SIGMA LEASING CORPORATION LIMITED

BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009	2008
		---------- (Rupees) ----------	
ASSETS			
Current Assets			
Cash and bank balances	5	**97,625,866**	73,146,540
Current portion of net investment in finance lease	10	**361,533,217**	483,615,060
Investments	6	**137,332,559**	163,257,128
Prepayments and other receivables	7	**3,236,631**	22,210,442
Taxation – net		**2,390,729**	-
Leased assets repossessed upon termination of lease	8	**15,377,174**	-
Total Current Assets		**617,496,176**	742,229,170
Non-Current Assets			
Long term deposits	9	**596,300**	596,300
Net investment in finance lease	10	**278,688,498**	541,328,584
Intangible assets	11	**352,419**	473,259
Property, plant and equipment	12	**82,337,189**	85,513,086
Total Non-Current Assets		**361,974,406**	627,911,229
TOTAL ASSETS		**979,470,582**	1,370,140,399
LIABILITIES			
Current Liabilities			
Running finance under mark-up arrangements	13	**67,741,040**	76,723,400
Current portion of non-current liabilities	14	**232,085,018**	411,147,416
Accrued mark-up on loans and other payables	15	**7,303,848**	7,138,461
Accrued expenses and other liabilities	16	**9,642,784**	8,420,676
Taxation – net		**-**	403,095
Total Current Liabilities		**316,772,690**	503,833,048
Non-Current Liabilities			
Lease key money deposits	17	**131,105,457**	206,448,283
Certificate of deposits	18	**107,569,355**	79,536,500
Long-term loans	19	**33,333,334**	141,666,667
Liabilities against assets subject to finance lease	20	**1,076,577**	1,738,833
Deferred tax liability – net	21	**42,833,432**	49,729,628
Total Non-Current Liabilities		**315,918,155**	479,119,911
TOTAL LIABILITIES		**632,690,845**	982,952,959
NET ASSETS		**346,779,737**	387,187,440
REPRESENTED BY:			
Share capital	22	**300,000,000**	300,000,000
Reserves	23	**6,303,870**	74,191,938
		306,303,870	374,191,938
Surplus on revaluation of fixed assets – net of deferred tax	24	**55,067,715**	55,194,075
Unrealized loss on revaluation of investments	6.2.1 & (i) below	**(14,591,848)**	(42,198,573)
		346,779,737	387,187,440
Commitments	25		

(i) The above “Unrealized loss on revaluation of investments” includes an impairment loss of Rs. 14.592 million in respect of listed securities. The said impairment loss has been determined on the basis of valuation of such securities using the market prices quoted on the stock exchange as of June 30, 2009 as allowed under SRO 150(I)/2009 dated February 13, 2009 issued by the Securities and Exchange Commission of Pakistan (SECP). Had the Company followed the requirements of International Accounting Standard – 39 the aforesaid amount would have been charged to the profit and loss account which would have resulted in a decrease in unrealized loss on revaluation of available for sale securities amounting to Rs. 14.592 million and correspondingly the loss for the period would have been higher by the same amount.

(ii) The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive **Director**

SIGMA LEASING CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		---------- (Rupees) ----------	
INCOME			
Lease income	26	**89,286,799**	128,552,609
Mark-up on deposits		**3,025,361**	394,783
Other operating income	27	**7,514,779**	27,811,016
		99,826,939	156,758,408
EXPENSES			
Administrative and operating expenses	28	**24,054,274**	23,853,532
Finance costs	29	**64,473,763**	73,290,562
Other charges	30	**71,123,664**	1,466,823
Provision for diminution in value of investments	6.2.1 & (i) below	**14,591,848**	-
		174,243,549	98,610,917
(LOSS) / PROFIT BEFORE TAXATION		**(74,416,610)**	58,147,491
Provision for taxation			
- Current year	31	**340,017**	2,890,369
- Prior year		**-**	41,561
- Deferred		**(6,896,196)**	636,193
		(6,556,179)	3,568,123
NET (LOSS) / PROFIT FOR THE YEAR		**(67,860,431)**	54,579,368
(LOSS) / EARNING PER SHARE - Basic and diluted	35	**(2.26)**	1.82

