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Our Mission

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

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Our Vision

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



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Irfan Siddiqui	Chairman
Mr. Ariful Islam	Director
Mr. Tasnimul Haq Farooqui	Director
Mr. Najmul Hassan	Director
Mr. Shabbir Hamza Khandwala	Director
Mr. Mazhar Sharif	Director
Mr. Mohammad Shoaib, CFA	Chief Executive

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Shabbir Hamza Khandwala	Member
Mr. Mazhar Sharif	Member

TRUSTEE

Central Depository Company of Pakistan Limited
8th Floor, Karachi Stock Exchange Building
Stock Exchange Road
Karachi

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants
First Floor, Sheikh Sultan Trust Building No. 2
Beaumont Road, Karachi-75530, Pakistan.

SHARIAH ADVISOR

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

Meezan Bank Limited
3rd Floor P.N.S.C. Building
M.T. Khan Road
Phone: (9221) 561 0582, 561 0417
Fax: (9221) 561 1427
Web site: www.meezanbank.com

DISTRIBUTORS

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



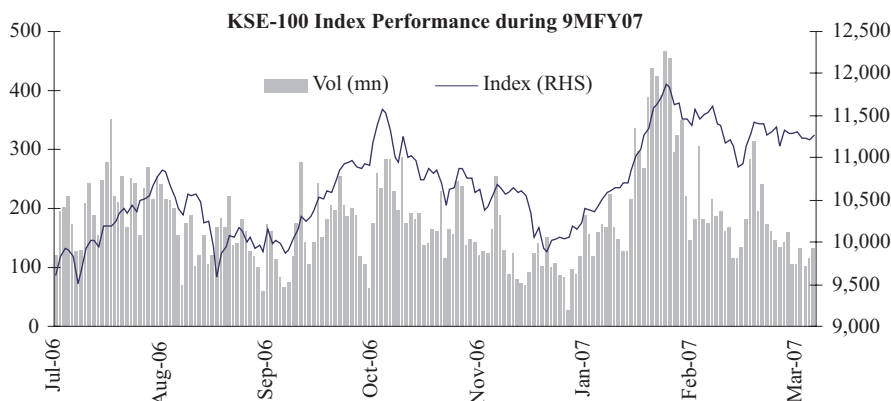
Directors' Report for Meezan Islamic Fund for the nine months and quarter ended March 31, 2007

The Board of Directors of Al Meezan Investment Management Limited, the Management Company of Meezan Islamic Fund, is pleased to present the un-audited financial statements of Meezan Islamic Fund (MIF) for the nine months and quarter ended March 31, 2007.

Market Review

After a disappointing 1HFY07 for the Pakistani stock market, where the KSE-100 Index gained only 0.51%, it recorded 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 February 8, 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

Meezan Islamic Fund's (MIF) performance during the third quarter FY 07 was much better than the previous two quarters as it gained 6.41% during the period. However, this did not match the market's return of 12.27% mainly due to the fact that the recent rally was driven by stocks in Banking and Cement sectors most of which are non Shariah compliant and thus cannot be invested in by MIF.

For the nine months ended March 31, 2007, the fund earned gross income of Rs. 374 million, main contributors of which were dividend income of Rs. 172 million and capital gain of Rs. 178 million. After accounting for expenses of Rs. 96 million, revaluation deficit of Rs. 10 million and element



of income/ capital gain on purchase and sale of units of Rs. 116 million, the fund recorded a net profit of Rs. 384 million for the nine month period. The net assets of MIF increased from Rs. 3,200 million at the beginning of the nine month period to Rs. 3,570 million by the end of it. This makes MIF the largest Islamic fund in both public and private sectors and the largest Open End Equity fund in the private sector.

Investment Policy

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

Mutual Fund Rating

You would be pleased to know that both the leading mutual fund and credit rating agencies operating in Pakistan, i.e. Pakistan Credit Rating Agency (PACRA) and JCR-VIS Credit Rating Company have assigned their respective highest possible ratings for mutual funds to Meezan Islamic Fund. MIF has been rated 5-Star by both the companies which denotes superior performance of MIF versus other open end Islamic Funds. We believe that this has been possible due to the untiring efforts of the management of Al Meezan Investments, the fund manager/ Management Company of MIF.

