



**HALF YEARLY ACCOUNTS
DECEMBER 31, 2008
(Unaudited)**

UNICAP MODARABA

**Managed By
Al-Zāmin Modaraba Management (Pvt) Ltd.**

104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi-75600
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UNICAP MODARABA

Managed by : AL-Zāmin Modaraba Management (Private) Limited Since 03-05-2000

DIRECTORS' REPORT

Board of Directors of Al-Zamin Modaraba Management (Pvt.) Limited present to the certificate holders the unaudited accounts of Unicap Modaraba for the second quarter ended on December 31, 2008.

As reported earlier the Modaraba is not a going concern. A sum of Rs. 216,443 was earned on investment of the available liquidity whereas an amount of Rs. 206,409 was paid as administrative expenses. An unrealized loss of Rs. 658,008 was booked on investment in shares thereby ending in a loss of Rs. 647,974 for the period of six months. The accumulated loss as at the end of the period stands at Rs. 143,834,110. Efforts are still continuing to dispose off the management rights of the Modaraba to a suitable investor.

For and on behalf of the Board of Directors

Karachi

Date: 5th March, 2009

Basheer A. Chowdry

Chief Executive

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS' ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying balance sheet of Unicap Modaraba (the Modaraba) as of December 31, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity for the half year then ended (here-in-after referred to as interim financial information). Management is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the interim profit and loss account for the quarters ended December 31, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2008 and 2007.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the half year ended December 31, 2008 is not prepared, in all material respects, in accordance with the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981.

Without qualifying our report, we draw your attention to notes 1 to 3, whereby management has provided reasons for not considering the Modaraba a going concern and also disclosed the basis of preparation based on which the annexed financial statements have been prepared.

Karachi

Date : 5th March, 2009

M. Yousuf Adil Saleem & Co.

Chartered Accountants

BALANCE SHEET - UNAUDITED AS AT DECEMBER 31, 2008

	Note	December 31, 2008 Rupees	June 30, 2008 Rupees
ASSETS			
Bank balances		616,792	647,228
Accrued markup/profit		117,211	83,789
Investment in marketable securities	5	890,538	1,548,546
Investment in musharakah arrangement	6	2,000,000	2,000,000
Investment in Term Finance Certificate	7	1,295,400	1,295,400
		4,919,941	5,574,963
LIABILITIES			
Accrued and other liabilities	8	2,403,122	2,409,093
Provision for taxation-net		1,211,956	1,213,033
		3,615,078	3,622,126
NET ASSETS		1,304,863	1,952,837
REPRESENTED BY			
CERTIFICATE CAPITAL			
Authorized			
20,000,000 Modaraba Certificates of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed and paid up	9	136,400,000	136,400,000
RESERVES			
Statutory reserves		8,738,973	8,738,973
Accumulated loss		(143,834,110)	(143,186,136)
		1,304,863	1,952,837
CONTINGENCIES	10		

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

**PROFIT AND LOSS ACCOUNT - UNAUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	Half year Ended		Quarter Ended	
	Dec. 31, 2008 Rupees	Dec. 31, 2007 Rupees	Dec. 31, 2008 Rupees	Dec. 31, 2007 Rupees
INCOME				
Profit on Term finance certificates	61,530	90,486	30,530	45,243
Profit on musharakah arrangement	144,328	112,767	80,328	53,041
Profit on PLS account	10,585	-	7,585	-
	216,443	203,253	118,443	98,284
EXPENSES				
Administrative expenses	(206,409)	(164,761)	(164,409)	(118,471)
Unrealized (loss)/gain on revaluation of marketable securities	(658,008)	198,206	(155,008)	(39,104)
(LOSS)/PROFIT FOR THE PERIOD	(647,974)	236,698	(200,974)	(59,291)

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

CHIEF EXECUTIVE _____ DIRECTOR _____ DIRECTOR _____

**CASH FLOW STATEMENT - UNAUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	31 December 2008 Rupees	31 December 2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit for the period	(647,974)	236,698
Adjustment for		
Unrealised loss/(gain) on revaluation of marketable securities	658,008	(198,206)
Operating cash flow before working capital changes	10,034	38,492
Changes in working capital		
Decrease/(increase) in assets		
Accrued markup/profit	(33,422)	13,371
(Decrease)/increase in liabilities		
Accrued and other Liabilities	(5,971)	(38,125)
Unclaimed dividend	-	(325)
Net cash flows (used in)/generated from operation	(29,359)	13,413
Tax paid	(1,077)	-
Net cash flows (used in) from operating activities	(30,436)	13,413
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(30,436)	13,413
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	647,228	14,245
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	616,792	27,658

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

CHIEF EXECUTIVE _____ DIRECTOR _____ DIRECTOR _____

**STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	Certificate capital	Statutory reserve	Accumulated Loss	Total Rupees
Balance as at July 1, 2007	136,400,000	8,582,134	(143,813,496)	1,168,638
Profit for the period	-	-	236,698	236,698
Balance as at December 31, 2007	136,400,000	8,582,134	(143,576,798)	1,405,336
Profit for the period	-	-	547,501	547,501
Transferred to statutory reserve @ 20%	-	156,839	(156,839)	-
Balance as at June 30, 2008	136,400,000	8,738,973	(143,186,136)	1,952,837
Loss for the period	-	-	(647,974)	(647,974)
Balance as at December 31, 2008	136,400,000	8,738,973	(143,834,110)	1,304,863

