



# AZZAD ETHICAL MID CAP FUND

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SEMI - ANNUAL REPORT

December 31, 2009  
(Unaudited)

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**AZZAD FUNDS**

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Azzad Asset Management, Inc. • Advisor to the Azzad Funds

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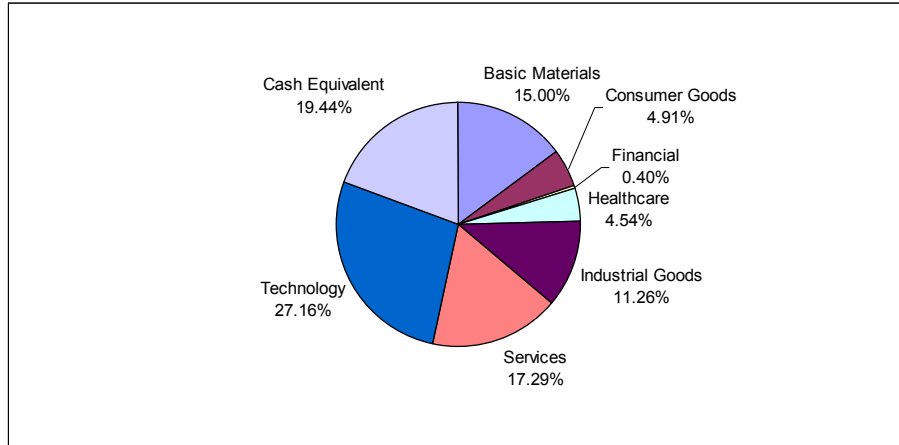
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# AZZAD ETHICAL MID CAP FUND

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PORTFOLIO ANALYSIS  
DECEMBER 31, 2009 (UNAUDITED)

The following chart gives a visual breakdown of the Fund by the industry sectors the underlying securities represent as a percentage of the portfolio of investments.



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# AZZAD ETHICAL MID CAP FUND

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SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2009 (UNAUDITED)

<u>Shares</u>	<u>Value</u>
<b>COMMON STOCKS - 80.80%</b>	
<b>Beverages - 1.25%</b>	
2,000 Coca Cola Co.	\$ 114,000
<b>Computer Communications Equipment - 2.49%</b>	
9,500 Cisco Systems, Inc. *	227,430
<b>Computer Storage Devices - 4.60%</b>	
5,500 Sandisk Corp. *	159,445
5,900 Western Digital Corp. *	<u>260,485</u>
	419,930
<b>Crude Petroleum &amp; Natural Gas - 8.31%</b>	
5,400 Petroleo Brasileiro (Brazil)	257,472
4,500 Canadian Natural Resources Ltd. (Canada)	323,775
12,000 Denbury Resources, Inc. *	<u>177,600</u>
	758,847
<b>Electromedical &amp; Electrotherapeutic Apparatus - 0.44%</b>	
2,700 Natus Medical, Inc. *	39,933
<b>Electronic Computers - 5.83%</b>	
1,600 Apple Computer, Inc. *	337,171
9,000 Silicon Graphics International Corp. *	63,090
4,200 Teradata Corp. *	<u>132,006</u>
	532,267
<b>Farm Machinery &amp; Equipment - 1.18%</b>	
2,700 Lindsay Corp.	107,325
<b>General Building Contractors (Residential Buildings) - 4.05%</b>	
10,300 Gafisa S.A. (Brazil) *	333,308
1,100 Homex Development Corp. (Mexico) ADR *	<u>36,971</u>
	370,279
<b>Industrial Instruments for Measurement, Display, and Control - 0.62%</b>	
3,800 Hurco Companies, Inc. *	56,240

\* Non-income producing securities during the period.

ADR- American Depository Receipt

The accompanying notes are an integral part of these financial statements.