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Future Outlook

We remain hopeful of the future prospects of the stock market in general and of Meezan Islamic 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 and increasing foreign funds inflows on the back of positive investment and economic outlook of the country.

We take this opportunity to thank our valuable investors for reposing faith in us and making us the largest Shariah Compliant open end equity fund in the private sector in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan, MIF's trustee, Central Depository Company of Pakistan and the management of Karachi Stock Exchange for all their support and guidance.

For and on behalf of the Board

Karachi
24 April 2007

Mohammad Shoaib, CFA
Chief Executive



Al Meezan
Investment Management Ltd.



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

	Note	31 March 2007 (Unaudited) ------(Rupees in '000)-----	30 June, 2006 (Audited)
Assets			
Bank balances		459,082	171,183
Receivable against sale of investments		115,182	294,694
Investment in marketable securities	5	3,095,086	2,690,812
Dividend receivable		10,649	32,972
Derivative financial instruments	6	1,292	25,643
Advances, deposits, prepayments and other receivables		7,773	2,822
Preliminary expenses and floatation costs		347	553
Total assets		3,689,411	3,218,679
Liabilities			
Payable to Al Meezan Investment Management Limited - - Management Company of the Meezan Islamic Fund (the Fund)		10,012	10,517
Payable to Central Depository Company of Pakistan Limited - Trustee of the Fund		372	333
6 Payable to Meezan Bank Limited - Shariah adviser and holding company of the Management Company of the Fund		1,308	1,354
Payable to Securities and Exchange Commission of Pakistan		2,637	2,818
Payable on redemption of units		2,268	12
Payable against purchase of investments		98,066	33
Accrued expenses and other liabilities		4,682	3,001
Derivative financial instruments	6	-	1,063
Total liabilities		119,345	19,131
Net assets		3,570,066	3,199,548
Deferred sale commitment	6		
Unitholders' funds (as per statement attached)		3,570,066	3,199,548
		(Number of units)	
Number of units in issue		56,485,870	54,583,754
		------(Rupees)-----	
Net asset value per unit		63.20	58.62

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

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

Chief Executive

Director



Al Meezan
Investment Management Ltd.



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

Note	Nine months ended 31 March		Quarter ended 31 March	
	2007	2006	2007	2006
	(Rupees in '000)		(Rupees in '000)	
Income				
Gain on Sale of investments(net)	178,317	602,568	93,918	446,023
Dividend income	171,790	95,998	28,211	23,445
Profit on deposit accounts with banks	21,291	8,766	10,931	5,837
Profit on term finance certificates	324	395	126	117
Other income	2,193	2,087	429	569
	<u>373,915</u>	<u>709,814</u>	<u>133,615</u>	<u>475,991</u>
Unrealised (loss) / gain on investments - 'at fair value through profit or loss'	12,804	442,201	129,838	22,201
(Deficit) / Surplus on derivative financial instruments (net)	(23,288)	(626)	(5,570)	645
	<u>(10,484)</u>	<u>441,575</u>	<u>124,268</u>	<u>22,846</u>
Total income	<u>363,431</u>	<u>1,151,389</u>	<u>257,883</u>	<u>498,837</u>
Expenses				
Remuneration of Al Meezan Investment Management Limited - Management Company of the Fund	79,712	60,994	27,128	24,651
Remuneration of Central Depository Company of Pakistan Limited - Trustee of the Fund	3,402	2,726	1,151	1,074
Remuneration of Meezan Bank Limited - Shariah adviser	371	375	119	126
Annual fee - Securities and Exchange Commission of Pakistan	2,637	2,028	884	822
Auditors' remuneration	378	330	83	111
Fees and subscription	276	278	258	159
Amortization of preliminary expenses and floatation costs	205	207	65	69
Brokerage	8,674	14,361	2,440	6,913
Bank and settlement charges	986	1,000	243	441
Total expenses	<u>96,641</u>	<u>82,299</u>	<u>32,371</u>	<u>34,366</u>
Net income from operating activities	<u>266,790</u>	<u>1,069,090</u>	<u>225,512</u>	<u>464,471</u>
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed	116,792	156,460	(35,916)	(3,075)
Net income	<u>383,582</u>	<u>1,225,550</u>	<u>189,596</u>	<u>461,396</u>

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

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

Chief Executive

Director



Al Meezan
Investment Management Ltd.



