Invest Capital Investment Bank Limited

Directors' Report

The Board of Directors is pleased to place before shareholders the financial statements for the year ended June 30, 2009.

AMALGAMATION OF AL-ZAMIN AND INVESTBANK ENTITIES

It is a pleasure to report that the process of amalgamation of Al-Zamin Leasing Corporation Limited and Al-Zamin Leasing Modaraba initiated earlier has since been successfully completed. The Honorable High Court of Sindh granted the merger of the aforesaid entities with and into Invest Capital Investment Bank Limited by approving the Scheme of Arrangement and the respective petitions by an Order issued on December 8, 2009. This is indeed an important landmark which has resulted in emergence of an entity with equity of Rs. 978.92 million and total assets of Rs. 7,846.98 million.

The current environment, both local and global, encourages consolidation of financial sector by way of amalgamations and acquisitions in order to create entities having larger equity base, diversified asset portfolio, multiple revenue streams, intensified operational competence and strong management capabilities. The regulatory authorities have been emphasizing the need for convergence of financial and management resources for better risk management and effective resilience of the financial institutions for the domestic and global socio-economic changes. The amalgamation of three entities was, therefore, very carefully planned taking into account the synergies of operational strengths, and challenges of the marketplace. Consequently, the merged entity is a unique NBFC having a comprehensive charter of the business activities, quality infrastructure and strong management team to become a significant member of the NBFC Sector.

AL-ZAMIN INVESTBANK

A comprehensive business plan formulated for Al-Zamin InvestBank by the management is based on the experiences, track record and strengths of all the three entities. The plan aims at bringing synergies in all affairs of the business including achieving economies of scale, reducing cost of resources, increasing market presence and developing stronger resilience. With a substantial increase of the equity and assets as a consequence of the merger, your bank is now capable of handling larger and diversified business and take full advantage of the opportunities which the current and future market conditions provide. The amalgamation position will provide further comfort to the present and future creditors enhance the resource mobilization activities and place the entity in the top quartile of the rated financial institutions.

The bank will operate the following major streams of business:-

i) **Investment Banking Activities:** These would include advisory services, corporate and financial restructuring, acting as financial agents for the companies, undertaking industry or market studies and performing custodial services. It will also handle project financing, underwriting floatation of stocks and bonds, provide guarantees and counter guarantees, and establish letters of credit.

ii) **Leasing and Commercial Credit:** The bank has inherited rich experience and business portfolio of financial and operating leases and commercial credits which will be expanded further according to the market conditions. Further emphasis will be given on building the operating lease business in the areas of heavy machinery and power generating equipment.

iii) **Treasury Operations:** The bank has well-established treasury operations which will be expanded further in order to cover all aspects of money market operations, foreign exchange trading, providing assistance in issuance of all commercial papers, issuing certificates of deposits and discounting or trading in commercial bonds and Sukuks.

iv) **Shariah Compliant Products and Services:** Al-Zamin Leasing Modaraba brings with it an established knowledge, experience and portfolio of Shariah compliant products and services which would constitute a major segment of the merged entity. It is proposed to maintain, within the overall operation of the merged entity, an independent division which will operate on Shariah compliant principles and maintain separate accounting procedures and books similar to the Islamic banking divisions or branches of the conventional commercial banks. The products will include Ijarah, Musharikas, Murabahahs and trading projects.

v) **Brokerage Business:** The brokerage arm of your bank has earned the reputation of being an efficient and reliable entity. Its research has earned a wide range of appreciation from the concerned circles. The operations will be enhanced by utilizing the regional offices of the bank throughout the country for providing efficient brokerage facilities to a diversified client. Professional research and risk management arms of the operations will be further strengthened to provide an edge compared to other brokerage banks.

vi) **New Products and Services:** The bank is aiming to develop new products and services in order to maximizing market potential with intense research and effective operational set up. Some of the products and services to be offered are listed hereunder:-

a- InvestFolio (discretionary and non-discretionary portfolio management)
b- Access Pakistan (serving non-resident Pakistanis to meet their family financial requirements and fund management)
c- Resource Mobilization instruments to compete with the NSS (COIs for various periods and COMs to comply with Shariah financing)

OTHER MATTERS RELATED TO THE MERGER

Effective steps have been taken by your management to implement various operational and legal aspects of the aforesaid merger. Consolidation and integration of the business offices and staff strength has been achieved to a large extent and will be completed in the next few weeks. Issuance of shares of Invest Capital Investment Bank Limited to the shareholders of Al-Zamin Leasing Corporation Limited and certificate-holders of Al-Zamin Leasing Modaraba is being completed according to the procedural requirements. The field operations have been reorganized and will be upgraded, wherever necessary, in order to provide the requisite image and operational capability to the bank.

FINANCIAL RESULTS

The annexed accounts as at 30th June 2009 represent the amalgamated position consequent upon the aforesaid merger. The total equity stands at Rs. 978.92 million, with an assets base of Rs. 7,846.98 million. A profit after tax of Rs. 165.35 million is declared which includes all adjustments necessitated by the merger which have been duly incorporated, including the merger reserve calculated according to the applicable accounting standards.

The Board of Directors has decided to carry forward the aforesaid profit, without any distribution, in order to provide requisite support to the business activities of the bank during the year

FUTURE PROSPECTS

It is expected that some time will be needed to effectively implement the reorganized infrastructure of the merged entities and to create a cohesive functional environment in the field and at the support level. However, every possible effort is being made to minimize any time lag and it is being ensured that the functional teams maintain their focus on marketing of their traditional business and to effect maximum recoveries of receivables.

The current economic and political environment creates real challenges for undertaking fresh businesses and to maintain a satisfactory inflow of recoveries. However, during the July – September, 2009 quarter, outlook of Pakistan's economy slightly improved with revision of the country's rating from 'negative' to 'stable' by leading international rating agencies and some improvements witnessed in the macro economic indicators. Current account deficit narrowed by 89% in the quarter due mainly to the workers' remittances of US$ 2.332 billion, decline in imports (28%) as compared to that of exports (19%), encouraging trends in the portfolio inflows and substantial borrowings from the IMF. The KSE-100 Index also maintained a better position while registering a net improvement of about 30% in the quarter. While inflows and balance of payment improved, the performance at fiscal front and that of real sector remained below the targets. GDP growth remained stagnant at 2% due to power shortage, decline in private sector investment and poor law and order situation.

Your management shall endeavor to adopt a stable course for re-energizing the business while taking due prudence in accepting new risks. Efforts will be made to encourage cross-selling of products, revisiting previous businesses of proven success and encouraging fee earning activities

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

As required under the Code of Corporate Governance, the Directors affirm that:

- The Financial Statements present fairly the state of affairs of the Company, the results of its operations, Cash Flow Statement and Statement of Changes in Equity.

- Proper books of accounts of the Company have been maintained.

• Accounting policies as stated in the notes to the accounts have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.

• International Accounting Standards, as applicable in Pakistan and as stated in the notes attached to the accounts, have been followed in the preparation of the financial statements.

• The system of internal controls is sound in design and has been effectively implemented and monitored.

• The Company is financially sound and is a going concern.

• There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

• No trading in shares of the Company were carried out by the Directors, Chief Executive, Chief Financial Officer/Company Secretary and their spouses and minor children during the year.

• During the year six meetings of the Board of Directors were held. The Directors, who were unable to attend the meetings nevertheless closely followed the progress of the Bank and helped with their advice.

NAME OF DIRECTORS	MEETINGS ATTENDED
Mr. Saeed Iqbal Chaudhry	5
Mr. Nusrat Yar Ahmad	5
Mr. Sulaiman Ahmed Saeed Al-Hoqani	-
Mr. Qasim Rabbani	4
Syed Abid Raza	6
Mr. Rehman Ghani	6
Mr. Aamer Saeed	6

Leave of absence was approved by the Board in all the cases where a Director could not attend a Board Meeting during the year.

As per the Scheme of Arrangement for the merger / amalgamation of Al-Zamin Leasing Corporation Limited and Al-Zamin Leasing Modaraba with and into Invest Capital Investment Bank Limited, the Board of Directors has been reconstituted vide an Order of the Honorable High Court, Sindh dated December 8, 2009 as follows:

RE-CONSTITUTED BOARD DIRECTORS

Mr. Zafar Iqbal	Chairman
Mr. Saeed Iqbal Chaudhry	Director
Mr. Muhammad Zahid	Director
Mr. Basheer A. Chowdry	Managing Director
Mr. Nusrat Yar Ahmad	Chief Executive Officer

Mr. Rehman Ghani	Director
Mr. Aamer Saeed	Director
Mr. Najib Amanullah	Director

CREDIT RATING

JCR-VIS Credit Rating Co Ltd (JCR-VIS) has placed the entity ratings of 'A-/A-2' (Single A Minus / A-Two).

AUDITORS

The present auditors, M/s KPMG Taseer Hadi & Co., Chartered Accountants retire, and being eligible, offer themselves for re-appointment.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2009 is annexed.

ACKNOWLEDGEMENTS

In the end the directors of the company wish to express their sincere gratitude to the regulatory authorities particularly the Securities and Exchange Commission of Pakistan (SECP), shareholders, valued customers and the financial institutions for their continuous guidance and support. We also like to extend our appreciation to all the executives and staff of the company for their dedication and commitment throughout the period under review.

For and on behalf of the Board of Directors

Nusrat Yar Ahmed
Chief Executive Officer

Karachi
December 23, 2009

Invest Capital Investment Bank Limited
Balance Sheet
As at 30 June 2009

	Note	2009	2008 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	5	946,975,923	219,032,307
Intangible assets	6	36,875,167	25,717,126
Goodwill	7	-	92,238,600
Long term investments	8	175,439,446	-
Net investment in Ijarah finance/assets under Ijarah arrangements	9	1,288,310,042	-
Long term musharakah finance - secured	10	199,165,051	-
Long term loans - considered good	11	77,676,402	19,761,385
Long term deposits and receivables - unsecured and considered good	12	31,167,622	13,293,609
Deferred taxation	13	17,395,273	(1,005,306)
		2,773,004,926	369,037,721
Current assets			
Short-term investments	14	930,272,720	127,635,482
Takaful reserve fund investments	15	28,743,840	-
Short term musharakah finances	16	242,706,495	-
Short term finances - secured	17	67,259,002	-
Trade debts - unsecured	18	1,445,525,869	1,352,383,735
Assets acquired in satisfaction of finances	19	99,500,000	-
Ijarah rentals receivables	20	17,310,385	-
Current maturity of non-current assets	21	1,555,101,175	6,451,816
Receivable under reverse repurchase transaction	20	195,000,000	-
Advances, deposits, prepayments and other receivables	22	243,184,563	53,390,993
Stock in trade	23	1,042,320	-
Cash and bank balances	24	248,331,938	59,434,825
		5,073,978,305	1,599,296,852
TOTAL ASSETS	Rupees	7,846,983,232	1,968,334,573
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
485,000,000 (2008: 285,000,000) ordinary shares of Rs.10/- each	Rupees	4,850,000,000	2,850,000,000
Issued, subscribed and paid-up capital	25	2,727,668,652	746,423,700
Capital reserve on amalgamation		(2,022,075,684)	(347,923,700)
Surplus / (deficit) on revaluation of available-for-sale investments - net	26	4,207,388	(12,076,479)
Accumulated profit/(loss)		148,123,206	(18,261,890)
Share deposit money	27	121,000,000	121,000,000
		978,923,562	489,161,631
Surplus on revaluation of property, plant and equipment	28	19,664,012	21,646,918
Non-current liabilities			
Liability against assets subject to finance lease	29	18,966,849	1,291,051
Deferred liability for staff gratuity	30	6,060,503	-
Security deposits from lessees	31	672,796,487	-
Long term certificates of musharakah	32	177,095,000	-
Certificates of investments and deposits	33	3,635,000	-
Long term musharakah and murabahah borrowings	34	201,829,565	-
Musharakah Term Finance Certificates	35	462,055,287	-
Redeemable capital - Term Finance Certificates	36	128,380,000	-
Loan from a Director - unsecured	37	194,445,115	-
Long-term loan	38	202,014,347	-
Deferred liabilities	39	1,909,446	-
		2,069,187,599	1,291,051
Current liabilities			
Current portion of long term liabilities	40	1,395,718,700	3,603,698
Short term certificates of musharakah	41	283,280,000	-
Short term certificates of investments and deposits	42	71,650,000	-
Short term borrowings	43	2,266,569,027	1,262,703,702
Short term musharakah borrowings	44	48,000,000	-
Creditors, accrued and other liabilities	45	713,990,332	189,927,573
		4,779,208,059	1,456,234,973
TOTAL EQUITY AND LIABILITIES	Rupees	7,846,983,232	1,968,334,573
CONTINGENCIES AND COMMITMENTS	46		

The annexed notes 1 to 59 form an integral part of these financial statements.

Basheer A. Chowdry
Managing Director

Nusrat Yar Ahmad
Chief Executive

Invest Capital Investment Bank Limited
Profit and Loss Account
For the year ended 30 June 2009

	Note	2009	2008 (Restated)
Brokerage, commission and fees	*47*	**116,710,760**	185,620,250
Income from Continuous Funding System		**3,695,660**	-
Gain on sale of listed shares - net		**17,925,868**	68,975,490
Unrealised loss on remeasurment of investments carried at fair value through profit / loss account		**(11,982,860)**	(2,575,076)
		126,349,429	252,020,665
Impairment in the value of investments classified as available-for-sale			
- Transfer from statement of changes in equity		**(14,186,409)**	-
- For the period		**(53,422,291)**	-
		(67,608,700)	-
Administrative and operating expenses	*48*	**(239,921,926)**	(212,413,403)
		(181,181,197)	39,607,261
Other income	*49*	**510,238,254**	43,915,509
		329,057,057	83,522,770
Impairment loss on goodwill	*7*	**(92,238,600)**	-
Financial charges - net	*50*	**(60,848,822)**	(88,794,049)
Profit / (loss) before taxation		**175,969,635**	(5,271,279)
Provision for taxation	*51*	**(10,619,487)**	(14,894,010)
Profit / (loss) for the year *Rupees*		**165,350,148**	(20,165,289)
Earnings / (loss) per share			
- Basic *Rupees*	*52*	**2.215**	(0.082)
- Diluted *Rupees*	*52*	**1.906**	(0.078)

The annexed notes 1 to 59 form an integral part of these financial statements.

Basheer A. Chowdry
Managing Director

Nusrat Yar Ahmad
Chief Executive

Invest Capital Investment Bank Limited

Cash Flow Statement

For the year ended 30 June 2009

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2009	2008
Profit / loss before taxation		175,969,635	(5,271,279)
Adjustments for non cash charges and other items:			
Depreciation of property and equipment		29,223,241	11,932,137
Amortization of intangibles		420,506	585,911
Gain on bargain purchase		(482,172,079)	-
Goodwill written off		92,238,600	-
Financial charges - net		60,848,822	88,794,049
Loss / (gain) on disposal of fixed assets		3,703,771	(243,307)
Unrealised loss on remeasurment of investments carried at fair value through profit or loss		11,982,860	-
Impairment in the value of investments classified as available-for-sale		67,608,700	2,575,076
		(216,145,578)	103,643,866
Cash flow from operating activities before working capital changes		(40,175,943)	98,372,587
(Increase) / decrease in current assets			
Trade Debts		(93,142,134)	(487,852,081)
Amalgamation working capital adjustment		153,541,946	-
Advances, deposits, prepayments and other receivables		48,264,539	(27,354,308)
		108,664,351	(515,206,390)
Increase / (decrease) in current liabilities			
Amalgamation working capital adjustment		-	(43,738,600)
Trade creditors, accrued and other liabilities		374,032,739	(1,152,788,948)
		374,032,738	(1,196,527,548)
Cash flow from operating activities after working capital changes		442,521,146	(1,613,361,350)
Financial charges paid		(56,932,318)	(64,756,828)
Income tax paid		(10,682,345)	(14,946,920)
		(67,614,663)	(79,703,748)
Net cash flow from operating activities		374,906,483	(1,693,065,099)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(95,800,023)	(50,442,566)
Long term loans		(2,978,862)	984,626
Long term deposit		1,141,243	(6,343,654)
Investments		(775,077,167)	(71,931,583)
Sale proceeds from disposal of tangible fixed assets		6,315,250	2,618,793
Net cash flow from investing activities		(866,399,560)	(125,114,384)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receivables under reverse repurchase transactions		(195,000,000)	222,323,762
Share deposit money		-	121,000,000
Repayment of liability against assets subject to finance lease		(3,806,062)	(3,902,871)
Short term finance		(630,265,310)	1,163,324,685
Long-term loans		143,517,111	-
Borrowings		1,365,944,450	-
Net cash flow from financing activities		680,390,189	1,502,745,576
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		188,897,112	(315,433,907)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		59,434,825	374,868,732
CASH AND CASH EQUIVALENTS AT END OF THE YEAR *Rupees*	24	248,331,938	59,434,825

The annexed notes 1 to 39 form an integral part of these financial statements.

Basheer A. Chowdry
Managing Director

Nusrat Yar Ahmad
Chief Executive

Invest Capital Investment Bank Limited
Statement of Changes in Equity
For the year ended 30 June 2009

	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	(Deficit) / surplus on revaluation of available for sale investment	Accumulated profit / (loss)	Share deposit money	Total
Balance as at 01 July 2007	-	-	-	-	-	-
Shares of legal parent	100,000,000	-	-	764,088	-	100,764,088
Issue of shares on amalgamation to ICSL shareholders in ratio 1:7 (note 1)	2,450,000,000	-	-	-	-	2,450,000,000
Reversal on amalgamation (note 1)	-	(2,388,554,050)	-	-	-	(2,388,554,050)
Issue of shares to creditors	237,054,050	-	-	-	-	237,054,050
Adjustment of reserve on reduction of capital	(2,040,630,350)	2,040,630,350	-	-	-	-
Share deposit money	-	-	-	-	121,000,000	121,000,000
Incremental depreciation charge for the year - released from surplus on revaluation of fixed asset	-	-	-	442,222	-	442,222
Unrealised loss on remeasurement of investments classified as available-for-sale	-	-	(12,076,479)	-	-	(12,076,479)
Loss for the year	-	-	-	(19,468,200)	-	(19,468,200)
Total recognised loss for the year	-	-	(12,076,479)	(19,025,978)	-	(31,102,457)
Balance as at 30 June 2008, as reported previously	746,423,700	(347,923,700)	(12,076,479)	(18,261,890)	121,000,000	489,161,631
Effect on incremental depreciation release from the surplus on revaluation of fixed asset (less recorded in the previous year)	-	-	-	697,089	-	697,089
Effect of incremental depreciation on loss for the year (less recorded in the previous year)	-	-	-	(697,089)	-	(697,089)
Balance as at 30 June 2008, restated	746,423,700	(347,923,700)	(12,076,479)	(18,261,890)	121,000,000	489,161,631
Issue of shares on amalgamation to AZLCL shareholders in ratio 1:2.4 (note 1)	1,178,570,352	-	-	-	-	1,178,570,352
Issue of shares on amalgamation to AZLM shareholders in ratio 1:2.6 (note 1)	802,674,600	-	-	-	-	802,674,600
Reserve on amalgamation (note 4)	-	(1,674,151,984)	-	-	-	(1,674,151,984)
Incremental depreciation charged for the period - released from surplus on revaluation of fixed asset	-	-	-	1,034,948	-	1,034,948
Unrealised loss on remeasurement of investments classified as available-for-sale	-	-	2,097,458	-	-	2,097,458
Impairment in the value of investment classified as available-for-sale taken to profit and loss account	-	-	14,186,409	-	-	14,186,409
Profit for the year	-	-	-	165,350,148	-	165,350,148
Total recognised profit for the year	-	-	16,283,867	166,385,096	-	182,668,963
Balance as at 30 June 2009 *Rupees*	**2,727,668,652**	**(2,022,075,684)**	**4,207,388**	**148,123,206**	**121,000,000**	**978,923,562**

The annexed notes 1 to 50 form an integral part of these financial statements.

