

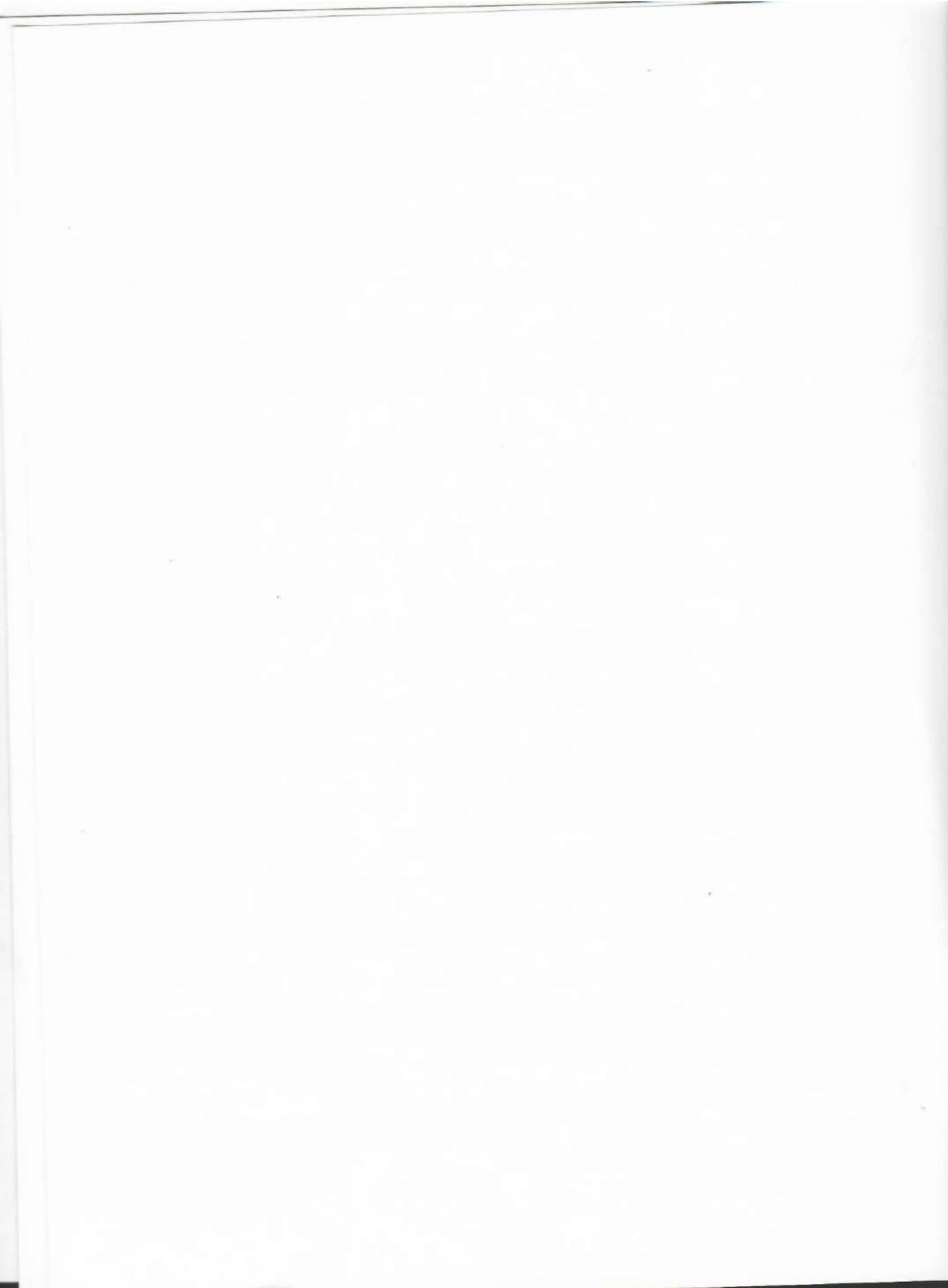
FIRST
QUARTERLY REPORT
MARCH 31, 2007



Meezan Bank
The Premier Islamic Bank

C O N T E N T S

<u>Corporate Information</u>	3
<u>Directors' Review</u>	4
<u>Balance Sheet</u>	6
<u>Profit and Loss Account</u>	7
<u>Cash Flow Statement</u>	8
<u>Statement of Changes in Equity</u>	9
<u>Notes to and Forming Part of the Financial Statements</u>	10
<u>Consolidated Balance Sheet</u>	18
<u>Consolidated Profit and Loss Account</u>	19
<u>Consolidated Cash Flow Statement</u>	20
<u>Consolidated Statement of Changes in Equity</u>	21
<u>Notes to and Forming Part of the Consolidated Financial Statements</u>	22
<u>Branch Network</u>	23



