

Celebrating Over

**100** Branches

**HALF  
YEARLY REPORT  
JUNE 30, 2008**



**Meezan Bank**  
The Premier Islamic Bank

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## **CORPORATE INFORMATION**

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<b>Board of Directors</b>	H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa Naser Abdul Mohsen Al-Marri Irfan Siddiqui Istaqbal Mehdi Ariful Islam Rana Ahmed Humayun Mohammed Azzaroog Rajab Ahmed Abdul Rahim Mohamed Nawal Ahmed Jassar Dakheel Al-Jassar	Chairman Vice Chairman President & CEO
<b>Shariah Board</b>	Justice (Retd.) Muhammad Taqi Usmani Dr. Abdul Sattar Abu Ghuddah Sheikh Essam M. Ishaq Dr. Muhammad Imran Usmani	Chairman
<b>Executive Committee</b>	Naser Abdul Mohsen Al-Marri Irfan Siddiqui	
<b>Audit Committee</b>	Istaqbal Mehdi Rana Ahmed Humayun Ahmed Abdul Rahim Mohamed Nawal ahmed	
<b>Risk Management Committee</b>	Rana Ahmed Humayun Nawal Ahmed Ariful Islam	
<b>Human Resources Committee</b>	Ahmed Abdul Rahim Mohamed Naser Abdul Mohsen Al-Marri Irfan Siddiqui	
<b>Company Secretary</b>	Shabbir Hamza Khandwala	
<b>Shariah Advisor</b>	Dr. Muhammad Imran Usmani	
<b>Legal Advisor</b>	Rizvi, Isa, Afridi & Angell	
<b>Auditors</b>	KPMG Taseer Hadi & Co.	
<b>Registered Office</b>	3rd Floor, PNSC Building, M.T.Khan Road, Karachi-74000, Pakistan Ph : (9221)5610582, Fax: (9221)5610375, Call Centre No. 111-331-331 E-mail: info@meezanbank.com	
<b>Website</b>	www.meezanbank.com	
<b>Shares Registrar</b>	THK Associates (Pvt.) Ltd. State Life Building -3, Dr. Ziauddin Ahmed Road, Karachi-75530, Pakistan. Ph: (9221) 111-000-322, Fax: (9221)5655595	



## **DIRECTORS' REVIEW**

The Board of Directors is pleased to present the condensed interim unaudited financial statements of Meezan Bank Limited and consolidated financial statements for the half year ended June 30, 2008. The financial highlights of Meezan Bank for the half year and corresponding period of the last year are given below:

### **Financial Highlights**

Rupees in '000			
	June 2008	June 2007	Growth %
Deposits	57,842,191	45,052,679	28%
Financings	38,300,491	28,818,439	33%
Total Assets	71,736,658	59,728,892	20%
Share Capital	4,535,876	3,779,897	20%
Shareholders' Equity	6,163,055	5,187,367	19%
Net Spread Earned	1,529,677	977,290	57%
Fee, Commission & Brokerage Income	199,853	134,619	48%
Profit before Tax	638,312	601,498	6%
Profit after Tax	443,145	430,958	3%
Earnings per Share (six months)-Rupee	0.98	0.95	3%
Number of Branches (including one sub branch)	111	65	71%

By the Grace of Allah, the Bank has achieved growth in all business segments and consolidated its position as the leading Islamic Bank of the country. Deposits, the lifeblood of the Bank, increased by 28% from Rs. 45 billion to Rs. 58 billion. Profitability was also up, with post tax profit of Rs 443 million as compared to Rs 431 million in the corresponding period of last year reflecting an increase of 3%. Earnings per Share (EPS) for the period is Re 0.98 as compared to Re 0.95 in corresponding period of last year. This performance has been achieved despite the fall in the Pakistan Stock Market during this period.

Income from core banking business has increased by 47%, which reflects the increase in our banking operations stemming directly as a result of our aggressive branch expansion policy. The balance sheet has also shown a healthy growth of 20% over June 30, 2007 from Rs. 60 billion to Rs. 72 billion with financing increased by 33% over corresponding period of last year.

Despite the difficult economic and political environment, the Bank plans to continue with its branch expansion policy and plans to open 31 new branches and 12 sub branches InshaAllah by December 2008.

JCR VIS Credit Rating Co. Ltd. has re-affirmed the bank's credit rating for long-term entity rating of A+ with stable outlook and short-term rating of A1.

## **DIRECTORS' REVIEW**

The Islamic Banking industry continues to grow in Pakistan and six-full fledged Islamic Banks are now in operation. We welcome the advent of new Islamic banks and pray for the success of all players in this field. We are confident that there will be good co-operation between these banks, which will no doubt benefit all participants.

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and our Shariah Supervisory Board for their continued guidance and support. We also take this opportunity to thank our valued customers for their patronage, the shareholders for their continued support and to the staff for their continuous efforts to make Meezan Bank a success.

On behalf of the Board

**H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & CEO

Dubai:  
August 01, 2008

## **Independent Auditors Report on Review of Unconsolidated Interim Financial Information to the Members**

### **Introduction**

We have reviewed the accompany unconsolidated condensed interim balance sheet of Meezan Bank Limited as at 30 June 2008 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity for the half year then ended (here-in-after referred to as the "unconsolidated interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consist 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 matter 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 unconsolidated interim financial information as at 30 June 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures of the unconsolidated condensed interim profit and loss account for the quarters ended 30 June 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30 June 2008.

**Date: August 01, 2008  
Karachi**

**KPMG Taseer Hadi & Co.  
Chartered Accountants**

**CONDENSED INTERIM  
BALANCE SHEET  
AS AT JUNE 30, 2008**

	Note	June 30, 2008 (Unaudited)	December 31, 2007 (Audited)
----- Rupees in '000 -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	6,563,293	5,644,028
Balances with other banks	7	2,585,386	3,729,549
Due from financial institutions		9,604,000	8,850,000
Investments	8	10,894,149	10,535,186
Financings	9	38,300,491	34,576,339
Operating fixed assets	10	1,281,682	1,032,963
Other assets		2,507,657	2,810,494
Deferred tax assets		-	-
		<b>71,736,658</b>	<b>67,178,559</b>
<b>LIABILITIES</b>			
Bills payable		1,051,826	1,192,160
Due to financial institutions		2,598,518	2,415,606
Deposits and other accounts	11	57,842,191	54,582,353
Sub-ordinated loans		-	-
Liabilities against assets subject to finance leases		-	-
Deferred tax liabilities		531,453	430,377
Other liabilities		3,568,706	2,851,407
		<b>65,592,694</b>	<b>61,471,903</b>
<b>NET ASSETS</b>		<b>6,143,964</b>	<b>5,706,656</b>
<b>REPRESENTED BY</b>			
Share capital	12	4,535,876	3,779,897
Reserves		809,414	720,785
Unappropriated profit		817,765	1,219,228
		<b>6,163,055</b>	<b>5,719,910</b>
Deficit on revaluation of investments		(19,091)	(13,254)
		<b>6,143,964</b>	<b>5,706,656</b>

**CONTINGENCIES AND COMMITMENTS** 13

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**H.E. Sheikh Ebrahim  
Bin Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