Basheer A. Chowdry
Managing Director

Nusrat Yar Ahmad
Chief Executive

1. LEGAL STATUS AND OPERATIONS

1.1 Invest Capital Investment Bank Limited ('the Company') was formed after the amalgamation of Asset Investment Bank Limited ('AIBL') with Invest Capital and Securities (Private) Limited ('ICSL') through the order of Lahore High Court, Rawalpindi Bench dated 27 March 2007 for the sanction of the arrangement of amalgamation. Pursuant to the same order the name of AIBL was changed to Invest Capital Investment Bank Limited.

The Company is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Securities & Exchange Commission of Pakistan ('SECP') has issued a license to the company to carry out investment finance activities as a Non Banking Finance Company. The Company is listed on Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated in Karachi.

1.2 In compliance with regulation no. 7(2)(n) of the NBFC Rules, 2003, the Company has to separate its brokerage business from the other business activities. The Company is in the process of segregating its brokerage business from other business activities and proposes to transfer the brokerage business to a subsidiary company incorporated for this purpose. The requirment for compliance with aforesaid regulation has been extended till 30 June 2010 by SECP vide S.R.O 886 dated 13 October 2009.

1.3 The Company has entered in a scheme of arrangement for the amalgamation by way of merger of Al-Zamin Leasing Corporation Limited (AZLCL) and Al-Zamin Leasing Modaraba (AZLM) with and into Invest Capital Investment Bank Limited ("InvestBank"). The scheme of arrangement is under Sections 284 to 288 read with section 503 (1) (c) of the Companies Ordinance, 1984. The scheme is effective from 30 June 2009 (close of business). Accordingly on 30 June 2009 (close of business) all the assets and liabilities and obligations of the AZLCL and AZLM are vested with and assumed by the Company. The Company in consideration will issue 117,857,040 its shares to the share holders of AZLCL at a swap ratio of 24 shares of Rs. 10 each of the Company for 10 shares of Rs. 10 each of AZLCL and will also issue 80,267,460 its shares to the certificate holders of AZLM at a swap ratio of 26 shares of Rs. 10 each of the Company for 10 certificates of Rs. 10 each of AZLM. The Securities and Exchange Commission of Pakistan has approved the above merger, while the Competition Commission of Pakistan has also issued the no objection certificate to this matter. The Honourable High Court of Sindh has approved the amalgamation by way of merger through order dated 8 December 2009. Accordingly, these financial statements are merged financial statements of the Company, AZLCL and AZLM.

As the merger is effective as of 30 June 2009, the profit and loss account for the years ended 30 June 2008 and 30 June 2009, represents the results of operations of Invest Capital Investment Bank Limited. Further, the corresponding figures reported in the balance sheet represents by balance of Invest Capital Investment Bank Limited as of 30 June 2008.

1.4 AZLCL is a Non-Banking Finance Company (NBFC) and regulated by the Securities and Exchange Commission of Pakistan (SECP), under the Non Banking Finance Companies (Establishment and Regulation) Rules 2003 (NBFC Rules, 2003) and the Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations, 2008). AZLCL was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984, on April 07, 1987. The Company was engaged in leasing business (both under the finance lease and operating lease arrangements).

During the year, the SECP vide its letter No. SC/NBFC(1)/ALCL/2008-469 dated October 23, 2008 renewed the AZLCL's license for undertaking the business of Investment Finance Services (IFS) against an application submitted to SECP in April, 2008.

1.5 AZLM was formed in 1992 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (Modaraba Ordinance) and the Modaraba Companies and Modaraba Rules, 1981 (Modaraba Rules) and was being managed by Al-Zamin Modaraba Management (Private) Limited (Modaraba Management Company), a company incorporated in Pakistan under the Companies Ordinance, 1984 and registered with the Registrar of Modaraba Companies and Modaraba (Registrar) under the Modaraba Ordinance. AZLM was a multi purpose Modaraba and the principal business of the AZLM was financing under leasing, musharakah and murabahah arrangements and operation of Compressed Natural Gas (CNG) / Diesel filling stations.

In respect of the CNG / Diesel related projects, the AZLM, either directly or indirectly through joint venture operations, was engaged in the following projects:

Joint ventures

Centre Gas (Private) Limited and UMA Enterprises (partnership concern)

Own projects (managed by the Modaraba as its integral part)

- Star Petroleum (Faisalabad)
- Vigor CNG Station (Kamoki, near Lahore)

In addition to the above, a similar project is also being set up in Faisalabad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the apporved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standard (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities And Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, Investement Property' through Circular No. 19 dated 13 August 2003 for Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures 'through SRO 411(1) / 2008 on such Non-Banking Finance Companies as are engaged in investment finance services, discounting services and housing finance services.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that certain investments and certain property, plant and equipments are stated at fair values / revalued amounts. Further, assets and liabilities acquired/transferred due to merger are stated at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency and rounded off to the nearest rupee.

2.4 Accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements as follow:

- Net investment in Ijirah Finance / assets under ijarah in arrangements (notes 3.6 & 9)
- Musharakah and other finance (notes 3.6, 10 & 16)
- Property, plant and equipments (notes 3.3 & 5)
- Intangible assets (notes 3.4 & 6)
- Goodwill (notes 3.4 & 7)
- Investments (note 3.5)
- Stock in trade (note 3.25)
- Ijarah rentals receivables (notes 3.12.1 & 20)
- Asset acquired in satisfaction of finances (notes 3.24 & 19)
- Trade debts (notes 3.10 & 18)
- Deferred taxation (notes 3.11 & 13)
- Long term loans (note 3.6)

2.5 Accounting standards and interpretations not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after 1 July 2009:

Revised IAS 1 – "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of the investor (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 – "Borrowing Costs" (effective for annual periods beginning on or after 1 January 2009) removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of this standard is not likely to have an effect on the Company's financial statements.

IAS 27 – "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with gain or loss recognised in the profit or loss.

Amendment to IAS 32 – "Financial Instruments: Presentation" and IAS 1 – "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2009) - Puttable financial instruments and obligations arising on liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendment is not expected to have an effect on the Company's financial statements.

Amendments to IAS 39 and IFRIC 9 – "Embedded derivatives" (effective for annual periods beginning on or after 1 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value. The amendment is not expected to have an effect on the Company's financial statements.

The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvement project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2010 financial statements. Amendments to IAS 39 – "Financial Instruments: Recognition and measurement - Eligible hedged items" (effective for annual periods beginning on or after 1 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment is not expected to have an effect on the Company's financial statements.

IFRS 2 (Amendment) – "Share-based payment - Vesting Conditions and Cancellations" (effective for annual periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendment is not expected to have an effect on the Company's financial statements.

Amendment to IFRS 2 – "Share-based Payment - Group Cash-settled Share-based Payment Transactions" (effective for annual periods beginning on or after 1 January 2010). Currently effective IFRS requires attribution of group share-based payment transactions only if they are equity-settled. The amendment resolves diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements. The amendment is not expected to have an effect on the Company's financial statements.

Revised IFRS 3 – "Business Combinations" (applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent considerations to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interests in identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. The application of this standard is not expected to have an effect on the Company's financial statements.

IFRS 4 – "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires the entity issuing insurance contracts (an insurer) to disclose information about those contracts. The standard is not applicable to the Company's financial statements.

IFRS 5 (Amendment) – "Non-current assets held-for-sale and discontinued operations" (effective from 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. The amendment is not expected to have an effect on the Company's financial statements.

Amendment to IFRS 7 – "Improving disclosures about Financial Instruments" (effective for annual periods beginning on or after 1 January 2009). These amendments have been made to bring the disclosure requirements of IFRS 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. The amendment is not expected to have an effect on the Company's financial statements apart from certain increase in disclosures.

IFRS 8 – "Operating segments" (effective for annual periods beginning on or after 1 January 2009) introduces the management's approach to segment reporting. IFRS 8 will require a change in presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company's chief operating decision maker in order to assess each segment's performance and to allocate resources to them. This IFRS is not expected to have an effect on the Company's financial statements apart from certain increase in disclosures.

IFRIC 15 – "Agreement for Construction of Real Estate" (effective for annual periods beginning on or after 1 October 2009) clarifies the recognition of revenues by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. This IFRIC is not relevant to the Company's operations.

IFRIC 16 – "Hedge of Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The Interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. The IFRIC is not relevant to the Company's operations.

IFRIC 17 – "Distributions of Non-cash Assets to Owners" (effective annual periods beginning on or after 1 July 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement. As the Company does not distribute non-cash assets to its shareholders, this interpretation has no effect on the Company's financial statements.

IFRIC 18 – "Transfers of Assets from Customers" (to be applied prospectively to transfers of assets from customers received on or after 1 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). This interpretation is not relevant to the Company's operations.

2.6 Initial application of a standard or an interpretation

The following standards, amendments and interpretations became effective during the current year:

IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 – Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 – Financial Instruments: Disclosure and Presentation. The application of this standard did not had any impact on the Company's financial statements other than increase in disclosures.

IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in Hyperinflationary Economies and therefore the application of the standard did not had any effect on the Company's financial statements.

IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 did not had any effect on the Company's financial statements.

IFRIC 14 IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset. The interpretation had no effect on Company's financial statements for the year ended 30 June 2009.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Business combinations

Business combinations are accounted for using the purchase method. Under this method the cost of acquisition is measured as the fair value of the assets given and the liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identified assets acquired, liabilities and contingent liabilities assumed are fair valued at the acquisition date. The excess of cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill where as the excess of identifiable net assets acquired over the cost of acquisition is recorded as gain on bargain purchase. For details please refer note 4 also.

3.2 Staff retirement benefits

Defined contribution plan

The Company operates a defined contribution plan. i.e. recognized provident fund scheme for all its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions at the rate of 10% of basic salary are made to the fund by the Company and the employees.

Similar plans were also operated by Al-Zamin Leasing Corporation Limited (AZLCL) and Al-Zamin Leasing Modaraba (AZLM) and the investments and members' contributions of AZLCL and AZLM will be transferred to the Company's provident fund.

Defined benefit plan

A funded gratuity scheme in AZLCL and an unfunded gratuity scheme in AZLM were also operated by them on the effective date of merger. Obligation under these plans are determeined through actuarial valuations carried out under the "Projected Credit Mehtod" and the last valuation was carried out on 30 June 2009. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous accounting period exceed ten percent of the higher of defined benefit obligation and fair value of the planned assets at that date. These gains or losses are recognised over the expected average working lives of the employees participating in the plan.

Currently the company's management has decided that no new employee shall be entitled to these benefits, except that these schemes would continue to be operative for those employees who were earlier entitled to these benefits.

Compensated absences

AZLM also makes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated up to the balance sheet date in accordance with the service rules.

3.3 Property, plant and equipments

Owned

Property, plant and equipment, except office premises and leasehold premises are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Office premises and leadhold premises are stated at revalued amount less accumulated depreciation and accumulated impairement losses (if any). Land is carried at cost. Surplus on revaluation of off premises and leasehold premises is credited to the surplus on revaluation account.

Depreciation is charged to income applying the reducing balance method over the estimated useful life of related assets, at the rates specified in Note 5 to these financial statements. Up to the previous year, full year's depreciation was charged in the year of additions, while no depreciation was charged in the year of disposal. From the current year, the management has decided to charge depreciaion on additions from the month the asset is available for use up to the month of disposal. The management believes that the above change reflects a more systematic allocation of depreciable amount of these assets over their useful lives.

The above revision has been accounted for as change in accounting estimates in accordance with the requirements of International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, the effect of the change in accounting estimates has been recognised prospectively in the profit and loss account of the current year. The effect of above change on depreciation expense is as follows:

		2009
Decrease in depreciation expense	*Rupees*	5,627,523

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and Losses on disposal of fixed assets are included in income currently.

Leased assets

Assets held under finance lease are accounted for by recording the asset and related liability at fair value of the asset or, if lower, the present value of minimum lease payments.

The outstanding obligation under the lease less finance charges allocated to future periods is shown as a liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on the leased assets on the basis similar to that of owned tangible assets.

3.4 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits will flow to the entity and the cost of such assets can be measured reliably. These are stated at cost less any accumulated depreciation and impairement losses, if any.

Membership cards of Karachi Stock Exchange (Guarantee) Limited (KSE) and National CommodityExchange Limited (NCEL)

Previously these were carried at revalued amount. However, these are now being carried at cost less impairment loss, if any, as the management considers that active market as defined in IAS 38 "Intangible assets" in respect of these cards do not exist. This has been more fully explained in Note 58 to these financial statements.

Goodwill

Goodwill represents the excess of cost of an acquisition over fair value of the net identifiable assets acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment.

Software

Computer softwares are initially measured at cost and subsequently stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost of these assets is amortised using the straight line basis reflecting the pattern in which the economic benefits of the assets are consumed by the Company.

3.5 Investments

All investments are initialy recognised at cost, being the fair value of the consideration given including the transaction costs associated with the investment except in case of held for trading investments, in which case these are charged off to the profit and loss account. All purchases and sale of investments are recognised / derecognised on the trade date. After initial recognition, these are categorised and accounted for as follow:

3.5.1 *Investment at fair value through profit or loss*

This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through profit or loss upon initial recognition.

- *Financial instruments held for trading*

  Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

- *Financial instruments designated at fair value through profit or loss upon initial recognition*

  Investments designated at fair value through profit or loss upon initial recognition include those group of investments which are managed and their performance evaluated on fair value basis in accordance with the entity's documented investment strategy.

After initial recognition, the above investments are remeasured at fair value determined with reference to the year-end quoted rates (equity shares and investments in units of closed end funds at respective stock exchange rates, while the units of open end funds at their declared net asset value per unit). Gains or losses on remeasurement of these investments are recognised in the profit and loss account.

3.5.2 *Held-to-maturity*

Investments with fixed maturity, where management has both the intention and ability to hold to maturity, are classified as held to maturity. These investments are initially recorded at cost. Such investments are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. Any gain/loss arising on derecognition/impairment in value of such investments, is recognized in the profit and loss account.

3.5.3 *Available-for-sale*

Investments which do not fall under the above categories and which may be sold in response to the need for liquidity or changes in market rates are classified as available for sale. These are initially measured at cost, being fair value of the consideration given. Subsequent to initial recognition, investments in quoted securities are marked to market, using the last quoted rate at the close of the financial year (refer note 3.5.1). Any resultant gain or loss are taken directly to equity, untill the investments are sold or untill the investments are determined to be impaired, at which time the cumulating gain or loss previously reported in the equity is included in the current year's profit and loss account.

Fair value of unquoted investment is estimated based on appropriate valuation method, if it is practicable to determine it.

3.5.4 *Investments in joint ventures*

These investments are initially recognised at cost. Thereafter, the Company's share of the changes in the net assets of the joint ventures is accounted for at the end of each period under the equity basis of accounting. Share of profit and loss of the joint ventures is accounted for in the Company's profit and loss account, where as change in the joint ventures equity, which has not been recognised by them in their profit and loss account, is recognised directly in the equity of the Company.

3.6 Net investment in Ijarah finance / assets leased under Ijarah arrangements, musharakah finance, long term and short term loans / finances

Ijarah agreements commencing upto 30 June 2008 are accounted for as finance lease and are included in the financial statements as "Net investment in Ijarah finance" at an amount equal to the present value of the lease payments, including estimated residual value (net of allowance for non-operating lease).

The Company has adopted Islamic Financial Accounting Standard 2-Ijarah for all Ijarah commencing on or after 1 July 2008. The assets subject to Ijarah commencing on or after 1 July 2008 are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on these assets using straight line method over the period of the lease. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the corresponding assets.

Other lending arrangments comprising of musharakah finance, long terms and short term loans and finances are stated net of impairment provisions.

Allowance against non-performing balance is made in accordance with Prudential Regulations for NBFC's issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit and loss account currently.

3.7 Receivable from terminated / matured contracts

These are stated net of impairment losses, if any. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for Non-Banking Finance Companies issued by the SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.

3.8 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

3.9 Offsetting of financial assets and financial liabilities

Financial assets and a Financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

3.10 Trade debts and other receivables

These are stated net of provision for doubtful debts. Full provision is made against debts considered doubtful.

3.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates, or minimum tax payable under the Income Tax Ordinance, 2001, whichever is higher, and charge / credit for the prior years.

Deferred

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base. This is recognised on the basis of the expected manner of the realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised. The Company also recognises deferred tax liability on surplus on revaluation of fixed assets and available-for-sale investments, which is adjusted against the related surplus in accordance with the requirements of International Accounting Standard 12 'Income Taxes'.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit and loss.

3.12 Revenue recognition

3.12.1 *Finance lease/ Ijarah income*

- The Company follows the finance method for recognising income on Ijarah contracts commencing prior to 30 June 2008 and accounted for as finance leases. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals (including residual value) over the cost of the asset under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah.

- For Ijarah arrangements commencing on or after 1 July 2008, Ijarah rentals are recognized as income on accrual basis, as and when the rentals become due.

- Documentation charges, front-end fee and other Ijarah income are recognised as income on receipt basis. Unrealized lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations.

- Leases in which a significant portion of the risk and reward is retained by the Company are classified as operating lease. Rental income from operating leases is recognised on a straight line under the time proportion basis (on an accrual basis).

3.12.2 Income on debt investment securities, bank deposits, long term loans, balances receivable under reverse repurchase agreement, murabahah and musharakah investments and finances

Income on above assets is recognised on a time proportion basis under the effective yield method.

3.12.3 Dividend income

Dividend income from investments (other than investment in joint ventures) is recognised when the right to receive the same is established i.e. at the time of closure of share transfer books of the company declaring the dividend.

3.12.4 Gain on sale of investments

Gain or loss on sale of investments is taken to income in the period in which it arises.

3.12.5 Unrealised income on non-performing assets

Unrealized income is suspensed, where necessary (on non-performing assets including the non-performing lease / Ijarah portfolio, musharakah, murabahah and other loans and lendings), in accordance with the requirements of the Prudential Regulations for Non-Banking Finance Companies issued by the SECP. The unrealised suspended income is recognised in income on receipt basis.

3.12.6 Sale of CNG / Diesel

Income from the sale of CNG / Diesel are recognised on the filling of the related vehicles, etc.

3.12.7 Brokerage, fees and commission

Brokerage, advisory fee and commission income is recognized on accrual basis on the rendering/ performance of services.

3.13 Gain on sale and lease back transaction

This is amortised over the period of the lease obligation.

3.14 Borrowing costs

Borrowing costs are charged as expense in the period these are incurred.

3.15 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and at bank and includes short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.16 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

3.17 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.18 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. The Company's primary format of reporting is based on business segments.

Business segments

Brokerage

It consists of equity brokerage, forex brokerage, money market brokerage and online trading brokerage. The brokerage activities include services provided in respect of share brokerage, brokerage on continuous funding system, money market brokerage and share subscription commission.

Investment and treasury

It consists of capital market, money market investment and treasury functions. The activities include profit on bank deposit, term deposit receipts, capital gains on equity and debt securities, mark-up income on term finance certificates and sukuks and dividend income.

Leasing/ Ijarah

It includes all types of leases viz operating lease, finance lease and ijarah and is a major source of revenue for the Company.

Other operations

It consists of advisory, consultancy function, musharkah, murabahah and all other functions not included in other segments.

