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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. Nabil Daudur Rahman
Mr. Muhammad Abdul Faisal Khan
Mr. Muhammad Asad
Syed Owais Wasti

Chairman
Chief Executive

AUDIT COMMITTEE

Mr. Ariful Islam
Mr. Nabil Daudur Rahman
Mr. Muhammad Abdul Faisal Khan

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
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi, Pakistan.

BANKERS

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

REGISTERED OFFICE

Ground Floor, Block "B", Finance & Trade Centre,
Shahrah-e-Faisal, Karachi 74400, Pakistan
Phone: (9221) 3563 0722-26, 111 MEEZAN
Fax: (9221) 3567 6143, 3563 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) 3565 5595

DIRECTORS' REPORT

The Board of Directors of Al Meezan Mutual Fund Limited (AMMF) is pleased to present the un-audited financial statements of the company for the half year ended December 31, 2009.

Economic Review

Pakistan has shown gradual recovery and improvement on the macroeconomic front in the first half of fiscal year 2010. Average year-on-year inflation during the period eased off to 10.3%, which averaged 24.4% during the same period last year. Release of IMF tranche and improved balance of trade numbers have provided a strong impetus to the economy. As a result, foreign exchange reserves increased from US\$ 11.9 billion in June 2009 to US\$ 13.8 billion at the end of December 2009, which is exclusive of the US\$ 1.2 billion tranche received from IMF at the end of 2009. This helped in stabilizing rupee against US dollar, with the rupee depreciating by 4.3% in the period under review. Moreover, remittance inflows made new records, with the first half fiscal year 2010 figure totaling US\$ 4.5 billion, providing crucial support to the balance of payment situation.

On domestic front, tax collection for the period was approximately Rs. 580 billion, which helped Government of Pakistan limit its borrowing to Rs. 70 billion at the end of December 2009. In view of the declining inflation, State Bank reduced the policy rate by 150bps to 12.5%. Moreover, to meet IMF requirements and to stabilize interest rates, the central bank introduced an interest rate corridor, providing a reverse repo facility at 300bps below the repo rate.

Controlled current account deficit, declining inflation, increasing foreign exchange reserves and improvements in other economic numbers were also acknowledged by International rating agencies as Standard and Poor's upgraded Pakistan's Sovereign rating by one notch to 'B-' and Moody's enhanced its country outlook to 'Stable'.

Equity Market Review

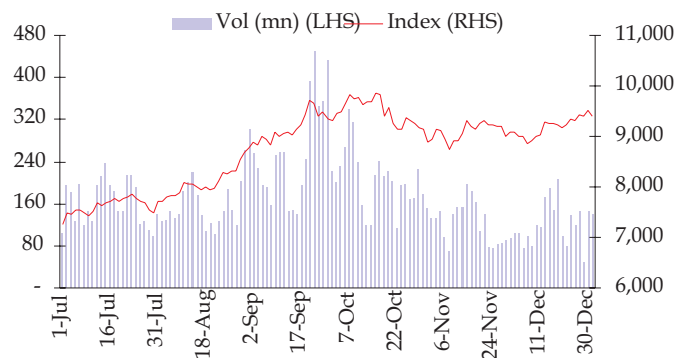
The equity market witnessed a turnaround in the first half ended December 31, 2009 as KSE-100 Index appreciated by 31% or 2,224 points to close the half year at 9,386. This is in sharp contrast to the same period last year when the equity market fell by 52.3%. There was a substantial increase in daily average volume to 172.5 million shares as compared to mere 40.8 million shares in the corresponding period last year during which floor was imposed in the stock market.

At the beginning of the year, uncertainty about the discount rate cut by the Central Bank in the monetary policy statement and late release of IMF tranche caused some concern in the minds of investors and kept market moving at the slow pace. However, it quickly regained its momentum with the discount rate cut, disbursement of IMF tranche and continuous decline in CPI inflation. Later, foreign buying provided impetus to the momentum and made a high of 9,839 in mid of October, 2009.