**Rana Ahmed Humayun**  
Director

**Ariful Islam**  
Director



**CONDENSED INTERIM**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2008**

	Note	Quarter ended June 30, 2008	Half year ended June 30, 2008	Quarter ended June 30, 2007	Half year ended June 30, 2007
----- Rupees in '000 -----					
Profit / return earned on financings, investments and placements	14	1,467,915	2,892,414	1,091,887	2,065,410
Return on deposits and other dues expensed	15	693,183	1,362,737	580,753	1,088,120
Net spread earned		<u>774,732</u>	<u>1,529,677</u>	<u>511,134</u>	<u>977,290</u>
Provision against non-performing financings (net)		69,389	82,322	81,918	89,586
Provision for diminution in value of investments		-	-	-	-
Bad debts written off directly		69,389	82,322	81,918	89,586
Net spread after provisions		<u>705,343</u>	<u>1,447,355</u>	<u>429,216</u>	<u>887,704</u>
<b>OTHER INCOME</b>					
Fee, commission and brokerage income		111,498	199,853	73,222	134,619
Dividend income		97,742	106,771	20,898	28,978
Income from dealing in foreign currencies		54,955	119,266	89,129	171,847
Capital gain on sale of investments		25,396	33,010	44,510	60,707
Unrealised (loss) / gain on held for trading investments		(149,001)	(108,776)	60,078	76,228
Other income		9,503	17,745	8,419	15,637
Total other income		<u>150,093</u>	<u>367,869</u>	<u>296,256</u>	<u>488,016</u>
		<u>855,436</u>	<u>1,815,224</u>	<u>725,472</u>	<u>1,375,720</u>
<b>OTHER EXPENSES</b>					
Administrative expenses		599,938	1,176,862	401,937	774,197
Other provisions / write offs		-	-	-	-
Other charges		-	50	12	25
Total other expenses		<u>599,938</u>	<u>1,176,912</u>	<u>401,949</u>	<u>774,222</u>
		<u>255,498</u>	<u>638,312</u>	<u>323,523</u>	<u>601,498</u>
Extraordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<u>255,498</u>	<u>638,312</u>	<u>323,523</u>	<u>601,498</u>
Taxation - Current		(16,711)	92,232	1,045	1,449
- Deferred		79,647	102,935	82,097	169,091
		<u>62,936</u>	<u>195,167</u>	<u>83,142</u>	<u>170,540</u>
<b>PROFIT AFTER TAXATION</b>		<u>192,562</u>	<u>443,145</u>	<u>240,381</u>	<u>430,958</u>
Unappropriated profit brought forward		663,715	1,219,228	639,004	448,427
		<u>856,277</u>	<u>1,662,373</u>	<u>879,385</u>	<u>879,385</u>
Transfer to reserve for issue of bonus shares		-	(755,979)	-	-
Transfer to statutory reserve		(38,512)	(88,629)	(86,192)	(86,192)
Profit available for appropriations		<u>817,765</u>	<u>817,765</u>	<u>793,193</u>	<u>793,193</u>
Basic and diluted earnings per share (Rupee)	16	<u>0.42</u>	<u>0.98</u>	<u>0.53</u>	<u>0.95</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**H.E. Sheikh Ebrahim  
Bin Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

**Rana Ahmed Humayun**  
Director

**Ariful Islam**  
Director

**CONDENSED INTERIM****CASH FLOW STATEMENT (UNAUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2008

	Note	June 30, 2008	June 30, 2007
----- Rupees in '000 -----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		638,312	601,498
Less: Dividend income		(106,771)	(28,978)
		531,541	572,520
<b>Adjustments for non-cash charges</b>			
Depreciation		88,063	55,017
Amortization		9,501	5,191
Provision against non-performing financings (net)		82,322	89,586
Gain on sale of fixed assets		(3,137)	(3,288)
Unrealised loss / (gain) on held for trading investments		108,776	(76,228)
		285,525	70,278
		817,066	642,798
<b>(Increase) / decrease in operating assets</b>			
Due from financial institutions		(754,000)	(4,040,000)
Held for trading investments		(440,087)	(13,209)
Financings		(3,806,474)	(1,877,009)
Others assets		307,672	(22,456)
		(4,692,889)	(5,952,674)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(140,334)	135,890
Due to financial institutions		182,912	1,589,761
Deposits and other accounts		3,259,838	10,603,238
Other liabilities		626,564	331,875
		3,928,980	12,660,764
		53,157	7,350,888
Income tax paid		(1,496)	(8,435)
Net cash flow from operating activities		51,661	7,342,453
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in securities		(35,348)	(1,508,261)
Dividends received		101,935	25,848
Investments in operating fixed assets		(351,148)	(364,711)
Sale proceeds of property and equipment disposed off		8,002	5,166
Net cash flow from investing activities		(276,559)	(1,841,958)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net (decrease) / increase in cash and cash equivalents		(224,898)	5,500,495
Cash and cash equivalents at the beginning of the period		9,373,577	10,032,269
Cash and cash equivalents at the end of the period	17	9,148,679	15,532,764

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**H.E. Sheikh Ebrahim**  
**Bin Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

**Rana Ahmed Humayun**  
Director

**Ariful Islam**  
Director

**CONDENSED INTERIM****STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

		Capital Reserves		Revenue reserves	Unappropriated profit	Total
	Share capital	Statutory reserve	Reserve for issue of bonus shares	General reserve		
	Rupees in '000					
Balance as at January 1, 2007	3,779,897	461,319	-	66,766	448,427	4,756,409
Profit after taxation for the year	-	-	-	-	963,501	963,501
Transfer to statutory reserve	-	192,700	-	-	(192,700)	-
Balance as at December 31, 2007	3,779,897	654,019	-	66,766	1,219,228	5,719,910
Profit after taxation for the half year ended June 30, 2008	-	-	-	-	443,145	443,145
Transfer to reserve for issue of bonus shares	-	-	755,979	-	(755,979)	-
Issue of bonus shares	755,979	-	(755,979)	-	-	-
Transfer to statutory reserve	-	88,629	-	-	(88,629)	-
Balance as at June 30, 2008	4,535,876	742,648	-	66,766	817,765	6,163,055

The annexed notes 1 to 21 form an integral part of these interim financial statements.

**H.E. Sheikh Ebrahim  
Bin Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

**Rana Ahmed Humayun**  
Director

**Ariful Islam**  
Director



**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

The Bank was incorporated in Pakistan on January 27, 1997 as a public limited company under the Companies Ordinance, 1984 and its shares are quoted on the Karachi Stock Exchange. The Bank was registered as an 'Investment Finance Company' on August 8, 1997 and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987 in accordance and in conformity with the principles of Islamic Shariah. A 'certificate of commencement of business' was issued to the Bank on September 29, 1997.

The Bank was granted a 'Scheduled Islamic Commercial Bank' licence on January 31, 2002 and formally commenced operations as a scheduled Islamic Commercial Bank with effect from March 20, 2002 on receiving notification in this regard from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.

The Bank was operating through one hundred and eleven branches (including one sub branch) as at June 30, 2008 (June 30, 2007: sixty five). Its registered office is at 3rd Floor, PNSC Building, Moulvi Tamizuddin Khan Road, Karachi.

**2. BASIS OF PRESENTATION**

The Bank provides financing mainly through Murabaha, Ijarah, Musharakah, Diminishing Musharakah, Istisna, Tijarah and Export Refinance under Islamic Export Refinance Scheme. Under murabaha the goods are purchased and are then sold to the customers on credit. The purchases and sales arising under these arrangements are not reflected in these condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financings is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Executive Committee of the Shariah Supervisory Board.

The Securities and Exchange Commission of Pakistan has notified for adoption "Islamic Financial Accounting Standard 2 - Ijarah (IFAS-2)" issued by the Institute of Chartered Accountants of Pakistan (ICAP) which is applicable for accounting periods beginning January 1, 2008. Consequent to the issuance of IFAS-2, the six (6) full-fledged Islamic Banks approached ICAP to seek certain clarifications on its implementation especially regarding the methods of applicability of Prudential Regulations for Corporate and Consumer Banking issued by the State Bank of Pakistan (SBP). ICAP has approached SBP seeking necessary clarifications.

Pending above clarifications, the Bank has continued recognizing Ijarah transactions consistent with the policy used for the preparation of audited financial statements for the year ended December 31, 2007. During the half year ended June 30, 2008, the Bank has disbursed the Ijarah financing aggregating to Rs. 2,243 million.