Geographical segments

The Company operates in Pakistan only.

3.19 Fiduciary assets

Assets, if any, held in trust or in a fiduciary capacity are not treated as assets of the company and accordingly are not included in these financial statements.

3.20 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the balance sheet date. Exchange differences are taken to profit and loss account.

3.21 Securities purchased / sold under resale / repurchase agreements (repo borrowings and reverse repo lendings)

Securities sold under repurchase agreement (Repo) are retained in the books as investments and its counter-part liability is included in repurchase agreement borrowings. The difference between sale and repurchase price is treated as mark-up expense and recognized over the period of contract.

Securities purchased under agreement to resell (reverse Repo) are included in lending to financial institutions. The difference between purchase and resale price is treated as mark-up income and recognized over the period of the contract.

3.22 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset and as per the guideline of the NBFC regulations.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate and as per the guidline of NBFC regulations.

All impairment losses are recognised in the profit and loss account.

Non-financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.23 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.24 Assets acquired in satisfaction of finance

These are stated at lower of recoverable amount or the original claim of the company. Difference between the above two is charged to the profit and loss account.

3.25 Stock in trade

These are valued at lower of cost and net realisable value. Net realisable value signifies the estimated selling price in the ordinary course of the business less estimated cost of completion and selling expenses. Cost is determined under the First In First Out (FIFO) basis.

3.26 Murahabah borrwoings and financing

Consequent to adoption of Islamic Financial Accounting Standards 1 - murabahah, issued by the Institute of charttered Accountants of Pakistan, the Company accounts for murabahah as follows:

- Funds disbursed for pruchase of goods are recorded as 'Advance for murabahah'. On the culmination of murabahah i.e. on sale of goods to the customers, murabahah financings are recorded at the deferred sale price net of profit.

- Goods purchased but remaining unsold at the balance sheet date are recorded as inventories.

- Profit on murabahah is recognised on accrual basis. However, profit for the period from the date of disbursement to the date of culmination of murabahah is recognised immediately upon the later date.

- Funds received against sale of goods are recorded as 'murabahah payable'. On the culmination of murabahah i.e. on purchase of goods from the counter party, murabahah payables are recorded at the deferred purchase price net of expenses.

- Expenses on murabahah is recognised on accrual basis. However, expenses for the period from the date of receipt to the date of culmination of murabahah is recognised immediately upon the later date.

4. BUSINESS COMBINATION

Pursuant to scheme of amalgamation by way of merger, Al-Zamin Leasing Modaraba and Al-Zamin Leasing Corporation Limited were merged with and into the Company effective from 30 June 2009 (at close of business).

If the merger had occurred on 1 July 2008, Al-Zamin Leasing Modaraba (AZLM) and Al-Zamin Leasing Corporation Limited (AZLCL), respectively, would have reduced company's profit before tax by approximately Rs. 167.217 million and Rs. 206.746 million and company's profit after tax respectively by Rs. 171.752 million and Rs. 143.470 million.

The details of net assets acquired and gain on bargain purchase are as follows:

Purchase consideration:

80,267,460 shares to be issued to the certificate holders of AZLM at fair value of Rs. 1.55 per share		**124,414,563**
117,857,035 shares to be issued to the shareholders of AZLCL at fair value of Rs. 1.55 per share		**182,678,404**
		307,092,967
Fair value of net assets acquired:		
AZLM		236,654,687
AZLCL		552,610,359
		789,265,046
Gain on bargain purchase, included in other income		**482,172,079**
Difference between the face value of the Company's share and market value of the shares (198,124,495 shares @ Rs. 8.45) - taken to equity	*Rupees*	**1,674,151,983**

The swap ratio for the amalgamation by way of merger of Al-Zamin Leasing Modaraba and Al-Zamin Leasing Corporation Limited with and into Invest Capital Investment Bank Limited was determined on the basis of unaudited financial statements as at 31 March 2009. The swap ratio was the weighted average of adjusted book value per share and market value per share during the period. The respective weight of adjusted book value and market value during the period was 90 percent and 10 percent. For the purpose of calculation of gain on bargain purchase, market value at the effective date of merger i.e. 30 June 2009 has been considered.

Swap ratio as of 31 March 2009 was approved by the Securities and Exchange Commission of Pakistan.

The assets and liabilities arising from the acquisition as of 30 June 2009 are as follows:

		Fair value			Acquirees'
		AZLM	AZLCL	Total	carrying amount
Assets					
Current Assets					
Cash and bank balances		54,785,398	98,756,548	153,541,946	153,541,946
Short term investments		25,105,053	64,170,689	89,275,742	89,275,742
Short term finances		-	67,259,002	67,259,002	67,259,002
Takaful reserve fund investments		28,743,840	-	28,743,840	28,743,840
Short term musharakah and murabahah		242,706,495	-	242,706,495	242,706,495
Assets acquired in satisfaction of finances provided		-	99,500,000	99,500,000	99,500,000
Advances and prepayments and other receivables		108,588,829	79,939,589	188,528,418	188,528,418
Ijarah rentals receivables		17,310,385	-	17,310,385	17,776,932
Current maturity of long term receivables		908,766,475	638,512,214	1,547,278,689	1,551,857,155
Stock in trade		1,042,322	-	1,042,322	1,042,322
		1,387,048,797	1,048,138,042	2,435,186,839	2,440,231,852
Non-current assets					
Long term musharakah - secured		199,165,051	-	199,165,051	199,165,051
Net investment in Ijarah finance/assets under Ijarah arrangements		970,287,500	318,022,542	1,288,310,042	1,345,310,042
Long term investments		108,834,948	66,604,496	175,439,444	179,560,987
Long term loans		-	56,306,825	56,306,825	56,306,825
Long term security deposits and advances		8,354,119	10,661,136	19,015,255	19,015,255
Property, plan and equipment		312,889,079	406,301,084	719,190,163	751,228,374
Intangible assets		11,000,000	500,000	11,500,000	797,354
Deferred taxation		(24,362,897)	44,542,518	20,179,621	166,243,245
		1,586,167,800	902,938,601	2,489,106,401	2,717,627,133
Total assets	*Rupees*	2,973,216,597	1,951,076,643	4,924,293,240	5,157,858,985
Liabilities					
Current liabilities					
Short term borrowings/musharakah borrowings and bank finance facilities		92,848,587	223,337,598	316,186,185	316,186,185
Short term certificates of musharakah		283,280,000	-	283,280,000	283,280,000
Certificates of investments and deposits		-	71,650,000	71,650,000	71,650,000
Creditors, accrued and other liabilities		90,617,911	46,986,127	137,604,038	137,604,038
Profit distribution payable		5,907,468	-	5,907,468	5,907,468
Current maturity of long term liabilities		912,315,484	413,047,418	1,325,362,902	1,325,362,902
		1,384,969,450	755,021,143	2,139,990,593	2,139,990,593
Long term and deferred liabilities					
Deferred liabilities		6,060,503	1,909,446	7,969,949	7,969,949
Security deposits from lessees		503,985,310	168,811,177	672,796,487	672,796,487
Long term certificates of musharakah		177,095,000	-	177,095,000	177,095,000
Loan from a Director		-	194,545,117	194,545,117	250,000,000
Long term loan		-	127,764,347	127,764,347	127,764,347
Liabilities against assets subject to Ijarah finance		566,795	18,400,054	18,966,849	18,966,849
Long term musharakah and murabahah borrowings		201,829,565	-	201,829,565	201,829,565
Musharakah Term Finance Certificates		462,055,287	-	462,055,287	462,055,287
Redeemable capital - Musharakah Term Finance Certificates		-	128,380,000	128,380,000	128,380,000
Certificates of investments and deposits		-	3,635,000	3,635,000	3,635,000
		1,351,592,460	643,445,141	1,995,037,601	2,050,492,484
Total liabilities	*Rupees*	2,736,561,910	1,398,466,284	4,135,028,194	4,190,483,077
Net assets acquired	*Rupees*	236,654,687	552,610,359	789,265,046	967,375,908
Purchase consideration				307,092,967	
Gain on bargain purchase, included in other income (note 49)			*Rupees*	**482,172,079**	

5. PROPERTY, PLANT AND EQUIPMENT

		2009	2008
Operating assets	*5.1*	**920,422,163**	171,902,617
Capital work in progress	*5.4*	**26,553,760**	47,129,690
	Rupees	**946,975,923**	219,032,307

5.1 Operating assets

	COST				2009	DEPRECIATION				Written down
	As at 1 July 2008	Additions / (disposal)	Addition due to merger/ revaluation/ transfer/ (reversal)	As at 30 June 2009	Rate (%)	As at 1 July 2008	For the year / (disposal)	Addition due to merger/ transfer/ (written off)	As at 30 June 2009	value as at 30 June 2009
OWNED ASSETS										
Land	85,012,000	55,853	169,694,000	254,761,853	1.03	-	-	-	-	254,761,853
Building	-	-	193,573,354	193,573,354	5	-	-	453,082	453,082	193,120,272
Office premises	12,405,600	-	22,750,000 1,094,400 144,654,000	180,904,000	5	1,209,546	675,000	1,085,959 (1,209,546)	1,760,959	179,143,041
Leasehold premises	15,000,000	-	(3,000,000)	12,000,000	5	750,000	600,000 (750,000)	-	600,000	11,400,000
Office renovation	1,055,453	32,727,241 (1,055,453)	-	32,727,241	33.33	1,015,812	8,777,505 (1,025,721)	-	8,767,596	23,959,645
Furniture and fixture	14,156,720	- (5,435,601)	21,605,707	30,326,826	10	5,767,076	790,436 (3,735,404)	7,356,818	10,178,926	20,147,900
Office equipment	32,743,677	49,433,894 (7,304,931)	18,980,585	93,853,225	10	13,254,793	11,882,770 (5,244,638)	8,410,967	28,303,892	65,549,333
Electric fittings	2,797,544	- (2,797,544)	-	-	10	1,439,639	101,842 (1,541,481)	-	-	-
Motor vehicles	37,623,908	13,504,487 (8,934,066)	18,539,055 4,256,000	64,989,384	20	12,270,267	6,172,291 (3,961,314)	5,704,488 - 1,962,197	22,147,929	42,841,455
Plant and machinery	-	-	17,934,748	17,934,748	10	-	-	1,067,468	1,067,468	16,867,280
	200,794,902	95,721,475 (25,527,595)	610,081,849	881,070,631	-	35,707,133	28,249,844 (15,508,558)	25,587,897 (1,209,546)	73,279,852	807,790,779
LEASED ASSETS - held for own use										
Motor vehicles	11,185,000 -	- -	6,721,775 (4,256,000)	13,650,775	20	4,370,152 -	973,397 -	3,436,198 (1,962,197)	6,817,550	6,833,225
Plant and machinery	-	-	12,610,887	12,610,887	10	-	-	459,812	459,812	12,151,075
Office equipment	-	-	20,926,378	20,926,378	10	-	-	12,979,294	12,979,294	7,947,084
	11,185,000	-	36,003,040	47,188,040		4,370,152	973,397	14,913,107	20,256,656	26,931,384
OWNED ASSETS HELD FOR OPERATING LEASE ARRANGEMENTS										
Generator	-	-	85,700,000	85,700,000	10	-	-	-	-	85,700,000
Rupees	**211,979,902**	**95,721,475** **(25,527,595)**	**731,784,889**	**1,013,958,671**		**40,077,285**	**29,223,241** **(15,508,558)**	**40,501,004** **(1,209,546)**	**93,536,508**	**920,422,163**

5.1.1 Details of CNG/Diesel related projects transfer due to merger, included in note 5.1 above are as follows:

		Freehold land	Building	Plant and machinery	Furniture and fixture	Office equipment	Total
Cost		45,198,000	22,179,354	30,545,632	52,800	22,000	97,997,786
Accumulated depreciation		-	546,049	1,535,720	10,237	6,086	2,098,092
Net book value as at 30 June 2009	*Rupees*	45,198,000	21,633,305	29,009,912	42,563	15,914	95,899,694

Freehold land of Rs. 61.576 million included in CNG/Diesel related projects is mortgaged against a murabahah borrowing from a commercial bank.

	2008 (Restated)									
	COST				Rate	DEPRECIATION				Written down
	As at 1 July 2007	Additions / (disposal)	Transfer	As at 30 June 2008	(%)	As at 1 July 2007	For the year / (disposal)	Transfer / write-off	As at 30 June 2008	value as at 30 June 2008
OWNED ASSETS										
Land and building	60,769,000	24,243,000	-	85,012,000		-	-	-	-	85,012,000
Office premises	12,405,600	-	-	12,405,600	5	620,280	589,266	-	1,209,546	11,196,054
Leasehold premises	15,000,000	-	-	15,000,000	5	-	750,000	-	750,000	14,250,000
Office renovation	-	1,055,453	-	1,055,453	33.33	-	19,818	995,994	1,015,812	39,641
Furniture and fixture	9,806,004	4,596,952	-	14,156,720	10	4,022,765	932,183	999,834	5,767,076	8,389,644
		(246,236)					(187,706)			
Office equipment	28,064,270	4,728,907	-	32,743,677	10	9,708,298	2,165,432	1,394,878	13,254,793	19,488,884
		(49,500)					(13,815)			
Electric fittings	2,797,544	-	-	2,797,544	10	1,288,761	150,878	-	1,439,639	1,357,905
Motor vehicles	20,185,171	20,414,872	-	37,623,908	20	7,162,618	6,370,848	1,594,994	12,270,267	25,353,641
		(5,165,135)	2,189,000				(2,858,193)			
	149,027,589	55,039,184	2,189,000	200,794,902		22,802,722	10,978,425	4,985,700	35,707,133	165,087,769
		(5,460,871)					(3,059,714)	-		
LEASED ASSETS	- held for own use									
Motor vehicles	13,374,000	-	(2,189,000)	11,185,000	20	3,734,672	1,703,712	(1,068,232)	4,370,152	6,814,848
Rupees	162,401,589	55,039,184	-	211,979,902		26,537,394	12,682,137	3,917,468	40,077,285	171,902,617
		(5,460,871)					(3,059,714)	-		

5.2 Disposal of operating fixed assets

The following is a statement of assets disposed off during the year:

Particulars		**Cost**	**Accumulated depreciation**	**Written down value**	**Sale proceeds**	**Gain / (loss)**	**Particulars of buyers**	**Mode of disposal**
Vehicles:								
Honda CD-70		53,886	(47,136)	6,750	7,233	483	Jan Muhammad	Through negotiation.
Toyota Corolla		669,000	(615,365)	53,635	57,466	3,831	Awias Ahmed	Through negotiation.
Toyata Prado		3,005,180	(761,312)	2,243,868	2,825,000	581,132	Javed Yousuf Ahmadjee	As per Company policy.
Honda City		835,000	(538,586)	296,414	345,000	48,586	Shahis Rasheed Allahwala	As per Company policy.
Honda City		835,000	(532,886)	302,114	345,000	42,886	Sohail Yousaf	As per Company policy.
Honda Civic-VTI		1,028,000	(258,961)	769,039	805,977	36,938	Javed Yousuf Ahmadjee	As per Company policy.
Honda City		952,000	(560,422)	391,578	490,000	98,422	Mehmood Qureshi	As per Company policy.
Suzuki Cultus		620,000	(229,813)	390,187	415,000	24,813	Rasheed Khan	Through negotiation.
Honda City		936,000	(416,832)	519,168	601,791	82,623	Asif Hussain	As per Company policy.
		8,934,066	**(3,961,313)**	**4,972,753**	**5,892,467**	**919,714**		
Others								
Office Equipment		7,304,931	(5,244,638)	2,060,293	85,483	(1,974,810)	Miscellaneous	Sold as scrap & writen off.
Furniture & Fixtures		5,435,601	(3,735,404)	1,700,188	12,300	(1,687,888)	Miscellaneous	Sold as scrap & writen off.
Electric Fittings		2,797,544	(1,541,481)	1,256,055	325,000	(931,055)	Miscellaneous	Writen off
Office Renovation		1,055,453	(1,025,721)	29,732	-	(29,732)	-	Writen off
		16,593,529	**(11,547,244)**	**5,046,268**	**422,783**	**(4,623,485)**		
Total: 2009	*Rupees*	**25,527,595**	**(15,508,558)**	**10,019,021**	**6,315,250**	**(3,703,771)**		
Total: 2008	*Rupees*	5,460,874	(3,059,714)	2,401,160	2,644,467	243,307		

5.3 During the year, as of 30 June 2009, revaluation of office premises and leasehold premises was carried out. The revaluation was carried out under market value basis by an independent valuer M/S Zafar Iqbal & Co. resulting in a net deficit of Rs.0.696 million over book value as detailed in note 28. Leasehold premises represents revalued amount of a room at Karachi Stock Exchange building. This amount has been reclassified from Membership cards and Rooms as an indenture of sub lease was extended between the Karachi Stock Exchange and the Company and the corresponding figures has been reclassified.

Above deficit has been credited to surplus on revaluation of assets. Had there been no revaluations, the value of the assets as of 30 June 2009 would have been as under:

		Cost	**Net book**
Office premisess		**3,610,622**	**2,654,139**
Leasehold premises		**100,000**	**-**
	Rupees	**3,710,622**	**2,654,139**

5.4 Capital work-in-progress		**2009**	2008
Development charges relating to freehold land		**5,000,000**	-
CNG Station at Faisalabad	*5.4.1*	**21,453,760**	-
Renovation and office equipment		**100,000**	47,129,690
	Rupees	**26,553,760**	47,129,690

5.4.1 This represents expenditure incurred for the establishment of a CNG Station at Faisalabad. Al-Zamin Leasing Modaraba has entered in a partnership agreement with another party under which:

- the Modaraba will provide equipments for the CNG station and 50% of the cost of construction;

- the other party has agreed to provide land for the CNG station and shall bear remaining 50% of the cost of construction.

Currently, cost of construction is being borne by the Modaraba only and the above partner has agreed to settle its dues from the operation of the CNG station. Profit sharing ratio shall be 50% each.

5.5 Land and building respectively includes carrying values of Rs. 74.5 million and Rs. 42 million which have been let out under operating lease arrangements.

6. INTANGIBLE ASSETS		**2009**	2008 (Restated)
Membership cards	*6.1*	**24,350,000**	24,350,000
Computer software	*6.2*	**12,525,167**	1,367,126
	Rupees	**36,875,167**	25,717,126

6.1 This represents cost of membership cards of the Karachi Stock Exchange (Guarantee) Limited and National Commodity Exchange Limited.

6.2 Computer software		**2009**	2008
Opening balance - cost		**2,759,688**	2,688,838
Additions during the year		**78,548**	70,850
Addition due to merger		**11,500,000**	-
		14,338,236	2,759,688
Accumulated amortization at the beginning of the year		**1,392,562**	806,651
Amortization for the year @ 30% per annum		**420,506**	585,911
		1,813,069	1,392,562
	Rupees	**12,525,167**	1,367,126

7. GOODWILL

During the year the management decided to write off the goodwill previously recognised as the management believes that the future economic benefits associated with the previously recognised goodwill will not flow to the Company. The goodwill had arisen on the formation of the company as a result of the amalgamation of Asset Investment Bank Limited and Invest Capital and Securities (Private) Limited. Refer note 1 also.