C O R P O R A T E I N F O R M A T I O N

Board of Directors	H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa Naser Abdul Mohsen Al-Marri Irfan Siddiqui Istaqbal Mehdi Mohamed Abdul-Rehman Hussain Nawid Ahsan Ariful Islam Rana Ahmed Humayun Mohammed Azzaroog Rajab Ahmed Abdul Rahim Mohamed	Chairman Vice Chairman President & CEO
Shariah Board	Justice (Retd.) Muhammad Taqi Usmani Dr. Abdul Saltar Abu Ghuddah Sheikh Essam M. Ishaq Dr. Muhammad Imran Usmani	Chairman
Executive Committee	Naser Abdul Mohsen Al-Marri Mohamed Abdul-Rehman Hussain Irfan Siddiqui	
Audit Committee	Istaqbal Mehdi Rana Ahmed Humayun Ahmed Abdul Rahim Mohamed	
Risk Management Committee	Mohamed Abdul-Rehman Hussain Rana Ahmed Humayun Ariful Islam	
Human Resources Committee	Ahmed Abdul Rahim Mohamed Naser Abdul Mohsen Al-Marri Irfan Siddiqui	
Company Secretary	Shabbir Hamza Khandwala	
Shariah Advisor	Dr. Muhammad Imran Usmani	
Legal Advisor	Rizvi, Isa, Afridi & Angell	
Auditors	KPMG Taseer Hadi & Co.	
Registered Office	3rd Floor, PNSC Building, M.T. Khan Road, Karachi-74000, Pakistan. Ph : (92-21) 5610582, Fax : (92-21) 5610375, Call Centre : 111-331-331 E-mail : info@meezanbank.com	
Website	www.meezanbank.com	
Shares Registrar	THK Associates (Pvt.) Ltd. Ground Floor, State Life Building-3, Dr.Ziauddin Ahmed Road Karachi-75530, Pakistan. Ph : (92-21) 111-000-322, Fax : (92-21) 5655595	

DIRECTORS' REVIEW

The Board of Directors is pleased to present the unaudited financial statements of Meezan Bank Limited and consolidated financial statements for the quarter ended March 31, 2007. The financial highlights of Meezan Bank for the current period and corresponding period of the last year are given below:

Financial Highlights

Rupees in '000

	March 2007	March 2006	Growth %
Deposits	37,452,079	22,925,716	63%
Financings	27,061,827	21,519,091	26%
Total Assets	49,822,349	31,422,040	59%
Share Capital	3,779,897	2,036,582	86%
Shareholders' Equity	4,946,986	3,152,595	57%
Net Spread Earned	466,156	294,685	58%
Fee, Commission & Forex Income	144,115	67,985	112%
Profit before Tax	277,975	252,682	10%
Profit after Tax	190,577	181,655	5%
Earnings per Share (quarter)-Rupee	0.50	0.58	-13%
Number of Branches	62	29	114%

Alhamdulillah, Meezan Bank has been able to grow in all areas of its business activities as reflected from above figures. The bank has earned post tax profit of Rs 191 million as compared to Rs 182 million in the corresponding quarter last year reflecting an increase of 5%. Income from core banking business has increased by 71%, which reflect growth in our banking operations as a result of our branch expansion policy. The balance sheet has also shown a growth of 59% over March 31, 2006 from Rs 31 billion to Rs 50 billion with deposit increasing by 63% and financing by 26% over corresponding period last year.

Earnings Per Share (EPS) for the first quarter is Re 0.50 as compared to Re 0.58 in corresponding quarter of last year. This decrease is mainly due to increase in paid up capital from Rs 2.036 billion as at March 31, 2006 to Rs 3.780 billion as at March 31, 2007. The bank is continuing with its branch expansion policy and opened 34 branches in 2006. The Bank plans to open atleast 33 branches InshaAllah during the year taking branch network to 95 branches throughout Pakistan. New branches normally take 9-12 months to become profitable and, therefore, put drain on profitability of the Bank in the initial period.

The Bank has a long-term entity rating of A+ with stable outlook and short-term rating of A1, assessed by JCR VIS Credit Rating Co. Ltd.

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

DIRECTORS' REVIEW

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

Karachi:
May 02, 2007

B A L A N C E
S H E E T (U N A U D I T E D)
AS AT MARCH 31, 2007

	Note	March 31, 2007	December 31, 2006
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks		5,556,216	5,897,394
Balances with other banks		9,203,147	4,134,875
Due from financial institutions		2,900,000	3,700,000
Investments	5	2,811,033	2,877,554
Financings	6	27,061,827	27,031,016
Operating fixed assets	7	563,108	531,262
Other assets		1,727,018	2,266,522
		49,822,349	46,438,623
LIABILITIES			
Bills payable		703,869	563,228
Due to financial institutions		4,042,180	4,285,212
Deposits and other accounts		37,452,079	34,449,441
Sub-ordinated loan		-	-
Liabilities against assets subject to finance leases		-	-
Deferred taxation		485,298	398,304
Other liabilities		2,182,521	1,979,079
		44,865,947	41,675,264
NET ASSETS		<u>4,956,402</u>	<u>4,763,359</u>
REPRESENTED BY			
Share capital	8	3,779,897	3,779,897
Reserves		528,085	528,085
Unappropriated profit		639,004	448,427
		4,946,986	4,756,409
Surplus on revaluation of investments	5.1	9,416	6,950
		<u>4,956,402</u>	<u>4,763,359</u>
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 13 form an integral part of these financial statements.

