

# MERIDIAN FUND, INC.

February 13, 2006

To Our Shareholders:

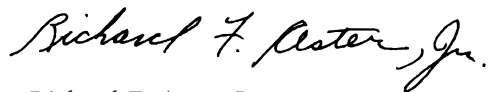
Stocks posted modest gains during the final quarter of 2005 as energy prices declined and, as it turned out, the economy suffered limited damage from three major hurricanes. The S&P 500 advanced 1.59%, the NASDAQ 2.49% and the Russell 2000 0.81% during the quarter. The financial markets also posted modest, but below average gains for the year. The S&P 500 advanced 3.00%, the NASDAQ 1.37% and the Russell 2000 3.32%. It is interesting to note that the S&P 500 and the NASDAQ indexes remain 15% and 46% lower respectively than their 1999 closing prices, or six years ago.

The best performing sectors during 2005 included energy, gold and biotechnology. Automobiles, consumer discretionary and mortgage finance were among the worst performing groups. The yield on the ten-year government bond increased from 4.23% to 4.39%.

The economy performed well throughout 2005 with GDP gaining nearly 4.0%. This is especially impressive considering the Federal Reserve Board raised the federal funds rate from 2.25% to 4.00%, the price of oil increased approximately 40% and the country experienced three major hurricanes. We anticipate solid but more modest growth during the new year. Industrial production, job growth and capital spending, in our opinion, will remain strong while corporate profits will continue to grow, but at a reduced pace. Housing starts and auto sales will have a more difficult time this year, but non-durable consumer spending will show modest growth. We expect somewhat higher interest rates and believe the inflation rate will remain in the 3% range. Significantly higher oil prices pose a risk to our growth outlook.

We welcome those new shareholders who joined the Meridian Funds during the quarter and appreciate the continued confidence of our existing shareholders. We wish you a happy, healthy and prosperous New Year.

The prospectus and information on how to purchase shares of the funds are available on our website at [www.meridianfund.com](http://www.meridianfund.com).



Richard F. Aster, Jr.

### **Meridian Equity Income Fund<sup>SM</sup>**

The Meridian Equity Income Fund's net asset value per share at December 31, 2005 was \$10.47. This represents an increase of 6.0% since inception, January 31, 2005 to date.

On December 15, 2005, the Equity Income Fund paid an income dividend of \$0.12 per share and a short-term capital gain distribution of \$0.01 per share. The Fund's assets at the close of the quarter were invested 3.8% in cash and cash equivalents and 96.2% in stocks. Total net assets were \$13,350,958 and there were 406 shareholders.

The portfolio at the end of December has the following characteristics. It is well diversified with 35 positions representing 26 different industry groups. The average market capitalization is \$15.7 billion, the average yield is 2.95% and the price earnings ratio stands at 16.6 times trailing earnings. The typical holding has a five-year average return on equity of 21.6% and a projected 2006 earnings growth rate of 8.0%. We believe these are impressive operating and valuation characteristics and, hopefully, will translate into good stock performance.

During the quarter we purchased shares of Autoliv, Chevron, Diebold, Delta & Pine Land Co., Hillenbrand Industries, Leggett & Platt, Masco and Pacer International. We sold our shares in Albertson's, BankcorpSouth, E.I du Pont De Nemours & Co., Dow Chemical, Sensient Technologies and Unitrin.

Bemis Company, a current holding, is a leading manufacturer of packaging and pressure sensitive materials for food, consumer products and manufacturing companies worldwide. The company's leadership position rests on its strong technical foundation in polymer chemistry and pressure sensitive adhesive technology. The company's business tends to be relatively stable and Bemis has a long-term track record of consistent growth and strong financial returns, including a high return on equity and strong cash flow. The shares sell at 16 times estimated earnings and yield 2.50% with excellent prospects for future dividend growth.

### **Meridian Growth Fund<sup>®</sup>**

The Meridian Growth Fund's net asset value per share at December 31, 2005 was \$36.57. This represents an increase of 0.3% for the calendar year. The Fund's total return and average annual compound rate of return since inception, August 1, 1984, were 1,521.6% and 13.9%, respectively.

On December 15, 2005, the Fund made a long-term capital gain distribution of \$0.80 per share. The Fund's assets at the close of the quarter were invested 5.2% in cash and cash equivalents and 94.8% in stocks. Total net assets were \$1,634,439,327 and there were 71,693 shareholders.

We anticipate that steady economic growth and higher corporate profits combined with reasonable equity valuations will lead to positive returns for stocks during 2006. Our portfolio consists of companies that, in general, will grow earnings faster than the average S&P 500 company, have strong balance sheets, generate cash and sell at attractive valuations. Our

heaviest areas of concentration include health care, technology and retail, followed by industrial services and financial stocks.

During the quarter we purchased shares of BE Aerospace, Cognos, Inc. and Symmetry Medical. We sold our shares in Apria Healthcare, Andrew Corporation, JetBlue Airways, Plantronics, Polo Ralph Lauren and Weight Watchers.

Las Vegas Sands Corp., a current holding, is an owner, operator and developer of hotel casinos and resort/convention centers. Properties are located in Las Vegas and the Peoples' Republic of China Special Administrative Region of Macao. The Venetian is the highest return property on the Las Vegas Strip and the company is approximately doubling its Las Vegas capacity with the addition of the Palazzo Casino scheduled to open in September 2007. Las Vegas Sands is the first western-style casino operator in Macao. Macao's gaming revenue of \$5.28B is comparable to the Las Vegas Strip and is expected to double to over \$11B by 2010. The number of visitors to Macao is forecasted to grow from 16M to 35M by 2010 with 60% coming from mainland China, 30% from Hong Kong and 8% from Taiwan. There are 1 billion people within a one hour plane ride of Macao. The Venetian Macao will be the anchor property of the Cotai Strip and is scheduled to open in September 2007. The company will also open an additional property in Macau and is bidding in Singapore and focusing on other future sites as well. Las Vegas Sands has an experienced and successful management team, is well capitalized and the stock sells at a reasonable valuation given the potential revenue growth and cash flow generation capability during the next several years.

#### **Meridian Value Fund®**

The Meridian Value Fund's net asset value per share at December 31, 2005 was \$34.63. This represents an increase of 2.9% for the calendar year. The Fund's total return and average compounded annual rate of return since June 30, 1995, were 548.9% and 19.5%, respectively. The comparable period returns for the S&P 500 with dividends were 188.3% and 10.6%, respectively.

The Fund is the tenth best performing stock fund for the ten-year period ending December 31, 2005, according to Lipper. This is out of a universe of over 8,000 funds.

On December 15, 2005, the Value Fund made a long-term capital gain distribution of \$3.89 per share, a short-term capital gain distribution of \$0.39 per share and an income dividend of \$0.32 per share. The Fund's assets at the close of the quarter were invested 4.3% in cash and cash equivalents and 95.7% in stocks. Total net assets were \$1,895,204,964 and there were 89,021 shareholders.

There have been no major changes in our strategy. We continue to seek out-of-favor companies that have defensible positions in their industries, strong or improving balance sheets, reasonable valuations and good prospects for earnings growth. We recently reduced the number of holdings in the portfolio to concentrate on the best opportunities. A positive sign, we believe, is that the

quality and number of companies that fit our strategy is increasing. We believe that over the long term our strategy will continue to outperform and that the current environment is favorable. The portfolio is well positioned, reasonably valued and diversified. Technology, energy and consumer products represent our largest areas of concentration and we continue to invest in companies of all market capitalizations.

During the quarter we purchased shares of Analog Devices, Regions Financial, Regis, Schering-Plough, Sparteck and Xilinx. We sold our shares in A.C. Moore Arts & Crafts, Activision, Annaly Mortgage Management, ArvinMeritor, Burlington Northern Santa Fe, Celestica, Christopher & Banks, Comcast, Cott, Kraft, Lamar Advertising, Leggett & Platt, Linens 'N Things, Packaging Corporation of America, Sensient Technologies, Smurfit-Stone Container, SunTrust Banks, Taro Pharmaceutical Industries and Tyson Foods.