**3. STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards issued by



**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, by the Securities and Exchange Commission of Pakistan (SECP) and the Banking Companies Ordinance, 1962, and the directives issued by the State Bank of Pakistan (SBP). In case the requirements of provisions and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962, and the directives issued by the SBP differ with the requirements of these standards, the provisions of and the directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 and the directives issued by SBP shall prevail.

SBP through its BSD Circular No. 10 dated August 26, 2002 has deferred the implementation of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banks in Pakistan. Accordingly, the requirements of those IASs have not been considered in preparation of these condensed interim financial statements.

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2007

**4. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2007, except for the new product launched by the Bank during the period, the accounting policy of which is stated as follows:

**Tijarah Financing**

Income on Tijarah is recognised on accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.

**5. ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these condensed interim financial statements are the same as those disclosed in the financial statements for the year ended December 31, 2007.

**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

	June 30, 2008	December 31, 2007
	----- Rupees in '000 -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
- local currency	1,474,270	1,108,762
- foreign currencies	238,845	291,322
With the State Bank of Pakistan in		
- local currency current accounts	4,181,292	3,727,428
- foreign currency current accounts	410,633	325,499
With National Bank of Pakistan in		
- local currency current accounts	258,253	191,017
	<u>6,563,293</u>	<u>5,644,028</u>

**7. BALANCES WITH OTHER BANKS**

In Pakistan		
- on current accounts	222,190	100,483
Outside Pakistan		
- on current accounts	181,276	344,033
- on deposit accounts	2,181,920	3,285,033
	<u>2,585,386</u>	<u>3,729,549</u>

**8. INVESTMENTS**

	June 30, 2008			December 31, 2007		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
	----- Rupees in '000 -----					
<b>8.1 Investments by types</b>						
Held for trading securities	925,806	-	925,806	517,172	-	517,172
Available for sale securities	6,189,390	100,000	6,289,390	6,547,187	-	6,547,187
Held to maturity securities	1,662,978	-	1,662,978	1,621,200	-	1,621,200
Associates	2,094,441	-	2,094,441	1,843,074	-	1,843,074
Subsidiary	63,050	-	63,050	63,050	-	63,050
<b>Investments at cost/carrying value</b>	10,935,665	100,000	11,035,665	10,591,683	-	10,591,683
Less : Provision for diminution in value of investments	(9,628)	-	(9,628)	(9,628)	-	(9,628)
<b>Investments (net of provision)</b>	10,926,037	100,000	11,026,037	10,582,055	-	10,582,055
Deficit on revaluation of held for trading securities	(108,776)	-	(108,776)	(31,453)	-	(31,453)
Deficit on revaluation of available for sale securities	(23,112)	-	(23,112)	(15,416)	-	(15,416)
<b>Total investments at market value</b>	<u>10,794,149</u>	<u>100,000</u>	<u>10,894,149</u>	<u>10,535,186</u>	<u>-</u>	<u>10,535,186</u>

**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

	Note	June 30, 2008	December 31, 2007
		----- Rupees in '000 -----	
<b>9. FINANCINGS</b>			
In Pakistan			
- Murabaha financings	9.1	14,352,914	15,968,791
- Net investment in Ijarah		8,530,822	7,758,464
- Export refinance under Islamic scheme	9.2	3,105,161	3,516,317
- Diminishing musharakah financings - housing		3,714,176	3,158,134
- Diminishing musharakah financings - others		5,716,027	2,102,247
- Musharakah financings		80,531	80,531
- Istisna financings		829,444	238,275
- Tijarah financings		2,454	-
- Financings against bills - salam		645,708	658,750
- Financings against bills - murabaha		1,400,972	1,345,692
- Loans and running finances		677,877	422,411
<b>Total financings</b>		<b>39,056,086</b>	<b>35,249,612</b>
Less: Provision against non-performing financings	9.4	(755,595)	(673,273)
<b>Financings net of provision</b>		<b>38,300,491</b>	<b>34,576,339</b>
 9.1 Murabaha receivable - gross	9.1.1	14,922,072	16,526,020
Less: Deferred murabaha income		(252,369)	(276,865)
Profit receivable shown in other assets		(316,789)	(280,364)
<b>Murabaha financings / receivables</b>		<b>14,352,914</b>	<b>15,968,791</b>
 9.1.1 This includes advance for murabaha aggregating Rs. 2,501 million (Dec 31, 2007: Rs. 2,480 million).			
 9.2 Murabaha receivable under Islamic export refinance scheme - gross	9.2.1	3,195,813	3,615,372
Less: Deferred murabaha income		(37,483)	(44,739)
Profit receivable shown in other assets		(53,169)	(54,316)
<b>Export refinance under Islamic scheme / receivables</b>		<b>3,105,161</b>	<b>3,516,317</b>
 9.2.1 This includes advance for murabaha under Islamic export refinance scheme aggregating Rs. 254 million (Dec 31, 2007: Rs.620 million).			
 9.3 Financings include Rs. 1,548.025 million (Dec 31, 2007: Rs. 553.339 million) which have been placed under non-performing status as detailed below:			

	Domestic	Overseas	Total	Provision required	Provision held
	----- Rupees in '000 -----				
Substandard	871,351	-	871,351	216,120	216,120
Doubtful	414,496	-	414,496	188,773	188,773
Loss	262,178	-	262,178	244,158	244,158
	<b>1,548,025</b>	<b>-</b>	<b>1,548,025</b>	<b>649,051</b>	<b>649,051</b>



**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

**9.4 Particulars of provision against non-performing financings:**

	June 30, 2008			December 31, 2007		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	379,497	293,776	673,273	163,712	74,543	238,255
Charge for the period / year	371,203	12,768	383,971	238,997	219,233	458,230
Less: Reversals	(101,649)	(200,000)	(301,649)	(23,212)	-	(23,212)
	269,554	(187,232)	82,322	215,785	219,233	435,018
Closing balance	649,051	106,544	755,595	379,497	293,776	673,273

- 9.5** The Bank has maintained a general reserve (provision) in accordance with the applicable requirement of the prudential regulations for consumer financing issued by the State Bank of Pakistan.

**10. OPERATING FIXED ASSETS**

	June 30, 2008	December 31, 2007
	----- Rupees in '000 -----	
Tangible assets		
- Capital work-in-progress	169,183	59,654
- Property and equipment	1,048,362	905,036
	1,217,545	964,690
Intangible assets	64,137	68,273
	1,281,682	1,032,963

- 10.1** Additions - cost [including net additions to capital work in progress amounting to Rs. 169.183 million (June 30, 2007: Rs. 68.006 million)]

	June 30, 2008	June 30, 2007
	----- Rupees in '000 -----	
	351,148	364,711
Disposals - cost	14,692	9,516

**11. DEPOSITS AND OTHER ACCOUNTS**

**Customers**

	June 30, 2008	December 31, 2007
	----- Rupees in '000 -----	
- Fixed deposits	20,193,069	21,223,117
- Savings deposits	20,848,310	17,644,610
- Current accounts - remunerative	45,286	-
- Current accounts - non-remunerative	15,344,030	12,238,793
- Margin	774,571	386,674
	57,205,266	51,493,194

**Financial institutions**

	June 30, 2008	December 31, 2007
- Remunerative deposits	625,366	3,078,875
- Non-remunerative deposits	11,559	10,284
	636,925	3,089,159
	57,842,191	54,582,353