This momentum was arrested in mid of October as the uncertain law and order situation led to apprehension among investors. Also, on the domestic political front, the uproar from different fronts relating to conditions attached to the Kerry Lugar Bill and later the controversy regarding National Reconciliation Ordinance (NRO) kept the market dull as the focus was diverted from large cap to lower tier stocks and Index dipped below 9,000. However, in the end news about unlocking of NIT LOC units brought about rally in the banking sector and approval of 4th tranche of IMF helped market to close at 9,384 on December 31, 2009. During the same period, KMI-30, the benchmark index, appreciated by 29% to close around 13,754.

Foreign Flows

Imposition of the price floor and exclusion from the MSCI Emerging Markets index along with the global financial crisis had caused a massive exodus (US\$446 mn) of foreign portfolio investments from the equity market in 2008. However, eventually macro recovery and inclusion in MSCI Frontier Market Index encouraged offshore investments to return to Pakistan with a net foreign inflow of US\$ 291 million in the first half of fiscal year 2010. With the interest rates in most developed countries hitting rock bottom and Pakistan stock market trading at a significant discount to the regional markets, it is expected that foreign portfolio investment will continue to flow in the local market.



Performance Review

The KSE-Meezan Index - 30 (KMI-30) serves as the benchmark for Al Meezan Mutual Fund (AMMF). The Fund posted a return of 30.58% in the first six months as compared to its benchmark which rose by 29.17% and hence outperforming it by 1.41%

Al Meezan Mutual Fund returned remarkable performance in the six months ended 31 December 2009, as compared to the same period last year. The Fund posted a total income of Rs. 386 million in the period under review, up from a total loss of Rs. 973 million incurred in the first half of the previous year. The income comprised primarily of the realized gains on investments, which totalled to Rs. 182 million, and unrealized gains on investment of Rs. 152 million. Dividend Income contributed Rs. 48 million

to the total figure. After adjusting for expenses worth Rs. 17 million, the net income of the fund aggregated to Rs. 369 million, which translates into net earnings of Rs. 2.68 per share. This is a complete turnaround from last year's performance when the fund incurred a net loss of Rs. 7.2 per share. The net assets of the Fund showed a healthy gain of 19%, ending the period at an aggregate value of Rs. 1.39 billion, up from Rs. 1.17 billion at the end of June 2009. The fund has also approved an interim 10% cash dividend for its shareholders for the year ending June 30, 2010.

Outlook

After a turbulent 2008, Pakistan's economy has seen a steady turnaround in the year 2009 and all major economic indicators are pointing to greater stability ahead. The S&P rating upgrade has accelerated a pickup in foreign investment in Pakistan's equity market. Since June 2009, when KSE-100 index entered the MSCI Frontier Index, nearly US\$315 million has flowed into the stock market, reversing 18 months of capital flight. The significant build up of foreign exchange reserves has also improved confidence in country's ability in meeting its commitments.

One of the major issues for the equity market is the introduction of a margin financing product that hopefully would be launched in soon. The other major issue that investors will likely deal with is the introduction of capital gains tax on stocks in the next federal budget. Currently, Pakistan's capital market is trading at a P/E multiple of around 7.2, which is almost at a 47% discount to the regional markets. This makes KSE an attractive option for the foreign investors, who are expected to continue their investment at the local bourse.

Acknowledgement

We take this opportunity to thank our valued investors for reposing faith in Al Meezan Investments and making it the largest Shariah Compliant asset management company in Pakistan. We also thank the regulator, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan and management of Karachi Stock Exchange for their support. We would also like to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued assistance and support on shariah aspects of fund management.

For and on behalf of the Board

**Date: February 12, 2010
Karachi.**

**Mohammad Shoaib, CFA
Chief Executive**

A.F.FERGUSON & CO.

A member firm of

PRICEWATERHOUSECOOPERS 

A.F. Ferguson & Co
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road, P.O. Box 4716
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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, 2009 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unitholders' funds 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'). The Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. 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, 2009 and 2008 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2009.