(i) The above loss does not include impairment loss of Rs.14.592 million in respect of listed securities held under 'Available for Sale' category of investments. The said impairment loss has been determined on the basis of valuation of such securities using the market prices quoted on the stock exchange as of June 30, 2009 as allowed under SRO 150(I)/2009 dated February 13, 2009 issued by the Securities and Exchange Commission of Pakistan (SECP). Had the Company followed the requirements of International Accounting Standard – 39 the aforesaid amount would have been charged to the profit and loss account which would have resulted in a decrease in unrealized loss on revaluation of available for sale securities amounting to Rs.14.592 million and correspondingly the loss for the year would have been higher by the same amount.

(ii) The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive **Director**

SIGMA LEASING CORPORATION LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		---------- (Rupees) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(74,416,610)**	58,147,491
Adjustments for:			
Depreciation	12.1	**2,581,086**	2,828,019
Amortization	11.1	**120,840**	163,556
Finance costs	29	**64,473,763**	73,290,562
Gain on sale of property, plant and equipment	12.5	**(507,009)**	(111,173)
Net loss on re-measurement of investments held for trading	30	**8,107,472**	-
Provision for diminution in value of investments	6.2	**14,591,848**	-
Net loss / (gain) on sale of securities	30	**63,016,192**	(19,841,715)
		77,967,582	114,476,740
Changes in operating assets / liabilities			
Net investment in finance lease		**384,721,929**	286,510,725
Lease key money deposits		**(74,090,651)**	(4,000,798)
Prepayments and other receivables		**18,973,811**	72,604,864
Leased assets repossessed upon termination of leases		**(15,377,174)**	4,533,654
Accrued expenses and other liabilities		**1,222,108**	(16,199,806)
		315,450,023	343,448,639
Cash generated from operations		**393,417,605**	457,925,379
Finance costs paid		**(64,308,113)**	(76,499,224)
Taxes paid		**(3,133,547)**	(4,131,766)
		(67,441,660)	(80,630,990)
Net cash generated from operating activities		**325,975,945**	377,294,389
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12.1	**(940,180)**	(887,309)
Purchase of intangible assets		**-**	(75,000)
Purchase of investments		**(430,506,240)**	(848,142,866)
Proceeds of investments		**398,167,468**	766,674,740
Proceeds on disposal of property, plant and equipment	12.5	**2,042,000**	360,000
Deposits		**-**	107,603
Net cash used in investing activities		**(31,236,952)**	(81,962,832)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loans		**(204,153,333)**	(158,339,999)
Certificate of deposits		**(56,564,553)**	(13,179,559)
Dividend paid		**-**	(81,000,000)
Repayment of finance lease obligation		**(559,421)**	(951,116)
Net cash used in financing activities		**(261,277,307)**	(253,470,674)
Increase in cash and cash equivalents		**33,461,686**	41,860,883
Cash and cash equivalents at the beginning of the year		**(3,576,860)**	(45,437,743)
Cash and cash equivalents at the end of the year	36	**29,884,826**	(3,576,860)