**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

	June 30, 2008	December 31, 2007
	----- Rupees in '000 -----	
<b>11.1 Particulars of deposits</b>		
In		
- local currency	54,430,126	52,013,656
- foreign currencies	3,412,065	2,568,697
	<u>57,842,191</u>	<u>54,582,353</u>
<b>12 SHARE CAPITAL</b>		
<b>12.1 Authorised, issued, subscribed and paid-up capital</b>		
A summary of the movement in ordinary share capital is given below:		
	<b>Ordinary shares of Rs. 10 each</b>	
	<b>Number</b>	<b>Amount Rupees in '000</b>
Authorised capital		
As at January 1, 2008	800,000,000	8,000,000
Increase during the year	-	-
As at June 30, 2008	<u>800,000,000</u>	<u>8,000,000</u>
Issued, subscribed and paid-up capital		
As at January 1, 2008	377,989,686	3,779,897
Issue of bonus shares of Rs. 10 each	75,597,937	755,979
As at June 30, 2008	<u>453,587,623</u>	<u>4,535,876</u>
<b>13. CONTINGENCIES AND COMMITMENTS</b>	<b>June 30, 2008</b>	<b>December 31, 2007</b>
	----- Rupees in '000 -----	
<b>13.1 Direct credit substitutes</b>		
Guarantee favouring		
- Government	<u>293,660</u>	<u>277,849</u>
<b>13.2 Transaction related contingent liabilities</b>		
Guarantee favouring		
- Government	1,800,855	1,327,983
- Banks	74,059	28,530
- Others	2,621,502	2,396,774
	<u>4,496,416</u>	<u>3,753,287</u>
<b>13.3 Trade related contingent liabilities</b>		
Import letters of credit,	7,917,218	8,452,589
Acceptances	3,397,812	2,880,544
	<u>11,315,030</u>	<u>11,333,133</u>

**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

	June 30, 2008	December 31, 2007
	----- Rupees in '000 -----	
<b>13.4 Commitments in respect of forward exchange contracts</b>		
Purchases	<u>12,980,599</u>	<u>5,323,699</u>
Sales	<u>16,165,456</u>	<u>9,773,147</u>
<b>13.5</b> There are claims against the Bank, which are not disclosed as contingent, as the possibility of any outflow on settlement is remote.		
<b>13.6 Commitments for the acquisition of operating fixed assets</b>	<u>23,939</u>	<u>21,700</u>
<b>13.7 Commitments in respect of financings</b>	<u>24,368,325</u>	<u>23,386,645</u>

- 13.8** The assessing officer had subjected to tax, the gain on foreign currency deposits claimed as exempt in the return of income of assessment year 2001-2002 and tax year 2003. During 2006, the Income Tax Appellate Tribunal (ITAT) had decided the matter in favour of the Bank in respect of assessment year 2001-2002. During the current period the department has appealed against the decision of ITAT in the High Court, hearing on which is still pending. The Appeal for the Tax Year 2003 is pending before the ITAT.

The amount of tax levied by the assessing officer on such gain aggregated Rs. 151.798 million, where as the net tax liability for the aforesaid assessment years and the other relevant assessment years after considering relief for the related expenditure amounts to approximately Rs. 41 million. The management is confident that even at the superior judicial forum the Bank's position will be sustained.

- 13.9** The tax department has not accepted the Bank's contention on the matter of allocation of expenses on exempt capital gains and dividend income subject to reduced rate of tax. Order to this effect has already been framed for the tax year 2003. For the following years this matter has not yet emerged as there have been deemed assessments which are expected to be amended on this issue.

While finalising the assessment of the Bank for the tax year 2003 the assessing officer made certain disallowance of financial charges and administrative expenses on this account. After considering the effect of apparent rectifications the disallowances will aggregate to Rs. 106.635 million. If the assessing officer's basis of allocation is applied for the following years, the expected disallowances may amount to Rs. 1.045 million resulting in tax impact of Rs. 396 million in respect of tax year 2003 and the following years. The Bank had filed an appeal with CIT (A) on the subject matter. The CIT (A) in his order confirmed the assessment in respect of the principle of allocation of expenses, however, directions have been given for necessary rectification on certain facts and basis underlying that assessment. In the management view this could result in the maximum liability aggregating to Rs. 221 million in respect of tax year 2003 and following years which has been provided for.

The Bank has challenged the matter in an appeal on the issue with the ITAT.

The management is confident that the ultimate outcome of the appeal would be in favor of the Bank inter alia on facts of the case.

**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

		Half year ended			
		June 30, 2008	June 30, 2007		
		----- Rupees in '000 -----			
<b>14.</b>	<b>PROFIT / RETURN EARNED ON FINANCINGS, INVESTMENTS AND PLACEMENTS</b>				
	On financings to:				
	- Customers	2,047,951	1,568,302		
	On investments in				
	- Available for sale securities	297,941	14,958		
	- Held for maturity securities	72,653	69,364		
	On deposits with financial institutions	473,869	412,786		
		<u>2,892,414</u>	<u>2,065,410</u>		
<b>15.</b>	<b>RETURN ON DEPOSITS AND OTHER DUES EXPENSED</b>				
	Deposits and other accounts	1,278,737	946,191		
	On other short term borrowings	84,000	141,929		
		<u>1,362,737</u>	<u>1,088,120</u>		
<b>16.</b>	<b>BASIC EARNINGS PER SHARE</b>	<b>Quarter ended June 30, 2008</b>	<b>Half year ended June 30, 2008</b>	<b>Quarter ended June 30, 2007</b>	<b>Half year ended June 30, 2007</b>
	Profit after taxation (Rupees in '000)	<u>192,562</u>	<u>443,145</u>	<u>240,381</u>	<u>430,958</u>
	Weighted average number of ordinary shares	<u>453,587,623</u>	<u>453,587,623</u>	<u>453,587,623</u>	<u>453,587,623</u>
<b>16.1</b>	Basic earnings per share (Rupee)	<u>0.42</u>	<u>0.98</u>	<u>0.53</u>	<u>0.95</u>
	The number of ordinary shares as at June 30, 2007 have been adjusted for element of bonus shares.				
		June 30, 2008	June 30 2007	----- Rupees in '000 -----	
<b>17.</b>	<b>CASH AND CASH EQUIVALENTS</b>				
	Cash and balances with treasury banks	6,563,293	8,072,113		
	Balances with other banks	2,585,386	7,460,651		
		<u>9,148,679</u>	<u>15,532,764</u>		



**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

**18. SEGMENT ANALYSIS**

The segment analysis with respect to business activity is as follows:

	Corporate finance	Trading & sales	Retail banking	Commercial banking	Payment & settlement	Agency services	Assets management	Retail brokerage	Others
Rupees in '000									
<b>June 30, 2008</b>									
Total income	291,531	742,429	432,469	1,780,233	11,395	2,226	-	-	-
Total expenses	(148,904)	(983,630)	(155,544)	(1,524,255)	(4,671)	(134)	-	-	-
Net income / (loss)	142,627	(241,201)	276,925	255,978	6,724	2,092	-	-	-
Segment Assets (Gross)	5,354,505	28,091,290	6,356,700	32,699,386	-	-	-	-	-
Segment Non Performing Loans	-	-	115,662	1,432,363	-	-	-	-	-
Segment Provision Required	-	-	62,215	693,380	-	-	-	-	-
Segment Liabilities	-	510,255	57,842,191	7,240,248	-	-	-	-	-
Segment Return on Assets (ROA) (%)	2.68%	-0.86%	4.36%	0.78%	-	-	-	-	-
Segment Cost of funds (%)	4.79%	4.79%	4.79%	4.79%	-	-	-	-	-

**June 30, 2007**

Total income	17,906	827,012	208,374	1,488,794	8,389	2,951	-	-	-
Total expenses	(6,711)	(822,400)	(52,235)	(1,240,312)	(599)	(211)	-	-	-
Net income / (loss)	11,195	4,611	156,139	248,482	7,790	2,741	-	-	-
Segment Assets (Gross)	1,665,372	29,253,830	3,217,622	25,928,659	-	-	-	-	-
Segment Non Performing Loans	-	-	15,741	352,481	-	-	-	-	-
Segment Provision Required	-	-	2,795	325,046	-	-	-	-	-
Segment Liabilities	-	2,161,082	45,052,679	7,291,358	-	-	-	-	-
Segment Return on Assets (ROA) (%)	0.67%	0.02%	4.85%	0.96%	-	-	-	-	-
Segment Cost of funds (%)	4.27%	4.27%	4.27%	4.27%	-	-	-	-	-