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

	Nine months ended 31 March		Quarter ended 31 March	
	2007	2006	2007	2006
	(Rupees in '000)		(Rupees in '000)	
Undistributed income brought forward	1,097,800	229,319	556,175	532,852
Net income for the period	383,582	1,225,550	189,596	461,396
Less: Final distribution in the form of bonus units for the year ended 30 June 2006 (comparative 30 June 2005)	(735,611)	(460,621)	-	-
Undistributed income carried forward	<u>745,771</u>	<u>994,248</u>	<u>745,771</u>	<u>994,248</u>

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

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

Chief Executive

Director





**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2007**

	Nine months ended 31 March		Quarter ended 31 March	
	2007	2006	2007	2006
	(Rupees in '000)		(Rupees in '000)	
Net assets at the beginning of the period	3,199,548	2,006,000	3,512,194	2,940,327
Issue of 14,017,182 (2006: 11,651,861) units and 2,679,544 (2006: 2,700,711) units for the nine months and quarter respectively	848,663	821,778	168,475	223,977
Redemption of 12,111,523 (2006: 6,826,329) units and 5,301,502 (2006: 2,645,355) units for the nine months and quarter respectively	(744,935)	(492,377)	(336,115)	(224,284)
	103,728	329,401	(167,640)	(307)
Element of (income) / loss and capital (gain) / loss included in prices of units issued less those in units redeemed	(116,792)	(156,460)	35,916	3,075
Net income less distribution	(352,029)	764,929	189,596	461,396
Issue of 12,548,814 bonus units for the year ended 30 June 2006 (2005 : 7,845,698 bonus units)	735,611	460,621	-	-
Net assets at the end of the period	3,570,066	3,404,491	3,570,066	3,404,491

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

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

Chief Executive

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 31 March		Quarter ended 31 March	
	2007 (Rupees in '000)	2006	2007 (Rupees in '000)	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	383,582	1,225,550	189,596	461,396
Adjustments for:				
Dividend income	(171,790)	(95,998)	(28,211)	(23,445)
Profit on deposit accounts with banks	(21,291)	(8,766)	(10,931)	(5,837)
Profit on term finance certificates	(324)	(395)	(126)	(117)
Unrealised loss / (gain) on investments				
- at fair value through profit or loss'	(12,804)	(442,201)	(129,838)	(22,201)
- derivative financial instruments	23,288	626	5,570	(645)
Amortisation of preliminary expenses and floatation costs	206	207	66	69
Element of (income) / loss and (capital gain) / loss included in prices of units issued less those in units redeemed	(116,792)	(156,460)	35,916	3,075
	<u>84,075</u>	<u>522,563</u>	<u>62,042</u>	<u>412,295</u>
(Increase) / decrease in assets				
Advances, prepayments and other receivables	(9)	(18)	8	55
Receivable against sale of investments	179,512	(140,091)	(91,079)	(69,853)
Investment in marketable securities	(391,471)	(1,178,758)	161,477	(341,218)
	<u>(211,968)</u>	<u>(1,318,867)</u>	<u>70,406</u>	<u>(411,016)</u>
Increase / (decrease) in liabilities				
Payable to Al Meezan Investment Management Limited				
- Management Company of the Fund	(505)	3,429	792	1,649
Payable to Central Depository Company of Pakistan Limited				
- Trustee of the Fund	39	90	(23)	60
Payable to Meezan Bank Limited - Shariah Adviser	(46)	(234)	190	53
Payable to Securities and Exchange Commission of Pakistan	(181)	1,169	(1,934)	822
Payable on redemption of units	2,256	-	1,961	-
Payable against purchase of investments	98,033	-	98,066	-
Accrued expenses and other liabilities	1,681	453	(22)	497
	<u>101,277</u>	<u>4,907</u>	<u>99,030</u>	<u>3,081</u>
Dividend received	194,113	89,161	27,024	17,340
Profit received on deposit accounts with banks	16,310	5,268	6,921	2,237
Profit received on Term Finance Certificates	364	238	126	-
Net cash inflow / (outflow) from operating activities	<u>184,171</u>	<u>(696,730)</u>	<u>265,549</u>	<u>23,937</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from sale of units	848,663	821,778	168,475	223,977
Payments against redemption of units	(744,935)	(489,535)	(336,115)	(222,207)
Net cash inflow/ (outflow) from financing activities	<u>103,728</u>	<u>332,243</u>	<u>(167,640)</u>	<u>1,770</u>
Net cash inflow/ (outflow) during the period	287,899	(364,487)	97,909	25,707
Cash and cash equivalents at the beginning of the period	171,183	563,229	361,173	173,035
Cash and cash equivalents at the end of the period	<u>459,082</u>	<u>198,742</u>	<u>459,082</u>	<u>198,742</u>