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

Chief Executive **Director**

SIGMA LEASING CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Share Capital	Capital reserve: Reserve fund	Revenue reserve: Unrealized (loss) on revaluation of investments	Revenue reserve: Accumulated loss	Total reserves	Total
	----------	----------	----------	(Rupees)	----------	----------
Balance as at June 30, 2007	300,000,000	50,945,634	(1,012,879)	19,540,576	69,473,331	369,473,331
Profit for the year	-	-	-	54,579,368	54,579,368	54,579,368
Transferred during the year	-	10,915,874	-	(10,915,874)	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	126,360	126,360	126,360
Transfer to profit and loss account upon disposal of investments	-	-	1,012,879	-	1,012,879	1,012,879
Dividend - Final 2006-07 @ 6%	-	-	-	(18,000,000)	(18,000,000)	(18,000,000)
Dividend - Interim 2007-08 @ 6%	-	-	-	(18,000,000)	(18,000,000)	(18,000,000)
Dividend - Interim 2007-08 @ 5%	-	-	-	(15,000,000)	(15,000,000)	(15,000,000)
Balance as at June 30, 2008	**300,000,000**	**61,861,508**	**-**	**12,330,430**	**74,191,938**	**374,191,938**
Loss for the year	**-**	**-**	**-**	**(67,860,431)**	**(67,860,431)**	**(67,860,431)**
Transfer from surplus on revaluation of fixed assets - net of tax	**-**	**-**	**-**	**126,360**	**126,360**	**126,360**
Deficit on revaluation of investment held as at the year end	**-**	**-**	**(153,997)**	**-**	**(153,997)**	**(153,997)**
Balance as at June 30, 2009	**300,000,000**	**61,861,508**	**(153,997)**	**(55,403,641)**	**6,303,870**	**306,303,870**

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

Chief Executive **Director**

1. LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on April 11, 1996 as a public limited company and received Certificate of Commencement of Business on January 27, 1997. The Company is principally engaged in the business of leasing and is listed on the Karachi Stock Exchange since 1997. The address of its registered office is Sigma House 8-C, Block 6, P.E.C.H.S., Off Shahrah-e-Faisal, Karachi.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that investments are carried at fair value and leasehold land and building on leasehold land are stated at revalued amounts as stated in note 4.1 and 4.6 respectively.

The financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

All investments are initially measured at fair value plus, in case of investments not at fair value through profit or loss, transaction costs that are directly attributable to acquisition.

At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Gains or losses on financial assets at fair value through profit or loss are recognized in profit and loss account.

Available-for-sale

Investments intended to be held for an indefinite period of time which may be sold in response to need for liquidity or changes in interest rates or equity prices are classified as available-for-sale.

After initial recognition, financial assets which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale financial assets are recognized directly in equity until the financial assets is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in profit and loss account except as described in note 6.2.1.

The fair value of those financial assets representing listed equity and other securities i.e. debt instruments are determined on the basis of year-end bid prices obtained from stock exchange quotations and quotes from brokers.

The listed equity securities purchased and sold with a commitment to resale / repurchase are presented as a receivable or payable against resale / repurchase transactions, as the case may be. The income in respect of such transactions is accounted for as income on reverse repurchase transactions of listed securities.

Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

Derivatives

These are measured at their fair value. Derivatives with positive market values (unrealized gains) are recognized as assets and derivatives with negative market values (unrealized losses) are recognized as liabilities in the balance sheet. The resultant gains and losses are included in the profit and loss account.

4.2 Impairment of financial assets

The company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated.

Evidence of impairment may include indications that the borrower or the group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, default or delinquency in interest or principal payments, disappearance of an active market and where observable data indicates that there is measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with default.

4.3 Leased assets repossessed upon termination of leases

The Company occasionally repossesses leased assets in settlement of non-performing lease finance provided to customers. These are stated at lower of the original cost of the related asset, exposure to the Company and net realizable value of the asset repossessed. Gains or losses on disposal of such assets are taken to profit and loss account.

4.4 Net investment in finance lease

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessees are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments, including any guaranteed residual value. Provision for non-performing leases is made in accordance with the requirements of the NBFC Regulations and is charged to the profit and loss account.

4.5 Operating Lease

Leases where the Company does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating lease. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of leased asset and recognized over the lease term on the same basis of rental income.

4.6 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any except leasehold land and building on leasehold land which is stated at revalued amount less accumulated depreciation. The revaluation of leasehold land and building on leasehold land is carried out every five years.

Depreciation is charged to profit and loss account applying the straight line method whereby the cost / revalued amount of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and on disposals upto the preceding month of disposal.

Incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of building on leasehold land to retained earnings (un-appropriated profit).

Normal repairs and maintenance are charged to the profit and loss account as and when incurred. Major renewals and maintenance are capitalized as and when incurred.

Gains and losses on disposal of assets, if any, are taken to profit and loss account and the related surplus on revaluation of leasehold land and building on leasehold land is transferred directly to retained earnings (un-appropriated profit).

Leased

Asset subject to finance lease are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired. The related obligations under the lease are accounted for as liabilities. 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 in a manner similar to owned assets.

Impairment

The carrying values of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indications exist and where the carrying value exceeds the estimated recoverable amount, the assets are written down to the recoverable amount.

4.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the straight line method reflecting the pattern in which the economic benefits of the asset are consumed by the Company.

4.8 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the “Surplus on Revaluation of Fixed Assets account” in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly, the Company adopted the following accounting treatment of depreciation on revalued assets, keeping in view the SECP’s SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the Profit and Loss Account;

- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from “Surplus on Revaluation of Fixed Assets account” to accumulated profit through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

4.9 Revenue recognition

Finance lease income

The financing method is used in accounting for income on direct financing leases. Under this method the unearned lease income i.e. the excess of aggregate lease rentals and the estimated residual value over the net investment (cost of leased assets) is amortized to income over the term of the lease, so as to produce a constant periodic rate of return on net investment outstanding in the leases.

Lease income is suspensed, where necessary, in accordance with the requirements of the NBFC Regulations.

Front end fee, commitment charges, gain on termination of lease contracts, late payment surcharge and other lease income are recognized as income when they are realized.

Operating lease income

Rental income from operating lease is recognized on a straight line basis over the terms of relevant lease.

Investment income

Return on investment is recognized at the rates implicit in the respective investment schemes on time proportion basis.

Dividend income

Dividend income is recorded at the time of closure of share transfer books of the Company declaring the dividend.

Gain / loss on sale of investments

Gain / loss on sale of investments is taken to profit and loss account in the period in which it arises.

Interest income

Income on bank deposits is recognized on an accrual basis.

4.10 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account available tax credits and rebates. Income for the purposes of computing current taxation is determined under the provisions of the tax laws whereby lease rentals received or receivable are deemed to be income.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and for unused tax losses and credits, if any. Deferred tax is calculated based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.11 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 expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

4.12 Trade date accounting

All regular way purchases / sales of investments are recognized on the trade date, i.e., the date on which the Company commits to purchase / sell the investment. Regular way purchases / sales of investment require delivery of securities as per Stock Exchange Regulations.

4.13 Staff retirement benefit

The Company operates an approved provident fund scheme for all its eligible employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 8.33 percent of basic salary.

4.14 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has the enforceable legal right to set off the transaction and also intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

4.15 Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.16 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposit. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft which are repayable on demand.

4.17 Transactions with related parties

All transactions with related parties are carried out by the Company using the method prescribed under the Ordinance.

4.18 Accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 result of which forms the basis of making judgments about 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods.
The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

- Classification of investments (notes 4.1 & 6);
- Residual values and useful lives of property, plant and equipment (notes 4.6, 12.1 & 28);
- Useful lives of intangible assets (notes 4.7, 11.1 & 28); and
- Recognition of taxation and deferred taxation (notes 4.10, 21 and 31).