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

Irfan Siddiqui
President & Chief Executive

Istaqbal Mehdi
Director

Ariful Islam
Director

PROFIT AND**LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

	March 31, 2007	March 31, 2006
	----- Rupees in '000 -----	
Profit / return earned on financings, investments and placements	973,523	576,949
Return on deposits and other dues expensed	507,367	282,264
Net spread earned	466,156	294,685
Provision against non-performing financings (net)	7,668	11,022
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	7,668	11,022
Net spread after provisions	458,488	283,663
OTHER INCOME		
Fee, commission and brokerage income	61,397	42,077
Dividend income	8,080	12,783
Income from dealing in foreign currencies	82,718	25,908
Capital gain on sale of investments	16,197	77,631
Unrealised gain on revaluation of investments classified as 'held for trading'- note 5.1	16,150	28,367
Other income	7,218	5,374
Total other income	191,760	192,140
	650,248	475,803
OTHER EXPENSES		
Administrative expenses	372,260	223,121
Other provisions / write offs	-	-
Other charges	13	-
Total other expenses	372,273	223,121
	277,975	252,682
Extraordinary / unusual items	-	-
PROFIT BEFORE TAXATION	277,975	252,682
Taxation - current	404	7,853
- deferred	86,994	63,174
	87,398	71,027
PROFIT AFTER TAXATION	190,577	181,655
Unappropriated profit brought forward	448,427	201,270
Profit before appropriations	639,004	382,925
Basic earnings per share (Rupee) - note 10	0.50	0.58

The annexed notes 1 to 13 form an integral part of these financial statements.

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

Irfan Siddiqui
President & Chief Executive

Istaqbal Mehdi
Director

Ariful Islam
Director

CASH FLOW**STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

	Note	March 31, 2007	March 31, 2006
		----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		277,975	252,682
Less: Dividend income		(8,080)	(12,783)
		269,895	239,899
Adjustments for non-cash charges			
Depreciation		26,355	16,867
Amortization		1,519	879
Provision against non-performing financings (net)		7,668	11,022
Gain on sale of operating fixed assets		(2,461)	(774)
Unrealised gain on revaluation of held for trading investments		(16,150)	(28,367)
		16,931	(373)
		286,826	239,526
(Increase) / decrease in operating assets			
Due from financial institutions		800,000	-
Held for trading securities		(7,879)	60,075
Financings		(38,479)	(1,789,227)
Others assets		541,380	528,642
		1,295,022	(1,200,510)
Increase / (decrease) in operating liabilities			
Bills payable		140,641	197,377
Due to financial institutions		(243,032)	161,468
Deposits and other accounts		3,002,638	156,454
Other liabilities		203,442	1,341
		3,103,689	516,640
		4,685,537	(444,344)
Income tax paid		(885)	(281)
NET CASH FLOW FROM OPERATING ACTIVITIES		4,684,652	(444,625)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments		93,016	(1,348,555)
Dividends received		6,685	1,951
Investments in operating fixed assets		(61,200)	(31,876)
Sale proceeds of property and equipment disposed-off		3,941	2,194
Net cash flow from investing activities		42,442	(1,376,286)
CASH FLOW FROM FINANCING ACTIVITIES			
Net increase / (decrease) in cash and cash equivalents		4,727,094	(1,820,911)
Cash and cash equivalents at the beginning of the period		10,032,269	6,812,761
Cash and cash equivalents at the end of the period	12	14,759,363	4,991,850

The annexed notes 1 to 13 form an integral part of these financial statements.

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

Irfan Siddiqui
President & Chief Executive

Istaqbal Mehdi
Director

Ariful Islam
Director

**STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

	Share capital	Capital reserves Statutory reserve	Reserve for issue of bonus shares	Revenue reserves General reserve	Unappropriated profit	Total
	Rupees in '000					
Balance as at January 01, 2006 (restated)	2,036,582	340,469	-	66,766	527,123	2,970,940
Profit after taxation for the quarter ended March 31, 2006	-	-	-	-	181,655	181,655
Balance as at March 31, 2006	2,036,582	340,469	-	66,766	708,778	3,152,595
Profit after taxation for the period April 01, 2006 to December 31, 2006	-	-	-	-	422,596	422,596
Transfer to reserve for issue of bonus shares	-	-	325,853	-	(325,853)	-
Issue of bonus shares	325,853	-	(325,853)	-	-	-
Issue of right shares	1,181,218	-	-	-	-	1,181,218
Issue of bonus shares-interim	236,244	-	-	-	(236,244)	-
Transfer to statutory reserve	-	120,850	-	-	(120,850)	-
Balance as at December 31, 2006	3,779,897	461,319	-	66,766	448,427	4,756,409
Profit after taxation for the quarter ended March 31, 2007	-	-	-	-	190,577	190,577
Balance as at March 31, 2007	3,779,897	461,319	-	66,766	639,004	4,946,986

The annexed notes 1 to 13 form an integral part of these financial statements.

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

Irfan Siddiqui
President & Chief Executive

Istaqbal Mehdi
Director

Ariful Islam
Director

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

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 commercial, consumer and investment banking activities.

The Bank was operating through sixty two branches as at March 31, 2007 (March 31, 2006: twenty nine). 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 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 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.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the directives issued through SRO No. 764(I)/2001 dated November 5, 2001, the directives issued by the SBP, the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the requirements of SBP's BSD Circular Letter No. 02 dated May 12, 2004, including BSD Circular No. 04 of 2006 and the International Accounting Standard 34 'Interim Financial Reporting' and Islamic Financial Accounting Standard 1 - Murabaha issued by the Institute of Chartered Accountants of Pakistan.