Safeway, a current holding, is the third largest grocery chain in the U.S. with over \$36 billion in annual sales and a majority of its stores in the western half of the country. Safeway's earnings have suffered due to escalating labor costs and increased competition. Safeway has launched a new differentiation strategy to remodel its 1,800 stores and emphasize value priced fresh produce, hot foods and organics. Management has renegotiated most of its labor contracts to control the growth in labor and health care costs and is closing underperforming stores. Early results are encouraging, as sales growth is accelerating due to positive customer response. Safeway has an aggressive management team, a strong and improving balance sheet, an improved revenue outlook, better cost controls and an improving store base. These factors lead us to believe that Safeway shares are attractively valued, in our opinion, at less than 12 times our normalized earnings per share estimate of \$2.

# Meridian Equity Income Fund

## Summary of Portfolio Holdings

December 31, 2005 (Unaudited)

Portfolio Holdings by Category (% of net asset value)		
Insurance	5.7%	\$ 767,419
Consumer Products	5.6	749,920
Industrial Services	5.5	739,358
Paper/Forest Products	5.5	736,105
Banking	5.5	730,497
Retail	5.5	728,644
Industrial Products	5.4	723,655
Electrical Equipment	5.2	695,832
Consumer Products/Food & Beverage	5.1	681,347
Pharmaceuticals	3.0	397,545
Furniture and Fixtures	3.0	394,912
Healthcare Products	2.9	382,927
Insurance Brokers	2.8	378,280
Construction	2.8	375,866
Automotive	2.8	375,851
Transportation	2.8	375,264
Brokerage & Money Management	2.8	368,023
Business Products	2.8	367,650
Chemicals	2.7	366,984
Business Services	2.7	364,336
Basic Materials	2.7	360,428
Energy	2.7	358,145
Telecommunications Services	2.7	358,093
Agriculture	2.7	357,805
Oil & Gas	2.7	356,232
Office Supplies	2.6	353,728
Cash & Other Assets, Less Liabilities	3.8	506,112
	<u>100.0%</u>	<u>\$13,350,958</u>

*The accompanying notes are an integral part of the financial statements*

# Meridian Growth Fund

## Summary of Portfolio Holdings

December 31, 2005 (Unaudited)

Portfolio Holdings by Category (% of net asset value)		
Retail . . . . .	11.8%	\$ 192,153,123
Industrial Services . . . . .	10.4	170,230,842
Healthcare Products . . . . .	8.2	134,551,253
Healthcare Services . . . . .	7.3	119,790,795
Tech-Software . . . . .	6.5	106,223,516
Restaurants . . . . .	6.0	97,512,294
Brokerage & Money Management . . . . .	5.8	94,214,930
Insurance . . . . .	5.0	81,256,736
Tech-Hardware . . . . .	4.6	75,004,598
Industrial Products . . . . .	4.1	67,669,936
Banking . . . . .	4.0	65,375,446
Consumer Services . . . . .	4.0	65,114,700
Cellular Communications . . . . .	2.8	45,186,540
Construction . . . . .	2.6	41,927,977
Real Estate . . . . .	2.5	41,503,342
Consumer Products . . . . .	2.3	37,531,870
Leisure & Amusement . . . . .	1.5	25,241,035
Hotels & Lodging . . . . .	1.5	24,668,750
Business Services . . . . .	1.4	23,595,142
Aerospace/Defense . . . . .	1.4	22,774,400
Apparel . . . . .	1.1	17,974,476
U.S. Government Obligations . . . . .	0.7	11,977,193
Cash & Other Assets, Less Liabilities . . . . .	4.5	72,960,433
	<u>100.0%</u>	<u>\$1,634,439,327</u>

*The accompanying notes are an integral part of the financial statements*

# Meridian Value Fund

## Summary of Portfolio Holdings

December 31, 2005 (Unaudited)

Portfolio Holdings by Category (% of net asset value)		
Technology	8.3%	\$ 158,370,969
Energy	7.7	145,305,269
Banking	7.5	141,423,568
Real Estate	6.1	115,982,365
Telecommunications Equipment	5.7	107,474,811
Retail	5.5	103,587,032
Aerospace/Defense	5.1	96,891,478
Industrial Products	5.1	96,766,970
Insurance	5.1	95,984,777
Industrial Services	4.5	85,009,249
Healthcare Products	4.1	77,443,191
Consumer Products/Food & Beverage	3.9	73,356,949
Media	3.8	71,559,065
Healthcare Services	3.2	60,524,808
Consumer Services	3.0	57,731,542
Consumer Products	3.0	57,110,048
Telecommunications Services	2.6	50,418,284
Pharmaceuticals	2.5	47,321,714
U.S. Government Obligations	2.1	39,767,081
Leisure & Amusement	1.6	30,235,504
Utilities	1.5	29,341,722
Basic Materials	1.5	28,990,374
Publishing	1.4	26,695,630
Information Technology Services	1.2	22,737,408
Paper/Forest Products	1.1	20,865,215
Automotive	0.7	13,062,258
Cash & Other Assets, Less Liabilities	2.2	41,247,683
	<u>100.0%</u>	<u>\$1,895,204,964</u>

*The accompanying notes are an integral part of the financial statements*

# Meridian Fund, Inc.

## Disclosure of Fund Expenses

For the Six Month Period (July 1, 2005 to December 31, 2005) (Unaudited)

We believe it is important for you to understand the impact of fees and expenses on your investment. All mutual funds have operating expenses. As a shareholder of the fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of the portfolio. A fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period and assume reinvestment of all dividends and distributions.

	Beginning Account Value <u>07/01/05</u>	Ending Account Value <u>12/31/05</u>	Expense Ratio <sup>(1)</sup>	Expenses Paid During Period <sup>(2)</sup>
<b>Actual Fund Return</b>				
(See explanation below)				
Meridian Equity Income Fund .....	\$1,000.00	\$1,049.40	1.25% <sup>(4)</sup>	\$6.48
Meridian Growth Fund .....	\$1,000.00	\$1,044.50	0.85%	\$4.36
Meridian Value Fund .....	\$1,000.00	\$1,028.70	1.09%	\$5.56
<b>Hypothetical 5% Return<sup>(3)</sup></b>				
(See explanation below)				
Meridian Equity Income Fund .....	\$1,000.00	\$1,018.88	1.25% <sup>(4)</sup>	\$6.39
Meridian Growth Fund .....	\$1,000.00	\$1,020.94	0.85%	\$4.31
Meridian Value Fund .....	\$1,000.00	\$1,019.73	1.09%	\$5.53

(1) Annualized, based on the Fund's most recent fiscal half-year expenses.

(2) Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year, then divided by 365.

(3) Before expenses.

(4) See note 2 to Financial Statements.

# Meridian Fund, Inc.

## Disclosure of Fund Expenses (continued)

For the Six Month Period (July 1, 2005 to December 31, 2005) (Unaudited)

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The table on the previous page illustrates your fund's costs in two ways:

**Actual Fund Return:** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the fund's **actual** return, the third column shows the period's annualized expense ratio, and the last column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the fund at the beginning of the period. You may use the information here, together with your account value, to estimate the expenses that you paid over the period.

To do so, 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."