8. LONG TERM INVESTMENTS

		2009	2008
Investment in related parties	*8.1*	**62,240,756**	-
Available for sale investments:			
- Ordinary shares & certificates of listed and unlisted entities	*8.2*	**83,503,946**	-
- Mutual Funds	*8.3*	**18,595,774**	-
- Term Finance Certificates	*8.4*	**11,098,970**	-
	Rupees	**175,439,446**	-

8.1 INVESTMENTS IN RELATED PARTIES

Joint ventures			
CNG / Diesel filling stations			
- Centre Gas (Private) Limited	*8.1.1*	**34,535,703**	-
- UMA Enterprises	*8.1.2*	**27,705,053**	-
	Rupees	**62,240,756**	-

8.1.1 The summarised financial information and the share of profit given below are based on the audited financial statements of Centre Gas (Private) Limited ("the Company") as of 30 June 2009 audited by another firm of auditors who have expressed an unqualified opinion on those financial statements.

		Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
Centre Gas (Private) Limited	*Rupees*	**25,452,991**	**44,141,041**	**2,154,370**	**2,566,070**	**28,781,748**	**3,851,720**

The company's paid-up share capital is Rs. 5 million comprising 5,000 ordinary shares of Rs.1,000 each. The equity as at 30 June 2009 was Rs.41.575 million.

8.1.2 The summarised financial information and the share of profit given below are based on audited financial statements of UMA Enterprise as of 30 June 2009 audited by another firm of auditors who expressed an unqualified opinion on those financial statements.

		Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
UMA Enterprises	*Rupees*	**9,095,542**	**44,233,729**	**5,885,979**	**13,341,097**	**54,202,871**	**16,355,978**

During the year ended 30 June 2006, Al-Zamin Leasing Modaraba (AZLM) entered in a partnership agreement with two other parties namely, Universal Textile Mills (Private) Limited (Universal) and Madni Petroleum & CNG Service (Private) Limited (Madni). Under the agreement, a partnership firm UMA Enterprises (UMA) has been established for a minimum period of 20 years with an option to renew the said partnership deed for a further period of 10 years with the mutual consent of all the parties. UMA is engaged in the business of procurement, instalment, maintenance and operation of a retail outlet / CNG station, etc. Under the terms of the agreement, Universal has provided land on which the CNG station has been established (for twenty years lease renewable for another ten years), Madni is responsible for the management of the project and AZLM was responsible for providing the finances up to Rs. 25 million required for the establishment of the project (which has already been provided). Financial control of the Enterprise vests with AZLM.

The profit and losses from the project are shared by the AZLM at 40%. The project commenced its operations in July 2007.

8.2 Available for sale investments - Ordinary shares / Certificates

Number of shares / certificates (of Rs. 10 each)				Fair Value / Carrying Value	
2009	2008			**2009**	2008
Listed					
14,500	-	AMZ Ventures Limited		**7,685**	-
7,500	-	Askari Bank Limited		**114,600**	-
2,500	-	Atlas Bank Limited		**8,475**	-
15,600	-	Attock Refinery Limited		**1,946,724**	-
159,958	-	Bank Al-Falah Limited		**1,687,556**	-
50,000	-	BankIslami Pakistan Limited		**318,500**	-
33,000	-	D.G. Khan Cement Company Limited		**978,450**	-
1,000	-	Dost Steel Limited		**5,340**	-
112,000	-	English Leasing Limited		**165,760**	-
60,500	-	Engro Chemical Pakistan Limited		**7,770,015**	-
45,500	-	Fauji Fertilizers Bin Qasim Limited		**804,895**	-
8,000	-	Fauji Fertilizers Company Limited		**695,600**	-
520,000	-	First Equity Modaraba Limited		**514,800**	-
82,541	-	First Fidelity Leasing Modaraba		**214,875**	-
10,000	-	First Habib Modaraba		**57,700**	-
13,440	-	Habib Bank Limited		**1,156,646**	-
130,000	-	Hub Power Company Limited		**3,521,700**	-
2,500	-	IGI Investment Bank Limited		**10,450**	-
8,800	-	Javed Omer Vohra & Company Limited		**118,536**	-
30,000	-	Lucky Cement Limited		**1,755,900**	-
18,000	-	National Bank of Pakistan		**1,206,540**	-
25,000	-	Network Leasing Corporation Limited		**258,000**	-
107,500	-	NIB Bank Limited		**510,625**	-
7,000	-	Pak Suzuki Motor Company Limited		**475,300**	-
59,400	-	Pakistan Oil Fields Limited		**8,666,460**	-
15,355	-	Pakistan Petroleum Limited		**2,910,387**	-
27,500	-	Pakistan State Oil Company Limited		**5,875,375**	-
20,000	-	Samba Bank Limited		**59,600**	-
10,000	-	Saudi Pak Leasing Company Limited		**19,900**	-
1,112,300	-	Southern Electric Power Company Limited		**3,570,483**	-
25,000	-	The Bank of Punjab		**274,500**	-
12,500	-	TRG Pakistan Limited		**16,875**	-
5,500	-	United Bank Limited		**210,595**	-
2,000	-	World Call Telecom Limited		**5,000**	-
135,000	-	Zeal Pak Cement Factory Limited		**62,100**	-
24,375	-	Arif Habib Securities Limited		**673,725**	-
17,200	-	Arif Habib Limited		**1,150,508**	-
7,000	-	Mari Gas Company Limited		**1,041,810**	-
12,500	-	Oil & Gas Development Co Limited		**983,000**	-
5,500	-	Adamjee Insurance Company Limited		**461,945**	-
24,000	-	Azgard Nine Limited		**531,350**	-
17,500	-	Nishat Mills Limited		**661,850**	-
25,000	-	Pakistan Telecommunication Company Limited		**431,000**	-
4,000	-	Packages Limited		**628,160**	-
5,000	-	Pakistan Refinery Limited		**449,000**	-
2,100	-	EFU General Insurance Co. Limited		**184,989**	-
4,100	-	ICI Pakistan Limited		**575,025**	-
10,000	-	Eye Television Network Limited		**287,500**	-
50,000	-	Maple Leaf Cement Factory Limited		**213,000**	-
3,437	-	Jahangir Siddiqui & Co. Limited		**79,704**	-
2,500	-	JS Investments Limited		**42,350**	-
5,000	-	Sui Northern Gas Pipelines Limited		**159,750**	-
Un-Listed	-			**-**	-
500,000	-	Central Depository Company of Pakistan Limited		**15,640,000**	-
1,333,333	-	Dawood Islamic Bank Limited	*8.2.1*	**13,333,333**	-
1,140	-	Innovative Investment Bank Limited		**-**	-
			Rupees	**83,503,946**	-

8.2.1 This represents investment of Rs. 13.33 million in 1,333,333 ordinary shares of Rs. 10 each of Dawood Islamic Bank Limited, an unlisted bank. Aforesa shares are blocked with the State Bank of Pakistan and cannot be sold / transferred without the prior approval of the State Bank of Pakistan for a period of three years from 30 November 2006, 31 January 2008 and 7 February 2008, (representing date of purchase of each lot included in total holding of 1,333,333 ordinary shares of the Bank) or as specified by the State Bank of Pakistan. The break-up value per share at 30 June 2009 based on the reviewed financial statements is Rs. 10.11.

8.2.2 Details of shares pledged with Saudi Pak Industrial and Agricultural Investment Company Limited (SAPICO), against a financing facility from them are as follows:

Scrip Name	**2009 Number of shares pledged**
Adamjee Insurance Company Limited	**5,000**
Arif Habib Limited	**17,200**
Arif Habib Securities Limited	**24,375**
Attock Refinery Limited	**15,000**
Azgard Nine Limited	**16,100**
D.G Khan Cement Company Limited	**15,000**
Engro Chemical Pakistan Limited	**45,500**
Eye Television Network Limited	**10,000**
Fauji Fertilizer Company Limited	**5,500**
Fauji Fertilizer Bin Qasim Limited	**25,000**
ICI Pakistan Limited	**4,100**
Jahangir Siddiqui & Company Limited	**3,437**
Lucky Cement Limited	**25,000**
Mari Gas Company limited	**7,000**
Nishat Mills Limited	**17,500**
Oil and Gas Development Limited	**12,500**
Packages Limited	**4,000**
Pakistan Oil Fields Limited	**47,400**
Pakistan Telecommunication Company Limited	**25,000**
Pakistan State Oil Limited	**22,500**

Subsequent to the year end, the borrowing from SAPICO was repaid and above shares have since then been released.

8.3 Available for sale investments - Mutual Funds

Number of units					
2009	2008			**2009**	2008
		Close-end - listed			
1,599,500	-	Safeway Mutual Fund		**17,292,674**	-
50,000	-	Pakistan Strategic Allocation Fund Limited		**171,500**	-
276,000	-	Pakistan Premier Fund Limited		**1,131,600**	-
			Rupees	**18,595,774**	-

8.4 Available for sale investments - Term Finance Certificates

Number of certificates					
2009	2008				
		Listed			
1,000	-	Saudi Pak Leasing Corporation Limited	*8.4.1*	**4,998,000**	-
1,551	-	Trust Investment Bank Limited	*8.4.1*	**6,100,970**	-
			Rupees	**11,098,970**	-

8.4.1 Details of listed Term Finance Certificates are as follows:

Name of the Company	**Repayment frequency**	**Rate per annum**	**Maturity date**
Saudi Pak Leasing Corporation Limited	Semi-annually	6 months KIBOR plus 1.50%	March 13, 2013
Trust Investment Bank Limited	Semi-annually	6 months KIBOR plus 1.80 basis	July 04, 2013

9. NET INVESTMENT IN IJARAH FINANCE/ ASSETS UNDER IJARAH ARRANGEMENT

		2009	2008
Ijarah contracts commencing upto 30 June 2008 - accounted for as finance leases	*9.1*	**2,437,626,243**	-
Ijarah contracts commencing 1 July 2008 - accounted for under IFAS 2	*9.2*	**269,955,116**	
		2,707,581,359	-
Current portion of net investment in Ijarah finance	*21*	**(1,419,271,317)**	-
	Rupees	**1,288,310,042**	-

9.1 Net investment in Ijarah finance

	2009			2008		
	Due within one year year	**Due after one year but within five years**	**Total**	Due within one year	Due after one year but within five years	Total
Minimum lease payments receivable	**1,269,600,236**	**807,121,217**	**2,076,721,453**	-	-	-
Residual value of leased assets	**371,119,934**	**600,010,104**	**971,130,038**	-	-	-
Lease contracts receivable	**1,640,720,170**	**1,407,131,321**	**3,047,851,491**	-	-	-
Unearned lease income (including suspensed income)	**(194,902,841)**	**(137,447,750)**	**(332,350,591)**	-	-	-
Provision for potential lease losses	**(26,546,012)**	**(251,328,645)**	**(277,874,657)**	-	-	-
	(221,448,853)	**(388,776,395)**	**(610,225,248)**	-	-	-
Rupees	**1,419,271,317**	**1,018,354,926**	**2,437,626,243**	-	-	-

9.1.1 Above balances as of 30 June 2009, represent the addition due to the merger of Al-Zamin Leasing Corporation Limited and Al-Zamin Leasing Modaraba with and into Invest Capital Investment Bank Limited.

Above entities had entered into various lease agreements with profit rates ranging from 6.44% to 34.81% per annum. These agreements usually are for three to five years period. These are generally secured against leased assets, personal / corporate guarantees and promissory notes given by the lessees and other collaterals.

The above net investment in finance lease includes non-performing lease portfolio of Rs. 602.168 million. Details of these leases are as follows:

9.1.2 Category of classification

	2009			2008		
	Principal outstanding	**Provision required**	**Provision held**	Principal outstanding	Provision required	Provision held
Other assets especially mentioned	**184,175,779**	**56,906,655**	**56,906,655**	-	-	-
Substandard	**109,782,238**	**14,205,240**	**14,205,240**	-	-	-
Doubtful	**120,160,036**	**38,911,079**	**38,911,079**	-	-	-
Loss	**188,049,515**	**167,851,683**	**167,851,683**	-	-	-
Rupees	**602,167,568**	**277,874,657**	**277,874,657**	-	-	-

9.2 Assets under Ijarah arrangements

The following is a statement of assets leased out:

	COST			DEPRECIATION			
	As at 1 July 2008	**Transfer due to merger**	**As at 30 June 2009**	**As at 1 July 2008**	**Transfer due to merger**	**As at 30 June 2009**	**Net carrying value as at 30 June 2009**
Plant and machinery	-	39,094,500	39,094,500	-	5,880,830	5,880,830	33,213,670
Equipment	-	198,991,424	198,991,424	-	27,261,948	27,261,948	171,729,476
Vehicles	-	63,477,832	63,477,832	-	11,309,265	11,309,265	52,168,567
Livestock	-	15,088,380	15,088,380	-	2,244,977	2,244,977	12,843,403
2009 *Rupees*	-	**316,652,136**	**316,652,136**	-	**46,697,020**	**46,697,020**	**269,955,116**

Above Ijarah arrangements carry profit rates ranging between 13.21% to 27.49% per annum.

9.2.1 Ijarah rentals receivable in respect of above assets

		2009	2008
Ijarah rentals receivable		**18,977,230**	-
Provision against Ijarah rentals receivable	*9.2.2*	**(1,666,845)**	-
	Rupees	**17,310,385**	-

9.2.2 Provision against Ijarah rentals receivable

Category of classification		2009 Principal outstanding	2009 Provision required	2009 Provision held	2008 Principal outstanding	2008 Provision required	2008 Provision held
Other assets especially mentioned	*Rupees*	**1,666,845**	**1,666,845**	**1,666,845**	-	-	-

9.2.3 Contractual rentals receivable

		2009 Due within one year	2009 Due after one year but within five years	2009 Total	2008 Due within one year	2008 Due after one year but within five years	2008 Total
Total future rentals receivable	*Rupees*	**112,652,880**	**199,126,660**	**311,779,540**	-	-	-

10. LONG TERM MUSHARAKAH FINANCE - secured

		2009	2008
Companies (non- financial institutions)		**125,944,282**	-
Individuals		**138,932,400**	-
		264,876,682	-
Receivable within one year shown under current assets		**(64,827,218)**	-
		200,049,464	-
Provision against impaired balances	*10.2*	**(884,413)**	-
	Rupees	**199,165,051**	-

10.1 This represents investments under musharakah basis for working capital and project financing . These are secured against mortgage of properties, musharakah finance (borrowing), demand promissory note and personal guarantee of sponsor directors. Profit rates range between 12.01% to 42.42%. These are payable in monthly / quarterly instalments by 30 June 2013.

10.2 This represents provision against a non-performing receivable balance of Rs. 2.221 classified as loss.

11. LONG TERM LOANS - considered good

		2009	2008
Considered good			
Executives	*11.1, 11.2 & 11.4*	**27,162,274**	21,616,614
Other employees	*11.1 & 11.2*	**9,028,032**	4,333,187
Customers	*11.3*	**110,545,908**	-
		146,736,214	25,949,801
Considered doubtful			
Customers	*11.3*	**1,254,428**	-
Less: Provision		-	-
		1,254,428	-
		147,990,642	25,949,801
Current maturity	*21*	**(70,314,240)**	(6,188,416)
	Rupees	**77,676,402**	19,761,385

11.1 This respectively includes Rs. 22.356 million and Rs. 6.147 million unsecured loans (considered good) to the executives and employees of the Company disbursed in accordance with the Company's policy and terms of employment. These are repayable in monthly installments over the period ranging from 1 to 10 years and do not carry any interest.

11.2 This respectively includes Rs. 4.806 million and Rs. 2.881 million loans to the executives and employees of former Al-Zamin Leasing Corporation Limited representing the house and car loans provided as per the entity's policy. The house loans are repayable in 240 monthly instalments and carry a variable mark-up rate based on State Bank of Pakistan discount rate prevailing on the last day of a calendar year minus 400 bps with a minimum of 5% per annum. The loans are secured by equitable mortgage on the property through the title documents of the property. Car loans are repayable in 60 monthly instalments and carry a variable mark-up rate based on Company's cost of funds.

11.3 These represent long-term finances to various customers of Al-Zamin Leasing Corporation Limited and carry mark-up at the rate ranging from 9.85% to 21.97% per annum. These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

11.4 Reconciliation of the carrying amount of loans to executives

		2009	2008
Balance at the beginning of the year		**21,616,614**	19,658,550
Employees promoted to executive category		**56,483**	886,948
Disbursements during the year		**10,863,000**	7,342,208
Transfer due to merger		**4,805,878**	-
		37,341,975	27,887,706
Repayments during the year		**(10,179,701)**	(6,271,092)
Closing Balance	*Rupees*	**27,162,274**	21,616,614

12. LONG TERM DEPOSITS AND RECEIVABLES - unsecured and considered good

	Note	2009	2008
Security Deposits			
For assets acquired on leases		**688,400**	1,107,400
Deposit with Karachi Stock Exchange (Guarantee) Limited		**3,010,000**	3,310,000
Deposit with National Commodity Exchange Limited		**3,502,000**	3,502,000
Others	*12.1*	**24,655,622**	5,637,609
		31,856,022	13,557,009
Current maturity	*21*	**(688,400)**	(263,400)
	Rupees	**31,167,622**	13,293,609

12.1 This represents security deposits paid for utilities services, office premises, etc.

13. DEFERRED TAX ASSET - net

13.1 Deferred tax on items recognised in the surplus on revaluation of assets:

	Note	2009	2008
Taxable temporary differences:			
- Surplus on revalution of fixed assets	*13.4*	**(1,194,350)**	(1,005,306)
- Surplus on revalution of available for sale Government securites	*13.4*	**(1,589,998)**	-
		(2,784,348)	(1,005,306)

13.2 Deferred tax arising on merger

	Note	2009	2008
Deductible temporary differences (tax effect)			
- privision against doubtful finance lease and other receivable		**109,839,748**	-
- carry forward of income tax losses		**199,298,314**	-
- liabilities against asset subject to finance lease		**9,908,553**	-
		319,046,615	-
Taxable temporary differences (tax effect)			
- accelerated tax depreciation		**(298,866,994)**	-
	13.3	**20,179,621**	-
	Rupees	**17,395,273**	(1,005,306)

13.3 At 30 June 2009, net deferred tax asset amounting to Rs. 146 million has not been recognised as a matter of prudence.

13.4 This change has been respectively recognised in the surplus on revaluation of fixed assets and surplus on revaluation of available for sale investments.