**19. RELATED PARTY TRANSACTIONS**

- 19.1** Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, retirement benefit funds, directors and key management personnel.
- 19.2** A number of banking transactions are entered into with related parties in the normal course of business. These include financings, deposits and foreign currency transactions. These transactions were carried out on commercial terms and at market rates.
- 19.3** Subsidiary company:
- Al Meezan Investment Management Limited
- 19.4** Key management personnel:
- President and Chief Executive Officer
  - Chief Operating Officer



**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

**19.5** The volumes of related party transactions, outstanding balances at the period / year end and transactions, income and expenses for the respective half year are as follows:

	Total		Subsidiary		Associates		Key management personnel		Other related parties	
	June 30, 2008	Dec. 31, 2007	June 30, 2008	Dec. 31, 2007	June 30, 2008	Dec. 31, 2007	June 30, 2008	Dec. 31, 2007	June 30, 2008	Dec. 31, 2007
	Rupees in '000									
<b>Financing</b>										
At January 1,	346,545	398,085	669	1,488	345,314	395,903	562	694	-	-
Disbursed during the period / year	79,515	297,825	-	-	79,515	297,825	-	-	-	-
Repaid during the period / year	(222,886)	(349,365)	(494)	(819)	(222,326)	(348,414)	(66)	(132)	-	-
Balance as at	203,174	346,545	175	669	202,503	345,314	496	562	-	-
<b>Deposits</b>	694,701	2,754,763	3,183	1,902	572,621	2,594,840	8,571	18,053	110,326	139,968
<b>Borrowing</b>	343,030	-	-	-	343,030	-	-	-	-	-
<b>Balances</b>										
Profit receivable on financings	2,620	11,237	19	25	2,601	11,212	-	-	-	-
Service charges payable by the Bank	420	5,550	420	5,550	-	-	-	-	-	-
Profit payable on borrowing	3,084	-	-	-	3,084	-	-	-	-	-
Acceptances	52,001	10,662	-	-	52,001	10,662	-	-	-	-
Letters of credit (unfunded)	86,458	49,551	-	-	86,458	49,551	-	-	-	-
Prepaid takaful (insurance)	109,209	94,087	-	-	109,209	94,087	-	-	-	-
<b>Transactions, income and expenses</b>										
	Total		Subsidiary		Associates		Key management personnel		Other related parties	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
	Rupees in '000									
Profit earned on financings	5,985	32,417	34	126	5,951	32,291	-	-	-	-
Return on deposits expensed	114,774	34,054	79	362	108,848	27,390	213	209	5,634	6,093
Takaful insurance on consumer financings	94,986	74,393	-	-	94,986	74,393	-	-	-	-
Electricity charges	11,660	6,343	-	-	11,660	6,343	-	-	-	-
Dividend income earned	63,410	-	-	-	63,410	-	-	-	-	-
Capital Gain	1,367	-	-	-	1,367	-	-	-	-	-
Service charges incurred	977	8,365	463	279	514	113	-	-	-	-
Fees earned	6,358	5,738	2,225	2,952	4,133	2,117	-	-	-	7,973
Commission earned on letters of credit and acceptances	797	414	-	-	797	414	-	-	-	669
Remuneration to the directors and key management personnel	24,310	11,289	-	-	-	-	24,310	11,289	-	-

**20. DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on August 01, 2008 by the Board of Directors of the Bank.

**21. GENERAL**

The figures in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

**H.E. Sheikh Ebrahim  
Bin Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

**Rana Ahmed Humayun**  
Director

**Ariful Islam**  
Director

**CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

**CONSOLIDATED INTERIM  
BALANCE SHEET  
AS AT JUNE 30, 2008**

June 30,      December 31,  
2008                      2007  
(Unaudited)      (Audited)  
----- Rupees in '000 -----

**ASSETS**

Cash and balances with treasury banks	6,563,409	5,644,137
Balances with other banks	2,586,537	3,763,608
Due from financial institutions	9,604,000	8,850,000
Investments	11,747,563	11,361,830
Financings	38,300,316	34,575,680
Operating fixed assets	1,302,410	1,049,376
Other assets	2,796,007	3,016,556
	<b>72,900,242</b>	<b>68,261,187</b>

**LIABILITIES**

Bills payable	1,051,826	1,192,160
Due to financial institutions	2,748,518	2,565,606
Deposits and other accounts	57,839,008	54,580,452
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	551,965	453,131
Other liabilities	3,725,173	2,922,022
	<b>65,916,490</b>	<b>61,713,371</b>
<b>NET ASSETS</b>	<b>6,983,752</b>	<b>6,547,816</b>

**REPRESENTED BY**

Share capital	4,535,876	3,779,897
Reserves	833,730	745,101
Unappropriated profit	1,338,727	1,774,988
	<b>6,708,333</b>	<b>6,299,986</b>
<b>MINORITY INTEREST</b>	<b>294,510</b>	<b>261,084</b>
	<b>7,002,843</b>	<b>6,561,070</b>
Deficit on revaluation of investments	(19,091)	(13,254)
	<b>6,983,752</b>	<b>6,547,816</b>

**CONTINGENCIES AND COMMITMENTS**

The annexed notes form an integral part of these interim financial statements.

**H.E. Sheikh Ebrahim  
Bin Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

**Rana Ahmed Humayun**  
Director

**Ariful Islam**  
Director

**CONSOLIDATED INTERIM****PROFIT AND LOSS ACCOUNT (UNAUDITED)****FOR THE HALF YEAR ENDED JUNE 30, 2008**

	Quarter ended June 30, 2008	Half year ended June 30, 2008	Quarter ended June 30, 2007	Half year ended June 30, 2007
----- Rupees in '000 -----				
Profit /return on financings, investments and placements	1,470,704	2,896,419	1,092,094	2,065,634
Return on deposits and other dues expensed	693,141	1,362,658	580,676	1,087,758
Net spread earned	777,563	1,533,761	511,418	977,876
Provision against non- performing financings (net)	(69,389)	(82,322)	(81,918)	(89,586)
Net spread after provisions	708,174	1,451,439	429,500	888,290
<b>OTHER INCOME</b>				
Fee, commission and brokerage income	195,435	365,215	127,263	235,985
Dividend income	34,332	43,800	9,746	17,826
Income from dealing in foreign currencies	54,955	119,266	89,129	171,847
Capital gain on sale of investments	33,594	41,235	58,220	88,454
Unrealised gain/(loss) on revaluation of ' held for trading' investments	(149,001)	(108,776)	71,093	77,080
Other income	14,392	26,330	7,668	18,080
Total other income	183,707	487,070	363,119	609,272
	891,881	1,938,509	792,619	1,497,562
<b>OTHER EXPENSES</b>				
Administrative expenses	636,528	1,237,661	444,854	833,851
Other charges	2,324	6,317	(18)	25
Total other expenses	638,852	1,243,978	444,836	833,876
	253,029	694,531	347,783	663,686
Share of results of associates before taxation	(127,647)	(28,118)	138,227	212,421
<b>PROFIT BEFORE TAXATION</b>	125,382	666,413	486,010	876,107
Taxation - current	1,361	123,945	6,626	18,115
- deferred	66,790	100,695	86,132	180,208
	68,151	224,640	92,758	198,323
<b>PROFIT AFTER TAXATION</b>	57,231	441,773	393,252	677,784
Share of profit attributable to minority interest	(4,692)	(33,426)	(14,626)	(24,591)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	52,539	408,347	378,626	653,193
Unappropriated profit brought forward	2,130,796	1,774,988	1,193,424	918,857
Profit available for appropriations	2,183,335	2,183,335	1,572,050	1,572,050
Basic and diluted earnings per share - Rupees	0.12	0.90	0.83	1.44

The annexed notes form an integral part of these interim financial statements.