**Hypothetical 5% Return:** This section is intended to help you compare your fund's costs with those of other mutual funds. It assumes that the fund had a return of 5% before expenses during the period shown, but that the expense ratio is unchanged. In this case, because the return used is **not** the fund's actual return, the results do not apply to your investment. You can assess your fund's costs by comparing this 5% Return hypothetical example with the 5% Return hypothetical examples that appear in shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your *ongoing* costs only and do not reflect any transactional costs such as short-term redemption and exchange fees or sales and service charges you may pay third party Broker/Dealers. Had these transactional costs been included, your costs would have been higher. Therefore, the hypothetical section of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

# Meridian Equity Income Fund

## Schedule of Investments

December 31, 2005 (Unaudited)

	Shares	Value (Note 1)		Shares	Value (Note 1)
COMMON STOCK - 96.2%			FURNITURE & FIXTURES - 3.0%		
AGRICULTURE - 2.7%			Leggett & Platt, Inc.* . . . . .	17,200	\$ 394,912
Delta and Pine Land Co.* . . . . .	15,550	\$ 357,805	HEALTHCARE PRODUCTS - 2.9%		
AUTOMOTIVE - 2.8%			Hillenbrand Industries, Inc.* . . . . .	7,750	382,927
Autoliv, Inc.* . . . . .	8,275	375,851	INDUSTRIAL PRODUCTS - 5.4%		
BANKING - 5.5%			Bemis Co., Inc.* . . . . .	13,625	379,729
Comerica, Inc.* . . . . .	6,325	359,007	RPM International, Inc.* . . . . .	19,800	343,926
Regions Financial Corp.* . . . . .	10,875	371,490			723,655
		730,497	INDUSTRIAL SERVICES - 5.5%		
BASIC MATERIALS - 2.7%			Genuine Parts Co.* . . . . .	8,300	364,536
PPG Industries, Inc.* . . . . .	6,225	360,428	Waste Management, Inc.* . . . . .	12,350	374,822
BROKERAGE & MONEY MANAGEMENT - 2.8%					739,358
Waddell & Reed Financial, Inc.			INSURANCE - 5.7%		
Class A* . . . . .	17,550	368,023	Jefferson-Pilot Corp.* . . . . .	6,750	384,277
BUSINESS PRODUCTS - 2.8%			Lincoln National Corp.* . . . . .	7,225	383,142
Diebold, Inc.* . . . . .	9,675	367,650			767,419
BUSINESS SERVICES - 2.7%			INSURANCE BROKERS - 2.8%		
R. R. Donnelley & Sons Co.* . . . . .	10,650	364,336	Arthur J. Gallagher & Co.* . . . . .	12,250	378,280
CHEMICALS - 2.7%			OFFICE SUPPLIES - 2.6%		
Lubrizol Corp.* . . . . .	8,450	366,984	Avery Dennison Corp.* . . . . .	6,400	353,728
CONSTRUCTION - 2.8%			OIL & GAS - 2.7%		
Masco Corp.* . . . . .	12,450	375,866	Chevron Corp.* . . . . .	6,275	356,232
CONSUMER PRODUCTS - 5.6%			PAPER/FOREST PRODUCTS - 5.5%		
Newell Rubbermaid, Inc.* . . . . .	15,300	363,834	Kimberly-Clark Corp.* . . . . .	6,315	376,690
Reynolds American, Inc.* . . . . .	4,050	386,086	Sonoco Products Co.* . . . . .	12,225	359,415
		749,920			736,105
CONSUMER PRODUCTS/FOOD & BEVERAGE - 5.1%			PHARMACEUTICALS - 3.0%		
Coca-Cola Co.* . . . . .	8,825	355,736	Eli Lilly and Co.* . . . . .	7,025	397,545
Fresh Del Monte Produce, Inc.* . . . . .	14,300	325,611	RETAIL - 5.5%		
		681,347	Cato Corp. Class A* . . . . .	16,725	358,751
ELECTRICAL EQUIPMENT - 5.2%			Limited Brands, Inc.* . . . . .	16,550	369,893
Emerson Electric Co.* . . . . .	4,800	358,560			728,644
Hubbell, Inc. Class B* . . . . .	7,475	337,272	TELECOMMUNICATIONS SERVICES - 2.7%		
		695,832	Alltel Corp.* . . . . .	5,675	358,093
ENERGY - 2.7%					
Kinder Morgan, Inc.* . . . . .	3,895	358,145			

*The accompanying notes are an integral part of the financial statements*

# Meridian Equity Income Fund

## Schedule of Investments (continued)

December 31, 2005 (Unaudited)

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	<u>Shares</u>	<u>Value</u> <u>(Note 1)</u>
COMMON STOCK (continued)		
TRANSPORTATION - 2.8%		
Pacer International, Inc.* . . . . .	14,400	\$ 375,264
TOTAL COMMON STOCK - 96.2%		
(Identified cost \$12,401,121) . . . . .		12,844,846
CASH AND OTHER ASSETS, LESS		
LIABILITIES - 3.8% . . . . .		<u>506,112</u>
NET ASSETS - 100.0% . . . . .		<u>\$13,350,958</u>

\* income producing

*The accompanying notes are an integral part of the financial statements*

# Meridian Growth Fund Schedule of Investments

December 31, 2005 (Unaudited)

	Shares	Value (Note 1)		Shares	Value (Note 1)
COMMON STOCK - 94.8%			HEALTHCARE SERVICES - 7.3%		
AEROSPACE/DEFENSE - 1.4%			DaVita, Inc. ....	860,000	\$ 43,550,400
BE Aerospace, Inc. ....	1,035,200	\$ 22,774,400	Laboratory Corp. of America Holdings ....	827,700	44,571,645
APPAREL - 1.1%			LifePoint Hospitals, Inc. ....	844,500	31,668,750
Liz Claiborne, Inc.* ....	501,800	17,974,476			119,790,795
BANKING - 4.0%			HOTELS & LODGING - 1.5%		
SVB Financial Group ....	827,400	38,755,416	Las Vegas Sands Corp. ...	625,000	24,668,750
UCBH Holdings, Inc.* ...	1,488,816	26,620,030	INDUSTRIAL PRODUCTS - 4.1%		
		65,375,446	Airgas, Inc.* .....	1,133,575	37,294,618
BROKERAGE & MONEY MANAGEMENT - 5.8%			Dionex Corp. ....	618,894	30,375,318
Affiliated Managers					67,669,936
Group, Inc. ....	584,045	46,869,611	INDUSTRIAL SERVICES - 10.4%		
T. Rowe Price Group, Inc.*	657,300	47,345,319	Allied Waste Industries, Inc. ....	4,661,325	40,739,980
		94,214,930	EGL, Inc. ....	1,196,978	44,970,463
BUSINESS SERVICES - 1.4%			Republic Services, Inc.* ..	1,048,300	39,363,665
CSG Systems			United Rentals, Inc. ....	1,930,600	45,156,734
International, Inc. ....	1,057,130	23,595,142			170,230,842
CELLULAR COMMUNICATIONS - 2.8%			INSURANCE - 5.0%		
American Tower Corp.			Mercury General Corp.* ..	685,100	39,886,522
Class A .....	1,667,400	45,186,540	Willis Group Holdings Ltd.* .....	1,119,930	41,370,214
CONSTRUCTION - 2.6%					81,256,736
Granite Construction, Inc.*	1,167,585	41,927,977	LEISURE & AMUSEMENT - 1.5%		
CONSUMER PRODUCTS - 2.3%			Royal Caribbean Cruises Ltd.* .....	560,165	25,241,035
Mohawk Industries, Inc.	431,500	37,531,870	REAL ESTATE - 2.5%		
CONSUMER SERVICES - 4.0%			Host Marriott Corp.* ....	2,190,150	41,503,342
Regis Corp.* .....	1,030,700	39,754,099	RESTAURANTS - 6.0%		
Rollins, Inc.* .....	1,286,687	25,360,601	Applebee's International, Inc.* .....	1,416,460	31,997,831
		65,114,700	CBRL Group, Inc.* .....	957,888	33,669,763
HEALTHCARE PRODUCTS - 8.2%			Ruby Tuesday, Inc.* ....	1,230,000	31,844,700
C. R. Bard, Inc.* .....	495,975	32,694,672			97,512,294
DENTSPLY International, Inc.* .....	605,050	32,485,134			
Edwards Lifesciences Corp. ....	703,985	29,292,816			
STERIS Corp.* .....	1,262,810	31,595,506			
Symmetry Medical, Inc. ..	437,500	8,483,125			
		134,551,253			