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 the 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 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants
Karachi, February 15, 2010

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Kabul Office: House No. 4, Street No. 3, District 6, Road Karte-3, Kabul, Afghanistan. Tel: (93-799) 315320-203424

AL MEEZAN

Mutual Fund

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**CONDENSED INTERIM STATEMENT
OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2009 (UNAUDITED - NOTE 3)**

	December 31 2009	June 30 2009
Note	(Rupees in '000)	
Assets		
Balances with banks	72,307	35,681
Investments	5 1,318,794	1,122,298
Receivable against sale of investment	7,107	9,103
Dividend receivable	12,549	10,015
Advances, deposits, prepayments and other receivables	9,699	8,001
Total assets	1,420,456	1,185,098
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - management company of the fund	2,376	1,029
Payable to the Central Depository Company of Pakistan Limited (CDC) - custodian of the fund	56	46
Payable to the Securities and Exchange Commission of Pakistan (SECP)	679	1,243
Payable to Meezan Bank Limited (MBL)	-	434
Payable against purchase of investments	-	2,539
Accrued expenses and other liabilities	2,198	2,084
Unclaimed dividend	18,926	3,549
Total liabilities	24,235	10,924
Net assets	1,396,221	1,174,174
Shareholders' equity		
Authorised share capital 150,000,000 (June 30, 2009: 150,000,000) ordinary shares of Rs 10 each	1,500,000	1,500,000
Issued, subscribed and paid-up share capital 137,539,986 (June 30, 2009: 137,539,986) ordinary shares of Rs 10 each	1,375,400	1,375,400
Unappropriated income / (loss)	6,776	(224,797)
Surplus on revaluation of investments	14,045	23,571
	1,396,221	1,174,174
Net assets value per share (Rupees)	10.15	8.54

The annexed notes 1 to 9 form an integral part of this condensed interim financial report.

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

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2009

(UNAUDITED - NOTE 3)

	Six months period ended December 31		Quarter ended December 31	
Note	2009	2008	2009	2008
----- (Rupees in '000) -----				
Income				
Net realised gain / (loss) on sale of investments	181,515	(19,642)	139,413	(583)
Dividend income	48,386	40,301	24,371	23,541
Profit on savings accounts with banks	4,773	2,494	3,440	1,721
	234,674	23,153	167,224	24,679
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss (net)	5	151,606	(996,212)	(119,181)
Gain on re-measurement of derivative financial instruments (net)		-	30	-
		-	30	(506,453)
		151,606	(996,182)	(119,181)
Total income / (loss)	386,280	(973,029)	48,043	(481,744)
Expenses				
Remuneration to Al Meezan - management company of the fund	14,291	14,248	7,206	6,700
Remuneration to CDC - custodian of the fund	403	345	202	157
Annual fee to SECP	679	711	342	334
Shariah advisory fee to MBL	-	126	-	63
Auditors' remuneration	336	319	190	221
Fees and subscription	64	64	32	32
Brokerage	974	242	349	1
Legal and professional charges	115	131	57	75
Bank and settlement charges	247	24	140	1
Printing expenses	58	8	58	-
Stamp duty	-	203	-	203
Advance tax written off	-	709	-	354
Total expenses	17,167	17,130	8,576	8,141
Net income / (loss)	369,113	(990,159)	39,467	(489,885)
Other comprehensive loss for the period				
Deficit on 'available for sale' investments	(9,741)	(29,387)	(13,483)	(16,462)
Total comprehensive income / (loss) for the period	359,372	(1,019,546)	25,984	(506,347)
Earning / (loss) per share (Rupees)	7	2.68	(7.20)	0.29
		(3.56)		(3.56)

The annexed notes 1 to 9 form an integral part of this condensed interim financial report.

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

Chief Executive

Director

**CONDENSED INTERIM
DISTRIBUTION STATEMENT**
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2009 (UNAUDITED - NOTE 3)

	Six months period ended December 31		Quarter ended December 31	
	2009	2008	2009	2008
	----- (Rupees in '000) -----			
(Loss) / unappropriated income brought forward	(224,797)	487,925	104,849	(12,349)
Less: Interim distribution in the form of cash dividend for the year ending June 30, 2010 @ 10% (June 30, 2008: 10%)	(137,540)	(137,540)	(137,540)	(137,540)
Net income / (loss)	369,113	(990,159)	39,467	(489,885)
Unappropriated income / (loss) carried forward	<u>6,776</u>	<u>(639,774)</u>	<u>6,776</u>	<u>(639,774)</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial report.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN EQUITY AND RESERVES PER SHARE**
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2009 (UNAUDITED - NOTE 3)