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# AZZAD ETHICAL MID CAP FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2009 (UNAUDITED)

<u>Shares</u>	<u>Value</u>
<b>Metal Mining - 6.73%</b>	
1,092 BHP Billiton Ltd. (Australia)	83,625
7,900 Cliffs Natural Resources, Inc.	364,111
1,000 Freeport McMoran Copper & Gold, Inc. *	80,290
3,000 Vale S.A. (Brazil)	<u>87,090</u>
	615,116
<b>Metalworking Machinery &amp; Equipment - 0.42%</b>	
700 SPX Corp.	38,290
<b>Orthopedic, Prosthetic, Surgical Appliances &amp; Supplies - 0.61%</b>	
939 Zimmer Holdings, Inc. *	55,504
<b>Paperboard Containers &amp; Boxes - 0.56%</b>	
950 Greif, Inc.	51,253
<b>Pharmaceutical Preparations - 2.24%</b>	
2,000 Novartis AG (Switzerland) *	108,860
1,500 Novo Nordisk A S (Denmark) *	<u>95,775</u>
	204,635
<b>Pumps &amp; Pumping Equipment - 1.45%</b>	
1,400 Flowserve Corp.	132,342
<b>Radiotelephone Communications - 0.56%</b>	
2,778 Chunghwa Telecom Co. Ltd. (Taiwan) ADR	51,587
<b>Railroads, Line-Haul Operating - 0.64%</b>	
1,200 CSX Corp.	58,188
<b>Retail-Drug Stores and Proprietary Stores - 1.32%</b>	
1,400 Express Scripts, Inc. *	120,988

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# AZZAD ETHICAL MID CAP FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2009 (UNAUDITED)

<u>Shares</u>	<u>Value</u>
<b>Semiconductors &amp; Related Devices - 3.16%</b>	
3,800 Netlogic Microsystems *	175,788
2,000 Maxim Integrated Products, Inc.	40,640
3,000 Monolithic Power Systems, Inc. *	<u>71,910</u>
	288,338
<b>Services-Business Services, NEC - 5.62%</b>	
2,350 Priceline.com, Inc. *	513,264
<b>Services-Computer Integrated Systems - 3.80%</b>	
3,089 Cerner Corp. *	254,657
1,600 Computer Sciences Corp. *	<u>92,048</u>
	346,705
<b>Services-Educational Services - 2.98%</b>	
3,600 New Oriental Education & Technology Group, Inc. (China) ADR *	272,196
<b>Services-General Medical &amp; Surgical Hospitals, NEC - 0.62%</b>	
1,860 Universal Health Services, Inc. Class B	56,730
<b>Services-Prepackaged Software - 2.42%</b>	
4,200 BMC Software, Inc. *	168,420
8,600 China Information Security Technology, Inc. (China) *	<u>52,976</u>
	221,396
<b>Services-Social Services - 0.65%</b>	
1,500 Almost Family, Inc. *	59,295
<b>Soap, Detergents, Cleaning Preparations, Perfumes, Cosmetics - 3.11%</b>	
4,700 Church & Dwight Co., Inc.	284,115
<b>Special Industry Machinery, NEC - 3.92%</b>	
4,000 Aixtron Aktiengesellschaft AG (Germany) ADR *	134,120
9,600 Novellus Systems, Inc. *	<u>224,064</u>
	358,184
<b>Steel Works, Blast Furnaces Rolling Mills (Coke Ovens) - 2.59%</b>	
4,300 United States Steel Corp.	237,016

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# AZZAD ETHICAL MID CAP FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2009 (UNAUDITED)