4.19 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard or interpretation	**Effective date (accounting periods beginning on or after)**
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowing Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IAS 32 - Financial Instruments: Presentation - Amendments regarding Puttable Financial Instruments	January 01, 2009
IAS 39 - Financial Instruments: Recognition and measurement - Amendments regarding Eligible Hedge Items	July 01, 2009
IFRS 2 - Share Based Payment – Amendments regarding Vesting Conditions and Cancellations	January 01, 2009

Standard or interpretation	Effective date (accounting periods beginning on or after)
IFRS 3 – Business Combinations (Revised)	July 01, 2009
IFRS 7 - Improving disclosures about Financial Instruments (Amended)	January 01, 2009
IFRS 8 – Operating Segments	January 01, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	January 01, 2009
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	October 01, 2008
IFRIC 17 – Distributions of Non-cash Assets to owners	July 01, 2009
IFRIC 18 - Transfers of Assets from Customers	July 01, 2009
IFAS 2 – Ijarah	January 01, 2009

The Company expects that the adoption of the above standards and interpretations either not relevant or will have no material impact on the Company's financial statements in the period of initial application other than as stated below:

IAS 1 “Presentation of Financial Statements”. The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. Accordingly, the above may require certain additional disclosures in the Company’s financial statements.

In addition to the above, amendments (2008 Annual improvements to IFRS) to various accounting standards have also been issued by IASB as a result of its annual improvement project. Such amendments are generally effective for accounting periods beginning on or after 1 January 2009. The management is currently evaluating the impact of such amendments on the Company's financial statements for the ensuing periods.

4.20 Standards adopted during the year

During the year, the Company has adopted IFRS 7 “Financial Instruments – Disclosures”, which resulted in certain additional disclosures relating to financial instruments in these financial statements. Further, interpretations of accounting standards, namely IFRIC 9 “IAS 39 Amendment - Embedded Derivatives”, IFRIC 12 “Service Concession Arrangements”, IFRIC 13 “Customer Loyalty Programmes” and IFRIC 14 “IAS 19 – The Limit on Defined Benefit Asset Minimum Funding Requirements and their Interactions” also became effective during the year. However, these interpretations do not affect the Company’s financial statements.

5. CASH AND BANK BALANCES

	Note	2009	2008
		---------- (Rupees)	----------
Cash with banks			
- on current accounts	5.1	**532,269**	42,365,610
- on profit earning current accounts	5.2	**97,093,597**	30,780,930
		97,625,866	73,146,540

5.1 This includes deposit of Rs.67,791/- (2008: Rs. 57,971/-) with the State Bank of Pakistan.

5.2 The mark-up rates on profit earning current accounts range from 6 to 12 (2008: 6 to 10) percent per annum at year end.

6. INVESTMENTS

	Note	2009	2008
		---------- (Rupees) ----------	
At fair value through profit or loss	6.1	**25,037,200**	-
Available-for-sale			
- Investment carried from December 31, 2008	6.2.1	**50,772,763**	163,158,478
- Investment acquired after December 31, 2008	6.2.2	**37,203,946**	-
- Government securities	6.2.3	**24,318,650**	98,650
		112,295,359	163,257,128
		137,332,559	163,257,128

6.1 At fair value through profit or loss

2009 Number of shares / units/ certificates	2008 Number of shares / units/ certificates	Name of Company / Mutual fund	2009 Cost	2009 Market value	2008 Cost	2008 Market value
			------------------------- (Rupees) -------------------------			
		Held for trading				
		These are fully paid ordinary shares of Rs.10/- each unless stated otherwise.				
75,000	-	Engro Chemical Pakistan Limited	**10,437,484**	**9,632,250**	-	-
400,000	-	Jahangir Siddiqui & Co. Limited	**15,103,002**	**9,276,000**	-	-
1,250,000	-	NIB Bank Limited	**7,407,550**	**5,937,500**	-	-
5000	-	United Bank Limited	**196,636**	**191,450**	-	-
			33,144,672	**25,037,200**	-	-
		Unrealized loss on re-measurement of held--for-trading financial assets	**(8,107,472)**	**-**	-	-
			25,037,200	**25,037,200**	-	-