The financial statements comprise of the balance sheet as at March 31, 2007 and the profit and loss account, statement of changes in equity and the cash flow statement for the quarter ended March 31, 2007.

The comparative balance sheet presented in these financial statements as at December 31, 2006 has been extracted from the audited financial statements of the Bank for the year ended December 31, 2006 whereas the comparative profit and loss account, statement of changes in equity and cash flow statement are for the quarter ended March 31, 2006.

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

4. ACCOUNTING POLICIES

4.1 The accounting policies adopted in the preparation of these condensed financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2006. During the period the Bank has changed its estimate in respect of depreciation of operating fixed assets as fully explained in note 4.3.

4.2 Provision for taxation has been made in these financial statements on the basis of an estimated annual average rate of tax.

4.3 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income by applying straight line method whereby the cost of an assets is written off over its estimated useful life.

Effective January 01, 2007, the Bank has changed its estimate in respect of useful lives of assets. The Bank now charges depreciation from the month of acquisition and up to the month preceeding the disposal. Previously, full year's depreciation was charged on all additions to fixed assets during the year while no depreciation was charged in the year in which the assets were disposed off. The effect of this change in accounting estimate is not considered material.

5 INVESTMENTS:

	Held by Bank	Given as collateral	Total
	----- Rupees in '000 -----		
Balance as at March 31, 2007	2,811,033	-	2,811,033
Balance as at December 31, 2006	2,877,554	-	2,877,554
Balance as at March 31, 2006	2,908,086	-	2,908,086
5.1 Investments by types			
Held for trading securities	403,929	-	403,929
Available for sale securities			
- Associates	270,000	-	270,000
- Others	132,626	-	132,626
Held to maturity securities	1,320,030	-	1,320,030
Associates	604,582	-	604,582
Subsidiary	63,050	-	63,050
	2,794,217	-	2,794,217
Less : Provision for diminution in value of investments	8,750	-	8,750
Investments (net of provision)	2,785,467	-	2,785,467
Add : Surplus on revaluation of investment:			
- 'Held for trading' taken to profit and loss account	16,150	-	16,150
- 'Available for sale'	9,416	-	9,416
Balance as at March 31, 2007	2,811,033	-	2,811,033

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

	March 31, 2007	December 31, 2006
	-----Rupees in '000-----	
6. FINANCINGS		
In Pakistan		
- Murabaha financings - note 6.1	10,675,281	11,430,720
- Net investment in Ijarah	6,755,913	6,379,808
- Export refinance under Islamic scheme - note 6.2	4,263,037	4,403,667
- Diminishing musharakah financings - housing	2,653,197	2,604,096
- Diminishing musharakah financings - others	1,343,869	1,209,466
- Musharakah financings	110,458	130,500
- Financings against bills - salam	424,840	364,755
- Financings against bills - murabaha	883,370	573,961
- Loans, cash credit, running finances, etc.	197,785	172,298
Total financings	<u>27,307,750</u>	<u>27,269,271</u>
Less: Provision against non-performing financings - notes 6.3 and 6.4	<u>245,923</u>	<u>238,255</u>
Financings net of provision	<u>27,061,827</u>	<u>27,031,016</u>
6.1 Murabaha receivable- gross - note 6.1.1	11,114,818	11,871,350
Less: Deferred murabaha income	207,233	222,466
Profit receivable shown in other assets	232,304	218,164
Murabaha financings / receivables	<u>10,675,281</u>	<u>11,430,720</u>
6.1.1 This includes advance for murabaha aggregating Rs 1,531 million (Dec 31, 2006: 1,812 million).		
	March 31, 2007	December 31, 2006
	-----Rupees in '000-----	
6.2 Murabaha receivable under Islamic export refinance scheme- gross - 6.2.1	4,336,575	4,513,494
Less: Deferred murabaha income	37,472	50,257
Profit receivable shown in other assets	36,066	59,570
Export refinance under Islamic scheme / receivables	<u>4,263,037</u>	<u>4,403,667</u>
6.2.1 This includes advance for murabaha under Islamic export refinance scheme aggregating Rs 1,758 million (Dec 31, 2006: Rs.109.051million).		
6.3 Financings include Rs 406.980 million (Dec 31, 2006: Rs 408.442 million) which have been placed under non-performing status as detailed below:		

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

Category of classification	Classified financings			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Substandard	72,728	-	72,728	15,739	15,739
Doubtful	204,987	-	204,987	55,214	55,214
Loss	129,265	-	129,265	95,197	95,197
	<u>406,980</u>	<u>-</u>	<u>406,980</u>	<u>166,150</u>	<u>166,150</u>

6.4 Particulars of provision against non-performing financings:

	March 31, 2007			December 31, 2006		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	163,712	74,543	238,255	66,953	49,721	116,674
Charge for the period / year	4,978	5,230	10,208	98,296	24,822	123,118
Reversals	(2,540)	-	(2,540)	(1,537)	-	(1,537)
	2,438	5,230	7,668	96,759	24,822	121,581
Amount written off	-	-	-	-	-	-
Closing balance	<u>166,150</u>	<u>79,773</u>	<u>245,923</u>	<u>163,712</u>	<u>74,543</u>	<u>238,255</u>

6.5 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.