14. SHORT-TERM INVESTMENTS

Investments at fair value through profit or loss	Note	**2009**	2008
Quoted securities			
- Term finance certificates		**-**	47,540
- Ordinary shares	*14.1*	**49,236,754**	-
- Preference shares - cumulative	*14.2*	**461,872**	-
- Mutual Funds	*14.3*	**76,276,116**	41,628,924
Available-for-sale			
Government securities	*14.4*	**777,597,394**	-
Other quoted securities			
- Term finance certificates	*14.5*	**84,000**	70,000
- Units of closed ended mutual funds		**-**	9,500
- Ordinary shares	*14.6*	**25,616,584**	85,879,518
Un - quoted securities			
Dawood Family Takaful Limited (100,000 ordinary shares)	*14.7*	**1,000,000**	-
	Rupees	**930,272,720**	127,635,482

14.1 Investments at fair value through profit and loss - ordinary shares

2009	2008		2009	2008
No of shares (of Rs. 10 each)		**Name of company**	**Market value**	
78,437	-	Bank Alfalah Limited	**827,510**	-
10,600	-	Habib Bank Limited	**912,236**	-
195,500	-	NIB Bank Limited	**928,625**	-
21,600	-	United Bank Limited	**827,064**	-
41,000	-	Meezan Bank Limited	**451,000**	-
15,000	-	Attock Cement Limited	**1,053,300**	-
21,000	-	Hub Power Company Limited	**568,890**	-
6,000	-	Pakistan State Oil Limited	**1,281,900**	-
2,000	-	Shell Pakistan Limited	**447,800**	-
46,950	-	Sui Northern Gas Pipeline Limited	**1,500,053**	-
40,000	-	Sui Southern Gas Company Limited	**560,000**	-
10,000	-	Oil & Gas Development Company Limited	**786,400**	-
19,000	-	Pakistan Oilfields Limited	**2,772,100**	-
50,000	-	Pakistan Telecommunications Limited	**862,000**	-
35,055	-	Fauji Fertilizer Company Limited	**3,047,686**	-
102,500	-	Fauji Fertilizer Bin Qasim Limited	**1,813,225**	-
83,500	-	Pakistan PTA Limited	**238,810**	-
38,025	-	Packages Limited	**5,971,446**	-
23,500	-	ICI Pakistan Limited	**3,295,874**	-
33,620	-	Engro Chemical Pakistan Limited	**4,317,816**	-
11,500	-	Mari Gas Company Limited	**1,711,545**	-
16,000	-	Tri-Pack Film Limited	**1,598,240**	-
18,800	-	Arif Habib Limited	**1,257,532**	-
20,000	-	D.G Khan Cement Company Limited	**593,000**	-
22,000	-	Eye Television Network Limited	**632,500**	-
10,000	-	Pakistan International Container Terminal	**534,300**	-
23,400	-	Azgard Nine Limited	**518,076**	-
26,880	-	Netsole Technologies Limited	**480,077**	-
27,000	-	JS Investment Limited	**457,380**	-
11,495	-	Central Insurance Company Limited	**425,200**	-
17,189	-	Jahangir Siddiqui & Company Limited	**398,613**	-
150,000	-	Karachi Electric Supply Company Limited	**397,500**	-
24,420	-	Javed Omer Vohra & Company Limited	**328,938**	-
35,000	-	Fauji Cement Company Limited	**230,650**	-
12,500	-	Sitara Peroxide Limited	**230,500**	-
2,000	-	Pakistan Refinery Limited	**179,600**	-
2,500	-	Lucky Cement Limited	**146,325**	-
22,500	-	Invest & Finance Securities Limited	**135,000**	-
107,500	-	TRG Pakistan Limited	**145,125**	-
1,000	-	Adamjee Insurance Company Limited	**83,990**	-
1,650	-	Bestway Cement Limited	**42,141**	-
58,500	-	AMZ Ventures Limited	**31,005**	-
11,250	-	Dewan Cement Limited	**30,938**	-
6,500	-	Maple Leaf Cement Factory Limited	**27,690**	-
2,000	-	Ahmed Hassan Textile Mills Limited	**56,000**	-
6,166	-	Arif Habib Bank Limited	**43,100**	-
445	-	Askari Bank Limited	**6,800**	-
22,500	-	Atlas Bank Limited	**76,275**	-
10,000	-	Attock Refinery Limited	**1,247,900**	-
2,000	-	Century Paper & Board Mills Limited	**26,380**	-
4,114	-	Crescent Steel & Allied Products Limited - a related party	**73,929**	-
1,000	-	Dost Steel Limited	**5,340**	-
24,500	-	First Habib Modaraba	**141,365**	-
		Total carried forward *Rupees*	**44,756,689**	-

2009	2008			2009	2008
No of shares (of Rs. 10 each)		**Name of company**		**Market value**	
		Total brought forward		**44,756,689**	-
4,000	-	Ghandara Nissan Limited		**21,400**	-
3,000	-	Honda Atlas Cars Pakistan Limited		**38,550**	-
7,500	-	IGI Investment Bank Limited		**31,350**	-
10,000	-	KASB Bank Limited		**103,200**	-
500	-	Kohinoor Energy Limited		**14,500**	-
315	-	Kohinoor Power Company Limited		**2,356**	-
15,000	-	Kot Addu Power Company Limited		**633,900**	-
2,000	-	MCB Bank Limited		**310,060**	-
20,020	-	National Bank of Pakistan		**1,341,941**	-
13,800	-	Orix Leasing Pakistan Limited		**110,400**	-
3,000	-	Pak Suzuki Motor Company Limited		**203,700**	-
15,000	-	Lafarge Pakistan Cement Limited		**40,500**	-
5,000	-	Pakistan Petroleum Limited		**947,700**	-
74,000	-	Samba Bank Limited		**220,520**	-
10,000	-	Saudi Pak Leasing Company Limited		**19,900**	-
10,000	-	Shakarganj Mills Limited		**51,000**	-
20,000	-	Silk Bank Limited		**108,200**	-
6,344	-	Soneri Bank Limited		**69,530**	-
34,850	-	Southern Electric Power Company Limited		**111,869**	-
10,000	-	Standard Chartered Bank Limited		**84,900**	-
88	-	The Bank of Punjab		**966**	-
5,449	-	Worldcall Telecom Limited		**13,623**	-
			Rupees	**49,236,754**	-

14.1.1 Ordinary shares having market value of Rs. 47.629 million are pledged with commercial banks against various financing facilities.

14.2 At fair value through profit or loss - Preference shares - cumulative

2009	2008			2009	2008
No of shares				**Market value**	
57,734	-	Pakistan International Container Terminal Limited. Rate of preference dividend: 10% Face value of preference shares: Rs.10 each Terms of redemption: Redeemable within 7 years of issue	*Rupees*	**461,872**	-

14.3 At fair value through profit or loss Mutual funds

2009	2008			2009	2008
No of units				**Market value**	
		Open-end - listed			
1,701,500	-	Pak Oman Advantage Fund		**15,313,500**	23,750,000
296,981	-	AKD Income Fund		**13,262,061**	-
10,451	-	Dawood Islamic Fund		**1,067,243**	-
10,429	-	HBL Multi Asset Fund		**844,112**	-
373,904	-	NAFA Stock Fund		**2,269,039**	-
288,374	-	Namco Income Fund		**29,388,953**	-
34,305	-	United Growth and Income Fund		**3,360,488**	-
6,764	-	United Stock Advantage Fund		**437,870**	-
		Total carried forward	*Rupees*	**65,943,266**	23,750,000

2009	2008		2009	2008
No of Units			**Market value**	
		Total brought forward	**65,943,266**	23,750,000
		Close-end - listed		
1,920,400	-	Namco Balanced Fund	**9,064,288**	17,878,924
200	-	Atlas Fund of Funds	**600**	-
523	-	JS Growth Fund	**1,998**	-
779	-	JS Value Fund	**3,466**	-
307,575	-	Pakistan Premier Fund Limited	**1,261,058**	-
320	-	PICIC Energy Fund	**1,440**	-
			10,332,850	17,878,924
		Rupees	**76,276,116**	41,628,924

14.4 Government securities (available-for-sale)

		2009	2008
		Market value	
- Pakistan Investment Bond	*14.4.1*	**49,498,850**	-
- Market Treasury Bills	*14.4.2*	**728,098,544**	-
	Rupees	**777,597,394**	-

14.4.1 These Pakistan Investment Bonds have a tenor of five years with maturity on 30 August 2013. These carry an effective yield of 11.50%.

14.4.2 These treasury bills have a tenor of one year with maturity on 26 March 2010, 8 April 2010 and 3 June 2010. These carry an effective yield of 12.15%.

14.5 Term finance certificates

This represents 20 unsecured subordinated term finance certificates (2008: 20) of United Bank Limited @ Rs. 4,000 each (2008: Rs. 4,000 each) and carry interest rate of six months KIBOR plus 1.5% with maturity on 4 February 2013. Average cost per term finance certificate is Rs. 3,500 (2008: Rs. 3,500).

14.6 Ordinary shares (available-for-sale)

2009	2008			2009	2008
No. of shares		**Name**		**Market value**	
-	10,000	Standard Chartered Bank Limited		-	235,100
37,500	2,500	Arif Habib Securities Limited		**1,036,500**	403,700
-	41,750	Askari Bank Limited		-	1,677,932
100,000	362,350	Bank of Punjab Limited		**1,098,000**	11,279,955
-	3,500	Faisal Bank Limited		**-**	122,640
-	100	First Cap Sec Corp Limited		**-**	5,920
-	26,105	NIB Bank Limited		-	296,814
50,000	20,303	National Bank of Pak Limited		**3,353,509**	2,994,693
700	7,000	MCB Bank Limited		**108,521**	2,284,660
100,000	92,625	BankIslami Pakistan Limited		**637,000**	1,371,776
67,500	72,500	MY Bank Limited		**247,050**	1,357,200
-	3,000	Adamjee Insurance Limited		**-**	812,160
-	5,500	Samin Textile Limited		**-**	152,460
3,500	3,500	Dandot Cement Limited		**29,050**	76,650
-	3,500	DG Khan Cement Limited		**-**	234,990
-	1,000	Lucky Cement Limited		**-**	97,930
-	50,000	Zeal Pak Limited		**-**	137,000
6,125	4,900	Shell Pakistan Limited		**1,371,388**	2,043,300
-	10,000	Fauji Fertilizer Company Limited		-	1,323,200
50,000	59,000	Fauji Fertilizer BinQasim Limited		**884,500**	2,122,230
13,500	13,500	Glaxo Smithkline Limited		**1,617,435**	2,295,000
		Total carried forward	*Rupees*	**10,382,953**	31,325,310

2009	2008			2009	2008
No of shares		**Name**		**Market value**	
		Total brought forward		**10,382,953**	31,325,310
-	10,000	Sitara Peroxide Limited		**-**	543,200
-	60,000	Bosicor Pakistan Limited		**-**	804,000
10,000	10,000	Pakages Limited		**1,570,400**	2,518,900
150,000	190,000	P.T.C.L (A)		**2,586,000**	7,341,600
300,000	1,037,444	Saudi Pak Com Bank Limited		**1,623,000**	15,717,277
45,000	165,700	Oil and Gas Development Company Limited		**3,538,800**	20,606,452
-	500	Azgard Nine Limited		**-**	30,780
-	150,868	Worldcall Telecom Limited		**-**	2,190,603
-	383	Askari Bank Limited		**-**	15,393
452,000	800,000	National Asset Leasing Limited		**45,200**	496,000
-	320	Security Leasing Corporation Limtied		**-**	2,205
51,453	51,264	First Dawood Investment Bank		**157,961**	3,585,917
25,000	25,000	First Islamic Modaraba		**8,250**	77,000
700,000	700,000	Harum Textile Limited		**-**	602,000
-	4,000	DadaBhoy Cement Limited		**-**	22,600
-	10	Pioneer Cement Limited		**-**	282
10,000	-	KASB Securities Limited		**115,100**	-
1,000	-	United Bank Limited		**38,290**	-
4,000	-	Pak Oilfields Limited		**583,600**	-
5,000	-	Pakistan Petroleum Limited		**947,700**	-
21,700	-	Engro Chemicals Limited		**2,786,931**	-
7,900	-	Sitara Chemicals Limited		**1,232,400**	-
			Rupees	**25,616,584**	85,879,518
		Cost	*Rupees*	**24,362,051**	97,957,576

14.7 Based on the latest available audited financial statements as at 31 December 2008, break-up value of the investment in Dawood Family Takaful Limited is Rs.988,000.

15. TAKAFUL RESERVE FUND INVESTMENTS

Available-for-sale - listed

No of units				2009	2008
2009	2008			**(Market value)**	
Open-end mutual funds					
94,021	-	Faysal Balanced Growth Fund		**7,145,577**	-
66,078	-	AKD Opportunity Fund		**2,325,931**	-
56,721	-	KASB Balanced Fund		**2,424,844**	-
45,942	-	National Investment Trust		**1,233,543**	-
174,998	-	Meezan Islamic Fund		**6,173,945**	-
				19,303,840	-
Closed-end mutual funds					
2,000,000	-	NAMCO Balanced Fund	*15.1*	**9,440,000**	-
			Rupees	**28,743,840**	-

15.1 These units were pledged with Saudi Pak Industrial and Agricultural Investment Company Limited (SAPICO) against a financing facility from them, which has since been settled and units released.

15.2 Refer note 36.3 for the details of these investments.

16. SHORT TERM MUSHARAKAH FINANCES - secured

		2009	2008
Musharakah - secured			
- Considered good		**175,343,631**	-
- Impaired balance		**71,818,348**	-
		247,161,979	-
Provision against impaired balances		**(4,455,484)**	-
	Rupees	**242,706,495**	-

This represents funds given (investments) for working capital purposes for the periods ranging between 92 to 367 days and are secured against mortgaged properties, demand promissory notes and personal guarantee of sponsor directors and carries profit rates ranging between 12% to 34.69 % per annum.

17. SHORT-TERM FINANCES - SECURED

		2009	2008
Considered good		**45,401,985**	-
Considered doubtful		**23,949,766**	-
Provision thereagainst		**(2,092,749)**	-
		21,857,017	-
	Rupees	**67,259,002**	-

These represent short-term finances receivable within a year and carry mark-up ranging from 20.08% to 25.91% per annum. These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

18. TRADE DEBTS - unsecured

		2009	2008
Considered good		**1,445,525,869**	1,352,383,735
Considered doubtful		**-**	3,858,985
		1,445,525,869	1,356,242,720
Provision for doubtful debts		**-**	(3,858,985)
	Rupees	**1,445,525,869**	1,352,383,735

19. ASSETS ACQUIRED IN SATISFACTION OF FINANCES PROVIDED

DA Country and Golf Club Membership Seats			**125,000,000**	-
Provision held			**(25,500,000)**	-
	19.1	*Rupees*	**99,500,000**	-

19.1 In previous periods, Al-Zamin Leasing Corporation Limited (AZLCL) had placed a sum of Rs.125 million with Innovative Investment Bank Limited (IIBL) [formerly; Crescent Standard Investment Bank Limited (CSIBL)] which was unsecured. Subsequently, upon failing to meet its obligations when they became due, CSIBL assigned 114 Platinum Memberships of DA Country and Golf Club at Rs.1.100 million per membership to AZLCL. However, the principal agreement between Sysmax (Private) Limited, the developer of golf course, and CSIBL was terminated by Sysmax. In accordance with the provisions of the said agreement, CSIBL referred the dispute to arbitration. Further, during the year ended 30 June 2008, on a petition filed by IIBL against Sysmax, the Honourable High Court of Sindh passed an order wherein it was stated that Sysmax assigns to IIBL 350 memberships of DA Country and Golf Club on which IIBL will have lien until the disposal of arbitration proceedings between the parties as a security for IIBL's claim in the arbitration proceedings and IIBL will be entitled to sell these memberships only when it succeeds in its claim in the arbitration. In case IIBL does not succeed in the arbitration, assignment and lien shall stand revoked and Sysmax shall be entitled to sell these memberships.

Subsequent to year end, IIBL and Sysmax entered into a Deed of Compromise and Final Settlement dated 3 September 2009 wherein it was confirmed that Sysmax shall assign 250 Platinum Memberships of DA Country and Golf Club at a price of Rs.1.4 million each, as full and final settlement of IIBL's claim against Sysmax. Accordingly, IIBL approached AZLCL for settlement of its placement with AZLCL amounting to Rs. 50 million and the above liability towards AZLCL. Under the scheme of settlement agreed in the Settlement Agreement between IIBL and AZLCL which was reached in October 2009, both the parties agreed to settle the claim against each other as under:

a) the placement of IIBL with the AZLCL amounting to Rs.50 million will be adjusted to settle the IIBL's liability towards AZLCL in part; and

b) it has been mutually agreed that IIBL shall transfer / assign 45 Platinum Memberships of DA Country and Golf Club immediately after acquiring the full transfer rights of 250 memberships from Sysmax and the removal of status quo order from the Honourable High Court of Sindh.

However, as a matter of prudence, the company has made a provision of Rs. 25.5 million in the financial statements of the current year.

20. IJARAH RENTALS RECEIVABLE AND RECEIVABLE UNDER REVERSE REPURCHASE ARRANGEMENTS

20.1 Ijarah rentals receivable

		2009	2008
Ijarah rentals receivable	*9.2.1*	**18,977,230**	-
Provision against Ijarah rentals receivable		**(1,666,845)**	-
	Rupees	**17,310,385**	-

20.2 Receivable under reverse repurchase transaction

This carries profit rate at 13.90 percent per annum and is due for maturity on 4 September 2009. It is secured against ordinary shares.

21. CURRENT MATURITIES OF NON - CURRENT ASSETS

		2009	2008
Net investment in Ijarah finance / assets under Ijarah arrangements	*9*	**1,419,271,317**	-
Musharakah receivables	*10*	**64,827,218**	-
Long term loans	*11*	**70,314,240**	6,188,416
Long term deposits and receivables	*12*	**688,400**	263,400
	Rupees	**1,555,101,175**	6,451,816

22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - unsecured, considered good			
- against purchases and expenses		**11,571,502**	575,000
- to staff	*22.1*	**2,257,963**	-
- Advance against lease		**3,154,500**	-
- Deposit with Privatisation Commission	*22.2*	**10,000,000**	-
- Income tax - net	*22.3*	**37,401,393**	28,043,250
- Others		**103,280**	176,000
Receivable from Centre Gas (Private) Limited	*22.4*	**10,000,000**	-
Prepayments		**22,374,847**	8,608,565
Other receivables	*22.5*	**262,640,067**	15,988,178
		359,503,552	53,390,993
Provision against impaired balances		**(116,318,989)**	-
	Rupees	**243,184,563**	53,390,993

22.1 Aggregate amount due from the executives is Rs.0.437. Maximum amount due from executives at the end of any month during the year aggregated to Rs.0.683 million.

22.2 This represents amount deposited with the Privatisation Commission, Government of Pakistan, on behalf of a consortium for the acquisition of 51% shares of First Women Bank Limited. The Company has 9% share in the consortium. The above balance was provided for in the year 2003, in view of the fact that the arrangement with the consortium did not materialise.

22.3 It includes an amount of Rs. 2.537 million (2008: Rs. 2.537 million) as tax recoverable. In the original assessments made by the Deputy Commissioner of Income Tax (DCIT), the rate used for assessments years 1993-94 to 1998-99 was that of the banking companies. However, in the appeals filed against the original assessments upto the assessment year 1997-98, the Commissioner of Income Tax (Appeals) [CIT (A)] directed the DCIT to apply the rate as applicable to a public company. The Tax department filed appeal against this order of CIT (A) to Income Tax Appellate Tribunal (ITAT). The ITAT, in its decision on the issue of the applicability of tax rate in respect of assessment years 1991-92 to 1997-98 held that investment banks are not banking companies and therefore the rate applicable to a public company should be applied. However, this case was taken to Lahore High Court by the tax authorities against the ITAT orders.

In the original assessments made by the DCIT for the assessment years 1994-95 to 2000-01 except for assessment year 1997-98, the dividend income was taxed by applying the rate applicable to the business income of a banking company instead of applying the reduced rate of 5% as prescribed by law. The CIT (A) and ITAT have confirmed that such income is taxable at the reduced rate of 5%. However, the Tax authorities have filed appeals against the ITAT orders in the Lahore High Court for assessment years 1995-96 and 1996-97. For assessment year 1997-98, the High Court has already decided the matter of taxation of dividend income against the tax authorities.

22.4 This represent payment by Al-Zamin Leasing Modaraba (AZLM) to the other shareholder of Centre Gas (Private) Limited ("the Company"), a joint venture entity for the purchase of the remaining 50% equity of the Company. Under the terms of agreement with the other shareholder, total purchase consideration was Rs. 38 million, out of which Rs. 10 million was paid to them. The remaining balance of Rs. 28 million was payable after the approval of Securities and Exchange Commission of Pakistan (SECP). However, SECP declined AZLM's request for the increase of its stake in the Company in excess of the above limit. As a result, subsequent to the year end, this amount was received by AZLM from the other shareholder of the Company.