6.2 Available-For-Sale

6.2.1 Investments carried from December 31,2008

2009	2008	Name of Company / Mutual fund	2009 Cost	2009 Market value	2008 Cost	2008 Market value
		Listed - shares				
		These are fully paid ordinary shares of Rs.10/- each unless stated otherwise.				
58,000	**45,000**	Engro Chemicals Limited	**9,048,030**	**7,448,940**	14,076,062	12,636,450
30,000	**30,000**	Fauji Fertilizers (Bin Qasim) Limited	**1,132,426**	**530,700**	1,132,426	1,079,100
261,000	**240,500**	First Habib Modaraba	**2,125,707**	**1,505,970**	1,993,856	1,868,685
50,000	**50,000**	National Bank of Pakistan	**8,759,251**	**4,021,800**	8,759,251	7,375,000
-	**3,350,000**	NIB Bank Limited	**-**	**-**	53,360,616	38,089,500
81,240	**67,700**	Pakistan Oilfield Limited	**27,112,840**	**11,852,916**	27,112,840	24,699,668
27,500	**25,000**	Pakistan Petroleum Limited	**6,632,950**	**5,212,350**	6,632,950	6,149,750
-	**3,653,125**	Pakistan Cement Company Limited	**-**	**-**	44,997,795	24,841,250
67,500	**67,500**	Standard Chartered Leasing Company Limited	**598,589**	**135,675**	598,588	411,750
313,899	**313,899**	World Call Telecom Limited	**5,267,002**	**784,748**	5,267,003	4,557,813
			60,676,795	**31,493,099**	163,931,387	121,708,966
		Mutual Funds				
-	**198,728.1399**	KASB Islamic Income Fund	**-**	**-**	20,000,000	20,023,848
		Listed - Term Finance Certificates (TFCs)				
4,292	4,292	Standard Chartered Bank (Pakistan) Limited – 2nd issue (Rs. 5,000 each) (note 6.2.5)	**19,279,664**	**19,279,664**	21,425,664	21,425,664
			79,956,459	**50,772,763**	205,357,051	163,158,478
		Provision for diminution in value of available-for-sale investments (note 6.2.4)	**(14,591,848)**	**-**	-	-
		Unrealized loss on revaluation of available-for-sale investments	**(14,591,848)**	**-**	(42,198,573)	-
			50,772,763	**50,772,763**	163,158,478	163,158,478

6.2.2 Investments acquired after December 31, 2008

2009	2008	Name of Company / Mutual fund	2009 Cost	2009 Market value	2008 Cost	2008 Market value
		Listed - shares				
3,653,125	-	Lafarge Pakistan Cement Limited (Formerly Pakistan Cement Company Limited)	**9,892,809**	**9,863,438**	-	-
1,552,500	-	NIB Bank Limited	**7,465,134**	**7,374,375**	-	-
			17,357,943	**17,237,813**	-	-
		Mutual Funds				
376293	**-**	Pakistan Income Fund	**20,000,000**	**19,966,133**	-	-
			27,357,943	**37,203,946**	-	-
		Unrealized loss on revaluation of available-for-sale investments	**(153,997)**	**-**	-	-
			37,203,946	**37,203,946**	-	-

6.2.3 Government Securities

		Pakistan Investment Bonds (PIBs) (note 6.2.6)	**24,318,650**	**24,318,650**	98,650	98,650

6.2.4 During the year, the stock exchange introduced 'Floor Mechanism' in respect of prices of equity securities based on the closing prices as prevailing on 27 August 2008. Under the 'Floor Mechanism', the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from 28 August 2008 and remained in place until 15 December 2008. During this period trading of securities effectively remained suspended on the stock exchange. The trading resumed on 15 December 2008, however, the trading volumes upto 31 December 2008 remained significantly low as compared to the volumes before the institution of 'Floor Mechanism'. Pursuant to the press release issued by the SECP on 29 January 2009, the equity securities held by the Company have been valued at the price quoted on the stock exchange as of 30 June 2009.

Furthermore, pursuant to SRO 150(I)/2009 dated 13 February 2009 issued by the SECP, the impairment loss amounting to Rs.14.592 million resulting from the valuation of listed equity securities held under available for sale category of investment as of 30 June 2009 has not been recognized in the profit and loss account and have been taken to unrealized loss on revaluation of available for sale investments. In accordance with the requirement of above mentioned SRO, the said impairment loss after adjustments for the effect of price movement during the period has been taken to profit and loss account, proportionately on a quarterly basis.