<u>Shares</u>	<u>Value</u>
<b>Telephone Communications - 0.41%</b>	
800 China Mobile Ltd. (Hong Kong) ADR	37,160
<b>Transportation Services - 0.87%</b>	
3,100 Expedia, Inc. *	79,763
<b>Water Transportation - 2.48%</b>	
6,500 Kirby Corp. *	226,395
<b>Wholesale-Durable Goods - 2.86%</b>	
2,700 Grainger W W, Inc.	261,441
<b>Wholesale-Electrical Apparatus - 2.01%</b>	
8,400 EnerSys *	<u>183,708</u>
TOTAL FOR COMMON STOCKS (Cost \$5,899,682) - 80.80%	7,379,860
SHORT TERM INVESTMENTS - 19.50%	
1,781,173 University Bank Savings Account (Cost \$1,781,173) 0.81%**	<u>1,781,173</u>
TOTAL FOR INVESTMENTS (Cost \$7,680,855) - 100.30%	<u>9,161,033</u>
OTHER ASSETS LESS LIABILITIES - (0.30)%	<u>(27,392)</u>
NET ASSETS - 100.00%	<u>\$9,133,641</u>

\* Non-income producing securities during the period.

\*\* Variable rate security; the savings account rate shown represents the yield at December 31, 2009.

ADR- American Depository Receipt

The accompanying notes are an integral part of these financial statements.

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# AZZAD ETHICAL MID CAP FUND

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## SCHEDULE OF INVESTMENTS (CONTINUED) DECEMBER 31, 2009 (UNAUDITED)

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an active market, price for similar instruments, interest rates, prepayment speeds, yield curves, default rates and similar data.

Level 3 - Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of inputs used as of December 31, 2009 in valuing the Fund's investments carried at value:

<b>Investments in Securities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common Stocks	\$7,379,860	-	-	\$7,379,860
Short-Term Investments:	1,781,173	-	-	1,781,173
	<u>\$9,161,033</u>	<u>-</u>	<u>-</u>	<u>\$9,161,033</u>

The accompanying notes are an integral part of these financial statements.

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# AZZAD ETHICAL MID CAP FUND

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## STATEMENT OF ASSETS AND LIABILITIES DECEMBER 31, 2009 (UNAUDITED)

Assets:	
Investment Securities at Value (Cost \$7,680,855)	\$9,161,033
Cash	40,000
Receivables:	
Dividends & Interest	2,443
Prepaid Expenses	<u>9,587</u>
Total Assets	<u>9,213,063</u>
Liabilities:	
Accrued Management Fees	1,553
Securities Purchased	60,761
Other Accrued Expenses	<u>17,108</u>
Total Liabilities	<u>79,422</u>
Net Assets	<u>\$9,133,641</u>
Net Assets Consist of:	
Paid In Capital	\$8,109,134
Accumulated Undistributed Net Investment Loss	(17,628)
Accumulated Undistributed Realized Loss on Investments	(438,044)
Unrealized Appreciation in Value of Investments	<u>1,480,179</u>
Net Assets, for 1,060,624 Shares Outstanding, respectively	<u>\$9,133,641</u>
Net Asset Value Per Share	<u>\$ 8.61</u>

The accompanying notes are an integral part of these financial statements.

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# AZZAD ETHICAL MID CAP FUND

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STATEMENT OF OPERATIONS  
DECEMBER 31, 2009 (UNAUDITED)

Investment Income:	
Dividends (Net of foreign taxes withheld \$2,498)	\$ 20,602
Interest	<u>1,138</u>
Total Investment Income	21,740
Expenses:	
Advisory Fees	31,812
Distribution Fees	3,977
Legal Fees	3,764
Transfer Agent Fees	14,180
Audit Fees	4,572
Registration Fees	3,791
Administrative Fees	4,536
Custody Fees	1,922
Miscellaneous Fees	1,372
Printing Fees	1,200
Trustee Fees	1,304
Insurance	<u>542</u>
Total Expenses	72,972
Fees Waived and Reimbursed by the Advisor (Note 3)	<u>(33,604)</u>
Net Expenses	<u>39,368</u>
Net Investment Income (Loss)	<u>(17,628)</u>
Realized and Unrealized Loss on Investments:	
Realized Gain on Investments	118,994
Net Change in Unrealized Appreciation on Investments	<u>1,705,129</u>
Net Realized and Unrealized Gain on Investments	<u>1,824,123</u>
Net Increase in Net Assets Resulting from Operations	<u>\$1,806,495</u>

The accompanying notes are an integral part of these financial statements.