22.5 Other Receivables

		2009	2008
Accrued interest / mark-up		**3,530,835**	-
Accrued profit on murabaha and musharakah investment		**23,697,458**	-
Receivable against sale of investment		**2,315,533**	-
Insurance rentals receivable		**13,474,765**	-
Insurance claims receivable		**26,629,357**	-
Other terminated lease / musharakah receivables		**36,524,761**	-
Repossessed assets (against terminated leases)		**44,360,982**	-
Insurance premium recoverable		**2,243,861**	-
Operating lease rentals receivable		**5,296,500**	-
Receivable against terminated leases		**14,333,523**	-
Others		**90,232,492**	15,988,178
		262,640,067	15,988,178
Provision held against other receivables		**(101,088,443)**	-
	Rupees	**161,551,624**	15,988,178

23. STOCK IN TRADE

This represents stock of petrol and diesel as on 30 June 2009 held at Star filling station in Faisalabad.

24. CASH AND BANK BALANCES

	Note	2009	2008
Balance with banks in:		**2009**	2008
Current accounts in local currency with:			
- State Bank of Pakistan		**6,490,033**	109,565
- Commercial banks		**15,494,557**	32,671,609
		21,984,590	32,781,174
Term deposit accounts - local cureency	*24.1*	**60,000,000**	-
Deposit accounts - local currency	*24.2*	**165,420,326**	26,554,403
		225,420,326	26,554,403
		247,404,916	59,335,577
Cash in hand			
- Local currency		**927,022**	99,248
	Rupees	**248,331,938**	59,434,825

24.1 This represents term deposit with a commercial bank and carry profit rate at 13.14% per annum.

24.2 These bank accounts carry mark-up ranging from 1% to 11% (2008: 1.2% to 9.25%).

25. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note		2009	2008
272,766,865 (2008: 74,642,370) Ordinary shares of Rs. 10 /-each issued for cash	*25.1*	*Rupees*	**2,727,668,652**	746,423,700

25.1 Reconciliation of ordinary shares

	Note	Number of Ordinary shares of Rs. 10 each	
		2009	2008
Opening balance of ordinary shares of Rs. 10/- each		**74,642,370**	10,000,000
Ordinary shares issued on amalgamation/ merger	*4*	**198,124,495**	245,000,000
Ordinary shares issued to creditors		**-**	23,705,405
Ordinary shares reduced on reduction of share capital		**-**	(204,063,035)
Closing balance of ordinary shares of Rs. 10/- each		**272,766,865**	74,642,370

26. SURPLUS / (DEFICIT) ON REVALUATION OF AVAILABLE-FOR-SALE INVESTMENTS - net

	Note	2009	2008
Quoted securities			
- Ordinary Shares and certificates		**1,254,534**	(12,078,057)
- Government Securities		**4,528,850**	-
- Term finance certificates		**14,002**	-
- Units of closed end mutual funds		**-**	1,578
		5,797,386	(12,076,479)
Deferred tax liability	*13*	**(1,589,998)**	-
	Rupees	**4,207,388**	(12,076,479)

27. SHARE DEPOSIT MONEY

This represents the amount received from the sponsor shareholders of the company and is not repayable. This amount would be converted into the share capital of the company. The amount was considered as part of the equity for the purposes of determination of swap ratio, which was also approved by the Securties and Exchange Commission of Pakistan.

28. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2009			2008 (Restated)		
	Office premises	**Lease hold premises**	**Total**	Office premises	Lease hold premises	Total
Opening balance	**8,402,224**	**14,250,000**	**22,652,224**	8,844,446	15,000,000	23,844,446
Revaluation during the year	**2,303,946**	**(3,000,000)**	**(696,054)**	-	-	-
Transfer to accumulated profit / loss in respect of incremental depreciation	**(504,657)**	**(530,291)**	**(1,034,948)**	(422,596)	(716,715)	(1,139,311)
Related deferred tax liability of incremental depreciation	**(30,652)**	**(32,209)**	**(62,861)**	(19,626)	(33,285)	(52,911)
	(535,309)	**(562,500)**	**(1,097,809)**	(442,222)	(750,000)	(1,192,222)
	1,768,637	**(3,562,500)**	**(1,793,863)**	(442,222)	(750,000)	(1,192,222)
	10,170,861	**10,687,500**	**20,858,361**	8,402,224	14,250,000	22,652,224
Less: Related deferred tax liability on:						
Revaluation as on 1 July	**372,891**	**632,415**	**1,005,306**	392,517	665,700	1,058,217
Incremental depreciation charged on related assets	**(30,652)**	**(32,209)**	**(62,861)**	(19,626)	(33,285)	(52,911)
Revaluation during the year	**269,727**	**(17,823)**	**251,904**	-	-	-
	611,966	**582,383**	**1,194,349**	372,891	632,415	1,005,306
Rupees	**9,558,895**	**10,105,117**	**19,664,012**	8,029,333	13,617,585	21,646,918

29. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

		2009		2008	
		Minimum lease payments	**Present value**	Minimum lease payments	Present value
Not later than one year		**22,096,448**	**17,145,935**	3,909,319	3,603,698
After one year but not more than five years		**22,506,858**	**18,966,849**	1,303,088	1,291,051
Total minimum lease payments		**44,603,306**	**36,112,784**	5,212,407	4,894,749
Amounts representing finance charges of future years		**(8,490,522)**	**-**	(317,658)	-
Present value of minimum lease payments		**36,112,784**	**36,112,784**	4,894,749	4,894,749
Current portion	*40*	**(17,145,935)**	**(17,145,935)**	(3,603,698)	(3,603,698)
	Rupees	**18,966,849**	**18,966,849**	1,291,051	1,291,051

These liabilities carry profit rates ranging from 12.98% to 18.72% per annum (2008: 6.27% to 14.02% per annum). The Company has an option to purchase the leased asset upon completion of the lease period by adjusting the security deposit and has intention to exercise the option.

30. DEFERRED LIABILITY FOR STAFF GRATUITY

30.1 *Un-fund gratuity scheme for employees of Al-Zamin Leasing Modaraba*

30.1.1 General description

Employees of Al-Zamin Leasing Modaraba are entitled to gratuity equivalent to one month's basic salary for every completed year of service or part thereof in excess of six months starting from 1 July 2005. The gratuity is an unfunded scheme.

30.1.2 Principal actuarial assumptions

The latest actuarial valuation was carried out as at 30 June 2009 using the Project Unit Credit Method. The main assumptions used for the actuarial valuations were as follows:

	2009	2008
Discount rate	**12%**	-
Estimated salary increase-per annum	**11%**	-
Estimated service length of the employees	**12 years**	-

30.1.3 Reconciliation of payable to defined benefit plan

		2009	2008
Present value of defined benefit obligations		**6,267,461**	-
Unrecognized actuarial loss		**(206,958)**	-
	Rupees	**6,060,503**	-

30.1.4 Changes in present value of defined benefit obligations

		2009	2008
Obligation at the beginning of the year		**4,438,122**	-
Effect of actuarial valuation for the first time		**(452,837)**	-
Current service cost		**1,763,115**	-
Interest cost		**478,234**	-
Benefit paid during the year		**(166,131)**	-
Unrecognized actuarial loss on obligation		**206,958**	-
Obligation at the end of the year	*Rupees*	**6,267,461**	-

30.1.5 Charge for defined benefit plan in the financial statements of Al-Zamin Leasing Modaraba

Current service cost		**1,763,115**	-
Interest cost		**478,234**	-
Effect of actuarial valuation for the first time		**(452,837)**	-
	Rupees	**1,788,512**	-

30.2 *Fund gratuity scheme for employees of Al-Zamin Leasing Corporation Limited*

30.2.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at 30 June 2009 using the Project Unit Credit Method. The main assumptions used for the actuarial valuations were as follows:

	2009	2008
Discount rate	**12%**	-
Estimated salary increase-per annum	**11%**	-
Estimated service length of the employees	**12 years**	-

30.2.2 The actuarial valuation carried out resulted in:

Present value of defined benefit obligation	*30.2.2*	**5,332,581**	-
Fair value of plan assets	*30.2.3*	**(2,620,946)**	-
Unrecognised actuarial losses	*30.2.4*	**(1,744,472)**	-
Total Liability	*Rupees*	**967,163**	-

30.2.3 Changes in present value of defined benefit obligation

Present value of defined benefit obligation		**4,589,078**	-
Interest cost for the year		**550,689**	-
Current service cost for the year		**868,310**	-
Actuarial gains on present value of defined benefit obligation		**(675,496)**	-
	Rupees	**5,332,581**	-

30.2.4 Changes in fair value of plan assets

Fair value of plan assets		**3,895,611**	-
Expected return on plan assets		**467,473**	-
Actuarial losses on plan assets		**(1,742,138)**	-
	Rupees	**2,620,946**	-

30.2.5 Changes in actuarial gains / (losses)

Unrecognised actuarial (losses) / gains		**(693,467)**	-
Actuarial losses recognised during the year as per paragraph 58A of IAS19		**-**	-
Actuarial losses arising during the year		**(1,066,642)**	-
		(1,066,642)	-
Actuarial losses / (gains) charged during the year		**15,637**	-
	Rupees	**(1,744,472)**	-

30.2.6 Charge for the year in the financail statements of Al-Zamin Leasing Corporation Limited

		2009	2008
Current service cost		**868,310**	-
Interest cost		**550,689**	-
Expected return on plan assets		**(467,473)**	-
Actuarial losses / (gains)		**15,637**	-
	Rupees	**967,163**	-

31. SECURITY DEPOSITS FROM LESSEES

		2009	2008
Security deposits on lease contracts		**1,052,335,633**	-
Current portion	*40*	**(379,539,146)**	-
	Rupees	**672,796,487**	-

These represent security deposits received against finance lease and Ijarah contracts and are repayable / adjustable on the expiry of the lease period.

32. LONG TERM CERTIFICATES OF MUSHARAKAH -unsecured

		2009	2008
Certificates of musharakah - associated undertaking	*32.2*	**12,420,000**	-
- others		**247,815,000**	-
		260,235,000	-
Payable within one year shown under current liabilities	*40*	**(83,140,000)**	-
	Rupees	**177,095,000**	-

32.1 These represent the mobilization of funds under the scheme of certificates of musharakah. These carry profit rates ranging between 13.25 % to 19% per annum and are due for repayment between 08 June 2009 and 26 June 2014 representing initial maturities of original borrowings in respective acquiree entities.

32.2 This carry profit rates ranging between 13.75% to 15% per annum and are due for repayment between 19 July 2009 and 7 February 2010.

32.3 Refer note 41.2 also for the details of Redemption Reserve Fund.

33. CERTIFICATES OF INVESTMENTS AND DEPOSITS - unsecured

		2009	2008
Long-term			
For one year or more		**4,224,400**	-
Payable within one year shown under current liabilities	*40*	**(589,400)**	-
	Rupees	**3,635,000**	-

Al Zamin Leasing Corporation Limited has a scheme of registered Certificates of Investment (COIs) and Certificates of Deposit (CODs) for resource mobilisation. The term of COIs / CODs ranges from one month to five years and return thereon ranges from 7.3% to 17.89% per annum.

34. LONG TERM MUSHARAKAH AND MURABAHAH BORROWINGS -secured

		2009	2008
Musharakah borrowings			
From commercial banks	*34.1*	**66,666,668**	-
Murabahah borrowings from:			
Commercial Banks	*34.3*	**222,916,661**	-
Other financial institutions	*34.4*	**154,746,217**	-
	34.2	**377,662,878**	-
		444,329,546	-
Payable within one year shown under current maturity	*40*	**(242,499,981)**	-
	Rupees	**201,829,565**	-

34.1 These finances carry profit rate of 3 months KIBOR+1.5% per annum and are payable in quarterly instalments. These are secured against hypothecation of specific leased assets and floating charge on the assets of AZLM. The principal repayment will be start from 12 September 2009 on quarterly basis. The maturity date is 12 June 2011.

34.2 Murabahah borrowings

		2009	2008
Murabahah payable - gross		**448,298,880**	-
Deferred murabahah expense		**(66,232,474)**	-
Profit payable shown in creditors, accrued and other liabilities		**(4,403,528)**	-
Murabahah payable	*Rupees*	**377,662,878**	-

34.3 These finances carry profit rates ranging from six months average KIBOR plus 3% per annum and three months KIBOR plus 1.9% to 2.75% per annum payable in monthly and quarterly instalments. These are secured against hypothecation of specific leased assets, floating charge on the assets of Al-Zamin Leasing Modaraba (AZLM) and corporate guarantee by the management company of AZLM. These finances are payable from 21 September 2008 to 05 February 2012 representing the initial maturities of original borrowings in respective acquiree entities.

34.4 These finances carry profit rates ranging from six months average KIBOR plus 3% to 3.25% per annum and three months KIBOR plus 3 % per annum payable in monthly quarterly and half yearly instalments. These are secured against hypothecation of specific leased assets, floating charge on the assets of AZLM and corporate guarantee by the management company of AZLM. These finances are payable from 16 July 2008 and 5 February 2012 representing the initial maturities of original borrowings in respective acquiree entities.

35. MUSHARAKAH TERM FINANCE CERTIFICATES
(TFCs - privately placed) - secured

		2009	2008
Commercial banks	*35.1*	**345,000,000**	-
Other financial institutions	*35.1*	**355,000,000**	-
Privately placed term finance certificates - 2	*35.2*	**45,000,000**	-
		745,000,000	-
Current maturity	*40*	**(278,333,334)**	-
		466,666,666	-
Total initial transaction cost		**7,400,000**	-
Amortization to date		**(2,788,621)**	-
		4,611,379	-
	Rupees	**462,055,287**	-

35.1 These finances carry profit rate 6 months KIBOR+1.9% per annum and are payable in half yearly instalments. At the year-end profit rate was 12.43% per annum. These are secured against first pari passu charge of specific leased assets and associated lease receivables of Al-Zamin Leasing Modaraba. The principal repayment will start from 12 November 2009 on half yearly basis in equal instalments of Rs. 116.667 million. The maturity date is 12 May 2012.

35.2 The principal and profit on privately placed TFCs issued on July 10, 2004 is payable semi annually at a base rate plus 175 bps. The applicable rate as of balance sheet date for this TFC is 17.41% per annum. Base rate is six months ask KIBOR. The tenor of this TFC is five years unless call option is exercised. These are secured by joint pari-passu charge on all present and future leased assets and its related receivables of the Al-Zamin Leasing Corporarion Limited.

36. REDEEMABLE CAPITAL - TERM FINANCE CERTIFICATES

Transfer due to merger of:		2009	2008
- Al-Zamin Leasing Modaraba (Musharakah Term finance Certificates - MTFCs)	*36.1 to 36.3*	**110,500,000**	-
- Al-Zamin Leasing Corporation Limited	*36.4*	**128,380,000**	-
		238,880,000	-
Current maturity	*40*	**(110,127,231)**	-
		128,752,769	-
Total initial transaction cost		**10,383,663**	-
Amortization to date		**(10,010,894)**	-
		372,769	-
	Rupees	**128,380,000**	-

36.1 The MTFCs are secured by a floating charge on the un-encumbered leased assets and associated lease receivables of the Company (Al Zamin Leasing Modaraba). The MTFCs are listed on the Karachi Stock Exchange and currently carry an instrument rating of A (Single A) by JCR VIS Credit Rating Company Limited dated 29 September 2008.

36.2 Profit and loss sharing

The minimum profit expected is 9.5% per annum to be paid on half yearly basis (after considering the initial costs, the effective yield i 9.9% per annum. The basis of profit sharing will be the sum of the revenue from Al-Zamin Leasing Modaraba's lease and musharakah investment portfolio after adjusting operating expenses and provision for lease losses (but excluding financial charges, provision for diminution in value of investments and other provisions).

If AZLM generates profit in excess of minimum 9.5% on the 2nd tranche as mentioned above, the MTFC investors will have a share in the excess profit in the same ratio as have been the basis of sharing minimum expected profit.

If AZLM suffers any business loss in any given year during the tenor of MTFCs, the loss will be allocated to the MTFCs investors in the ratio of capital provided by all the long term funds providers to AZLM including the equity holders. The share in loss of each MTF investors will be first applied against the Takaful Fund (discussed below) maintained by the AZLM for this purpose. However, at the time of repayment of principal, if the loss remains unadjusted then the loss will be adjusted against the principal amount of the respective MTFCs.

36.3 Takaful reserve fund

Under the Scheme of Musharakah based Term Finance Certificates (MTFC) issued by AZLM , a Takaful Reserve Fund (Takaful) is required to be maintained for the purpose of mitigating the risk of losses attributable to the MTFC investors.

At 30 June 2009 investments of Rs.28.743 million were being held in Takaful Reserve Fund as explained in note 15 to these financial statements. In addition, AZLM will arrange to contribute, on behalf of the MTFC holders, to the Takaful Reserve Fund an amount equal to 1/10th of the excess of the minimum profit every year during which MTFCs remains outstanding. In case 1/10th of the minimum expected profit or, the excess profit is insufficient, then whatever the excess profit will be transferred to the Takaful Reserve Fund as the contribution of the MTFC investors. The contribution, thus calculated, shall be made in the form of admissible securities.

Upon repayment of the principal amount at each maturity of the MTFC, the balance of Takaful Fund, if any will be distributed amongs the MTFC investors and AZLM in the ratio of their contribution in the Takaful Reserve Fund.

36.4 Term Finance Certificates (TFCs) were issued by Al-Zamin Leasing Corporation Limited on 5 September 2002. These are perpetual unless put / call option attached to these is exercised. The TFC holders will have the put option for redemption at face value on the 60t month from the issue date and at the end of every three years thereafter. Likewise the Company will have the call option. Consequently the said options are available on 5 September 2010. The TFC holders and issuer will have to give a 30 days written notice before exercising their put / call option. These are secured by joint pari passu charge on all present and future leased assets and its related receivables of Al-Zamin Leasing Corporation Limited.

37. LOAN FROM A DIRECTOR - unsecured

This represents the present value of interst free balance of Rs. 250 million received from a director and repayable by the company during the year ending 30 June 2011.

38. LONG TERM LOAN -secured

		2009	2008
Facility I	*38.1*	**121,750,000**	-
Facility II	*38.2*	**160,793,388**	-
Facility III	*38.2*	**40,198,345**	-
Facility IV	*38.2*	**20,099,176**	-
Facility V	*38.3*	**85,017,111**	-
Facility VI	*38.4*	**58,500,000**	-
		486,358,020	-
Current maturity	*40*	**(284,343,673)**	-
	Rupees	**202,014,347**	-

38.1 This finance carries markup rate of 17.25% and is payable in monthly installments from 13 January 2007. It is secured by joint pari-passu charge on all present and future leased assets and its related receivables of Al-Zamin Leasing Corporation Limited.

38.2 These finances carry markup rate of 14.60% and are payable in monthly installments from 29 June 2007. These are secured by joint pari-passu charge on all present and future leased assets and its related receivables of Al-Zamin Leasing Corporation Limited.

38.3 This represents the long term loan obtained by the Company from a Commercial Bank repayable in 24 monthly installments commencing from July 2009.The loan carries mark-up of 3 months KIBOR plus 2% spread with no floor and cap. The facility is secured against the pledge of shares of listed company.

38.4 This represents the long term loan obtained by the Company from a Commercial Bank payable in 24 equal monthly installments commencing from July 2009. The loan carries mark-up of 1 month KIBOR plus 4.5% spread with no floor or cap. The facility is secured against the equitable mortgage of property.

39. DEFERRED LIABILITY

		2009	2008
Deferred revenue	*Rupees*	**1,909,446**	-

This represents gain on sale and lease back transaction of certain office equipments and generators, etc.