*The accompanying notes are an integral part of the financial statements*

# Meridian Growth Fund

## Schedule of Investments (continued)

December 31, 2005 (Unaudited)

	Shares	Value (Note 1)		Value (Note 1)
COMMON STOCK (continued)			U.S. GOVERNMENT OBLIGATIONS - 0.7%	
RETAIL - 11.8%			U.S. Treasury Bill @ 3.833% due	
Bed Bath & Beyond, Inc.	877,300	\$ 31,714,395	01/19/06 (Face Value \$12,000,000)	\$ 11,977,193
Claire's Stores, Inc.* . . . . .	1,400,740	40,929,623		
Foot Locker, Inc.* . . . . .	1,387,825	32,738,792		
PETSMART, Inc.* . . . . .	1,281,000	32,870,460		
Ross Stores, Inc.* . . . . .	1,296,300	37,463,070	TOTAL U.S. GOVERNMENT	
Zale Corp. . . . .	653,550	16,436,783	OBLIGATIONS	
		<u>192,153,123</u>	(Identified cost \$11,977,530) . . . . .	<u>11,977,193</u>
TECH-HARDWARE - 4.6%			TOTAL INVESTMENTS - 95.5%	
American Power			(Identified cost \$1,270,663,550) . . . . .	1,561,478,894
Conversion Corp.* . . . . .	1,506,073	33,133,606		
Vishay Intertechnology,			CASH AND OTHER ASSETS, LESS	
Inc. . . . .	3,042,950	41,870,992	LIABILITIES - 4.5% . . . . .	<u>72,960,433</u>
		<u>75,004,598</u>		
TECH-SOFTWARE - 6.5%			NET ASSETS - 100.0% . . . . .	
Advent Software, Inc. . . . .	1,066,438	30,830,723		<u>\$1,634,439,327</u>
Cognos, Inc. . . . .	482,265	16,739,418		
FileNET Corp. . . . .	749,500	19,374,575		
Getty Images, Inc. . . . .	440,000	39,278,800		
		<u>106,223,516</u>		
TOTAL COMMON STOCK - 94.8%				
(Identified cost \$1,258,686,020) . . . . .		<u>1,549,501,701</u>		

\* income producing

*The accompanying notes are an integral part of the financial statements*

# Meridian Value Fund Schedule of Investments

December 31, 2005 (Unaudited)

	Shares	Value (Note 1)		Shares	Value (Note 1)
COMMON STOCK - 95.7%			ENERGY - 7.7%		
AEROSPACE/DEFENSE - 5.1%			Arch Coal, Inc.* . . . . .		
BE Aerospace, Inc. . . . .	1,626,800	\$ 35,789,600	392,800	\$ 31,227,600	
Empresa Brasileira de			El Paso Corp.* . . . . .	2,365,900	28,769,344
Aeronautica S.A. ADR*	508,400	19,878,440	GlobalSanteFe Corp.* . . . .	617,200	29,718,180
Northrop Grumman			Hanover Compressor Co.	1,629,100	22,986,601
Corp.* . . . . .	685,800	41,223,438	National-Oilwell Varco,		
			Inc. . . . .	168,000	10,533,600
			Tidewater, Inc.* . . . . .	496,400	22,069,944
		96,891,478			145,305,269
AUTOMOTIVE - 0.7%			HEALTHCARE PRODUCTS - 4.1%		
ADESA, Inc.* . . . . .	534,900	13,062,258	Baxter International, Inc.*		
BANKING - 7.5%			1,492,800	56,203,920	
Federated Investors, Inc.*	674,100	24,968,664	Invacare Corp.* . . . . .	320,861	10,103,913
Greater Bay Bancorp* . . . .	849,800	21,771,876	Thoratec Corp. . . . .	538,200	11,135,358
JPMorgan Chase & Co.*	1,094,000	43,420,860			77,443,191
Regions Financial Corp.*	557,300	19,037,368	HEALTHCARE SERVICES - 3.2%		
Washington Mutual, Inc.*	740,800	32,224,800	AmerisourceBergen Corp.*		
		141,423,568	1,079,000	44,670,600	
BASIC MATERIALS - 1.5%			Universal Health Services,		
Barrick Gold Corp.* . . . . .	1,040,200	28,990,374	Inc. Class B* . . . . .	339,200	15,854,208
CONSUMER PRODUCTS - 3.0%					60,524,808
Newell Rubbermaid, Inc.*	2,401,600	57,110,048	INDUSTRIAL PRODUCTS - 5.1%		
CONSUMER PRODUCTS/FOOD &			General Electric Co.* . . . .		
BEVERAGE - 3.9%			846,400	29,666,320	
Chiquita Brands			Manitowoc Co., Inc.* . . . .	859,600	43,169,112
International, Inc.* . . . . .	1,133,800	22,687,338	Mettler-Toledo		
Coca-Cola Enterprises,			International, Inc. . . . .	399,663	22,061,398
Inc.* . . . . .	1,003,400	19,235,178	Spartech Corp.* . . . . .	85,200	1,870,140
Del Monte Foods Co. . . . .	1,992,800	20,784,904			96,766,970
Fresh Del Monte Produce,			INDUSTRIAL SERVICES - 4.5%		
Inc.* . . . . .	467,700	10,649,529	Allied Waste Industries,		
		73,356,949	Inc. . . . .	5,048,600	44,124,764
CONSUMER SERVICES - 3.0%			Waste Management, Inc.*	1,347,100	40,884,485
Regis Corp.* . . . . .	503,558	19,422,232			85,009,249
ServiceMaster Co.* . . . . .	3,205,800	38,309,310	INFORMATION TECHNOLOGY SERVICES - 1.2%		
		57,731,542	BearingPoint, Inc. . . . .		
INSURANCE - 5.1%			2,892,800	22,737,408	
Conseco, Inc. . . . .	2,730,600	63,268,002	INSURANCE - 5.1%		
UnumProvident Corp.* . . . .	1,438,100	32,716,775	Conseco, Inc. . . . .		
		95,984,777	2,730,600		
LEISURE & AMUSEMENT - 1.6%			UnumProvident Corp.* . . . .		
Boyd Gaming Corp.* . . . . .	634,400	30,235,504	1,438,100		

*The accompanying notes are an integral part of the financial statements*

# Meridian Value Fund

## Schedule of Investments (continued)

December 31, 2005 (Unaudited)