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# AZZAD ETHICAL MID CAP FUND

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## STATEMENT OF CHANGES IN NET ASSETS

	(Unaudited)	
	Six	Year
	Months	Year
	Ended	Ended
	<u>12/31/2009</u>	<u>6/30/2009</u>
<b>Increase (Decrease) in Net Assets From Operations:</b>		
Net Investment Loss	\$(17,628)	\$(24,095)
Net Realized Gain (Loss) on Investments	118,994	(276,083)
Unrealized Appreciation (Depreciation) on Investments	<u>1,705,129</u>	<u>(567,294)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>1,806,495</u>	<u>(867,472)</u>
<b>Distributions to Shareholders:</b>		
Net Investment Income	-	-
Realized Gains	<u>-</u>	<u>-</u>
Total Distributions	<u>-</u>	<u>-</u>
<b>Capital Share Transactions (Note 4)</b>	<u>1,257,841</u>	<u>3,414,788</u>
Total Increase in Net Assets	3,064,336	2,547,316
<b>Net Assets:</b>		
Beginning of Period	<u>6,069,305</u>	<u>3,521,989</u>
End of Period (Includes Undistributed Net Investment Income (Loss) of (\$17,628) and \$0, respectively)	<u>\$9,133,641</u>	<u>\$6,069,305</u>

The accompanying notes are an integral part of these financial statements.

# AZZAD ETHICAL MID CAP FUND

## FINANCIAL HIGHLIGHTS DECEMBER 31, 2009 (UNAUDITED)

Selected data for a share outstanding throughout the period.

	(Unaudited) Six Months		For the Years Ended			
	Ended					
	<u>12/31/</u>	<u>6/30/</u>	<u>6/30/</u>	<u>6/30/</u>	<u>6/30/</u>	<u>6/30/</u>
	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net Asset Value, at Beginning of Year	\$ 6.78	\$ 9.25	\$ 10.11	\$ 9.65	\$ 9.30	\$ 8.30
Income From Investment Operations:						
Net Investment Loss *	(0.02)	(0.06)	(0.10)	(0.15)	(0.16)	(0.14)
Net Gain (Loss) on Securities (Realized and Unrealized)	<u>1.85</u>	<u>(2.41)</u>	<u>(0.21)</u>	<u>1.09</u>	<u>1.18</u>	<u>1.14</u>
Total from Investment Operations	1.83	(2.47)	(0.31)	0.94	1.02	1.00
Distributions:						
Net Investment Income	0.00	0.00	0.00	0.00	0.00	0.00
Realized Gains	<u>0.00</u>	<u>0.00</u>	<u>(0.55)</u>	<u>(0.48)</u>	<u>(0.67)</u>	<u>0.00</u>
Total Distributions	0.00	0.00	(0.55)	(0.48)	(0.67)	0.00
Net Asset Value, at End of Year	<u>\$ 8.61</u>	<u>\$ 6.78</u>	<u>\$ 9.25</u>	<u>\$ 10.11</u>	<u>\$ 9.65</u>	<u>\$ 9.30</u>
Total Return **	26.99%	(26.70)%	(3.42)%	10.21%	11.04%	12.05%
Ratios/Supplemental Data:						
Net Assets at End of Period (Thousands)	\$ 9,134	\$ 6,069	\$ 3,522	\$ 3,154	\$ 3,165	\$ 2,255
Before Waivers						
Ratio of Expenses to Average Net Assets	1.83%(a)	3.36%	2.95%	2.45%	2.41%	5.22%
Ratio of Net Investment Loss to Average Net Assets	(1.29)% (a)	(2.37)%	(2.12)%	(1.78)%	(1.81)%	(4.63)%
After Waivers						
Ratio of Expenses to Average Net Assets	0.99%(a)	1.90%	1.90%	2.25%	2.25%	2.25%
Ratio of Net Investment Loss to Average Net Assets	(0.44)% (a)	(0.91)%	(1.07)%	(1.58)%	(1.65)%	(1.65)%
Portfolio Turnover	19.42%	21.11%	337.01%	535.74%	147.73%	144.86%

<sup>(a)</sup> Annualized

\* Per share net investment loss has been determined on the basis of average number of shares outstanding during the period.