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

CHIEF EXECUTIVE _____ DIRECTOR _____ DIRECTOR _____

**NOTES TO THE FINANCIAL STATEMENTS - UNAUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

1. STATUS AND ACTIVITIES

Unicap Modaraba (the Modaraba) is a multipurpose, perpetual Modaraba floated in Pakistan in the year 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder, having its registered office at 104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi. The Modaraba is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Modaraba was managed until May 03, 2000, by Chartered Management Services (Private) Limited and thereafter the management was transferred to Al-Zamin Modaraba Management (Private) Limited as the registration of the former was cancelled by the Securities and Exchange Commission of Pakistan in view of the various irregularities committed.

The operations of Modaraba have been reduced to minimal level since the year 2000 and present Modaraba Management Company has no plans to revive the Modaraba and intends to dispose off the management rights of the Modaraba. Further, accumulated losses of the Modaraba at balance sheet date are Rs. 143,834,110 (June 30, 2008: Rs 143,186,136). Due to aforementioned reasons, the Modaraba is not considered a going concern.

2. STATEMENT OF COMPLIANCE

The Modaraba is not a going concern, therefore, International Financial Reporting Standards (IFRSs) have not been applied in preparation of these financial statements in accordance with the paragraph 23 of IAS - 1, "Presentation of Financial Statements".

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) [the Modaraba Regulations] in a condensed form. Condensed financial statements comprise of balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with selected explanatory notes.

These financial statements are un-audited but subject to limited scope review performed by the external auditors of the Modaraba in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon. These financial statements are being submitted to the certificate holders as required under Modaraba regulations.

3. BASIS OF PRESENTATION

As stated in note 1, the Modaraba is not considered a going concern, therefore, these financial statements have been prepared on a basis other than going concern, which is as follows:

- All the assets are stated at their realisable values; and
- All liabilities are stated at amounts payable.

4. ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2008.

5. INVESTMENT IN MARKETABLE SECURITIES

5.1. Investment in listed companies and mutual fund*

*The face value of these shares/certificates is Rs. 10/-, unless stated otherwise.

December 31, 2008	June 30, 2008		December 31, 2008	June 30, 2008
Number of shares/certificates			Rupees	Rupees
		Closed end Mutual Fund		
400	400	First Capital Mutual Fund	2,468	3,300
		Investment Banks and Companies		
17,438	17,438	First Dawood Investment Bank Limited	701,182	1,219,788
4,820	4,820	First Capital Security Corporation Limited	160,843	285,344
		International Investment & Finance Services Limited (Note 10.1)	-	-
		Leasing Companies		
1,268	1,268	Pakistan Industrial & Commercial Leasing Limited	545	1,864
250,000	250,000	Universal Leasing Corporation Limited (Note 10.2)	-	-
		Textile Composite		
10,200	10,200	Colony Thal Textile Mills Limited	25,500	38,250
			890,538	1,548,546

5.2 These investments are stated at their quoted market prices as at balance sheet date except for investments mentioned in notes 10.1 and 10.2.

	December 31, 2008	June 30, 2008
	Rupees	Rupees
6. INVESTMENT IN MUSHARAKAH ARRANGEMENT	2,000,000	2,000,000
The Modaraba has entered into a musharakah arrangement with Al-Zamin Leasing Modaraba, which is an associated undertaking, for a period of six months having maturity in February 2008. The expected rate of profit on this musharakah is 16% (June 2008: 11%) per annum.		
This investment is stated at amount realisable from the Investee Modaraba.		
7. INVESTMENT IN TERM FINANCE CERTIFICATES		
Term finance Certificates (Al-Zamin Leasing Modaraba-an associated undertaking)	1,295,400	1,295,400

These Term Finance Certificates (TFCs) have a maturity period of five years commencing from May 2005. The expected Profit rate on these Term Finance Certificates is 9.50% per annum payable half yearly.

These TFCs are secured by a floating charge on the un-encumbered leased assets and associated lease receivables of the Investee Modaraba. The TFCs are listed on the Karachi Stock Exchange and currently carry an instrument rating of A (Single A) by JCR-VIS Credit Rating Company Limited.

These TFCs are stated at amount realisable from the Investee Modaraba.