	Shares	Value (Note 1)		Shares	Value (Note 1)
COMMON STOCK (continued)			TELECOMMUNICATIONS EQUIPMENT - 5.7%		
MEDIA - 3.8%			Nokia Oyj ADR* . . . . .	2,384,200	\$ 43,630,860
Time Warner, Inc.* . . . . .	2,730,500	\$ 47,619,920	Powerwave Technologies,		
Valassis Communications,			Inc. . . . .	2,802,300	35,224,911
Inc. . . . .	823,500	23,939,145	Tellabs, Inc. . . . .	2,625,600	28,619,040
		<u>71,559,065</u>			<u>107,474,811</u>
PAPER/FOREST PRODUCTS - 1.1%			TELECOMMUNICATIONS SERVICES - 2.6%		
Aracruz Celulose S.A.			DIRECTV Group, Inc. . . . .	3,570,700	50,418,284
ADR . . . . .	521,500	20,865,215	UTILITIES - 1.5%		
PHARMACEUTICALS - 2.5%			TECO Energy, Inc.* . . . . .	1,707,900	29,341,722
Endo Pharmaceutical			TOTAL COMMON STOCK - 95.7%		
Holdings, Inc. . . . .	1,267,555	38,356,214	(Identified cost \$1,572,832,678) . . . . .		<u>1,814,190,200</u>
Schering-Plough Corp.* . . . . .	430,000	8,965,500			
		<u>47,321,714</u>	U.S. GOVERNMENT OBLIGATIONS - 2.1%		
PUBLISHING - 1.4%			U.S. Treasury Bill @ 4.004%		
Pearson plc ADR* . . . . .	2,249,000	26,695,630	due 02/16/06 (Face Value		
REAL ESTATE - 6.1%			\$20,000,000) . . . . .		19,907,341
Apartment Investment &			U.S. Treasury Bill @ 3.925%		
Management Co.			due 03/09/06 (Face Value		
Class A* . . . . .	905,600	34,295,072	\$20,000,000) . . . . .		<u>19,859,740</u>
Equity Residential* . . . . .	751,400	29,394,768	TOTAL U.S. GOVERNMENT		
Host Marriott Corp.* . . . . .	2,759,500	52,292,525	OBLIGATIONS		
		<u>115,982,365</u>	(Identified cost \$39,757,330) . . . . .		<u>39,767,081</u>
RETAIL - 5.5%			TOTAL INVESTMENTS - 97.8%		
BJ's Wholesale Club, Inc.	1,143,200	33,792,992	(Identified cost \$1,612,590,008) . . . . .		1,853,957,281
Ross Stores, Inc.* . . . . .	1,112,900	32,162,810	CASH AND OTHER ASSETS, LESS		
Safeway, Inc.* . . . . .	1,590,500	37,631,230	LIABILITIES - 2.2% . . . . .		<u>41,247,683</u>
		<u>103,587,032</u>	NET ASSETS - 100.0% . . . . .		<u>\$1,895,204,964</u>
TECHNOLOGY - 8.3%			* income producing		
Analog Devices, Inc.* . . . . .	595,000	21,342,650	ADR - American Depository Receipt		
AVX Corp.* . . . . .	788,800	11,421,824			
Coherent, Inc. . . . .	276,700	8,212,456			
Credence Systems Corp.	2,517,864	17,524,333			
Intersil Corp. Class A* . . . . .	1,194,700	29,724,136			
Symbol Technologies,					
Inc.* . . . . .	1,702,300	21,823,486			
Western Digital Corp. . . . .	1,251,400	23,288,554			
Xilinx, Inc.* . . . . .	993,000	25,033,530			
		<u>158,370,969</u>			

The accompanying notes are an integral part of the financial statements

# Meridian Fund, Inc.

## Statements of Assets and Liabilities

December 31, 2005 (Unaudited)

	Equity Income Fund	Growth Fund	Value Fund
<b>ASSETS</b>			
Investments (Cost \$12,401,121, \$1,270,663,550 and \$1,612,590,008) .....	\$12,844,846	\$1,561,478,894	\$1,853,957,281
Cash .....	538,805	71,345,870	36,001,157
Receivable for:			
Capital shares purchased .....	2,360	2,172,154	369,090
Dividends .....	26,235	1,391,811	3,644,868
Interest .....	1,787	155,700	162,490
Securities sold .....	—	5,422,277	12,469,130
Prepaid expenses .....	115	18,443	24,855
<b>TOTAL ASSETS</b> .....	<u>13,414,148</u>	<u>1,641,985,149</u>	<u>1,906,628,871</u>
<b>LIABILITIES</b>			
Payable for:			
Capital shares sold .....	—	2,690,316	7,835,508
Securities purchased .....	—	3,489,012	1,402,049
Accrued expenses:			
Investment advisory fees .....	16,963	1,068,341	1,691,215
Other payables and accrued expenses .....	46,227	298,153	495,135
<b>TOTAL LIABILITIES</b> .....	<u>63,190</u>	<u>7,545,822</u>	<u>11,423,907</u>
<b>NET ASSETS</b> .....	<u>\$13,350,958</u>	<u>\$1,634,439,327</u>	<u>\$1,895,204,964</u>
Capital shares issued and outstanding, par value \$0.01 (500,000,000, 500,000,000 and 500,000,000 shares authorized, respectively) ...	<u>1,274,860</u>	<u>44,699,558</u>	<u>54,725,962</u>
Net asset value per share (offering and redemption price) .....	<u>\$10.47</u>	<u>\$36.57</u>	<u>\$34.63</u>
Net Assets consist of:			
Paid in capital .....	\$13,013,232	\$1,343,457,653	\$1,660,755,241
Accumulated net realized gain (loss) .....	(105,844)	667,908	4,027,590
Net unrealized appreciation on investments ....	443,725	290,815,344	241,367,273
Accumulated undistributed net investment loss	(155)	(501,578)	(10,945,140)
	<u>\$13,350,958</u>	<u>\$1,634,439,327</u>	<u>\$1,895,204,964</u>

*The accompanying notes are an integral part of the financial statements*

# Meridian Fund, Inc.

## Statements of Operations

For the Six Months Ended December 31, 2005 (Unaudited)

	Equity Income Fund	Growth Fund	Value Fund
INVESTMENT INCOME			
Dividends (net of foreign taxes withheld of \$0, \$0 and \$123,958, respectively) .....	\$163,851	\$ 5,303,168	\$14,977,584
Interest .....	9,191	1,319,837	1,896,872
Other income .....	—	8,094	106,774
Total investment income .....	<u>173,042</u>	<u>6,631,099</u>	<u>16,981,230</u>
EXPENSES			
Investment advisory fees .....	56,226	6,380,461	10,905,452
Transfer agent fees .....	23,721	274,032	316,438
Reports to shareholders .....	—	103,102	155,024
Custodian fees .....	13,078	181,336	243,812
Pricing fees .....	20,961	99,416	132,673
Professional fees .....	9,568	29,028	32,263
Registration and filing fees .....	5,643	43,812	30,751
Miscellaneous expenses .....	831	11,554	16,616
Directors' fees and expenses .....	184	9,936	15,272
Total expenses .....	130,212	7,132,677	11,848,301
Expenses waived and reimbursed by Advisor (Note 2) .....	<u>(58,745)</u>	<u>—</u>	<u>—</u>
Net expenses .....	<u>71,467</u>	<u>7,132,677</u>	<u>11,848,301</u>
Net investment income (loss) .....	<u>101,575</u>	<u>(501,578)</u>	<u>5,132,929</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS			
Net realized gain (loss) on investments .....	(36,547)	7,879,241	20,850,180
Net change in unrealized appreciation on investments ..	<u>430,848</u>	<u>63,158,745</u>	<u>34,245,540</u>
Net gain on investments .....	<u>394,301</u>	<u>71,037,986</u>	<u>55,095,720</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....			
	<u>\$495,876</u>	<u>\$70,536,408</u>	<u>\$60,228,649</u>

*The accompanying notes are an integral part of the financial statements*

# Meridian Fund, Inc.

## Statements of Changes in Net Assets

	Equity Income Fund		Growth Fund	
	Six Months Ended December 31, 2005 (Unaudited)	Period from January 31, 2005 through June 30, 2005	Six Months Ended December 31, 2005 (Unaudited)	Year Ended June 30, 2005
<b>OPERATIONS</b>				
Net investment income (loss) ...	\$ 101,575	\$ 50,803	\$ (501,578)	\$ (3,142,905)
Net realized gain (loss) on investments .....	(36,547)	(56,815)	7,879,241	28,329,375
Net increase in unrealized appreciation of investments ....	<u>430,848</u>	<u>12,877</u>	<u>63,158,745</u>	<u>18,946,511</u>
Net increase in net assets from operations .....	<u>495,876</u>	<u>6,865</u>	<u>70,536,408</u>	<u>44,132,981</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>				
Distributions from ordinary income .....	(152,533)	—	—	—
Distributions from net realized capital gain .....	<u>(12,482)</u>	<u>—</u>	<u>(35,405,275)</u>	<u>(23,729,781)</u>
Net distributions .....	<u>(165,015)</u>	<u>—</u>	<u>(35,405,275)</u>	<u>(23,729,781)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>				
Proceeds from sales of shares ....	4,606,775	8,419,848	158,065,966	687,734,375
Reinvestment of distributions ....	137,665	—	29,838,279	20,093,262
Less: redemptions of shares .....	<u>(136,187)</u>	<u>(14,869)</u>	<u>(282,159,829)</u>	<u>(307,969,106)</u>
Increase (decrease) resulting from capital share transactions .....	<u>4,608,253</u>	<u>8,404,979</u>	<u>(94,255,584)</u>	<u>399,858,531</u>
Total increase (decrease) in net assets .....	<u>4,939,114</u>	<u>8,411,844</u>	<u>(59,124,451)</u>	<u>420,261,731</u>
<b>NET ASSETS</b>				
Beginning of period .....	<u>8,411,844</u>	<u>—</u>	<u>1,693,563,778</u>	<u>1,273,302,047</u>
End of period .....	<u>\$13,350,958</u>	<u>\$8,411,844</u>	<u>\$1,634,439,327</u>	<u>\$1,693,563,778</u>