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

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

Chief Executive

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

Meezan Islamic Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (AMIML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 16 June 2003 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 4 June 2003 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company of the Fund, is situated in Finance & Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.

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

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

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan, the requirements of NBFC Rules and the directives issued by the SECP. The disclosures made in these financial statements have, however, been limited based on the requirements of International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and should be read in conjunction with the financial statements as at and for the year ended 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. These financial statements are unaudited and have been reviewed by the auditors.

4. ACCOUNTING POLICIES

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

4.1 Estimates and judgements

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



	Note	31 March 2007 (Unaudited)	30 June, 2006 (Audited)
------(Rupees in '000)-----			
5 INVESTMENT IN MARKETABLE SECURITIES			
- 'at fair value through profit or loss'			
Held for trading	5.1	2,688,111	2,302,854
Investments 'at fair value through profit or loss upon initial recognition.'	5.2	406,975	387,958
		3,095,086	2,690,812

5.1 Held for Trading - Shares of listed companies

Name of the investee company	As at 1 July 2006	Purchases during the period	Bonus / Rights issue	Sales during the period	As at 31 March 2007	Carrying value	Market value	Percentage of net assets on the basis of market value (see note 5.1.2 below)
						as at 31 March 2007		
						Rs in '000		
Commercial banks								
Bankislami Pakistan Limited	475,000	50,000	239,700	75,500	689,200	7,876	6,754	0.19
Textile composite								
Artistic Denim Mills Limited	62,400	-	161,600	224,000	-	-	-	-
Nishat Mills Limited	1,141,000	1,544,900	233,100	735,500	2,183,500	212,337	219,650	6.15
Synthetic & Rayon								
Dewan Salman Fiber Ltd.	-	100,000	-	-	100,000	785	785	0.02
Jute								
Thal Limited	183,400	10,000	38,680	-	232,080	32,544	45,488	1.27
Cement								
Cherat Cement Company Limited	448,800	-	67,320	100,000	416,120	23,520	19,662	0.55
D.G. Khan Cement Company Limited	526,500	1,350,825	122,522	1,455,400	544,447	34,705	47,094	1.32
Maple Leaf Cement Limited	1,689,600	-	-	1,689,600	-	-	-	-
Fauji Cement Company Limited	298,000	1,326,000	-	573,000	1,051,000	19,466	17,447	0.49
Attock Cement Pakistan Limited	63,000	45,000	-	-	108,000	9,568	10,422	0.29
Pioneer Cement Limited	-	-	-	-	-	-	-	-
Refinery								
National Refinery Limited	394,500	10,000	-	10,000	394,500	105,166	94,759	2.65
Power generation and distribution								
Kot Addu Power Company Limited	456,500	-	-	456,500	-	-	-	-
The Hub Power Company Limited	1,820,000	1,159,500	-	1,115,000	1,864,500	71,122	53,857	1.51
Oil and gas marketing companies								
Pakistan State Oil Company Limited	513,200	1,148,400	-	1,434,900	226,700	74,230	80,490	2.25
Shell Pakistan Limited	43,179	-	10,794	37,200	16,773	6,460	6,541	0.18
Sui Southern Gas Company Limited	518,000	200,000	-	718,000	-	-	-	-
Oil and gas exploration companies								
Oil and Gas Development Company Limited	3,110,300	4,075,966	-	3,725,300	3,460,966	436,644	411,163	11.52
Pakistan Oilfields Limited	658,500	655,100	-	688,000	625,600	214,447	200,599	5.62
Pakistan Petroleum Limited	757,500	1,823,500	1,467,700	1,113,300	264,891	273,148	7.65	-
Automobile assembler								
Indus Motor Company Limited	393,000	65,500	-	-	458,500	87,696	110,086	3.08
Pak Suzuki Motor Company Limited	74,740	35,000	-	-	109,740	38,002	57,059	1.60
Automobiles parts and accessories								
Agriauto Industries Limited - note 5.1.1	626,500	-	-	-	626,500	43,103	48,241	1.35
Technology and communication								
Pakistan Telecommunication Company Limited "A"	3,972,700	8,857,000	-	9,986,000	2,843,700	233,953	133,991	3.75
Fertilizer								
Engro Chemicals (Pakistan) Limited	986,700	1,047,000	-	356,500	1,677,200	295,845	311,624	8.73
Fauji Fertilizer Company Limited	1,896,162	817,600	-	502,900	2,210,862	157,837	233,356	6.54
Fauji Fertilizer Bin Qasim Limited	3,100,000	4,029,000	-	1,925,000	5,204,000	261,950	165,747	4.64
Chemical								
Sitara Chemical Industries Limited	143,300	-	-	-	143,300	16,551	13,757	0.39
ICI Pakistan Ltd.	-	25,000	-	-	25,000	3,150	3,231	-
Securities sold under deferred sale arrangements								
Textile Composite								
Nishat Mills Limited	-	510,500	-	410,500	100,000	-	10,070	0.28
Cement								
D G Khan Cement	-	114,500	-	114,500	-	-	-	-
Pioneer Cement	-	300,000	-	300,000	-	-	-	-
Carried forward						2,651,848	2,575,021	-