March 31, March 31,
2007 2006
----- Rupees in '000 -----

7. OPERATING FIXED ASSETS

Additions - cost [including net additions to capital work in progress amounting to Rs. 30.094 million (Mar 31, 2006: Rs. 5.783 million)]

61,200 31,876

Disposals - cost

7,243 3,206

- net book value

1,480 1,420

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

	March 31, 2007	December 31, 2006
	----- Rupees in '000 -----	
8 SHARE CAPITAL		
8.1 Authorised capital 800,000,000 (December 31, 2006: 800,000,000) ordinary shares of Rs 10 each	<u>8,000,000</u>	<u>8,000,000</u>
8.2 Issued, subscribed and paid up capital 377,989,686 (December 31, 2006: 377,989,686) ordinary shares of Rs 10 each	<u>3,779,897</u>	<u>3,779,897</u>
8.3 The Bank intends to issue 9.9 million ordinary shares of Rs 10 each having a face value of Rs 99 million under an employee stock option plan.		
	March 31, 2007	December 31, 2006
	----- Rupees in '000 -----	
9 CONTINGENCIES AND COMMITMENTS		
9.1 Direct credit substitutes		
Government	<u>189,511</u>	<u>201,279</u>
9.2 Transaction related contingent liabilities		
Guarantees favouring:		
- Government	1,850,610	1,805,745
- Banks	58,177	29,273
- Others	2,280,991	2,224,786
	<u>4,189,778</u>	<u>4,059,804</u>
9.3 Trade related contingent liabilities		
Import letters of credit	4,847,067	4,802,859
Acceptances	2,479,740	2,300,062
	<u>7,326,807</u>	<u>7,102,921</u>
9.4 Commitments in respect of forward exchange contracts		
Purchases	1,955,177	2,808,751
Sales	<u>10,358,493</u>	<u>6,297,464</u>
9.5 There has been no change in contingencies relating to tax matters as disclosed in audited financial statements for the year ended December 31, 2006.		

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

	March 31, 2007	December 31, 2006
	-----Rupees in '000-----	
9.6 Commitments in respect of Financings	<u>17,198,445</u>	<u>16,704,510</u>
9.7 Other commitments		
Bills for collection (inland)	45,871	42,784
Bills for collection (foreign)	<u>2,171,503</u>	<u>2,088,795</u>
	<u>2,217,374</u>	<u>2,131,579</u>

10 BASIC EARNINGS PER SHARE

	March 31, 2007	March 31, 2006
	-----Rupees in '000-----	
Profit after taxation	<u>190,577</u>	<u>181,655</u>
	Number of Shares	
Weighted average number of ordinary shares	<u>377,989,686</u>	<u>311,841,491</u>
Basic earnings per share (Rupee)	<u>0.50</u>	<u>0.58</u>

10.1 The number of ordinary shares as at March 31, 2006 have been adjusted for element of bonus in issue of right shares and bonus shares.

11 RELATED PARTY TRANSACTIONS

11.1 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.

11.2 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. The service charges relating to secondment are on actual basis.

11.3 Subsidiary company:
- Al Meezan Investment Management Limited

11.4 Key management personnel:
- President and Chief Executive Officer
- Chief Operating Officer

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

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

	March 31, 2007	December 31, 2006
	----- Rupees in '000 -----	
Financing		
At January 1	398,085	314,926
Disbursed during the period / year	62,600	497,798
Repaid during the period / year	(186,695)	(414,639)
As at March 31 / December 31	<u>273,990</u>	<u>398,085</u>
Deposits		
At January 1	1,444,516	1,640,932
Deposited during the period / year	8,121,542	33,676,183
Repaid during the period / year	(8,529,478)	(33,872,599)
As at March 31 / December 31	<u>1,036,580</u>	<u>1,444,516</u>
Balances		
Profit receivable on financings	4,798	10,881
Prepaid Takaful (insurance)	71,413	76,911
Service charges payable by the Bank	180	120
Acceptances	4,895	62,176
Letters of credit (unfunded)	18,315	56,787
	March 31, 2007	March 31, 2006
	----- Rupees in '000 -----	
Transactions, income and expenses		
Profit earned on financings	4,679	7,003
Return on deposits expensed	17,327	15,587
Dividend income earned	-	4,973
Takaful (insurance) expensed	33,199	22,070
Commission earned on letters of credit and acceptances	51	93
Fees earned	2,674	779
Service charges incurred	4,136	3,788
Remuneration to the directors and key management personnel	6,915	5,210
12 CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	5,556,216	2,690,579
Balances with other banks	9,203,147	2,301,271
	<u>14,759,363</u>	<u>4,991,850</u>
13 DATE OF AUTHORISATION		

These financial statements were authorised for issue on May 02, 2007 by the Board of Directors of the Bank.