*The accompanying notes are an integral part of the financial statements*

# Meridian Fund, Inc.

## Statements of Changes in Net Assets

	Value Fund	
	Six Months Ended December 31, 2005 (Unaudited)	Year Ended June 30, 2005
<b>OPERATIONS</b>		
Net investment income .....	\$ 5,132,929	\$ 10,705,840
Net realized gain on investments .....	20,850,180	246,645,725
Net increase (decrease) in unrealized appreciation of investments .....	34,245,540	(78,508,153)
Net increase in net assets from operations .....	<u>60,228,649</u>	<u>178,843,412</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
Distributions from ordinary income .....	(16,078,069)	(15,996,704)
Distributions from net realized capital gain .....	<u>(216,870,969)</u>	<u>(288,644,525)</u>
Net distributions .....	<u>(232,949,038)</u>	<u>(304,641,229)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from sales of shares .....	113,753,210	510,656,976
Reinvestment of distribution .....	195,949,611	255,316,413
Less: redemptions of shares .....	<u>(513,255,385)</u>	<u>(595,287,416)</u>
Increase (decrease) resulting from capital share transactions .....	<u>(203,552,564)</u>	<u>170,685,973</u>
Total increase (decrease) in net assets .....	<u>(376,272,953)</u>	<u>44,888,156</u>
<b>NET ASSETS</b>		
Beginning of period .....	<u>2,271,477,917</u>	<u>2,226,589,761</u>
End of period .....	<u>\$1,895,204,964</u>	<u>\$2,271,477,917</u>

*The accompanying notes are an integral part of the financial statements*

# Meridian Equity Income Fund

## Financial Highlights

Selected data for each share of capital stock outstanding throughout each period

	For the Six Months Ended December 31, 2005 (Unaudited)	For the Fiscal Period from January 31, 2005 through June 30, 2005+
Net Asset Value - Beginning of Period .....	<u>\$10.10</u>	<u>\$10.00</u>
<u>Income from Investment Operations</u>		
Net Investment Income* .....	0.06	0.06
Net Gains on Investments (both realized and unrealized) .....	<u>0.44</u>	<u>0.04</u>
Total From Investment Operations .....	<u>0.50</u>	<u>0.10</u>
<u>Less Distributions</u>		
Distributions from Net Investment Income .....	(0.12)	0.00
Distributions from Net Realized Capital Gains .....	<u>(0.01)</u>	<u>0.00</u>
Total Distributions .....	<u>(0.13)</u>	<u>0.00</u>
Net Asset Value - End of Period .....	<u>\$10.47</u>	<u>\$10.10</u>
Total Return .....	<u>4.94%<sup>1</sup></u>	<u>1.00%<sup>1</sup></u>
<u>Ratios/Supplemental Data</u>		
Net Assets, End of Period (000's) .....	\$13,351	\$8,412
Ratio of Expenses to Average Net Assets:		
Before expense reimbursement .....	2.28% <sup>2</sup>	3.96%
After expense reimbursement <sup>3</sup> .....	1.25% <sup>2</sup>	1.25%
Ratio of Net Investment Income (Loss) to Average Net Assets:		
Before expense reimbursement .....	1.78% <sup>2</sup>	(0.60%)**
After expense reimbursement .....	0.75% <sup>2</sup>	2.11%
Portfolio Turnover Rate .....	37% <sup>1</sup>	25%

\* Net Investment Income per share has been computed before adjustments for book/tax differences.

\*\* Annualized for periods of less than one year.

+ The Fund commenced investment operations on January 31, 2005.

<sup>1</sup> Not Annualized.

<sup>2</sup> Annualized.

<sup>3</sup> See note 2 to Financial Statements.

*The accompanying notes are an integral part of the financial statements*

# Meridian Growth Fund

## Financial Highlights

Selected data for each share of capital stock outstanding throughout each period

	For the Six Months Ended December 31, 2005 (Unaudited)	For the Fiscal Year Ended June 30,									
		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Net Asset Value - Beginning of Period	\$35.77	\$35.38	\$27.24	\$28.10	\$31.30	\$29.45	\$26.28	\$33.26	\$33.20	\$32.21	\$27.29
<u>Income from Investment Operations</u>											
Net Investment Income (Loss)* . . .	(0.01)	(0.07)	(0.04)	(0.08)	(0.12)	2.26	0.11	0.16	0.27	0.40	0.30
Net Gains (Losses) on Investments (both realized and unrealized) . . .	1.61	1.02	9.10	(0.11)	(0.24)	3.89	4.99	(0.50)	4.92	3.71	5.47
Total From Investment Operations	1.60	0.95	9.06	(0.19)	(0.36)	6.15	5.10	(0.34)	5.19	4.11	5.77
<u>Less Distributions</u>											
Distributions from Net Investment Income . . . . .	0.00	0.00	0.00	(0.06)	0.00	(2.44)	(0.15)	(0.14)	(0.32)	(0.36)	(0.31)
Distributions from Net Realized Capital Gains . . . . .	(0.80)	(0.56)	(0.92)	(0.61)	(2.84)	(1.86)	(1.78)	(6.50)	(4.81)	(2.76)	(0.54)
Total Distributions . . . . .	(0.80)	(0.56)	(0.92)	(0.67)	(2.84)	(4.30)	(1.93)	(6.64)	(5.13)	(3.12)	(0.85)
Net Asset Value - End of Period . . .	\$36.57	\$35.77	\$35.38	\$27.24	\$28.10	\$31.30	\$29.45	\$26.28	\$33.26	\$33.20	\$32.21
Total Return . . . . .	4.45% <sup>1</sup>	2.65%	33.65%	(0.20%)	0.42%	23.34%	21.45%	3.05%	16.92%	13.92%	21.40%
<u>Ratios/Supplemental Data</u>											
Net Assets, End of Period (000's) . .	\$1,634,439	\$1,693,564	\$1,273,302	\$448,393	\$310,659	\$182,117	\$140,990	\$185,683	\$296,803	\$353,029	\$384,087
Ratio of Expenses to Average Net Assets . . . . .	0.85% <sup>2</sup>	0.86%	0.88%	0.95%	1.02%	1.04%	1.09%	1.01%	0.95%	0.96%	0.96%
Ratio of Net Investment Income (Loss) to Average Net Assets . . . .	(0.06%) <sup>2</sup>	(0.21%)	(0.21%)	(0.47%)	(0.62%)	(0.26%)	0.31%	0.49%	0.76%	1.23%	0.99%
Portfolio Turnover Rate . . . . .	11% <sup>1</sup>	32%	19%	27%	26%	43%	28%	51%	38%	37%	34%

\* Net Investment Income (Loss) per share has been computed before adjustments for book/tax differences.

<sup>1</sup> Not Annualized.

<sup>2</sup> Annualized.