Name of the investee company	As at 1 July 2006	Purchases during the period	Bonus / Rights issue	Sales during the period	As at 31 March 2007	Carrying value	Market value	Percentage of net assets on the basis of market value (see note 5.1.2 below)
						as at 31 March 2007		
						Number of shares		
Brought forward						2,651,848	2,575,021	
Power Generation & Distribution								
The Hub Power Company Limited	-	2,174,500	-	1,574,500	600,000	-	17,490	0.49
Oil and gas marketing companies								
Pakistan State Oil Company Limited	-	374,000	-	374,000	-	-	-	-
Oil and gas exploration companies								
Oil and Gas Development Co. Ltd.	200,000	1,392,500	-	1,592,500	-	-	-	-
Pakistan Oilfields Limited	-	120,000	-	120,000	-	-	-	-
Pakistan Petroleum Limited	-	695,500	-	695,500	-	-	-	-
Technology and communication								
Pakistan Telecommunication Company Limited 'A'	-	15,720,000	-	13,720,000	2,000,000	-	95,600	2.68
Fertilizer								
Engro Chemicals Pakistan Limited	-	267,000	-	267,000	-	-	-	-
Fauji Fertilizer Company Limited	-	222,000	-	222,000	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	965,500	-	965,500	-	-	-	-
Total						-	113,090	
Grand Total						<u>2,651,848</u>	<u>2,688,111</u>	
Total cost of investment							<u>2,636,390</u>	

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

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

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

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31 March 2007
(Unaudited)
Note -----(Rupees in '000)-----
30 June, 2006
(Audited)

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

Shares of listed companies	5.2.1	406,975	382,958
Term finance certificates	5.2.2	-	5,000
		<u>406,975</u>	<u>387,958</u>

5.2.1 Shares / certificates of listed companies

Name of the investee company	As at 1 July 2006	Purchases during the period	Bonus / Rights issue	Sales during the period	As at 31 March 2007	Carrying value	Market value	Percentage of net assets on the basis of market value (see note 5.1.2 below)
						as at 31 March 2007		
						Number of shares		
Closed end mutual funds								
Al Meezan Mutual Fund Limited	17,018,000	-	-	-	17,018,000	253,568	217,830	6.10
Commercial banks								
Meezan Bank Limited	95,336	935,168	9,533	46,500	993,537	19,764	19,473	0.55
Pharmaceutical								
Glaxosmithkline Pakistan Limited	87,100	-	21,775	-	108,875	15,329	16,767	0.47
Paper and board								
Packages Limited	533,013	149,600	-	-	682,613	141,775	152,905	4.28
Grand Total						<u>430,436</u>	<u>406,975</u>	
Total cost of investment							<u>430,436</u>	