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

Irfan Siddiqui
President & Chief Executive

Istaqbal Mehdi
Director

Ariful Islam
Director

**CONSOLIDATED
FINANCIAL STATEMENTS**

CONSOLIDATED**BALANCE SHEET (UNAUDITED)
AS AT MARCH 31, 2007**

	March 31, 2007	December 31, 2006
	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	5,556,520	5,890,940
Balances with other banks	9,202,129	4,134,875
Due from financial institutions	2,900,000	3,700,000
Investments	3,389,819	3,394,435
Financings	27,060,535	27,029,578
Operating fixed assets	578,581	543,083
Other assets	1,895,434	2,316,135
	<u>50,583,018</u>	<u>47,009,046</u>
LIABILITIES		
Bills payable	703,869	563,228
Due to financial institutions	4,042,180	4,285,212
Deposits and other accounts	37,442,290	34,423,936
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred taxation	512,593	418,516
Other liabilities	2,289,034	2,007,886
	<u>44,989,966</u>	<u>41,698,778</u>
NET ASSETS	<u>5,593,052</u>	<u>5,310,268</u>
REPRESENTED BY		
Share capital	3,779,897	3,779,897
Reserves	552,401	552,401
Unappropriated profit	1,193,424	918,857
	<u>5,525,722</u>	<u>5,251,155</u>
MINORITY INTEREST	57,914	52,163
	<u>5,583,636</u>	<u>5,303,318</u>
Surplus on revaluation of investments	9,416	6,950
	<u>5,593,052</u>	<u>5,310,268</u>
CONTINGENCIES AND COMMITMENTS		

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

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

Irfan Siddiqui
President & Chief Executive

Istaqbal Mehdi
Director

Ariful Islam
Director

**CONSOLIDATED PROFIT AND
LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

	March 31, 2007	March 31, 2006
	----- Rupees in '000 -----	
Profit /return on financings, investments and placements	973,540	577,011
Return on deposits and other dues expensed	507,082	282,017
Net spread income	466,458	294,994
Provision against non- performing financings (net)	(7,668)	(11,022)
Net spread after provisions	458,790	283,972
OTHER INCOME		
Fee, commission and brokerage income	108,722	85,902
Dividend income	8,080	8,062
Income from dealing in foreign currencies	82,718	25,908
Capital gain on sale of securities	30,234	82,527
Unrealised gain on revaluation of investments classified as ' held for trading'	5,987	39,170
Other income	10,412	8,978
Total other income	246,153	250,547
	704,943	534,519
OTHER EXPENSES		
Administrative expenses	388,997	238,534
Other charges	43	51
Total other expenses	389,040	238,585
	315,903	295,934
Shares of results of associates before taxation	74,194	118,500
PROFIT BEFORE TAXATION	390,097	414,434
Taxation - current	11,489	19,478
- deferred	94,076	69,077
	105,565	88,555
PROFIT AFTER TAXATION	284,532	325,879
Share of profit attributable to minority interest	(9,965)	(12,815)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	274,567	313,064
Unappropriated profit brought forward	918,857	950,336
Profit before appropriations	1,193,424	1,263,400
Basic earnings per share - Rupee	0.73	1.00

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

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

Irfan Siddiqui
President & Chief Executive

Istaqbal Mehdi
Director

Arifur Islam
Director

CONSOLIDATED CASH FLOW
STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007

	March 31, 2007	March 31, 2006
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	390,097	414,434
Dividend income	(8,080)	(8,062)
	<u>382,017</u>	<u>406,372</u>
Adjustments for non-cash charges:		
Depreciation	27,479	17,513
Amortisation	1,596	952
Provision against non- performing financings (net)	7,668	11,022
Gain on sale of fixed assets	(2,461)	(774)
Unrealised gain on held for trading investments	(5,987)	(39,170)
Shares in results of associates	(74,194)	(118,500)
	<u>(45,899)</u>	<u>(128,957)</u>
	336,118	277,415
(Increase)/decrease in operating assets		
Due from financial institutions	800,000	-
Held for trading securities	4,383	45,715
Financings	(38,625)	(1,789,389)
Others assets	420,522	482,468
	<u>1,186,280</u>	<u>(1,261,206)</u>
Increase/(decrease) in operating liabilities		
Bills Payable	140,641	197,377
Due to financial institutions	(243,032)	161,468
Minority's share in the subsidiary's holding in its associates	(4,214)	8,734
Deposits and other accounts	3,018,354	125,242
Other liabilities	281,151	40,285
	<u>3,192,900</u>	<u>533,106</u>
	4,715,298	(450,685)
Income tax paid	(9,915)	(1,949)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>4,705,383</u>	<u>(452,634)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments	82,880	(1,341,498)
Dividends received	6,685	1,951
Investments in operating fixed assets	(66,055)	(32,177)
Sale proceeds of property and equipment disposed- off	3,941	2,194
Net cash flow from investing activities	<u>27,451</u>	<u>(1,369,530)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents	4,732,834	(1,822,164)
Cash and cash equivalents at beginning of the period	10,025,815	6,808,816
Cash and cash equivalents at end of the period	<u>14,758,649</u>	<u>4,986,652</u>