**H.E. Sheikh Ebrahim**  
**Bin Khalifa Al-Khalifa**  
 Chairman

**Irfan Siddiqui**  
 President & Chief Executive

**Rana Ahmed Humayun**  
 Director

**Ariful Islam**  
 Director



**CONSOLIDATED INTERIM**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2008**

	June 30, 2008	June 30, 2007
	----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	666,413	876,107
Less: Dividend income	(43,800)	(17,826)
	<u>622,613</u>	<u>858,281</u>
<b>Adjustments for non-cash charges:</b>		
Unrealised (gain) / loss on revaluation of held for trading investments	108,776	(77,080)
Provision against non- performing financings-net	82,322	89,586
Shares in results of associates	28,118	(212,421)
Gain on sale of operating fixed assets	(3,137)	(3,288)
Depreciation	90,571	58,174
Amortisation	9,814	5,323
	<u>316,464</u>	<u>(139,706)</u>
	939,077	718,575
<b>(Increase)/decrease in operating assets</b>		
Due from financial institutions	(754,000)	(4,040,000)
Held for trading investments	150,088	73,275
Financings	(3,806,958)	(1,877,431)
Others assets	128,767	(133,132)
	<u>(4,282,103)</u>	<u>(5,977,288)</u>
<b>Increase/(decrease) in operating liabilities</b>		
Bills Payable	(140,334)	135,890
Due to financial institutions	182,912	1,589,761
Minority's share in the subsidiary's holding in its associates	-	(34,451)
Deposits and other accounts	3,258,556	10,624,933
Other liabilities	803,150	414,761
	<u>4,104,284</u>	<u>12,730,894</u>
Income tax paid	761,258	7,472,181
<b>Net cash flow from operating activitie</b>	<u>(27,327)</u>	<u>(37,044)</u>
	733,931	7,435,137
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities	(680,412)	(1,579,085)
Dividends received	38,964	14,696
Investments in operating fixed assets	(358,397)	(371,420)
Proceeds from sale of operating fixed assets	8,115	5,339
<b>Net cash flow from investing activities</b>	<u>(991,730)</u>	<u>(1,930,470)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Decrease) / Increase in cash and cash equivalents	(257,799)	5,504,667
Cash and cash equivalents at the beginning of the period	9,407,745	10,025,815
Cash and cash equivalents at the end of the period	<u>9,149,946</u>	<u>15,530,482</u>

The annexed notes form an integral part of these interim financial statements.

**H.E. Sheikh Ebrahim**  
**Bin Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

**Rana Ahmed Humayun**  
Director

**Ariful Islam**  
Director

**CONSOLIDATED INTERIM****STATEMENT OF CHANGES IN EQUITY (UNAUDITED)****FOR HALF YEAR ENDED JUNE 30, 2008**

		Capital Reserves		Revenue reserves	Unappropriated profit	Sub Total	Minority Interest	Total
	Share capital	Statutory reserve	Reserve for issue of bonus shares	General reserve				
	----- Rupees in '000 -----							
Balance as at January 01, 2007	3,779,897	461,319	-	91,082	918,857	5,251,155	185,864	5,437,019
Profit after taxation for the year	-	-	-	-	1,124,051	1,124,051	-	1,124,051
Share of Profit attributable to minority interest	-	-	-	-	(75,220)	(75,220)	75,220	-
Transfer to Statutory Reserve	-	192,700	-	-	(192,700)	-	-	-
Balance as at December 31, 2007	3,779,897	654,019	-	91,082	1,774,988	6,299,986	261,084	6,561,070
Profit after taxation for the half year ended June 30, 2008	-	-	-	-	441,773	441,773	-	441,773
Share of Profit attributable to minority interest	-	-	-	-	(33,426)	(33,426)	33,426	-
Transfer to reserve for issue of bonus shares	-	-	755,979	-	(755,979)	-	-	-
Issue of bonus shares	755,979	-	(755,979)	-	-	-	-	-
Transfer to statutory reserve	-	88,629	-	-	(88,629)	-	-	-
Balance as at June 30, 2008	4,535,876	742,648	-	91,082	1,338,727	6,708,333	294,510	7,002,843

The annexed notes form an integral part of these interim financial statements.

**H.E. Sheikh Ebrahim  
Bin Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

**Rana Ahmed Humayun**  
Director

**Ariful Islam**  
Director

**NOTES TO CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2008**

**1. BASIS OF PRESENTATION**

- 1.2 These consolidated interim financial statements include the un-audited financial statements of Meezan Bank Limited (MBL) (the holding company), Al-Meezan Investment Management Limited (AMIML) (the subsidiary), Meezan Tahaffuz Pension Fund (MTPF) (the subsidiary's controlled fund) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund Ltd., Blue Water (Pvt.) Ltd., Falcon Greenwood (Pvt.) Ltd., Faysal Management Services (Pvt) Ltd., Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Balanced Fund, Meezan Tahafuz Pension Fund, Al-Meezan Investment's Capital Protected Fund and Plexus (Pvt) Ltd.

- 1.2 These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting' and are being submitted to the shareholders as required by section 237 (7) of the Companies Ordinance, 1984.

These financial statements comprise of the balance sheet as at June 30, 2008 and the profit and loss account, the cash flow statement and the statement of changes in equity for the quarter and half year ended June 30, 2008.

The comparative balance sheet presented in these financial statements as at December 31, 2007 has been extracted from the audited consolidated financial statements for the year ended December 31, 2007 whereas the comparative profit and loss account, the cash flow statement and the statement of changes in equity are for the quarter and half year ended June 30, 2008.

**2. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Group for the year ended December 31, 2007, except for the new product launched by MBL during the period, the accounting policy of which is stated as follows:

**Tijarah Financing**

Income on Tijarah is recognized on accrual basis commencing from time of sale of goods till the realization of sale proceeds by MBL.

**3. DATE OF AUTHORISATION**

These consolidated interim financial statements were authorised for issue on August 1, 2008 by the Board of Directors of MBL.

**H.E. Sheikh Ebrahim  
Bin Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

**Rana Ahmed Humayun**  
Director

**Ariful Islam**  
Director



## BRANCH NETWORK

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### Southern Region

#### Karachi

Allama Iqbal Road Branch  
Mono Tower, Allama Iqbal Road  
PECHS Block 2, Karachi.  
Tel: (92-21) 4300996-7

Bahadurabad Branch  
Adam Arcade, Plot No. 28  
BMCH Society, Karachi.  
Tel: (92-21) 4145016 - 21

Bilawal Chowk Branch  
Plot No Commercial 7/1, Green Belt Residency,  
Block 2 Scheme 5, Clifton, Karachi.  
Tel: (92-21) 5830628

Bin Qasim National Highway Branch  
Survey No. 435, Bay Landhi, Bin Qasim Town  
National Highway, Karachi.  
Tel: (92-21) 2039992-5

Clifton Branch  
Ground Floor, Al-Karam Centre, BC1, Block 7  
Clifton, Main Clifton Road, Karachi.  
Tel: (92-21) 5372060-4

Cloth Market Branch  
Atique Market, Bunder Quarters  
Karachi.  
Tel: (92-21) 2418137-9

DHA Phase II Ext. Branch  
Plot # 69 & 71, Garibsons Building, 12th Commercial  
Street DHA Phase II Extension, Karachi.  
Tel: (92-21) 5311953-58

Dhoraji Branch  
Plot No.35/182 C.P & Berar Cooperative  
Housing Society, Karachi.  
Tel: (92-21) 4860861-4

Federal B Area Branch  
C-12,Block 10  
Federal B Area, Karachi.  
Tel: (92-21) 6805370-5