	Six months period ended December 31		Quarter ended December 31	
	2009	2008	2009	2008
	----- (Rupees in '000) -----			
Net assets value per share at the beginning of the period	8.54	13.86	10.96	10.13
Net realised gain / (loss) on sale of investments	1.32	(0.14)	1.01	-
Dividend income	0.35	0.29	0.18	0.17
Profit on savings accounts with banks	0.03	0.02	0.02	0.01
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss (net)	1.10	(7.24)	(0.87)	(3.68)
Expenses	(0.12)	(0.13)	(0.05)	(0.06)
Net gain / (loss) for the period (based on weighted average number of shares outstanding)	2.68	(7.20)	0.29	(3.56)
Dividend declared and paid	(1.00)	(1.00)	(1.00)	(1.00)
Other comprehensive income for the period	(0.07)	(0.21)	(0.10)	(0.12)
Net assets value per share at the end of the period	<u>10.15</u>	<u>5.45</u>	<u>10.15</u>	<u>5.45</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial report.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY**
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2009 (UNAUDITED - NOTE 3)

	Share capital	Unappropriated income / (loss)	Surplus / (deficit) on revaluation of investments	Total
	----- (Rupees in '000) -----			
Balance as at July 1, 2008	1,375,400	487,925	43,091	1,906,416
Comprehensive income for the period				
Net loss for the six months period ended December 31, 2008		(990,159)	-	(990,159)
Other comprehensive income				
-Deficit on revaluation of available for sale investments		-	(29,387)	(29,387)
Total other comprehensive income		-	(29,387)	(29,387)
Total comprehensive loss for the six months period ended December 31, 2008		(990,159)	(29,387)	(1,019,546)
Transactions with owners				
Final dividend for year the ended June 30, 2008		(137,540)	-	(137,540)
Total transactions with owners		(137,540)	-	(137,540)
Balance as at December 31, 2008	1,375,400	(639,774)	13,704	749,330
Comprehensive income for the period				
Net income for the six months period ended December 31, 2008		414,977	-	414,977
Other comprehensive income				
-Deficit on revaluation of available for sale investments		-	25,983	25,983
-Surplus realised on available for sale investments transferred to income statement on disposal		-	(16,116)	(16,116)
Total other comprehensive income		-	9,867	9,867
Total comprehensive income for the six months period ended June 30, 2009		414,977	9,867	424,844
Balance as at June 30, 2009	1,375,400	(224,797)	23,571	1,174,174
Comprehensive income for the period				
Net income for the six months period ended December 31, 2009		369,113	-	369,113
Other comprehensive income				
-Deficit on revaluation of available for sale investments		-	(9,741)	(9,741)
-Loss realised on available for sale investments transferred to income statement on disposal		-	215	215
Total other comprehensive income		-	(9,526)	(9,526)
Total comprehensive income for the six months period ended December 31, 2009		369,113	(9,526)	359,587
Transactions with owners				
Interim dividend for the year ending June 30, 2010		(137,540)	-	(137,540)
Total transactions with owners		(137,540)	-	(137,540)
Balance as at December 31, 2009	1,375,400	6,776	14,045	1,396,221

The annexed notes 1 to 9 form an integral part of this condensed interim financial report.