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

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

Irfan Siddiqui
President & Chief Executive

Istaqbal Mehdi
Director

Ariful Islam
Director

**CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

	Share capital	Capital reserves Statutory reserve	Reserve for issue of bonus shares	Revenue reserves General reserve	Unappropriated profit	Sub Total	Minority Interest	Total
	-----Rupees in '000-----							
Balance as at January 01, 2006 (Restated)	2,036,582	340,469	-	91,082	950,336	3,418,469	31,219	3,449,688
Profit after taxation for the quarter ended March 31, 2006	-	-	-	-	325,879	325,879	-	325,879
Share of profit attributable to minority interest	-	-	-	-	(12,815)	(12,815)	12,815	-
Minority's share in the subsidiary's holding in its associates	-	-	-	-	-	-	8,734	8,734
Balance as at March 31, 2006	2,036,582	340,469	-	91,082	1,263,400	3,731,533	52,768	3,784,301
Transfer to reserve for issue of bonus shares	-	-	325,853	-	(325,853)	-	-	-
Issue of bonus shares	325,853	-	(325,853)	-	-	-	-	-
Issue of right shares	1,181,218	-	-	-	-	1,181,218	-	1,181,218
Issue of bonus shares- interim	236,244	-	-	-	(236,244)	-	-	-
Profit after taxation for the period April 01, 2006 to December 31, 2006	-	-	-	-	377,214	377,214	-	377,214
Share of Profit attributable to minority interest	-	-	-	-	(38,810)	(38,810)	38,810	-
Minority's share in the subsidiary's holding in its associates	-	-	-	-	-	-	(39,415)	(39,415)
Transfer to statutory reserve	-	120,850	-	-	(120,850)	-	-	-
Balance as at December 31, 2006	3,779,897	461,319	-	91,082	918,857	5,251,155	52,163	5,303,318
Profit after taxation for the quarter ended March 31, 2007	-	-	-	-	284,532	284,532	-	284,532
Share of Profit attributable to minority interest	-	-	-	-	(9,965)	(9,965)	9,965	-
Minority's share in the subsidiary's holding in its associates	-	-	-	-	-	-	(4,214)	(4,214)
Balance as at March 31, 2007	3,779,897	461,319	-	91,082	1,193,424	5,525,722	57,914	5,583,636

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

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

Irfan Siddiqui
President & Chief Executive

Istaqbal Mehdi
Director

Ariful Islam
Director

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007**

1. BASIS OF PRESENTATION

1.1 The consolidated financial statements include the un-audited financial statements of Meezan Bank Limited (MBL) (the holding company), Al-Meezan Investment Management Limited (AMIML) (the subsidiary) 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 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.

The financial statements comprise of the balance sheet as at March 31, 2007 and the profit and loss account, the cash flow statement and the statement of changes in equity for the quarter ended March 31, 2007.

The comparative balance sheet presented in these financial statements as at December 31, 2006 has been extracted from the audited consolidated financial statements for the year ended December 31, 2006 whereas the comparative profit and loss account, the cash flow statement and the statement of changes in equity are for the quarter ended March 31, 2006.

2. ACCOUNTING POLICIES

2.1 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, 2006. During the period the Bank has changed its estimate in respect of depreciation of operating fixed assets as fully explained in note 2.2.

2.2 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income by applying straight line method whereby the cost of an assets is written off over its estimated useful life.

Effective January 01, 2007, the Bank has changed its estimate in respect of useful lives of assets. The Bank now charges depreciation from the month of acquisition and up to the month preceeding the disposal. Previously, full year's depreciation was charged on all additions to fixed assets during the year while no depreciation was charged in the year in which the assets were disposed off. The effect of this change in accounting estimate is not considered material.

3. DATE OF AUTHORISATION

These financial statements were authorised for issue on May 02, 2007 by the Board of Directors of MBL.

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

Irfan Siddiqui
President & Chief Executive

Istaqbal Mehdi
Director

Ariful Islam
Director

BRANCH NETWORK

KARACHI

Al-Azam Plaza Superhighway Branch	Ground Floor Sector 1-A, Gulzar-e-Hijri, Superhighway, Tel: 6365780
Allama Iqbal Road Branch	Mono Tower, Allama Iqbal Road, PECHS Block 2, Tel: 4300996-7
Bahadurabad Branch	Adam Arcade, Plot No. 28, BMCH Society, Tel: 4145016-21
Barkat-e-Hyderi Branch	D10, Block H, North Nazimabad, Tel: 8351731-2
Bilawal Chowk Branch	Green Belt Residency, Shop No. 4 & 5, Block 2, Scheme 5, Clifton, Tel: 5830628
Clifton Branch	Ground Floor, Al-Karam Centre, BC1, Block-7 Clifton, Main Clifton Road, Tel: 5372060-4
Cloth Market Branch	Atique Market, Bunder Quarters, Tel: 2418137-9
DHA Phase II Ext. Branch	Garibsons Building, 12th Commercial Street, DHA Phase II Extension, Tel: 5311953-8
Dhoraji Branch	35/182, C.P. & Bearar Housing Society, Tel: 4860861-4
F.B Area Branch	C-12, Block 10, F.B Area, Tel: 6805370-6
FTC Branch	Ground Floor, Block B, FTC Building, Shahrah-e-Faisal, Tel: 5650771
Gulistan-e-Jauher Branch	Block 15, Scheme 36, Gulistan-e-Jauher, Tel: 4030251-5
Gulshan Chowranghi Branch	Gulistan-e-Erum, Block-3, Gulshan-e-Iqbal, Tel: 4811849
Gulshan-e-Iqbal Branch	B-41, Block No. 13-A, KDA Scheme 24, University Road, Gulshan-e-Iqbal, Tel: 4811901-6