FTC Branch  
Ground Floor, Block B, FTC Building  
Shahrah-e-Faisal, Karachi.  
Tel: (92-21) 5650771

Gulistan-e-Jauhar Branch  
Plot # ST - 19 Block 15 Scheme 36  
Gulistan-e-Jauhar, Karachi.  
Tel: (92-21) 4030251-5

Gulshan Chowrangi Branch  
Block - 3, Scheme # 24  
Gulshan-e Iqbal, Karachi.  
Tel: (92-21) 4811849, 4811780

Gulshan-e-Iqbal Branch  
B 41, Block 13 A, KDA Scheme 24  
University Road, Gulshan-e-Iqbal, Karachi.  
Tel: (92-21) 4811901-6

Jodia Bazaar Branch  
H-91A, Darya Lal Street  
Jodia Bazaar, Karachi.  
Tel: (92-21)2473326-29

Khayaban-e-Sehr Branch  
Khayaban-e-Sehr  
Defence Housing Authority, Karachi.  
Tel: (92-21) 5349307-11

Khayaban-e-Shamsheer Branch  
3-C, Khayaban-e-Shamsheer  
Phase V Extn., D.H.A, Karachi.  
Tel: (92-21) 5247600-4

Korangi Branch  
Plot No. LS 3, ST-3/1, Sector No. 15  
Korangi, Industrial Area, Karachi.  
Tel (92-21) 5071044, 5077113

Marriott Branch  
Marriott Hotel, Abdullah Haroon Rd  
Karachi.  
Tel: (92-21) 5683491

New Challi Branch  
Plot # SR-7/26 & 27, Survey No.25,  
Old Survey B-15/12 Serai Quarters,  
New Challi, Karachi.  
Tel: (92-21) 2210661, 2210990,

North Karachi Branch  
Plot No. SA-6 (ST-8), 11-C-1  
North Karachi, Karachi.  
Tel: (92-21) 6965051-5

North Karachi Industrial Area Branch  
Plot No.1-A, Sector 12-C  
North Karachi Township, Karachi.  
Tel: (92-21) 6963117-21

PNSC Branch  
Ground floor at 37- A, Lalazar Area  
Off M.T. Khan Road, Karachi.  
Tel: (92-21) 5636240

Shahrah-e-Faisal Branch  
29-A, Ground Floor, Sabah Palace  
P.E.C.H.S. Block No 6, Shahrah-e-Faisal, Karachi.  
Tel: (92-21) 4322183-91

SITE Branch  
Plot No. B/9-C, Estate Avenue  
SITE Area, Karachi.  
Tel: (92-21) 2550328-31

## BRANCH NETWORK

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DHA Phase IV Branch  
Plot No. 57/C, 9th Commercial Street  
DHA Phase IV, Karachi.  
(92-21) 5314861-4

Muhammad Ali Society Branch  
Fatima Jinnah Street  
Muhammad Ali Housing Society,  
Karachi.  
4301863-4

Shamsi Society Branch  
CM 44 & 45, Ground floor,  
Shamsi Cooperative Housing Society  
Malir Halt, Karachi.  
(92-21) 4682405-07

Saddar Branch  
Javeria Gems & Jewels Centre,  
Raja Ghazanfar Ali Khan Road  
Saddar Bazar Quarters, Karachi.  
(92-21) 5224601-05

Hussainabad Branch  
Block 3, Pakistan Memon Education &  
Welfare Society Hussainabad, Karachi.  
(021) 6320461-62 & 6320467

North Nazimabad Branch  
Shop# 9-12, Sub-plot# SC14-3, plot# SC-14,  
Block-F, KDA Scheme NO.2,  
Samar Residency, North Nazimabad, Karachi.  
(92-21) 6723549-554

Al-Azam Plaza Super highway Branch  
Shop# 5(A,B) & 6(A,B), Ground Floor  
Sector 1-A Gulzar-e-Hijri, Karachi.  
(92-21) 6365780

Barakat-e-Hyderi-Branch  
D10, Block H  
North Nazimabad, Karachi.  
(92-21) 6705159

Water Pump Branch  
Plot No. BS-13, Block-14  
Federal B. Area, Karachi.  
021-6332443-2523

I.I. Chundrigar Road Branch  
Shop No. 9 & 10, Gul Tower  
I.I. Chundrigar Road, Karachi.  
021-2423676

**Hyderabad**  
Hyderabad Branch  
Saddar Bazar Cantonment,  
Hyderabad.  
(92-22) 2782772

Latifabad Branch  
Latifabad Branch, 3/D Commercial Area,  
Latifabad # 7 Hyderabad.  
(92-22) 3866964-65

Qasimabad Branch  
Plot # QEA/R-6/03-4, 11-12, Housing Scheme No. 1  
Main Road Qasimabad, Hyderabad.  
022-2670511-15.

**Nawabshah**  
Nawabshah Branch  
Plot # 573, Ground Floor, Ward "B"  
Katcheri Road, Nawabshah.  
(92-244) 330902-6

**Quetta**  
Munsafi Road Branch  
Munsafi Road Branch, 2-17/16  
Munsafi Road, Quetta.  
(92-81) 2845593-4

Quetta Branch  
Manan Chowk  
Jinnah Road, Quetta.  
(92-81) 2829470-3

Sirki Road Branch  
Shop No. 1 & 2, Kasi Complex  
Sirki Road, Quetta.  
081-2454222-223

**Sukkur**  
Sukkur Branch  
3-45, Ward-C  
Station Road, Sukkur.  
(92-71) 5617192-97

**Tando Allahyar**  
Tando Allahyar Branch  
Survey No. 1610/07, Opposite General  
Bus Stand Tando Allahyar.  
(92-22) 3891640-242-705, 3899406-408

### Central Region

**Lahore**  
Azam Cloth Market Branch  
61 Chandni Chowk  
Azam Cloth Market, Lahore.  
(92-42) 7642011-2

Akbar Chowk Branch  
885-D, Akbar Chowk  
Faisal Town, Lahore.  
(92-42) 5201425-26

Allama Iqbal Town Branch  
8, Hunza Block  
Allama Iqbal Town, Lahore.  
(92-42) 5296701-5

Brandrath Road Branch  
46 Brandrath Road  
Lahore.  
(92-42) 7676388-92

## BRANCH NETWORK

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Circular Road Branch  
Outside Shah Alam Gate  
Lahore.  
(92-42) 7642001-05

DHA Phase III Branch  
152-Y, Phase IIIC  
DHA, Lahore.  
(92-42) 5692591-2, 5895584

DHA Phase IV Branch  
Plot # 85-CCA, Phase IV (Comm.)  
Defense Housing Authority, Lahore.  
(92-42) 5747761-2

Gulberg Branch  
60 - Main Boulevard Gulberg  
Lahore.  
(92-42) 5879870-2

Gulshan-e-Ravi Branch  
F-9 Gulshan-e-Ravi  
Lahore.  
(92-42) 7404822-25

New Garden Town Branch  
Ground Floor, Ibrahim Centre, 1-Aibak Block  
New Garden Town, Lahore.  
(92-42) 5941474-77

Johar Town Branch  
63/R-1, M.A  
Johar Town Branch, Lahore.  
(92-42) 5314631-34

Ravi Road Branch  
33, Main Ravi Road, Opposite Bilal Masjid  
Lahore.  
(92-42) 7706835-37

Shadman Colony Branch  
91 Shadman Colony-1  
Lahore.  
(92-42) 7522976 - 9

Shalimar Garden Branch  
Shalimar Garden, Baghban Pura  
Lahore.  
(92-42) 6846584-8

Urdu Bazar Branch  
4-Kabeer Street, Urdu Bazar  
Lahore.  
(92-42) 7116684-7

DHA Phase I Branch  
167- G, DHA Phase I  
Lahore.  
(92-42) 5742891-2

Cavalry Ground Branch  
72-Commercial Area  
Cavalry Ground, Lahore.  
(92-42) 6619780-3