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

Chief Executive

Director

**CONDENSED INTERIM
CASH FLOW STATEMENT**
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2009 (UNAUDITED - NOTE 3)

	Six months period ended December 31		Quarter ended December 31	
	2009	2008	2009	2008
----- (Rupees in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	369,113	(990,159)	39,467	(489,885)
Adjustments for non-cash items				
Dividend income	(48,386)	(40,301)	(24,371)	(23,541)
Advance tax written off	-	709	-	709
Profit on deposit accounts with banks	(4,773)	(2,494)	(3,440)	(1,721)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss (net)	(151,606)	996,212	119,181	506,453
Gain on re-measurement of investments sold on deferred settlement basis	-	(30)	-	(30)
Loss realised on sale of available for sale investments	215	-	215	-
	(204,550)	954,096	91,585	481,870
(Increase) / decrease in assets				
Investments	(54,631)	47,058	(54,896)	52,302
Receivable against sale of investments	1,996	-	(7,107)	-
Deposits, prepayments and other receivables	(153)	(1,010)	(43)	(1,195)
	(52,788)	46,048	(62,046)	51,107
Increase / (decrease) in liabilities				
Payable to Al Meezan - management company of the fund	1,347	(1,119)	(106)	(310)
Payable to CDC - custodian of the fund	10	(39)	-	(11)
Payable to SECP	(564)	(1,356)	(900)	334
Payable to MBL	(434)	126	-	63
Payable against purchase of investments	(2,539)	-	(704)	-
Accrued expenses and other liabilities	114	(341)	(566)	(389)
	(2,066)	(2,729)	(2,276)	(313)
Cash generated from operations	109,709	7,256	66,730	42,779
Dividend received	45,852	51,379	26,471	25,570
Profit received on savings accounts with banks	3,228	4,734	1,394	1,790
Net cash inflow from operating activities	158,789	63,369	94,595	70,139
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(122,163)	(115,010)	(122,154)	(115,009)
Net cash outflow from financing activities	(122,163)	(115,010)	(122,154)	(115,009)
Net increase / (decrease) in cash and cash equivalents during the period	36,626	(51,641)	(27,559)	(44,870)
Cash and cash equivalents at the beginning of the period	35,681	63,366	99,866	56,595
Cash and cash equivalents at the end of the period	72,307	11,725	72,307	11,725

The annexed notes 1 to 9 form an integral part of this condensed interim financial report.

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

Chief Executive

Director

**NOTES TO THE CONDENSED
INTERIM FINANCIAL REPORT**
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2009 (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 (the Ordinance) having its registered office at Finance and Trade Centre, 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 SECP.
- 1.3 The Fund has an agreement with Al Meezan, an associated undertaking, to provide asset management services.
- 1.4 The objective of the Fund is to carry on the business as 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations), a closed end fund or an investment company shall, upon expiry of every five years from November 21, 2007 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 This condensed interim financial report has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules, the NBFC Regulations and the directives issued by the SECP.

Wherever, the requirements of the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules, the NBFC Regulations or the said directives differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the said directives take precedence. The disclosures made in this condensed interim financial report have, however, been limited based on the requirements of the IAS 34: 'Interim Financial Reporting'.

- 3.2 This condensed interim financial report comprises of the condensed interim statement of assets and liabilities as at December 31, 2009 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, 2009, which have been subject to a review but not audited. This condensed interim financial report 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 for the quarter ended December 31, 2009 which is not subject to a review.
- 3.3 The comparative statement of assets and liabilities presented in this condensed interim financial report as at June 30, 2009 has been extracted from the audited financial statements of the Fund for the year ended June 30, 2009 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, 2008 were subject to review but not audited. The comparative condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in equity and reserves per share and condensed interim cashflow statement for the quarter ended December 31, 2008 included in this condensed interim financial report were not subjected to a review.
- 3.4 Standards, amendments and interpretations effective from July 1, 2009:
- a) IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14 and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segment information is therefore reported in a manner that is more consistent with the internal reporting provided to the fund manager. The adoption of this standard would not have any impact on the condensed interim financial report.
 - b) IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period. The Fund has applied IAS 1 (revised) from July 1, 2009, and has elected to present one statements (the income statement and statement of comprehensive income).

- c) IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The adoption of the amendment did not have a significant impact on the Fund's condensed interim financial report.
- d) IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, which would be detailed in the financial statements for the year ending June 30, 2010, but does not have an impact on the Fund's financial position or performance.

Certain interpretations to the approved accounting standards are mandatory for accounting periods beginning on or before July 1, 2009 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 to approved accounting standards are effective for accounting periods beginning on or after July 1, 2009 but are considered not to be relevant or have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial report.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2009 except for the change in accounting policy as referred to in note 4.2 below:

4.1 Change in an accounting policy

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity.

The Fund has applied IAS 1 (revised) from July 1, 2009, and has elected to present one performance statement. As a result non-owner changes in equity which were previously credited directly in the statement of movement in shareholders' fund and the distribution statement are now shown as other comprehensive income in the performance statement (referred to as income statement in this condensed interim financial report). The change in presentation has not affected the values of the net assets of the Fund for either the current or any of the prior periods and hence restated statement of assets and liabilities has not been presented.

