rent, rates and taxes	285	362
Utilities	57	102
Miscellaneous expenses	3	13
	<u>4,210</u>	<u>8,301</u>
<b>Profit for the period</b>	<u><u>33,244</u></u>	<u><u>62,259</u></u>

**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.