BRANCH NETWORK

KARACHI	Jodia Bazaar Branch	H-91 A, Darya Lal Street, Jodia Bazaar, Tel: 2473326-9
	Khayaban-e-Sehar Branch	9-C, Shahbaz Commercial Lane 1, Khayaban-e-Sehar, Phase VI, DHA, Tel: 5349307-18
	Korangi Branch	Plot No. LS 3, ST-3/1, Sector No. 15, Korangi Industrial Area, Tel: 5077101-6
	Marriott Hotel Branch	Marriott Hotel, Abdullah Haroon Road, Tel: 5683491
	North Karachi Branch	Plot # SA-6 (ST-8), 11-C-1, North Karachi, Tel: 6965051-5
	PNSC Branch	3rd Floor PNSC Building, MT Khan Road, Tel: 5610582
	Shahrah-e-Faisal Branch	29-A, Ground Floor, Sabah Palace, P.E.C.H.S. Block 6, Shahrah-e-Faisal, Tel: 4322184-91
	S.I.T.E Branch	Plot No. B/9-C, Estate Avenue, SITE Area, Tel: 2550328-31
HYDERABAD	Hyderabad Branch	Saddar Bazar, Cantonment, Tel: 787992-3
SUKKUR	Sukkur Branch,	3-45, Ward-C, Station Road, Tel: 5617192-7
QUETTA	Quetta Branch	Manan Chowk, Jinnah Road, Tel: 2829470-3
ISLAMABAD	F-7 Jinnah Super Branch	Unit No. 14, Plot No. 12-B, F-7 Markaz, Jinnah Super, Tel: 2655001-4
	F-10 Markaz Branch	Plot No. 2-F, F-10 Markaz, Tel: 2112762-3
	I-9 Branch	Plot No. 2/A, Industrial Area, I-9, Tel: 4859644-7
	Jinnah Avenue Branch	32, Sohrab Plaza, Jinnah Avenue, Blue Area, Tel: 2276712-5

BRANCH NETWORK

RAWALPINDI

Bahria Town Branch	Bahria Heights, Bahria Town, Phase-1 Tel: 5730171-3
Chandni Chowk Branch	Umer Farooq Plaza, Block C, Satellite Town, Chandni Chowk, Tel: 4851046-9
Saddar Branch	47/62, Bank Road Saddar, Tel: 9273404-6

LAHORE

Akber Chowk Branch	885-D, Akbar Chowk, Faisal Town Tel: 5201425-6
Azam Cloth Market Branch	61 Chandni Chowk, Azam Cloth Market Tel: 7642011-2
Brandrath Road Branch	46 Brandrath Road Tel: 7676388-92
Circular Road Branch	Outside Shah Alam Gate Tel: 7642001-5
DHA Phase III Branch	152-Y, Phase IIIC, DHA Tel: 5742582-3
DHA Phase IV Branch	Plot # 85-CCA, Phase IV Comm., DHA, Tel: 5747761-2
New Garden Town Branch	Ground Floor, Ibrahim Centre, 1-Aibak Block, New Garden Town, Tel: 5941474-7
Gulberg Branch	60 - Main Boulevard Gulberg Tel: 5879870-2
Urdu Bazar Branch	4-Kabeer Street, Urdu Bazar Tel: 7116684-7
Shadman Colony Branch	91 Shadman Colony - 1 Tel: 7522976-9
Shalimar Garden Branch	Shalimar Garden, Baghban Pura Tel: 6848564-8

FAISALABAD

Clock Tower Branch	P-175 Clock Tower, Karkhana Bazar Tel: 2606085-7
Kotwali Road Branch	P-63 Kotwali Road, Tel: 2602587
People's Colony Branch	1/A-II, Peoples Colony-1 Tel: 8555002-4

BRANCH NETWORK

	Serena Hotel Branch	Serena hotel, Club Road Tel: 2602595-7
MULTAN	Abdali Road Branch	64 Abdali Road Tel: 4785604-7
	Vehari Road Branch	Rehman Commercial Centre, Near Grain Market, Vehari Road Tel: 6244153-5
SIALKOT	Kashmir Road Branch	Kashmir Road, Tel: 4295301-3
GUJRANWALA	Kashmir Plaza Branch	Kashmir Plaza, Near Ghalla Mandi G.T Road, Tel: 3847205-8
KASUR	Kasur Branch	216-9R-IV, Railway Road Tel: 2764999
DERA GHAZI KHAN	Dera Ghazi Khan Branch	Jam Pur Road Block 17, Tel: 2474255-7
RAHIM YAR KHAN	Rahim Yar Khan Branch	17, 18 City Centre Tel: 5887603-4
SARGODHA	Sargodha Branch	Civil Lines, University Road, Tel: 3741609-10
SADIQABAD	Sadiqabad Branch	13-D Main Bazar Tel: 5701207-8
SAHIWAL	Sahiwal Branch	276-B-I, Alpha Tower, High Street Tel: 4465009
PESHAWAR	Chowk Yadgar Branch,	Mohmand Plaza, Naz Cinema Road, Peshawar City Tel: 9213950-2
	Saddar Road Branch	Saddar Road, Peshawar Cantt, Tel: 9213471-15
ABBOTTABAD	Abbottabad Branch	Abbottabad Branch, Plot No. 843-846, Manshera Road Tel: 344701-3
SWAT	Mingora Branch,	Makanbagh Chowk, Mingora, Tel: 714316-8
GUJAR KHAN	Gujar Khan Branch	B-III, 215-E, G.T. Road Tel: 3515679-83

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