5.2.2 Term finance certificates

Al Zamin Leasing Modaraba - II	1,000	-	-	1,000	-	-	-	
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5.2.2.1 This carried a return of 9.5 %, receivable on a semi annual basis with principal receivable on maturity. The nominal value of the above term finance certificates (TFCs) was Rs 5,000 each.



6 DERIVATIVE FINANCIAL INSTRUMENTS

Type of contract	Settlement	Underlying	Notional amount	31 March	
				2006	2007
				(Assets)	(Liabilities)
				(Rupees in '000)	
Deferred Sales	3/May/2007	Equity indices	124,452	1,292	-
		30-Jun-06	26,287	25,643	1,063
				31 March	
				(Unaudited)	
				2007	2006
				------(Rupees in '000)-----	

7 EARNINGS PER UNIT OUTSTANDING AS AT 31 MARCH

Net income for the period	383,582	1,225,550
	(Number of units)	
Units outstanding as at 31 March	56,485,870	50,632,952
	(Rupees)	
Earnings per unit outstanding as at 31 March,	6.79	24.20

8. TRANSACTIONS WITH CONNECTED PERSONS

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

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Rules and the Trust Deed respectively. Details of transactions with connected persons and balances with them are as follows:

	Nine months ended	
	2007	2006
31 March		
------(Rupees in '000)-----		
Transactions and balances with connected persons- unsecured		
Al Meezan Investment Management Limited		
-Management company		
Remuneration	79,712	60,994
Sales load	6,303	7,951
Bonus units issued in the Fund: 139,681 units (2006: 69,781 units)	8,188	4,097
Investment in the Fund : 413,164 units (2006: 160,356 units)	25,050	11,000
Redemptions : 1,480 units (2006: 166,608 units)	87	13,091



	31 March 2007 (Unaudited)	30 June 2006 (Audited)
	----- (Rupees in '000) -----	
Balance payable	<u>10,012</u>	<u>42,088</u>
Total units held : 1,019,258 units / June 30 : 467,893 units	<u>64,417</u>	<u>35,616</u>
	Nine months ended March 31	
	2007	2006
	----- (Rupees in '000) -----	
Meezan Bank Limited		
Remuneration as the Shariah Advisor	<u>371</u>	<u>375</u>
Sales load	<u>5,735</u>	<u>2,847</u>
Profit on Deposit Accounts	<u>3,873</u>	<u>8,766</u>
Balance payable as at 31 March 2007 / 30 June 2006	<u>1,308</u>	<u>1,354</u>
Bank balances as at 31 March 2007 / 30 June 2006	<u>18,838</u>	<u>126,767</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	<u>3,402</u>	<u>1,652</u>
Central Depository Services charges	<u>200</u>	<u>135</u>
Balance payable as at 31 March 2007 / 30 June 2006	<u>372</u>	<u>333</u>
Security deposit (profit free) as at 31 March 2007 / 30 June 2006	<u>100</u>	<u>100</u>
Directors and executives		
Bonus units issued: 99,644 units (2006: 47,110 units)	<u>5,841</u>	<u>2,777</u>
Investment in the Fund : 27,274 units (2006: 159,127 units)	<u>1,713</u>	<u>12,415</u>
Redemptions : 63,390 units (2006: 30,352 units)	<u>4,064</u>	<u>2,539</u>
	31 March 2007 (Unaudited)	30 June 2006 (Audited)
	----- (Rupees in '000) -----	
Total units held : 394,898 units / June : 327,019 units	<u>25,110</u>	<u>25,504</u>

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9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 24 April 2007 by the Board of Directors of the Management Company.

10. GENERAL

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

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

Chief Executive

Director



Al Meezan
Investment Management Ltd.