December 31 June 30
2009 2009
(Rupees in '000)

5. INVESTMENTS

Investments - available for sale	5.1	521,986	30,113
Investments - held for trading	5.2	796,808	1,092,185
		1,318,794	1,122,298

5.1 Shares of listed companies / banks - available for sale

Name of the investee company	As at July 1, 2009	Purchase during the period	Bonus issue	Sales during the period	As at December 31, 2009	Carrying value as at December 31, 2009	Market value as at December 31, 2009	Unrealised gain / (loss) as at December 31, 2009	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 5.4 below)	Paid-up capital of investee company (with face value of investment)	Total market value
						----- Rupees in '000 -----					
Sector / companies											
Commercial banks											
Meezan Bank Limited	-	188,522	-	-	188,522	3,171	2,967	(204)	0.21	0.03	0.23
Cement											
Lucky Cement Company Limited	-	21,000	-	-	21,000	1,440	1,391	(49)	0.10	0.01	0.11
Power generation & distribution											
The Hub Power Company Limited	-	320,000	-	-	320,000	10,047	9,946	(101)	0.71	0.03	0.75
Oil and gas marketing companies											
Pakistan State Oil Company Limited	1,043	477,500	-	66,200	412,343	139,963	122,647	(17,316)	8.78	0.24	9.30
Oil & gas exploration companies											
Oil & Gas Development Company Limited (note 5.5)	-	155,000	-	-	155,000	16,990	17,145	155	1.23	0.01	1.30
Pakistan Oilfields Limited	-	193,000	-	-	193,000	40,116	44,539	4,423	3.19	0.08	3.38
Pakistan Petroleum Limited	-	202,000	13,000	-	215,000	39,717	40,762	1,045	2.92	0.02	3.09
									7.340	0.11	7.77
Automobile parts & accessories											
Agriauto Industries Limited (note 5.3)	-	700,000	-	-	700,000	46,690	42,175	(4,515)	3.02	2.43	3.20
Technology & communication											
Pakistan Telecommunication Company Limited "A"	-	100,000	-	-	100,000	1,841	1,765	(76)	0.13	0.01	0.13
Fertilizer											
Fauji Fertilizer Company Limited	343,769	1,600,000	-	-	1,943,769	195,864	200,072	4,208	14.33	0.29	15.17
Fauji Fertilizer Bin Qasim Limited	-	1,444,000	-	-	1,444,000	34,883	37,732	2,849	2.70	0.15	2.86
									17.030	0.44	18.03
Paper & Board											
Packages Limited	-	5,869	-	-	5,869	1,005	845	(160)	0.06	0.01	0.06
					531,727	521,986	(9,741)				
Total cost of investments - Available for sale						507,941					