*The accompanying notes are an integral part of the financial statements*

# Meridian Value Fund

## Financial Highlights

Selected data for each share of capital stock outstanding throughout each period

	For the Six Months Ended December 31, 2005 (Unaudited)	For the Fiscal Year Ended June 30,									
		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Net Asset Value - Beginning of Period	\$38.11	\$40.35	\$31.65	\$30.34	\$30.98	\$25.88	\$22.29	\$19.30	\$17.40	\$15.32	\$10.27
<u>Income from Investment Operations</u>											
Net Investment Income (Loss)**	0.12	0.19	0.00	(0.03)	(0.05)	1.12	0.05	(0.10)	(0.19)	(0.26)	(0.10)
Net Gains (Losses) on Investments (both realized and unrealized)	1.00	2.96	8.70	1.34	(0.51)	5.75	5.91	3.56	4.32	3.20	5.15
Total From Investment Operations	1.12	3.15	8.70	1.31	(0.56)	6.87	5.96	3.46	4.13	2.94	5.05
<u>Less Distributions</u>											
Distributions from Net Investment Income	(0.32)	(0.28)	0.00	0.00	(0.04)	(1.09)	0.00	0.00	0.00	0.00	0.00
Distributions from Net Realized Capital Gains	(4.28)	(5.11)	0.00	0.00	(0.04)	(0.68)	(2.37)	(0.47)	(2.23)	(0.86)	0.00
Total Distributions	(4.60)	(5.39)	0.00	0.00	(0.08)	(1.77)	(2.37)	(0.47)	(2.23)	(0.86)	0.00
Net Asset Value - End of Period	\$34.63	\$38.11	\$40.35	\$31.65	\$30.34	\$30.98	\$25.88	\$22.29	\$19.30	\$17.40	\$15.32
Total Return	2.87% <sup>1</sup>	8.00%	27.49%	4.32%	(1.78%)	27.95%	29.63%	18.92%	26.05%	20.55% <sup>+</sup>	49.17% <sup>+</sup>
<u>Ratios/Supplemental Data</u>											
Net Assets, End of Period (000's)	\$1,895,205	\$2,271,478	\$2,226,590	\$1,456,552	\$1,297,207	\$768,559	\$87,930	\$24,912	\$12,196	\$7,340	\$3,472
Ratio of Expenses to Average Net Assets	1.09% <sup>2</sup>	1.08%	1.09%	1.11%	1.12%	1.10%	1.41%	1.63%	2.16%	2.51%*	2.55%*
Ratio of Net Investment Income (Loss) to Average Net Assets	0.47% <sup>2</sup>	0.48%	0.01%	(0.12%)	(0.22%)	0.60%	0.39%	(0.65%)	(1.35%)	(1.96%)*	(1.36%)*
Portfolio Turnover Rate	23% <sup>1</sup>	59%	81%	60%	54%	76%	86%	124%	133%	144%	125%

+ The total returns would have been lower had certain expenses not been reduced during the periods shown.

\* Not representative of expenses incurred by the Fund as the Adviser waived its fee and/or paid certain expenses of the Fund. As indicated in Note 2, the Investment Manager may reduce a portion of its fee and absorb certain expenses of the Fund. Had these fees and expenses not been reduced and absorbed, the ratio of expenses to average net assets would have been 2.80% and 6.47%, and the ratio of net investment income to average net assets would have been a loss of 2.25% and 5.28%, for the periods ended June 30, 1997 through June 30, 1996, respectively.

\*\* Net Investment Income (Loss) per share has been computed before adjustments for book/tax differences.

<sup>1</sup> Not Annualized.

<sup>2</sup> Annualized.

*The accompanying notes are an integral part of the financial statements*

# Meridian Fund, Inc.

## Notes to Financial Statements

For the Six Months Ended December 31, 2005 (Unaudited)

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1. **Organization and Significant Accounting Policies:** Meridian Fund, Inc., (the “Company”), is comprised of the Meridian Equity Income Fund (the “Equity Income Fund”), the Meridian Growth Fund (the “Growth Fund”) and the Meridian Value Fund (the “Value Fund”). The Equity Income Fund, the Growth Fund and the Value Fund (each a “Fund” and collectively, the “Funds”) are registered under the Investment Company Act of 1940, as no-load, diversified, open-end management investment companies. The Equity Income Fund began operations and was registered on January 31, 2005. The Growth Fund began operations and was registered on August 1, 1984. The Value Fund began operations on February 10, 1994 and was registered on February 7, 1994.

The primary investment objective of the Equity Income Fund is to seek long-term growth of capital along with income as a component of total return.

The primary investment objective of the Growth Fund is to seek long-term growth of capital. Originally named Meridian Fund, the name was changed effective April 20, 2001 to Meridian Growth Fund, to more closely reflect the investment style. There was no change in how the Fund is managed.

The primary investment objective of the Value Fund is to seek long-term growth of capital.

The following is a summary of significant accounting policies for all of the Funds:

- a. **Investment Valuations:** Marketable securities are valued at the closing price or last sales price on the principal exchange or market on which they are traded; or, if there were no sales that day, at the last reported bid price. Securities and other assets for which reliable market quotations are not readily available or for which a significant event has occurred since the time of the most recent market quotation, will be valued at their fair value as determined by the Adviser under the guidelines established by, and under the general supervision and responsibility of, the Funds’ Board of Directors.
- b. **Federal Income Taxes:** It is the Funds’ policy to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”), applicable to regulated investment companies and to distribute all of its taxable income to its shareholder’s; therefore, no federal income tax provision is required.
- c. **Security Transactions:** Security transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses on security transactions are determined on the basis of specific identification for both financial statement and federal income tax purposes. Dividend income is recorded on the ex-dividend date. Interest income is accrued daily.
- d. **Cash and Cash Equivalents:** All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Available funds are automatically swept into a Cash Reserve account, which preserves capital with a consistently competitive rate of return. Interest accrues daily and is credited by the third business day of the following month.
- e. **Expenses:** Expenses arising in connection with a Fund are charged directly to that Fund. Expenses common to the Funds are generally allocated to each Fund in proportion to their relative net assets.

# Meridian Fund, Inc.

## Notes to Financial Statements (continued)

For the Six Months Ended December 31, 2005 (Unaudited)

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- f. **Use of Estimates:** The preparation of financial statements in accordance with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements. Actual amounts could differ from those estimates.
- g. **Distributions to Shareholders:** The Funds record distributions to shareholders on the ex-date. The amount of distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations which may differ from generally accepted accounting principles. These “book/tax” differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences do not require reclassification. The amount and character of tax-basis distributions and composition of net assets are finalized at fiscal year-end; accordingly, tax basis balances have not been determined as of December 31, 2005.

Distributions which exceed net investment income and net realized capital gains are reported as distributions in excess of net investment income or distributions in excess of net realized capital gains for financial reporting purposes but not for tax purposes. To the extent they exceed net investment income and net realized capital gains for tax purposes, they are reported as distributions of paid-in-capital.

Permanent book-tax differences, if any, are not included in ending undistributed net investment income (loss) for the purposes of calculating net investment income (loss) per share in the Financial Highlights.

- h. **Guarantees and Indemnification:** Under the Funds’ organizational documents, its Officers and Directors are indemnified against certain liability arising out of the performance of their duties to the Funds. Additionally, in the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds’ maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Funds that have not yet occurred. However, based on experience, the Funds expect the risk of loss to be remote.

# Meridian Fund, Inc.

## Notes to Financial Statements (continued)

For the Six Months Ended December 31, 2005 (Unaudited)

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2. **Related Parties:** The Funds have entered into a management agreement with Aster Investment Management Company, Inc. (the "Investment Adviser"). Certain Officers and/or Directors of the Funds are also Officers and/or Directors of the Investment Adviser. Beneficial ownership in the Funds by Richard F. Aster, Jr., President, as of December 31, 2005 were as follows:

Equity Income Fund . . . . .	51.82%
Growth Fund . . . . .	0.93%
Value Fund . . . . .	0.67%

The Investment Adviser receives from the Equity Income Fund, as compensation for its services, an annual fee of 1% of the first \$10,000,000 of the Equity Income Fund's net assets, 0.90% of the next \$20,000,000 of the Equity Income Fund's net assets, 0.80% of the next \$20,000,000 of the Equity Income Fund's net assets and 0.70% of the Equity Income Fund's net assets in excess of \$50,000,000. The fee is paid monthly and calculated based on that month's daily average net assets.