\*\* Assumes reinvestment of dividends.

The accompanying notes are an integral part of these financial statements.

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# AZZAD ETHICAL MID CAP FUND

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## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 (UNAUDITED)

### **Note 1. Organization**

The Azzad Fund, (the "Trust") is an open-end management investment company under the Investment Company Act of 1940 (the "Act"), as amended. The Trust was organized as a Massachusetts business trust on December 16, 1996. There is one series within the Trust as of the date of this report. On June 11, 2009 the Board of Trustees of the Trust voted to liquidate the Azzad Ethical Income Fund effective July 31, 2009. The Azzad Ethical Mid Cap Fund (the "Mid Cap Fund"), commenced operations on December 22, 2000 and is registered as a non-diversified fund. The series included in these financial statements are collectively referred to as the "Fund". Azzad Asset Management, Inc. ("Advisor") is the investment advisor (see Note 3).

The Fund's primary investment objective is to provide shareholders with long-term capital appreciation consistent with ethical principles.

The Fund should be considered a long-term investment and is not appropriate for short-term goals. The Fund may also be used in all types of retirement and college savings plans including Separately Managed (Wrap) programs.

### **Note 2. Summary of Significant Accounting Policies**

The Financial Accounting Standards Board (FASB) has issued FASB ASC 105 (formerly FASB Statement No. 168), The "FASB Accounting Standards Codification™" and the Hierarchy of Generally Accepted Accounting Principles in the United States of America ("GAAP") ("ASC 105"). ASC 105 established the FASB Accounting Standards Codification™ ("Codification" or "ASC") as the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification will become nonauthoritative.

Following the Codification, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification. GAAP is not intended to be changed as a result of the FASB's Codification project, but it will change the way the guidance is organized and presented. As a result, these changes will have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial

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# AZZAD ETHICAL MID CAP FUND

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2009 (UNAUDITED)

statements issued for interim and annual periods ending after September 15, 2009. The Fund has implemented the Codification.

The following is a summary of significant accounting policies consistently followed by the Fund in preparation of their financial statements.

*Security Valuation-* Equity securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices accurately reflect the fair market value of such securities. Certain short-term securities are valued on the basis of amortized cost. Securities that are traded on any stock exchange or on the NASDAQ over-the-counter market are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an equity security is generally valued by the pricing service at its last bid price. When market quotations are not readily available or if a security value has been materially affected by events occurring after the close of the exchange or market on which the security is principally traded, when the Advisor determines that the market quotation or the price provided by the pricing service does not accurately reflect the current market value, or when restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Board of Trustees. The Board has adopted guidelines for good faith pricing, and has delegated to the Advisor the responsibility for determining fair value prices, subject to review by the Board of Trustees.

*Security Transactions and Related Investment Income-* Investment transactions are accounted for on trade date. Realized gains and losses from security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date.

*Federal Income Taxes-* The Funds intend to continue to qualify as regulated investment companies under Subchapter M of the Internal Revenue Code and to distribute all of their taxable income to their shareholders. Accordingly, no federal income tax provision is required.

*Dividends and Distributions to Shareholders-* Dividends and distributions to shareholders are recorded on ex-dividend date. The Funds will distribute their net investment income, if any, semi-annually, and net realized capital gains, if any, annually. The Funds distribute tax basis earnings in accordance with the distribution requirements of the Internal Revenue Code, which may result in dividends or distributions in excess of financial statement (book) earnings. Income dividends and capital gain distributions are determined in accordance with tax regulations, which may differ from accounting principles generally accepted in the United States of America. Capital loss carry forwards may be utilized to offset current or future capital gains, if any.