5.2 Shares of listed companies / banks - held for trading

Name of the investee company	As at July 1, 2009	Purchase during the period	Bonus issue	Sales during the period	As at December 31, 2009	Carrying value as at December 31, 2009	Market value as at December 31, 2009	Unrealised gain / (loss) as at December 31, 2009	Percentage in relation to		
									Net assets of the Fund on the basis of market value (see note 5.4 below)	Paid-up capital of investee company (with face value of investment)	Total market value
----- Number of shares -----						----- Rupees in '000 -----					
Commercial banks											
Meezan Bank Limited	1,978,707	-	-	171,000	1,807,707	19,885	28,453	8,568	2.04	0.27	2.16
Textile composite											
Nishat Mills Limited	264,255	240,000	-	200,000	304,255	12,517	21,267	8,750	1.52	0.13	1.61
Jute											
Thal Limited (note 5.3)	223,300	1,000	44,660	1,000	267,960	17,317	22,742	5,425	1.63	0.52	1.73
Cement											
Attock Cement Company Limited	191,600	-	38,020	94,315	135,305	7,918	7,036	(882)	0.50	0.16	0.53
D G Khan Cement Company Limited	720	-	-	720	-	-	-	-	-	-	-
Lucky Cement Company Limited	505,700	285,690	-	388,200	403,190	25,190	26,707	1,517	1.91	0.12	2.03
									2.41	0.28	2.56
Power generation & distribution											
The Hub Power Company Limited	3,186,000	102,760	-	-	3,288,760	89,391	102,215	12,824	7.32	0.28	7.75
Oil & gas marketing companies											
Pakistan State Oil Company Limited	331,300	71,000	-	402,300	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	232,200	-	-	232,200	-	-	-	-	-	-	-
Oil & gas exploration companies											
Oil & Gas Development Company Limited (note 5.5)	1,687,300	107,000	-	1,200,676	593,624	47,125	65,661	18,536	4.70	0.01	4.98
Pakistan Oilfields Limited	553,500	188,951	-	280,500	461,951	73,438	106,604	33,166	7.64	0.20	8.08
Pakistan Petroleum Limited	556,071	49,500	110,954	226,800	489,725	76,617	92,847	16,230	6.65	0.05	7.04
									18.99	0.26	20.10
Automobile assembler											
Indus Motor Company Limited	196,092	-	-	38,350	157,742	16,992	30,999	14,007	2.22	0.20	2.35
Pak Suzuki Motor Company Limited	185,980	-	-	40,000	145,980	9,912	12,986	3,074	0.93	0.18	0.99
									3.15	0.38	3.34
Automobile parts & accessories											
Agriauto Industries Limited (note 5.3)	708,960	-	-	700,000	8,960	292	540	248	0.04	0.03	0.04
Technology & communication											
Pakistan Telecommunication Company Limited "A"	4,126,200	-	-	1,420,000	2,706,200	46,655	47,764	1,109	3.42	0.07	3.62
Fertilizer											
Engro Chemical Pakistan Limited	526,393	-	-	526,393	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	1,278,227	381,191	-	1,600,000	59,418	5,241	6,116	875	0.44	0.01	0.46
Fauji Fertilizer Bin Qasim Limited	2,870,500	298,061	-	345,000	2,823,561	50,345	73,780	23,435	5.28	0.30	5.60
									5.720	0.31	6.06
Pharmaceutical											
Glaxo SmithKline (Pakistan) Limited	43,906	-	-	-	43,906	5,260	4,798	(462)	0.34	0.03	0.36
Chemicals											
ICI Pakistan Limited	416,600	-	-	43,000	373,600	52,397	62,948	10,551	4.51	0.27	4.77
Sitara Chemical Industries Limited	62,460	-	-	-	62,460	9,744	9,995	251	0.72	0.31	0.76
									5.230	0.58	5.53
Paper & Board											
Packages Limited	488,987	-	-	43,000	445,987	70,038	64,222	(5,816)	4.60	0.53	4.87
Glass & Ceramics											
Ghani Glass Limited	36,922	-	3,692	-	40,614	2,106	2,093	(13)	0.15	0.04	0.16
Miscellaneous											
Tri-Pack Films Limited	68,300	-	-	-	68,300	6,822	7,035	213	0.50	0.23	0.53
						645,202	796,808	151,606			
Total cost of investments - held for trading									802,729		

- 5.3 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.
- 5.4 Net assets are as defined in Regulation 66 of NBFC Regulations.
- 5.5 190,000 shares (June 30, 2009: 190,000 shares) of Oil and Gas Development Company Limited having market value of Rs 21.016 million (June 30, 2009: 14.942 million) as at December 31, 2009 have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark-to-market losses.

6. CONTINGENCIES

Through Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it can be construed that all Collective Investment Schemes (CIS) whose income exceeds Rs 0.5 million in a tax year may have been brought within the purview and scope of the WWF Ordinance, thus rendering them liable to pay two percent of their total income (as defined in section 4 of the Workers' Welfare Fund Ordinance, 1971). However, during the period the Mutual Funds Association of Pakistan (MUF AP), of which the Management Company is a member, has filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that CIS are not liable to pay contribution to the WWF on the grounds that CIS do not have any workers or employees. The legal proceedings in respect of the aforementioned petition are currently in progress and the outcome cannot be reasonably ascertained.

The Management Company based on the advice of the MUFAP's legal counsel, is confident of a favorable decision and accordingly no provision for the aforementioned liability which has an impact of Rs 0.05 per share as of December 31, 2009 has been made in this condensed interim financial report.