The Investment Adviser receives from the Growth Fund, as compensation for its services, an annual fee of 1% of the first \$50,000,000 of the Growth Fund's net assets and 0.75% of the Growth Fund's net assets in excess of \$50,000,000. The fee is paid monthly and calculated based on that month's daily average net assets.

The Investment Adviser receives from the Value Fund, as compensation for its services, an annual fee of 1% of the Value Fund's net assets. The fee is paid monthly and calculated based on that month's daily average net assets.

The Investment Adviser has contractually agreed to waive its fee and reimburse expenses, at least until November 1, 2006, to the extent that total annual operating expenses for the Equity Income Fund exceeds 1.25%. The Investment Adviser has voluntarily agreed to limit the operating expenses of the Growth and Value Funds to 2.50%. With respect to these limits, the Investment Adviser did reimburse the Equity Income Fund \$58,745, but did not reimburse the Growth and Value Funds, during the six months ended December 31, 2005. Subject to the approval of the Board of Directors of the Fund, the Fund will repay the Investment Adviser the amount of its reimbursement for the Equity Income Fund for up to three years following the reimbursement to the extent the Equity Income Fund's expenses drop below 1.25%, after giving effect to repayment by the fund. Either the Fund or the Investment Adviser can modify or terminate this arrangement at any time.

# Meridian Fund, Inc.

## Notes to Financial Statements (continued)

For the Six Months Ended December 31, 2005 (Unaudited)

3. **Capital Shares Transactions:** Transactions in capital shares for the six months ended December 31, 2005 and the period ended June 30, 2005 were as follows:

	Equity Income Fund	
	December 31, 2005	June 30, 2005
Shares sold .....	441,595	834,727
Shares reinvested on reinvestment of distributions .....	12,963	—
	454,558	834,727
Shares redeemed .....	(12,944)	(1,481)
Net increase .....	441,614	833,246
	Growth Fund	
	December 31, 2005	June 30, 2005
Shares sold .....	4,342,077	19,610,076
Shares reinvested on reinvestment of distributions .....	805,584	548,115
	5,147,661	20,158,191
Shares redeemed .....	(7,789,221)	(8,805,258)
Net increase (decrease) .....	(2,641,560)	11,352,933
	Value Fund	
	December 31, 2005	June 30, 2005
Shares sold .....	3,005,164	13,372,342
Shares reinvested on reinvestment of distributions .....	5,630,736	6,795,760
	8,635,900	20,168,102
Shares redeemed .....	(13,507,480)	(15,746,779)
Net increase (decrease) .....	(4,871,580)	4,421,323

4. **Compensation of Directors and Officers:** Directors and Officers of the Funds who are Directors and/or Officers of the Investment Adviser receive no compensation from the Funds. Directors of the Funds who are not interested persons, as defined in the Investment Company Act of 1940, receive compensation in the amount of \$3,000 per annum and a \$2,000 purchase of Equity Income Fund, Growth Fund or Value Fund shares, plus expenses and a \$1,000 purchase in one of the funds for each additional Board of Directors meeting attended other than the annual meeting.

# Meridian Fund, Inc.

## Notes to Financial Statements (continued)

For the Six Months Ended December 31, 2005 (Unaudited)

5. **Cost of Investments:** The cost of investments purchased and the proceeds from sales of investments, excluding short-term obligations, for the six months ended December 31, 2005, were as follows:

	<u>Purchases</u>	<u>Proceeds from Sales</u>
Equity Income Fund .....	\$ 8,384,652	\$ 3,904,592
Growth Fund .....	181,280,686	305,889,522
Value Fund .....	464,355,376	850,242,851

The cost of purchases, sales and redemptions at maturity of short-term U.S. Government securities were as follows:

	<u>Purchases</u>	<u>Sales</u>	<u>Redeemed at Maturity</u>
Equity Income Fund .....	\$ —	\$ —	\$ —
Growth Fund .....	46,617,060	—	63,000,000
Value Fund .....	103,101,419	19,929,200	80,000,000

6. **Distribution Information:** Income and long-term capital gains distributions are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles accepted in the United States. The tax character of distributions made during the fiscal years ended June 30, 2005 and June 30, 2004 were as follows:

### 2005 Taxable Distributions

<u>Fund</u>	<u>Ordinary Income</u>	<u>Net Long-Term Capital Gains</u>	<u>Total Distributions</u>
Equity Income Fund .....	\$ —	\$ —	\$ —
Growth Fund .....	10,056,382	13,674,732	23,731,114
Value Fund .....	15,996,704	288,644,525	304,641,229

### 2004 Taxable Distributions

<u>Fund</u>	<u>Ordinary Income</u>	<u>Net Long- Term Capital Gains</u>	<u>Total Distributions</u>
Equity Income Fund .....	\$ —	\$ —	\$ —
Growth Fund .....	—	19,395,152	19,395,152
Value Fund .....	—	—	—

# Meridian Fund, Inc.

## Notes to Financial Statements (continued)

For the Six Months Ended December 31, 2005 (Unaudited)

7. **Federal Income Taxes:** The aggregate cost of investments, which are book figures that approximate federal income tax basis, were as follows:

	<u>Aggregate Cost</u>	<u>Aggregate Gross Unrealized Appreciation</u>	<u>Aggregate Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Equity Income Fund .....	\$ 12,333,119	\$ 694,952	\$ (183,225)	\$ 511,727
Growth Fund .....	1,270,651,352	306,332,320	(15,504,778)	290,827,542
Value Fund .....	1,611,632,883	284,812,171	(42,487,773)	242,324,398

Post-October losses represent losses realized on investment transactions from November 1, 2004 through June 30, 2005 that, in accordance with Federal income tax regulations, the Funds have elected to defer and treat as having arisen in the following fiscal year. As of June 30, 2005, the Equity Income Fund had Post October losses of \$49,580.

8. **Proxy Voting Policies and Procedures:** A statement that information regarding how the fund voted proxies relating to portfolio securities during the most recent 12 month period ended June 30, 2005 is available (i) without charge, upon request, by calling (800) 446-6662; or on our website at <http://www.meridianfund.com>; and (ii) on the Securities and Exchange Commission (“SEC”) website at <http://www.sec.gov>.
9. **Information on Form N-Q:** The Company files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q within sixty days after the end of period. The Company’s Form N-Q will be available on the SEC’s website at <http://www.sec.gov>, and may 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 1-202-551-8090.

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# MERIDIAN FUND, INC.

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This report is submitted for the information of shareholders of Meridian Fund, Inc. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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## *Officers and Directors*

RICHARD F. ASTER, JR.  
President and Director

RALPH CECHETTINI

MICHAEL S. ERICKSON

HERBERT C. KAY

JAMES B. GLAVIN

MICHAEL STOLPER  
Directors

GREGG B. KEELING  
Chief Financial Officer  
Treasurer and Secretary  
Chief Compliance Officer

## *Custodian*

PFPC TRUST COMPANY  
Philadelphia, Pennsylvania

## *Transfer Agent and Disbursing Agent*

PFPC INC.  
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## *Counsel*

MORRISON & FOERSTER LLP  
Washington, D.C.

## *Auditors*

PRICEWATERHOUSECOOPERS LLP  
San Francisco, California

## MERIDIAN EQUITY INCOME FUND<sup>SM</sup> MERIDIAN GROWTH FUND<sup>®</sup> MERIDIAN VALUE FUND<sup>®</sup> SEMI-ANNUAL REPORT



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December 31, 2005