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# AZZAD ETHICAL MID CAP FUND

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2009 (UNAUDITED)

*Estimates-* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets during the reporting period. Actual results could differ from those estimates.

### **Note 3. Transactions with the Advisor and Affiliates**

Azzad Asset Management, Inc. (the "Advisor") under an advisory agreement with the Trust, furnishes management and investment advisory services and, subject to the supervision of the Trust's Board of Trustees, directs the investments of the Trust in accordance with the Funds' investment objectives, policies and limitations. For this service the Advisor receives a monthly management fee at the annual rate of 1.00% of the average daily net assets for the Fund. Effective July 1, 2009 the management fee will be reduced to 0.80% of the average daily net assets.

For the six months ended December 31, 2009, the Advisor earned \$31,812. The Advisor was owed \$1,553 at December 31, 2009.

The Advisor has agreed to waive all or a portion of its fees or reimburse the Fund for certain operating expenses, to the extent necessary to limit the Fund's total annual operating expenses to 1.90% of average daily net assets. Effective July 1, 2009, this limit was reduced to 0.99%. This agreement is in effect for a ten-year period beginning July 1, 2009. "Operating expenses," for purposes of the expense cap agreement, excludes brokerage costs, interest, taxes, litigation, and other extraordinary expenses. Any waiver or reimbursement of operating expenses by the Advisor is subject to repayment by the Fund within three fiscal years after such reimbursement or waiver occurred, if the Fund is able to make the repayment without exceeding the 1.90% expense limitation (or, if less, the expense limitation then in place). For the six months ended December 31, 2009, the Advisor waived fees of \$33,604.

The Advisor will be entitled to reimbursement of fees waived or reimbursed by the Advisor to the Fund. Fees waived or expenses reimbursed during a given year may be paid to the Advisor during the following three year period to the extent that payment of such expenses does not cause the Fund to exceed the expense limitation. As of December 31, 2009, the unreimbursed amounts paid or waived by the Advisor on behalf of the Fund is \$114,951. As of December 31, 2009, amounts subject to future recoupment are as follows:

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# AZZAD ETHICAL MID CAP FUND

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2009 (UNAUDITED)

<u>Fiscal Year Ended</u>	<u>Recoverable Through</u>	<u>Azzad Ethical Mid-Cap Fund</u>
June 30, 2007	June 30, 2010	\$ 7,484
June 30, 2008	June 30, 2011	\$ 35,196
June 30, 2009	June 30, 2012	\$ 38,667
June 30, 2010	June 30, 2013	\$ 33,604

**Note 4. Capital Share Transactions**

The Board of Trustees of the Trust is authorized to issue an unlimited number of shares. There is no par-value on the capital stock.

The following is a summary of capital share activity for the years indicated:

	<u>Year Ended 12/31/2009</u>		<u>Year Ended 6/30/2009</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares Sold	210,503	\$1,606,502	553,681	\$3,669,510
Shares issued in reinvestment of distributions	-	-	-	-
Shares redeemed	<u>(45,130)</u>	<u>(348,662)</u>	<u>(39,095)</u>	<u>(254,722)</u>
Net Increase	<u>165,373</u>	<u>\$1,257,840</u>	<u>514,586</u>	<u>\$3,414,788</u>

As of December 31, 2009 paid-in-capital totaled \$8,109,134.

**Note 5. Investment Transactions**

For the six months ended December 31, 2009, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$2,056,495 and \$1,211,711, respectively.