Walton Road Branch  
E-29/21-A, Bank Stop  
Walton Road, Lahore.  
(92-42) 6626602-5

Qartaba Chowk Branch  
Rehman Chamber  
Lahore.  
(92-42) 7112404-10

Airport Road Branch  
Sahijpal Crossing, Near Allama Iqbal  
International Airport  
Main Defence Road, Lahore.  
042-5700170-4

Shahalam Market Branch  
B 2050, Fawara Chowk  
Inside Shahalam Market, Lahore.  
042-7377340-43

College Road Branch  
6-2/C-1, College Road Township  
Lahore.  
042-5157184-6

**Bhawalpur**  
Bhawalpur Branch  
Milad Chowk, Eidgah Road  
Bahawalpur.  
(92-62) 2732145-7

**Dera Ghazi Khan**  
Dera Ghazi Khan Branch  
Jam Pur Road Block 17  
Dera Ghazi Khan.  
(92-64) 2474255-7

**Faisalabad**  
Clock Tower Branch  
P-175 Clock Tower  
Karkhana Bazar, Faisalabad.  
(92-41) 2606085-87

Kotwali Road Branch  
P-63 Kotwali Road  
Faisalabad.  
(92-41) 2602587

Peoples Colony Branch  
1/A-II, Peoples Colony-1  
Faisalabad.  
(92-41) 8555002-4

Serena Hotel Branch  
Serena hotel, Club Road  
Faisalabad.  
(92-41) 2602595-7

Satiana Road Branch  
P 719 Batala Colony  
Main Satiana Road, Faisalabad.  
041-8500715-20



## BRANCH NETWORK

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### **Gujranwala**

Kashmir Plaza Branch  
Kashmir Plaza, Near Ghalla Mandi  
G.T Road, Gujranwala.  
(92-55) 3847205-8

### **Kasur**

Kasur Branch  
216-9R-IV  
Railway Road, Kasur.  
(92-492)2764999

### **Multan**

Abdali Road Branch  
64 Abdali Road  
Multan.  
(92-61) 4785604-7

Bosan Road Branch  
Chungi No. 9, Lawyers Colony  
Bosan Road, Multan.  
(92-61) 6210090-92

Vehari Road Branch  
Rehman Commercial Centre,  
Near Grain Market Vehari Road, Multan.  
(92-61) 6244153-5

Chowk Shaheedan  
Chowk Shaheedan  
Multan.  
(92-61) 4502906-09

### **Rahim Yar Khan**

Rahim Yar Khan Branch  
17, 18 City Centre  
Rahim Yar Khan.  
(92-68) 5887603-4

### **Sadiqabad**

Sadiqabad Branch  
13-D Main Bazar  
Sadiqabad.  
(92-68) 5701207-8

### **Sahiwal**

Sahiwal Branch  
276-B-I, Alpha Tower  
High Street, Sahiwal.  
(92-40) 4465009 / 4466592

### **Sargodha**

Sargodha Branch  
91 Civil Lines  
University Road, Sargodha.  
(92-048) 3741608-10

### **Sialkot**

Sialkot Branch  
Kashmir Road  
Sialkot.  
(92-52) 4295301-3

### **Sheikhupura**

Sheikhupura Branch  
Civic Center  
Sargodha Road, Sheikhupura.  
(92-56) 3813360-2

### **Mandi Bahauddin**

Mandi Bahauddin Branch  
Plot No 5/181 ward No 5, Near Tawakli Masjid  
Mandi Bahauddin.  
(92-546) 520931-33

### **Okara**

Okara Branch  
MA Jinnah Road  
Okara.  
(92-44) 2521935-7

### **Jhang**

Jhang Branch  
P-5 Yousaf Shah Road, Near Church Chowk  
Jhang.  
047-7652101-3

## **Northern Region**

### **Islamabad**

F-7 Jinnah Super Branch  
Unit No. 14, Plot No. 12-B, F-7  
Markaz, Jinnah Super, Islamabad.  
(92-51) 2655001-04

### **F-10 Markaz Branch**

Plot No. 2-F  
F-10 Markaz, Islamabad.  
(92-51) 2112762-63, 2112769, 2112733

### **I-9 Branch**

Plot No. 2/A  
Industrial Area, I-9, Islamabad.  
(92-51) 4859644-47

### **Jinnah Avenue Branch**

#32, Sohrab Plaza, Jinnah Avenue  
Blue Area, Islamabad.  
(92-51) 2276712-5

### **Aabpara Branch**

Plot # Ramna 6/1-4, Aabpara Market  
Sector G-6, Islamabad.  
(92-51) 2603061-64

### **Abbottabad**

Abbottabad Branch  
Abbottabad Branch, Plot No. 843-846  
Manshera Road, Abbottabad.  
(92-992) 344701-3

### **Dera Ismail Khan**

Dera Ismail Khan Branch  
East Circular Road  
D.I. Khan.  
(92-966) 717258

## BRANCH NETWORK

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### **Gujar Khan**

Gujar Khan Branch  
B-III, 215-E, G.T. Road  
Gujar Khan.  
(92-51) 3515679-83

### **Mansehra**

Mansehra Branch  
Meezan Plaza, Near Markazi Jamia Masjid  
Abbottabad Road, Mansehra.  
(92-997) 308315-18

### **Mardan**

Mardan Branch  
Bank Road  
Mardan.  
(92-937) 9230561-3

### **Peshawar**

Chowk Yadgar Branch  
Mohmand Plaza, Naz Cinema Road  
Peshawar City, Peshawar.  
(92-91) 9213950-2

### **Karkhano Market Branch**

Royal Shopping Plaza  
Hayatabad, Peshawar.  
(92-91) 5893471-4

### **Saddar Road Branch**

6 Saddar Road  
Peshawar Cantt, Peshawar.  
(92-91) 9213471-5

### **G.T. Road Branch**

Al-Arif House, Near Al-Amin Hotel  
GT Road, Peshawar.  
(92-91) 9214001-4

### **University Road Branch**

Khattak Plaza  
University Road, Peshawar.  
091-570 3400-02

### **Rawalpindi**

Bahria Town Branch  
Bahria Heights, Bahria Town  
Phase-1 Rawalpindi.  
(92-51) 5730171-3

### **Bohar Bazar Branch**

D-327, Hakim Muhammad Amjal Khan Road  
Bohar Bazar, Rawalpindi.  
(92-51) 5778834, 5556588

### **Chandni Chowk Branch**

Umer Farooq Plaza, Block C, Satellite Town  
Chandni Chowk, Rawalpindi.  
(92-51) 4851046-49

### **Saddar Branch**

Shop # 47/62  
Bank Road Saddar, Rawalpindi.  
(92-51) 9273404-6

### **Peshawar Road Branch**

61-A  
Chour Chowk, Rawalpindi.  
(92-51) 5469543-4

### **Muslim Town Branch**

B-IV, 628-629, Chirah road  
Muslim Town, Rawalpindi.  
051-4473685

### **Swat**

Mingora Branch  
Makanbagh Chowk  
Mingora Swat.  
(92-946) 714316-18

### **Kohat**

Kohat Branch  
1st Floor, Jinnah Municipal Plaza,  
TMA, Near King Gate  
Bannu Road, Kohat.  
(92-922) 523037-40

### **Haripur**

Haripur Branch  
Rehana Plaza  
G.T. Road, Haripur.  
0995-627250-3



**Meezan Bank**  
The Premier Islamic Bank

Head Office: 3rd Floor, P.N.S.C. Building,  
M.T. Khan Road, Karachi 74000.  
Tel: (92-21) 5610582 Fax: (92-21) 5610375  
24/7 Call Center: 111-331-331  
Web: [www.meezanbank.com](http://www.meezanbank.com)