40. CURRENT MATURITY OF LONG TERM LIABILITIES

Security deposit from lessees	*31*	**379,539,146**	-
Certificates of musharakah	*32*	**83,140,000**	-
Liabilities under finance lease arrangements	*29*	**17,145,935**	3,603,698
Long term musharakah	*34*	**242,499,981**	-
Musharakah Term Finance Certificates	*35*	**278,333,334**	-
Term Finance Certificates	*36*	**110,127,231**	-
Long term loan	*38*	**284,343,673**	-
Certificates of investments and deposits	*33*	**589,400**	-
	Rupees	**1,395,718,700**	3,603,698

41. SHORT TERM CERTIFICATES OF MUSHARAKAH - unsecured

Financial institutions			
- associated undertakings		**2,500,000**	-
- others		**140,365,000**	-
Public and private companies		**18,755,000**	-
Individuals			
- key management personnel		**805,000**	-
- others		**109,515,000**	-
Others			
- associated undertakings		**10,455,000**	-
- others		**885,000**	-
	Rupees	**283,280,000**	-

41.1 Above finances have been obtained for 90 to 365 days at a profit rates ranging between 9% to 20% per annum.

41.2 Redemption reserve fund

Under the terms and conditions for the issuance of certificates of musharakah, both long term (note 32) and short term, AZLM is required to maintain a Redemption Reserve Fund equal to at least 5% of the contribution received, which may be utilised for redemption purposes. The amount so set aside in the Redemption Reserve Fund can be invested in a manner considered prudent by AZLM . Accordingly, at 30 June 2009, Rs. 30 million had been invested in Musharakah agreements.

41.3 Certificates of musharakah borrowings from key management personnel carry profit rate at 12.75% per annum (2008: 11%) and is due for repayment on 6 October 2009.

41.4 Certificate of musharakah borrowings from associated undertaking carry profit rates ranging between 12.75% to 15.25% per annum (2008: 10% to 11% per annum) and is due for repayment on 27 March 2010.

		2009	2008
42. SHORT TERM CERTIFICATES OF INVESTMENTS AND DEPOSITS - unsecured	*Rupees*	**71,650,000**	-

This represents the scheme of registered Certificates of Investment (COIs) and Certificates of Deposit (CODs) for resource mobilisation by Al-Zamin Leasing Corporation Limited. The term of COIs / CODs ranges from one month to one year and return thereon ranges from 7.3% to 17.98% per annum.

43. SHORT TERM BORROWINGS

		2009	2008
Payable under repurchase transcations:			-
- secured	*43.1*	**965,944,450**	
- Clean borrowings	*43.2*	**400,000,000**	-
		1,365,944,450	-
Banks finance facilities - secured			
Facility I	*43.3*	**49,907,324**	190,245,686
Facility III	*43.4*	**340,595,896**	150,332,107
Facility IV		**-**	146,919,209
Facility V	*43.5 & 43.6*	**211,989,879**	775,206,700
Facility VI	*43.7*	**29,945,294**	-
Facility VII	*43.8*	**90,458,666**	-
Facility VIII	*43.9*	**44,848,587**	-
		767,745,645	1,262,703,702
Unsecured			
From Non-Banking Finance Companies	*43.10*	**126,378,932**	-
From Others	*43.11*	**6,500,000**	-
		132,878,932	-
	Rupees	**2,266,569,027**	1,262,703,702

43.1 These are funds borrowed in the local inter bank market against pledge of securities at rate ranging from 13.20% to 13.60% per annum for the periods ranging from 2 days to 90 days.

43.2 Money at call and short notice carries mark-up at 16% per annum for the periods ranging from 31 days to 38 days.

43.3 The aggregate facility amounting to Rs. 101 million (2008: Rs. 200 million) has been obtained from a commercial bank which is secured against hypothecation charge over present and future receivables of the company. The mark up rate on facility is 3 months KIBOR+ 3.21% per annum (2008: 3 months KIBOR+3.21% per annum) on outstanding balance.

43.4 The aggregate facility amounting to Rs. 350 million (2008: Rs. 350 million) has been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate on facility is 3 months KIBOR+ 3.00% per annum (2008: 3 months KIBOR+1% per annum with floor of 11% per annum) on outstanding balance.

43.5 The aggregate facility amounting to Rs. 215 million (2008: Rs. 600 million) have been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate is 1 month KIBOR+ 3.00% per annum (2008: 1 month KIBOR+ 1.40% per annum) on outstanding balance.

43.6 The aggregate facility amounting to Rs. 700 million (2008: Rs. 700 million) have been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate is 1 month KIBOR+ 1.40% per annum (2008: 1 month KIBOR+ 1.40% per annum) on outstanding balance.

43.7 The aggregate facility amounting to Rs. 50 million has been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate is 3 months KIBOR+ 2.25% per annum on outstanding balance.

43.8 This running finance facilities are available up to Rs.107.35 (2008: Rs.250) million on yearly renewal basis carrying mark-up at the rate ranging from 14.97% to 16.06% per annum. These finances are secured by way of joint pari-passu charge on all present and future leased assets of Al-Zamin Leasing Corporation Limited and its related receivables, and partially against pledge of shares having market value of Rs.11.684 million.

43.9 Al-Zamin Leasing Modaraba has arranged finance facilities from certain banks amounting to Rs. 45 million. The facilities carry mark-up rates ranging between 6 months KIBOR+ 3% to 3 months KIBOR+ 3.1% (with a floor rates ranging between 7.5% to 11%) per annum and are secured against floating charge on leased assets.

43.10 This represents finance facilities carrying mark-up at the rate ranging from 17.16% to 21.90% having a maturity latest by July 31, 2009.

43.11 This represents finance facilities carrying mark-up at the rate ranging from 18.98% to 21.90% having a maturity latest by July 31, 2009.

44. SHORT TERM MUSHARAKAH BORROWINGS - unsecured

		2009	2008
Financial institutions	*44.1*	**40,000,000**	-
Leasing Companies and Modarabas	*44.2*	**8,000,000**	-
	Rupees	**48,000,000**	-

44.1 Above finances have been obtained for 184 to 365 days at profit rates ranging between 18.5% to 20% per annum.

44.2 This finance has been obtained for 92 days at a profit rate 13% per annum and is due for repayment on 1 September 2009.

45. CREDITORS, ACCRUED AND OTHER LIABILITIES

		2009	2008
Trade creditors	*45.1*	**489,022,717**	118,230,580
Accrued expenses	*45.2*	**41,789,923**	37,150,400
Profit / mark-up payable on:			
- Long term musharakah and murabahah borrowings		**4,914,015**	-
- Long term loans		**13,846,834**	-
- Short term musharakah borrowings		**2,147,132**	-
- Short term loans		**5,156,391**	-
- Musharakah term finance certificates borrowings		**976,441**	-
- Redeemable capital		**8,860,547**	-
- Repo borrowings		**12,222,815**	9,618,880
- Term Finance Certificates (privately placed) borrowings		**14,623,287**	-
- Certificates of musharakah borrowings		**19,736,333**	-
- Certificates of Investment / deposit		**2,842,585**	-
- Running finance		**16,401,814**	17,050,848
Provision for compensated absences		**1,380,847**	-
Advance lease rent / security deposits	*45.3*	**7,995,039**	-
Advance lease rentals		**526,055**	-
Advance against termination of leases		**854,359**	-
Unclaimed dividend		**6,103,621**	-
Provision against overhauling of generators		**3,059,230**	-
Other liabilities	*45.4 & 45.5*	**61,530,347**	7,876,865
	Rupees	**713,990,332**	189,927,573

45.1 This represents credit balances of certain trade debtors of the Company.

45.2 This includes an amount of Rs. 9.619 million (2008: Rs. 9.619 million) recognized as a liability in respect of guarantees issued by the Company, on the basis of decrees passed by the Honourable Banking Court against the company for the principal amount of Rs. 8.5 million and mark-up up to the date of decrees.

45.3 This represents the amount of lease rentals received in advance and security deposits received against the leases approved but not disbursed as of 30 June 2009.

45.4 Included their in is a sum of Rs.1.863 (2008: Rs.1.863) million payable to a former director of ULCL (merged with Al-Zamin Leasing Capital Limited).

45.5 This include Rs. 9.21 million payable to Al-Zamin Modaraba Management (Private) Limited in respect of certain operating expenses incurred by them on behalf of Al-Zamin Leasing Modaraba.

46. CONTINGENCIES AND COMMITMENTS

46.1 Contingencies

		2009	2008
Guarantees issued on behalf of customers		**5,237,547**	5,237,547
Penalties imposed by SBP	*46.1.1*	**8,990,000**	8,990,000
Claim of return on deposits by a depositor not admitted by the company	*46.1.2*	**1,717,000**	1,717,000
	Rupees	**15,944,547**	15,944,547

46.1.1 Penalties of Rs. 8.99 million (2008: Rs. 8.99 million) have been imposed on by State Bank of Pakistan (SBP), but the same have not been accounted for as the management has taken up the case with SBP for the wavier of these penalties.

46.1.2 This represents claim by House Building Finance Corporation which had not been recognized by the Company. The case is pending in the Sindh High Court, Karachi.

46.2 Commitments

Lease financing contracts committed but not executed at the balance sheet date amounted to Rs. 8.870 million.

47. BROKERAGE, COMMISSION AND FEES

		2009	2008
Money market and forex		**53,684,888**	35,477,521
Equity		**61,867,581**	150,142,729
Commodity		**1,158,291**	-
	Rupees	**116,710,760**	185,620,250

48. ADMINISTRATIVE AND OPERATING EXPENSES

		2009	2008
Directors' remuneration	*54*	**8,610,876**	8,486,196
Salaries, allowances and other benefits of other staff members	*48.1*	**109,279,816**	92,712,251
Traveling, conveyance and vehicle running expenses		**9,592,913**	7,775,361
Office rent		**14,219,221**	11,970,234
Utility charges		**4,326,741**	2,047,859
Postage, telephone and telegram		**7,996,177**	5,968,672
Repair and maintenance		**3,739,879**	3,222,479
Insurance		**3,223,230**	2,556,520
Depreciation	*5*	**29,223,241**	12,682,137
Amortization	*6*	**420,506**	585,911
Fees and subscription		**12,314,799**	15,496,691
Entertainment		**1,303,610**	902,770
Newspaper and periodicals		**141,576**	97,064
Printing and stationery		**2,757,129**	3,544,741
Legal and professional charges		**1,967,880**	3,781,640
Auditors' remuneration	*48.2*	**3,550,000**	450,000
Service charges		**3,047,306**	13,551,311
CDC charges		**2,588,069**	4,589,077
Consultancy fees		**11,421,136**	12,925,055
Office expenses		**2,379,942**	4,473,771
Diesel expense of generator		**1,757,762**	-
Advertisement		**1,934,782**	3,545,885
Medical expense		**48,650**	22,447
Donations	*48.3*	**-**	50,000
Debts written off		**3,787,729**	-
Others		**288,954**	975,331
	Rupees	**239,921,926**	212,413,403

48.1 This includes retirement benefits of Rs. 4.788 million (2008: Rs. 3.658 million) in respect of the provident fund of the employees.

48.2 Auditors' remuneration

		2009	2008
Annual audit fee		**350,000**	300,000
Audit fee for merged financial statements		**3,000,000**	-
Half yearly review fee		**150,000**	100,000
Other certification		**50,000**	-
Out of pocket expenses		**-**	50,000
	Rupees	**3,550,000**	450,000

48.3 Directors, their spouses and dependents have no interest in donee.

49.	**OTHER INCOME**		**2009**	2008
	Dividend income		**4,792,525**	2,457,900
	Markup on term finance certificates		**12,520**	12,377,786
	(Loss) / gain on sale of fixed assets	*5.2*	**(3,703,771)**	243,307
	Interest income		**4,825,214**	14,290,033
	Bad debts recovered		**-**	324,686
	Underwriting & distribution commission		**5,561,351**	7,821,520
	Liabilities no longer payable written back		**2,902,236**	-
	Gain on sale of Government securities		**8,965,908**	-
	Gain on bargain purchase		**482,172,079**	-
	Others		**4,710,193**	6,400,276
		Rupees	**510,238,254**	43,915,509

50.	**FINANCIAL CHARGES**			
	Markup on short term finance		**60,021,073**	87,035,489
	Interest on finance Lease		**297,694**	797,520
			60,318,767	87,833,009
	Bank charges		**530,056**	961,040
		Rupees	**60,848,822**	88,794,049

51.	**TAXATION**			
	Current		**8,213,768**	14,946,920
	Prior year		**2,468,581**	-
	Deferred		**(62,861)**	(52,910)
		Rupees	**10,619,487**	14,894,010

51.1	**Reconciliation of tax charge for the year**			
	Profit / (Loss) before taxation	*Rupees*	**175,969,635**	(5,271,279)
	Tax at the applicable tax rate of 35% (2008: 35%)		**61,589,372**	(1,844,948)
	Reversal due to final tax regime / presumtive tax regime		**61,589,372**	1,844,948
	Tax effect of transaction due to merger - exempt from taxation		**(123,178,744)**	-
	Tax effect under final tax regime / presumtive tax regime		**8,213,768**	14,946,920
	Tax effect of amount relating to prior year		**2,468,581**	-
	Others		**(62,861)**	(52,910)
		Rupees	**10,619,487**	14,894,010

51.2 Taxation

Former Ghandhara Leasing Limited (merged with Al-Zamin Leasing Modaraba in 2001)

Appeal in respect of former Ghandhara Leasing Limited (merged with Al-Zamin Leasing Modaraba in 2001) before the Commissioner of Income Tax (Appeal) relating to the assessment years 1999-2000 and 2000-2001 against certain disallowances have been set aside for reassessment. In case of adverse decision, additional tax liability of Rs. 6.77 million (30 June 2007: Rs 11.03 million) may arise Rs. which has not been provided in these financial statements as the management expects favourable out come of these appeals.

Former First Professionals Modaraba (merged with Al-Zamin Leasing Modaraba in 2003)

Assessment of former First Professionals Modaraba (the Modaraba) have been finalized upto the assessment year 2002-2003 for which the Modaraba had filed the last return of income in an independent capacity and, thereafter, it was merged with Al-Zamin Leasing Modaraba. Appeals for assessment years 1998-1999, 1999-2000, 2000-2001, 2001-2002 and 2002-2003 were filed with the Commissioner of Income Tax (Appeals) (CIT (A)) by the Modaraba. Appeal for assessment year 1998-1999 has been set-aside. The Income Tax Department (the Department) has filed an appeal against the set-aside order issued by CIT (A) for assessment year 1998-1999 before Income Tax Appellate Tribunal (ITAT) which was dismissed. The set-aside proceedings for assessment year 1998-1999 have not been initiated yet. Appeals for assessment years 1999-2000, 2000-2001, 2001- 2002 and 2002-2003 have been decided in favour of the Modaraba. The Department has filed appeals against the orders issued by CIT (A) before Income Tax Appellate Tribunal (ITAT). In the meantime, the pending appeals filed by the Modaraba before the ITAT in respect of the assessment years 1999-2000 and 2000-2001 have been decided, whereby the claim of exemption in respect of the aforesaid assessment years have been allowed. Since the matter of exemption has been decided by the ITAT’s decision, management does not anticipate unfavourable outcome in respect of pending appeals filed by the Department for assessment years 1999-2000, 2000-2001, 2001-2002 and 2002-2003.

Former International Multi Leasing Corporation Limited (IMLCL - merged with Al-Zamin Leasing Modaraba in 2008)

Assessments of IMLCL (the Company) are deemed to be assessed up to and including the tax year 2008.

Assessments for assessment year 2002-2003 and tax year 2003 have been finalized and demand of Rs. 1.185 million (net of provision held) and Rs. 4.55 million respectively was created. The Company filed appeals before Income Tax Appellate Tribunal (ITAT) against the appeal orders issued by Commissioner of Income Tax (Appeals) (CIT (A)), outcome of appeals before ITAT are still pending. However, the management is confident that it will be decided in favour of the company.

Al-Zamin Leasing Modaraba

The assessments of the Modaraba have been finalized up to and including assessment year 2002-2003. Returns of income up to the tax year 2008 have been filed under the provisions of section 120 of the Income Tax Ordinance, 2001 which are deemed to be assessed unless selected for audit by the taxation authorities.

Former Universal Leasing Company Limited (merged with Al-Zamin Leasing Corporation Limited in 2008)

Income tax assessment with respect to assessment year 2000-2001 (income year ended June 30, 2000) of Universal Leasing Company Limited (ULCL) has been finalised by the Deputy Commissioner of Income Tax (DCIT) and demand of Rs.15.859 million raised. The management filed a complaint before the Honourable Federal Tax Ombudsman (FTO) on the point of jurisdiction of the assessment, which has been decided in favour of the ULCL. However, the department, has filed a representation before the President of Pakistan against the order passed by the Honourable FTO. The management and its tax advisor are confident that the outcome of the case will be in favour of ULCL, consequently, no provision has been made in these financial statements for the demand of Rs.15.859 million.

The DCIT has made assessments for the assessment year 1999-2000 (income year ended June 30, 1999) of ULCL and raised a demand of Rs.7.682 million by disallowing various expenses, making additions in income on account of lease rentals and imposing penalty on set off of undetermined loss against income for prior assessment years. The management has made a provision of Rs.2.451 million for the said year and for balance tax demand disputed the add backs and filed appeal with Appellate Authorities. Pending outcome of the matter, no provision has been made in these financial statements for the balance demand raised as the management and its tax advisors are confident that the outcome of the case will be in favour of ULCL.

52. BASIC & DILUTED EARNINGS / (LOSS) PER SHARE

		2009	2008 (Restated)
Earnings / (loss) after taxation (both for the purpose of basic & diluted earnings / (loss) per share	*Rupees*	**165,350,148**	(20,165,289)
Weighted average number of ordinary shares for the purpose of basic earnings / (loss) per share		**74,642,370**	245,719,873
Effect of diluted potential ordinary shares		**12,100,000**	12,100,000
Weighted average number of ordinary shares for the purpose of diluted earnings / (loss) per share		**86,742,370**	257,819,873
Earnings / (Loss) per share - basic	*Rupees*	**2.215**	(0.082)
Earnings / (Loss) per share - diluted	*Rupees*	**1.906**	(0.078)

53. CASH AND CASH EQUIVALENTS

Cash and bank balances	*Rupees*	**248,331,938**	59,434,825

54. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

		2009		2008	
		Chief Executive	**Executives**	Chief Executive	Executives
Managerial remuneration		**7,443,632**	**54,450,749**	6,513,000	38,993,900
Bonus		**671,000**	**10,570,933**	1,539,000	10,340,875
Retirement benefits		**496,244**	**3,142,716**	434,196	2,374,922
	Rupees	**8,610,876**	**68,164,398**	8,486,196	51,709,697
Number of persons		**1**	**34**	1	21

The Chief Executive and certain Executives are provided with free use of company maintained car. The above does not include remuneration paid to Chief Executives, Directors and Executives of the acquiree entities.

55. RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, associated companies with or without common directors, retirement benefit fund, directors, other key management personnel and their close family members. Contributions to the retirement benefit plans are made as per the terms of employment / actuarial advise. Remuneration of key management personnel are in accordance with their terms of employment. Loans to the employees are in accordance with their terms of employment. Other transactions with related parties are entered into at agreed rates.