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# AZZAD ETHICAL MID CAP FUND

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2009 (UNAUDITED)

### Note 6. Tax Matters

As of December 31, 2009, the tax basis components of distributable earnings, unrealized appreciation (depreciation) and cost of investment securities are as follows:

<u>Income Fund</u>	
Undistributed ordinary loss	\$ (17,628)
Capital loss carryforward expiring 6/30/2017+	\$ (438,044)
Post-October capital loss deferrals between realized 11/1/08 and 6/30/2009*	\$ (212,860)
Gross unrealized appreciation on investment securities	\$ 1,714,139
Gross unrealized depreciation on investment securities	<u>\$ (233,960)</u>
Net unrealized depreciation on investment securities	<u>\$ 1,480,179</u>
Cost of investment securities, including Short Term investments	\$ 7,680,855

\*These deferrals are considered incurred in the subsequent year.

+ The capital loss carryforward will be used to offset any capital gains realized by the Funds in future years through the expiration date. The Funds will not make distributions from capital gains while a capital loss carryforward remains.

The Azzad Mid Cap Fund did not pay any distributions during the year ended June 30, 2009 or six months ended December 31, 2009.

Permanent book and tax differences relating to shareholder distributions may result in reclassifications to paid in capital and may affect the per-share allocation between net investment income and realized and unrealized gain/loss. Undistributed net investment income and accumulated undistributed net realized gain/loss on investment transactions may include temporary book and tax differences which reverse in subsequent periods. Any taxable income or gain remaining at fiscal year end is distributed in the following year.

### Note 7. Distribution Plan

The Fund maintains a distribution expense plan (a "Plan") pursuant to Rule 12b-1 under the Investment Company Act that allows the Fund to pay distribution expenditures incurred in connection with the sale and promotion of the Fund and the furnishing of services to shareholders of the Fund. The Plan provides that the Fund may pay up to a maximum on an annual basis of 0.15% of the average daily value of the net assets of the Fund. As of July 1, 2007, permitted expenditures include: (i) commissions to sales personnel for selling shares of the Fund; (ii) compensation, sales incentives and payments to sales, marketing and service personnel; (iii) payments to broker-dealers and other

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# AZZAD ETHICAL MID CAP FUND

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2009 (UNAUDITED)

financial institutions for services rendered in connection with the sale and distribution of shares of the Fund; (iv) payment of expenses incurred in sales and promotional activities, including advertising expenditures related to the Fund; (v) the cost of preparing and distributing promotional materials; (vi) the costs of printing the Fund's Prospectus and Statement of Additional Information for distribution to potential investors; (vii) other similar services that the Trustees determine are reasonably calculated to result in sales of shares of the Fund; and (viii) the costs of providing services to shareholders, including assistance in connection with inquiries related to shareholder accounts. Because these expenses are paid out of the Fund's assets on an ongoing basis, over time these expenses may increase the cost of a shareholder's investment and may cost a shareholder more than paying other types of sales charges.

### **Note 8. Control and Ownership**

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund under Section 2(a)(9) of the Investment Company Act of 1940. As of December 31, 2009, FolioFn, in aggregate, owned approximately 59% of the shares of the Mid Cap Fund for the benefit of others.

### **Note 9. Closure of the Azzad Ethical Income Fund**

On June 11, 2009 the Board of Trustees of the Azzad Ethical Income Fund voted to authorize Azzad Asset Management, Inc. to immediately take all appropriate actions necessary for the liquidation and closing of the Azzad Ethical Income Fund effective July 31, 2009.

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# AZZAD ETHICAL MID CAP FUND

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EXPENSE ILLUSTRATION  
DECEMBER 31, 2009 (UNAUDITED)

## Expense Example

As a shareholder of the Azzad Ethical Income Fund and Azzad Ethical Midcap Fund, you incur ongoing costs which typically consist of management fees, distribution and/or service (12b-1) fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, July 1, 2009 through December 31, 2009.

## Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

## Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Funds' actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in these Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

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## AZZAD ETHICAL MID CAP FUND

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EXPENSE ILLUSTRATION (CONTINUED)  
DECEMBER 31, 2009 (UNAUDITED)

<b>Azzad Ethical Mid Cap Fund</b>	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Expenses Paid During the Period*</b>
	<u>July 1, 2009</u>	<u>December 31, 2009</u>	<u>July 1, 2009 to December 31, 2009</u>
Actual	\$1,000.00	\$1,269.91	\$5.66
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,020.21	\$5.04

\* Expenses are equal to the Fund's annualized expense ratio of 0.99%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

# AZZAD ETHICAL MID CAP FUND

TRUSTEES AND OFFICERS  
DECEMBER 31, 2009 (UNAUDITED)

The following table provides information regarding each Trustee who is not an “interested person” of the Trust, as defined in the Investment Company Act of 1940.

Name, Address and Age	Position & Length of Time Served with the Trust	Number of Portfolios Overseen	Principal Occupations During Past 5 Years and Current Directorships
Syed Shamshad Husain 1046 Longford Road Bartlett, IL 60103 Age: 73	Trustee Since 2000	2	Managing Director of IQRA International Education Foundation (publisher of religious books) (1995 to present)
Syed K. Raheemullah 25 W. 181 Salem Naperville, IL 60540 Age: 61	Trustee Since 2000	2	Member of the technical staff of Lucent Technologies (manufacturer of telephone equipment) (1986 to present)
Ali Khan 330 Tuttle Drive Bloomingdale IL 60108 Age: 66	Trustee Since 2008	2	Vice President (Finance) of Sonoscan Inc.

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## AZZAD ETHICAL MID CAP FUND

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TRUSTEES AND OFFICERS (CONTINUED)  
DECEMBER 31, 2009 (UNAUDITED)

The following table provides information regarding each Trustee who is an “interested person” of the Trust, as defined in the Investment Company Act of 1940, and each officer of the Trust.

<b>Name, Address, and Age</b>	<b>Position and Length of Time Served with the Trust</b>	<b>Number of Portfolios Overseen</b>	<b>Principal Occupations During Past 5 Years and Current Directorships</b>
Bashar Qasem <sup>1</sup> 3141 Fairview Park Drive Suite 460 Falls Church, VA 22402 Age: 45	Chairman, Treasurer and Trustee Since 2001	2	President of Azzad Asset Management, Inc. (since its inception in 2000); Operating Manager of Azzad Asset Management Inc. (investment adviser) (1997 to 1999)

<sup>1</sup> Bashar Qasem is considered "Interested" Trustee as defined in the Investment Company Act of 1940, as amended, because he is affiliated with the Advisor.

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# AZZAD ETHICAL MID CAP FUND

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ADDITIONAL INFORMATION  
DECEMBER 31, 2009 (UNAUDITED)

## **PROXY VOTING POLICY**

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities and information regarding how the Funds voted those proxies during the most recent twelve month period ended June 30, are available without charge upon request by calling the Funds at 1-888-350-3369 or visiting our website at [www.mutualss.com](http://www.mutualss.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).

## **PORTFOLIO HOLDINGS**

The Funds file their complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Funds' Form N-Q is available on the SEC's web site at <http://www.sec.gov>. The Funds' Form N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-732-0330.

## **STATEMENT OF ADDITIONAL INFORMATION**

The Funds' Statement of Additional Information ("SAI") includes additional information about the trustees and is available, without charge, upon request. You may call toll-free (888) 350-3369 to request a copy of the SAI or to make shareholder inquiries.

**Board of Trustees**

Syed Shamshad Husain  
Syed K. Raheemullah  
Bashar Qasem

**Investment Adviser**

Azzad Asset Management, Inc.

**Dividend Paying Agent,  
Shareholders' Servicing Agent,  
Transfer Agent**

Mutual Shareholder Services, LLC

**Custodian**

Huntington National Bank, NA

**Independent Registered Public Accounting Firm**

Sanville & Company

**Legal Counsel**

Thompson Hine LLP

This report is provided for the general information of the shareholders of the Azzad Fund. This report is not intended for distribution to prospective investors in the fund, unless preceded or accompanied by an effective prospectus.