There were no other contingencies and commitments outstanding as at December 31 and June 30, 2009.

7. BASIC EARNINGS PER SHARE

	Six months ended		Quarter ended	
	December 31		December 31	
	2009	2008	2009	2008
	----- (Rupees in '000) -----			
Net profit for the period (Rupees in '000)	<u>369,113</u>	<u>(990,159)</u>	<u>39,467</u>	<u>(489,885)</u>
	----- (Number of shares) -----			
Weighted average number of ordinary shares outstanding during the period	<u>137,539,986</u>	<u>137,539,986</u>	<u>137,539,986</u>	<u>137,539,986</u>
Basic and diluted earning per share (Rupees)	<u>2.68</u>	<u>(7.20)</u>	<u>0.29</u>	<u>(3.56)</u>

8. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

	December 31 2009	June 30 2009
	(Rupees in '000)	
Al Meezan - management company of the Fund		
Remuneration payable	2,376	1,029
Investment of 23,205,692 shares (June 30, 2009: 23,205,692 shares)	153,158	120,670
Meezan Islamic Fund		
Investment of 19,570,700 shares (June 30, 2009: 19,570,700 shares)	129,167	101,768
MBL		
Balances with bank	2,120	1,928
Shariah advisory fee payable	-	434
Investment of 5,561,607 shares (June 30, 2009: 5,561,607 shares)	36,707	28,920
Investment in 1,996,229 shares (June 30, 2009: 1,978,707 shares)	31,420	21,766
CDC - custodian of the Fund		
Deposits	138	138
Remuneration payable	56	46
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 16,895,690 shares (June 30, 2009: 16,895,690 shares)	111,512	87,858
Directors and officers		
Investment of 372,878 shares (June 30, 2009: 356,878 shares)	2,461	1,858
	Six months period ended December 31	
	2009	2008
	(Rupees in '000)	
Al Meezan - management company of the Fund		
Remuneration for the period	14,291	14,248
Dividend for the period	23,206	23,206
Meezan Islamic Fund		
Dividend for the period	19,571	19,571

	December 31 2009	December 31 2008
	(Rupees in '000)	
MBL		
Profit on deposit accounts with bank	<u>2</u>	<u>1</u>
Shariah advisory fee for the period	<u>-</u>	<u>126</u>
Shares purchased during the period : 188,522 shares (December 31, 2008: nil shares)	<u>3,171</u>	<u>-</u>
Shares sold during the period : 171,000 shares (December 31, 2008: nil shares)	<u>2,944</u>	<u>-</u>
Dividend for the period	<u>5,562</u>	<u>5,562</u>
CDC - custodian of the Fund		
Charges for the period	<u>403</u>	<u>345</u>
Pakistan Kuwait Investment Company (Private) Limited		
Dividend for the period	<u>16,896</u>	<u>16,896</u>
Directors and officers		
Shares purchased during the period : 16,000 shares (December 31, 2008: nil shares)	<u>106</u>	<u>-</u>
Dividend for the period	<u>373</u>	<u>357</u>

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on February 12, 2010 by the board of directors of the fund.

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

Chief Executive

Director

**STATEMENT OF THE INCOME & EXPENDITURE OF THE MANAGEMENT
COMPANY IN RELATION TO THE FUND
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

**December 31,
2009 2008
(Rupees in '000)**

INCOME

Remuneration from Al Meezan Mutual Fund Limited	14,291	14,248
Dividend income	23,206	23,206
	37,497	37,454

OPERATING EXPENSES

Salaries and other benefits	5,503	2,174
Motor vehicle running expenses	99	93
Fees and subscription	137	46
Insurance expense	55	13
Printing and stationery	72	109
Financial Charges	0	783
Communication	395	140
Depreciation	339	329
Travelling and conveyance	53	38
Entertainment	10	7
Legal and professional charges	136	86
Repair and maintenance	25	12
Office supplies	33	7
Training and development	14	28
Rent, rates and taxes	345	285
Utilities	47	57
Shariah advisory fee	125	0
Miscellaneous expenses	12	3
	7,400	4,210
OPERATING PROFIT	30,097	33,244

Note: Other revenue and expenditure not related to the Fund has not been included in the above statement.