Details of transactions and balances at year end with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

			2009	2008
Transactions during the year				
Brokerage and advisory income earned from related parties		*Rupees*	**3,619,320**	1,354,706
Contribution to staff retirement fund		*Rupees*	**5,284,584**	3,658,191
Key management compensation		*Rupees*	**76,775,274**	60,195,893
Balances				
Loans to executives	*11*	*Rupees*	**22,907,025**	21,616,614
Certificate of Musharakah borrowing from financial institution under common directorship		*Rupees*	**2,500,000**	-
Certificates of Musharakah borrowing from trust under common directorship / trusteeship		*Rupees*	**17,920,000**	-
Musharakah Term Finance Certificate borrowings from financial institution under common directorship		*Rupees*	**647,700**	-
Musharakah Term Finance Certificate borrowings from trust under common directorship/trusteeship		*Rupees*	**336,600**	-
Payable to Al-Zamin Modaraba management Company	*45.5*	*Rupees*	**9,210,500**	-
Investment in shares of Centre Gas (Private) Limited	*8.1*	*Rupees*	**34,535,703**	-
Investment in UMA Enterprises	*8.1*	*Rupees*	**27,705,053**	-
Certificate of Musharakah borrowing from UMA Enterprises		*Rupees*	**4,500,000**	-
Guarantee given to SNGPL in favour of Centre Gas (Private) Limited - off balance sheet item		*Rupees*	**4,200,000**	-
Musharakah Term Finance Certificate borrowing from key management personnel		*Rupees*	**1,492,600**	-
Loan from a director	*37*	*Rupees*	**194,445,115**	-
Receivable from Centre Gas (Private) Limited	*22.4*	*Rupees*	**10,000,000**	-
Net liability to defined benefit plans	*30*	*Rupees*	**7,027,666**	-

56. FINANCIAL RISK MANAGEMENT

56.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks from its use of financial instruments, including:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

56.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and investment securities. The Company has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines and requirements of the NBFC Rules and the NBFC Regulations. The Company also manages risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits. The credit quality of Company's bank balances and investments portfolio are assessed with reference to external credit ratings.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. Out of the total assets of Rs. 7,847 million (2008: Rs. 1,968 million) the assets which were subject \ to credit risk amounted to Rs. 4,553 million (2008: Rs. 1,483 million).

The maximum exposure to credit risk at the reporting date is:

	Note	**2009**	2008
Long term investments		**11,098,970**	-
Net investment in Ijarah / assets under Ijarah arrangements	*56.2.1*	**1,655,245,726**	-
Musharakah - secured		**263,992,269**	-
Loans to employees - unsecured and considered good		**147,990,642**	25,949,801
Deposits		**24,655,622**	5,637,609
Short-term investments		**66,405,138**	23,750,000
Takaful reserve fund investment		**19,303,840**	-
Short term musharakah and murabahah finance		**242,706,495**	-
Short term finances - secured		**67,259,002**	-
Trade debts - unsecured		**1,445,525,869**	1,352,383,735
Ijarah rentals receivable		**17,310,385**	-
Receivable under reverse repurchase transactions		**195,000,000**	-
Advances and other receivables		**156,321,078**	15,988,178
Bank balances		**240,914,883**	59,226,012
	Rupees	**4,553,729,919**	1,482,935,336

56.2.1 Net investment in Ijarah finance / assets under Ijarah arrangements

	Note	**2009**	2008
Net investment in Ijarah finance / assets under Ijarah arrangements		**2,707,581,359**	-
Security deposits held	*31*	**(1,052,335,633)**	-
	Rupees	**1,655,245,726**	-

56.2.2 Impairment losses and past due balances

The age analysis of net investment in finance lease/ Ijarah, musharakah, murabahah, short therm finance exposures and other receivables was as follows:

		2009		2008	
		Gross	**Impairment loss recognised**	Gross	Impairment loss recognised
Not past due		**1,767,455,064**	**-**	-	-
Past due 1-90 days		**85,897,654**	**32,145,245**	-	-
Past due 91 days - 180 days		**198,789,789**	**63,054,647**	-	-
Past due 181 days to one year		**289,456,789**	**53,075,731**	-	-
Past due one year to two years		**178,796,907**	**51,867,771**	-	-
More than two years		**1,197,951,849**	**228,649,743**	-	-
Total	*Rupees*	**3,718,348,052**	**428,793,137**	-	-

Impairment is recognized by the Company on the basis of provision requirements of Prudential regulations for NBFCs issued by the SECP which includes the subjective evaluation of the portfolio also carried by the Compay on an ongoing basis (and consideration of forced sales value of properties, where ever considered necessary, in accordance with the prudential regulations). Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that additional provision against past due balances is not required.

Below are the differences between the balances as per balance sheet and maximum exposure. These differences are due to the fact that these are not exposed to credit risk.

		2009	2008
Long term investments		**164,340,476**	-
Net investment in Ijarah / assets under Ijarah arrangements		**1,052,335,633**	-
Deposits		**6,512,000**	7,656,000
Short-term investments		**863,867,582**	103,885,482
Takaful reserve fund investment		**9,440,000**	-
Other receivables		**86,863,485**	37,402,815
Bank balances		**7,417,055**	208,813
	Rupees	**2,190,776,231**	149,153,110

56.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of financial liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Contractual interest payment are required to be paid on respective contractual maturity at the rates disclosed in respective liabilities notes and are included in this maturity profile (in contratual cash flows).

	2009				
	Carrying amount	**Contractual cash flows**	**Up to three months**	**Over three months to one year**	**Over one year**
Financial liabilities					
Liability against asset subject to finance lease	**36,112,784**	**44,603,306**	**7,124,719**	**16,645,191**	**20,833,396**
Certificates of Musharakah	**543,515,000**	**563,251,333**	**111,341,333**	**274,815,000**	**177,095,000**
Certificates of investments and deposit	**75,874,400**	**78,716,985**	**20,902,435**	**54,179,550**	**3,635,000**
Musharakah and murabahah borrowings	**492,329,546**	**499,390,693**	**79,686,142**	**217,874,986**	**201,829,565**
Musharakah Term Finance Certificates	**740,388,621**	**755,988,349**	**85,183,062**	**208,750,001**	**462,055,287**
Redeemable capital-Musharakah Term Finance Certificates	**238,507,231**	**247,367,778**	**36,392,355**	**82,595,423**	**128,380,000**
Loan from a director	**194,445,115**	**250,000,000**	**-**	**-**	**250,000,000**
Long term loans	**486,358,020**	**496,526,350**	**81,254,248**	**213,257,755**	**202,014,347**
Short term borrowings	**2,266,569,027**	**2,271,725,418**	**567,931,354**	**1,703,794,063**	**-**
Trade creditors, accrued and other liabilities	**700,074,801**	**700,074,801**	**700,074,801**	**-**	**-**
Rupees	**5,774,174,545**	**5,907,645,013**	**1,689,890,449**	**2,771,911,968**	**1,445,842,595**

	2008				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
Financial liabilities					
Liability against asset subject to finance lease	4,894,749	5,212,407	1,008,924	2,900,395	1,303,088
Short term borrowings	1,262,703,702	1,279,754,550	315,675,926	947,027,776	-
Payable under repo transactions	118,230,580	127,849,460	127,849,460	-	-
Trade creditors, accrued and other liabilities	45,027,265	45,027,265	45,027,265	-	-
Rupees	1,430,856,296	1,457,843,682	489,561,575	949,928,171	1,303,088

56.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is exposed to interest rate risk and equity rate risk only.

56.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Modaraba's interest bearing financial instruments and the periods in which these will mature were as follows:

	2009					
	Profit / mark-up bearing				Non-profit / mark-up bearing	Total
	Upto three months	three months to one year	More than one year	Sub-total		
Financial Assets						
Long term investments	-	-	11,098,970	11,098,970	164,340,476	175,439,446
Net investment in Ijarah/ assets under Ijarah arrangements	354,817,829	1,064,453,488	1,288,310,042	2,707,581,359	-	2,707,581,359
Long term musharakah - secured	16,206,805	48,620,414	199,165,051	263,992,269	-	263,992,269
Loans to employees - unsecured and considered good	17,578,560	52,735,680	49,172,739	119,486,979	28,503,663	147,990,642
Deposits - unsecured and considered good	-	-	-	-	24,655,622	24,655,622
Short-term investments	777,597,394	84,000	-	777,681,394	152,591,326	930,272,720
Takaful reserve fund investment	-	-	-	-	28,743,840	28,743,840
Short term musharakah and murabahah	-	242,706,495	-	242,706,495	-	242,706,495
Short term finances - secured	16,814,751	50,444,252	-	67,259,002	-	67,259,002
Trade debts - unsecured	-	-	-	-	1,445,525,869	1,445,525,869
Ijarah rentals receivables	-	-	-	-	17,310,385	17,310,385
Receivable under reverse repurchase transaction	195,000,000	-	-	195,000,000	-	195,000,000
Advances, deposits and other receivables	-	-	-	-	166,321,078	166,321,078
Cash and bank balances	225,420,326	-	-	225,420,326	22,911,612	248,331,938
Rupees	1,603,435,664	1,459,044,328	1,547,746,802	4,610,226,794	2,050,903,871	6,661,130,665
Financial Liabilites						
Liability against asset subject to finance lease	17,145,935		36,112,784	53,258,719	-	53,258,719
Certificates of Musharakah	91,605,000	274,815,000	177,095,000	543,515,000	-	543,515,000
Certificates of investments and deposits	18,059,850	54,179,550	3,635,000	75,874,400	-	75,874,400
Musharakah and murabahah borrowings	72,624,995	217,874,986	201,829,565	492,329,546	-	492,329,546
Term Finance Certificates	58,333,334	175,000,001	511,666,666	745,000,000	-	745,000,000
Redeemable capital-Musharakah Term Finance Certificates	27,531,808	82,595,423	128,752,769	238,880,000	-	238,880,000
Loan from a director	-	-	194,445,115	194,445,115	-	250,000,000
Long term loans	71,085,918	213,257,755	202,014,347	486,358,020	-	486,358,020
Short term borrowings	562,774,963	1,703,794,063	-	2,266,569,026	-	2,266,569,026
Trade creditors, accrued and other liabilities	722,074,801	-	-	722,074,801	-	722,074,801
	1,641,236,604	2,721,516,777	1,455,551,246	5,818,304,627	-	5,873,859,512
On balance sheet gap 2009 (a) *Rupees*	(37,800,940)	(1,262,472,450)	92,195,556	(1,208,077,833)	2,050,903,871	787,271,153

	2008					
	Profit / mark-up bearing				Non-profit / mark-up bearing	Total
	Upto three months	three months to one year	More than one year	Sub-total		
Financial Assets						
Loans to employees - unsecured and considered good	-	-	-	-	25,949,801	25,949,801
Deposits - unsecured and considered good	-	-	-	-	5,637,609	5,637,609
Short-term investments	47,540	70,000	-	117,540	127,517,942	127,635,482
Trade debts - unsecured	-	-	-	-	1,352,383,735	1,352,383,735
Advances, deposits, prepayments and other receivables	-	-	-	-	15,988,178	15,988,178
Bank balances	26,554,403	-	-	26,554,403	32,880,422	59,434,825
Rupees	26,601,943	70,000	-	26,671,943	1,560,357,687	1,587,029,630
Financial liabilities						
Liability against asset subject to finance lease	900,925	2,702,774	1,291,051	4,894,749	-	4,894,749
Short term borrowings	1,262,703,702	-	-	1,262,703,702	-	1,262,703,702
Trade creditors, accrued and other liabilities	189,927,573	-	-	189,927,573	-	189,927,573
Rupees	1,453,532,200	2,702,774	1,291,051	1,457,526,024	-	1,457,526,024
On balance sheet gap 2008 (a) *Rupees*	(1,426,930,257)	(2,632,774)	(1,291,051)	- 1,430,854,081	1,560,357,687	129,503,606

(a) The on-balance sheet gap represents the net amounts of on-balance sheet items.

(b) Rates of profit / mark-up on financial assets and liabilities are as follows:

	2009 %	2008 %
Long term investments	**14.00-15.00**	-
Net investment in Ijarah/ assets under Ijarah arrangements	**7.67-38.03**	-
Long term musharakah - secured	**11.5-42.42**	-
Long term loans to employees - unsecured and considered good	**10.49-24.82**	-
Short-term investments	**14.00-15.00**	-
Short term musharakah and murabahah	**10-43.35**	-
Receivable under reverse repurchase transaction	**13.2-16**	-
Bank balances	**1.00-13.00**	1.00-8.25
Liabilities against assets subject to Ijarah finance	**12.98-18.72**	13.5-14.00
Long term certificates of musharakah	**10.25-14.25**	-
Certificates of investments and deposits	**5.84- 21.90**	-
Long term musharakah and murabahah borrowings	**7-17.15**	-
Musharakah term finance certificates	**8.00-17.00**	-
Redeemable capital - musharakah term finance certificates	**12.43-17.00**	-
Long-term loan	**15 - 17**	-
Short term certificates of musharakah	**8.25-12.25**	-
Short term certificates of investments and deposits	**5.84- 21.90**	-
Short term borrowings	**14.74-16.77**	14.77-16.34
Short term Musharakah borrowings	**10.25-12.75**	-
Payable under repo transactions	**13.2-16**	-

Fair value sensitivity analysis for fixed rate financial assets instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account. At 30 June 2009, financial assets of Rs. 3,252 million and financial liabilities of Rs. 1,711 million carried fixed interest.

Cash flow sensitivity analysis for variable rate financial liabilities instruments

A estimated change of 100 basis points in interest rates at the reporting date would have decreased / increased profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

		Effect on profit before tax	Carrying value as of 30 June 2009
		(Rupees)	
As at 30 June 2009			
Cash flow sensitivity-Variable rate financial liabilities	*Rupees*	**41,067,494**	**4,106,749,377**
Cash flow sensitivity-Variable rate financial assets	*Rupees*	**13,580,098**	**1,358,009,763**
As at 30 June 2008			
Cash flow sensitivity-Variable rate financial liabilities	*Rupees*	12,675,985	1,267,598,451
Cash flow sensitivity-Variable rate financial assets	*Rupees*	593,356	59,335,577

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

56.4.2 Equity price risk

Equity price risk is the risk of unfavourable changes in the fair value of equity securities as a result of changes in the levels of Stock Exchange indexes and the value of individual shares (including the units of mutual funds). The equity price risk exposure arises from the Company's investments in equity securities for which prices in the future are uncertain. The Company's policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines and the requirements of NBFC regulations.

As at 30 June 2009, the fair value of equity securities (including the units of mutual funds) exposed to price risk was Rs. 159.357 million.

The following table illustrates the sensitivity of the net loss for the year and the equity to an increase or decrease of 10% in the fair values of the Company’s equity securities (including the units of mutual funds) . This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equity securities at each balance sheet date, with all other variables held constant.

			2009	2008
Profit and loss account				
-Investments at fair value through profit and loss accou	*Rupees*	**452,885**	-
Company's equity as at the year end	*Rupees*	**578,338**	(1,207,806)

Since the mutual funds (with exposure to interest bearing securities) are not being managed by the company, these funds are being managed from the price risk prospective.

56.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. Consequently, differences may arise between the carrying values and fair values. The carrying values of the financial assets and financial liabilities approximate their fair values.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

56.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholder and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or / and issue new shares.

Capital requirements applicable to the Company are set and regulated by the Securities and Exchange Commission of Pakistan. These requirements are put in place to ensure sufficient solvency margins. The Company manages its capital requirements by assessing its capital structure against the required level on a regular basis. Subsequent to year end, pursuant to SRO 764(I)/2009 dated 02 September 2009 issued by SECP, the following aggregate minimum equity requirement as per NBFC Regulations 2008 for the leasing and investment finance companies has been granted:

	Year ending	(Rupees in million)
Minimum equity requirement	30 June 2009	850
Minimum equity requirement	30 June 2010	850
Minimum equity requirement	30 June 2011	850
Minimum equity requirement	30 June 2012	1,200
Minimum equity requirement	30 June 2013	1,700

57. SEGMENT INFORMATION

Invest Capital Investment Bank's activities are broadly categorized in two primary business segments namely brokerage businesses, investment and financing activities within Pakistan. As defined in note 1, although the Company has obtained license for investment banking during the year, the Company has not performed any activity relating to investment banking.

The Company has following reportable business segments on the basis of service characteristics:

	2009					2008				
	Investment activities	**Brokerage**	**Leasing / Ijarah**	**Other operations**	**Total**	Investment activities	Brokerage	Leasing / Ijarah	Other operations	Total
Segment Information										
Segment revenue	-	**138,332,289**	-	-	**138,332,289**	-	254,595,741			254,595,741
Unallocated revenue					**327,902,880**					43,915,508
				Rupees	**466,235,169**					298,511,248
Segment results	-	**58,740,729**	-	-	**58,740,729**	-	252,020,665	-	-	252,020,665
Unallocated revenue					**327,902,880**					43,915,508
Unallocated expenses					**(329,160,526)**					(212,413,403)
Impairment loss on goodwill					**(60,848,822)**					(88,794,049)
Loss before taxation					**(3,365,740)**					(5,271,280)
Provision for taxation					**(10,298,115)**					(14,529,642)
Loss after taxation				*Rupees*	**(13,663,855)**				*Rupees*	(19,800,922)
Other information										
Segment assets	**647,401,597**	**2,523,782,838**	**2,724,891,744**	**625,094,540**	**6,521,170,719**	-	1,486,831,217	-	-	1,486,831,217
Unallocated assets					**1,325,812,515**					482,508,662
Total assets				*Rupees*	**7,846,983,234**				*Rupees*	1,969,339,879
Segment liabilities	**468,579,875**	**2,487,405,560**	**1,052,335,633**	**2,090,015,398**	**6,098,336,466**	-	1,380,934,282	-	-	1,380,934,282
Unallocated liabilities					**750,059,193**					77,597,047
Total liabilities				*Rupees*	**6,848,395,659**				*Rupees*	1,458,531,329
Capital expenditure				*Rupees*	**652,205,903**				*Rupees*	51,192,566
Segment depreciation				*Rupees*	**107,872,364**				*Rupees*	11,932,137

Geographical segments

These financial statements represents operations of the Company in Pakistan only.

58 GENERAL

Reclassification

Follwoign reclassifications and adjustment to be corresponding figures have been made in the current financial year.

	Reclassification from	**Reclassification to**	**(Rupees)**
Rooms	Membership cards and room	Leasehold premises	15,000,000
Membership cards	Membership cards and room	Intangible assets	82,500,000
Renovation and office equipment	Advance, deposits, prepayments and other receivables	Capital work in progress	47,129,690

These reclassifications have been made to ensure presentations in accordance to the substantial reality of the balances and for better presentation / comparison purposes.

Correction of Error

Membership cards

During the year the management reversed the surplus booked with respect to membership cards as it considers that active market as defined in IAS 38 ‘Intangible Assets’ does not exists in respect of these assets. The error has been corrected retrospectively in accordance with IAS 8 ‘Accounting Policies, Change in Accounting Estimates and Errors’ and has following impact on the financial statements (figures relates to the corresponding year):

	(Rupees)
Decrease in surplus on revaluation of assets	58,150,000
Decrease in carrying values of membership cards - Intangible assets	58,150,000

Deferred Tax

During the year the management has recognized deferred tax liability with respect to its revaluation surplus on fixed assets. The error has been corrected retrospectively in accordance with IAS 8 ‘Accounting Policies, Change in Accounting Estimates and Errors’ and has following impact on the financial statements (figures relates to the corresponding year):

	(Rupees)
Decrease in surplus on revaluation of assets	(1,005,306)
Increase in deferred tax liability	1,005,306
Decrease in loss for the year ended 30 June 2008	(52,911)
Decrease in retained earning as at 30 June 2008	(52,911)

59 DATE OF AUTHORISATION

These financial statements were authorized for issue on 24 December 2009 by the Board of Directors of the Company.

Basheer A. Chowdry
Managing Director

Nusrat Yar Ahmad
Chief Executive