	December 31, 2008 Rupees	June 30, 2008 Rupees
8. ACCRUED AND OTHER LIABILITIES		
Accrued expenses	1,058,205	1,064,176
Un-claimed dividend	344,917	344,917
Other liabilities	1,000,000	1,000,000
	<u>2,403,122</u>	<u>2,409,093</u>
9. ISSUED, SUBSCRIBED AND PAID UP CERTIFICATES		
10,000,000 Modaraba Certificates of Rs. 10/- each fully paid in cash	100,000,000	100,000,000
3,640,000 Modaraba Certificates of Rs. 10/- each as fully paid bonus certificates	36,400,000	36,400,000
	<u>136,400,000</u>	<u>136,400,000</u>
10. CONTINGENCIES		
10.1 Shares of International Investment and Finance Services Limited were pledged against an advance obtained from Universal Leasing Corporation Limited. The lender arranged an un-authorized transfer of these shares in its name. The matter is disputed and a legal suit has been filed by the Modaraba against Universal Leasing Corporation Limited.		
10.2 An Ex-Director and Sponsor of Chartered Management Services (Private) Limited (ex-modaraba management company) obtained financing from a bank against an un-authorized and illegal pledge of shares of Universal Leasing Corporation Limited belonging to the Modaraba. After failing to recover the shares from the lender bank, the Modaraba has filed a legal suit against the bank. A counter case has been filed by the lender seeking recovery of Rs. 1,894,524, however in this regard the management does not foresee any liability to materialize.		
The above mentioned cases are likely to take some time to conclude particularly due to the fact that the respective shares have reportedly been disposed off by the aforesaid counterparties. Necessary provisioning has been made in the books and accordingly the same appear at nil values in these financial statements.		
10.3 The assessment of Modaraba has been finalized for and upto the Tax year 2008.		
The Tax Year 2003, corresponding with the Financial Year ended June 30, 2003, has been selected for tax audit under Section 177 of the Income Tax Ordinance, 2001 (the Ordinance). The Tax Audit is under process and pending to be finalized on the part of the Taxation Officer as the final show cause has duly been complied with. Moreover, the return of income had to be revised under the Ordinance. Under the original return of income, the tax liability was estimated at Rupees 45,755/- against which the Modaraba had already suffered a deduction under section 153 of the Ordinance against the payment received by it for the sale of its land during the year. The return of income of the Modaraba was revised under section 114(6) of the Ordinance based on the fact that the gain on sale of land made by Modaraba during the year could not, inadvertently be excluded earlier while calculating the taxable profit/(loss) for the year. Since the gain on sale of land is not taxable under the Ordinance, the same was then duly excluded from the taxable income. Resultantly a refund of Rupees 45,742/- was claimed in the revised return.		
In the assessment years 2000-2001, 2001-2002 and 2002-2003 appeals have been preferred before the Honourable Income Tax Appellate Tribunal against the appellate orders of the Commissioner of Income Tax - Appeals, which may result in a maximum liability of Rs. 1 million. Moreover, the options to move to other forums available to Modaraba by way of appeals and submissions before the FTO and ADRC are also under consideration. The management expects a favourable outcome from the above forums and, accordingly, no provision has been made in these financial statements.		

	December 31, 2008 Rupees	December 31, 2007 Rupees
11. TRANSACTION WITH RELATED PARTIES		
Related parties include Al-Zamin Modaraba Management (Private) Limited being the Management Company and Al-Zamin Leasing Modaraba being Modaraba under common management.		
Al-Zamin Modaraba Management (Private) Limited - Management Company		
Operating expenses paid by the management company	-	150,874
Reimbursements made to the Management Company	-	165,000
Al-Zamin Leasing Modaraba - an associated undertaking		
Profit earned on investments made	205,858	203,144
12. DATE OF AUTHORIZATION FOR ISSUE		
These financial statements were authorized for issue on 5th March, 2009 by the Board of Directors of the Management Company.		
13. GENERAL		
Figures for the quarters ended December 31, 2008 and 2007 have not been subjected to limited scope review by the external auditors.		

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

BOARD OF DIRECTORS

The Board of Directors of Al-Zamin Modaraba Management (Pvt) Limited comprises of eminent professionals and businessmen having rich experience and strong relationship in domestic and international banking circles. The members of the Board are as follows:

Mr. Zafar Iqbal	Chairman
Mr. Basheer Ahmed Chowdry	Chief Executive
Mr. Manzoor Hussain Shah Kazmi	Director
Mr. Sohail Ansar	Director
Mr. Mohammad Aslam Khan	Director
Mr. Najib Amanullah	Director
Mr. Shiekh Arshad Farooq	Director
Mr. Muhammad Kamal Abdul Nasir	Director
Mr. Mohammad Imranul Haque	Director
Dr. Namooos Baquar	Director
Mr. Afzal Rashid	Director
Mr. Anis Wahab Zuberi	(Nominee of National Investment Trust)
Mr. Muhammad Zahid	(Nominee of Zahidjee Fabrics (Pvt) Ltd.)
Mr. Rashid Ahmed	(Nominee of National Investment Trust)

Management

Mr. Basheer Ahmed Chowdry	Chief Executive
Mr. Mohammad Moizul Haque	Chief Operating Officer
Mr. Ansar Husain	Executive Director
Mr. Muhammad Kamal Abdul Nasir	Director
Ms. Hamida Aqeel	Company Secretary
Mr. Mohammad Naim Ashraf	Chief Financial Officer

Registered Office

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