The Company has opted not to charge the impairment loss in the profit and loss account but to show it under equity. Had the Company followed the requirements of IAS 39 for the treatment of impairment on available for sale equity investments, the resultant impairment loss would have had the following impact on the financial statements of the Company:

	Rs. in million
Recognition of impairment loss in the profit and loss account	14.592
Increase in the unrealized loss on revaluation of available for sale investments	14.592
Increase in the loss for the year	14.592
Increase in the loss per share	0.4864

6.2.5 The Standard Chartered Bank (Pakistan) Limited term finance certificates (2nd issue) are for a period of 7 years with remaining maturity of 1.5 years. These certificates are subordinated and carry mark-up at base rate (cut off yield of the latest successful auction of 5 years Pakistan Investment Bonds conducted by State Bank of Pakistan) plus 0.75 percent with a floor of 5 percent and a cap of 10.75 percent per annum.

6.2.6 Pakistan Investment Bonds (PIBs) have a face value of Rs. 25,000,000/- and 100,000/- (2008: Rs. 100,000/-) issued at a discount and carry profit rate of 12 percent and 9.30 percent (2008: 9.30 percent) per annum respectively receivable semi-annually and have a term of 10 years and 5 years maturing on August 30, 2018 and May 19, 2011 respectively.

	2009	**2008**
	---------- (Rupees) ----------	
7. PREPAYMENTS AND OTHER RECEIVABLES		
Prepayments		
Insurance	**320,699**	380,907
Others	**150,607**	114,008
	471,306	494,915
Interest accrued on TFCs, PIBs and deposits	**1,201,637**	1,006,181
Other receivables		
Dividend receivable	**-**	262,500
Receivable from a broker against sale of securities	**90,000**	20,339,325
Others	**1,473,688**	107,521
	1,563,688	20,709,346
	3,236,631	22,210,442

	Note	2009	2008
		---------- (Rupees) ----------	

8. LEASED ASSETS REPOSSESSED UPON TERMINATION OF LEASE – held for sale

	Note	2009	2008
Equipment	8.1 & 4.3	**15,377,174**	-

8.1 This represents asset repossessed as per decision of the Banking Court.

9. LONG TERM DEPOSITS

	2009	2008
Lease deposits	**361,300**	361,300
Other security deposits	**235,000**	235,000
	596,300	596,300

10. NET INVESTMENT IN FINANCE LEASE - Secured

	2009			2008		
	Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
	------------- (Rupees) -------------			------------- (Rupees) -------------		
Installments contract receivables	**324,582,652**	**169,872,717**	**494,455,369**	479,959,652	382,356,046	862,315,698
Residual value of leased assets	**85,887,312**	**131,452,258**	**217,339,570**	84,229,647	207,787,199	292,016,846
Lease contract receivable	**410,469,964**	**301,324,975**	**711,794,939**	564,189,299	590,143,245	1,154,332,544
Unearned lease income	**(48,936,747)**	**(22,636,477)**	**(71,573,224)**	(80,574,239)	(48,814,661)	(129,388,900)
Net investment in finance lease	**361,533,217**	**278,688,498**	**640,221,715**	483,615,060	541,328,584	1,024,943,644

The Company has entered into various lease agreements for periods ranging from 3 to 5 years, carrying mark-up rate ranging from 10.01 to 23.01 (2008: 8.00 to 21.00) percent per annum.

In certain leases, the Company has security, in addition to leased assets, in the form of corporate / personal guarantee of associated companies / directors.

Direct expenses incurred in relation to a lease such as documentation charges, stamp duty etc. are reimbursed to the Company by the respective lessees and net balance representing excess / short reimbursement, if any, is taken to the profit and loss account. However, there are no material initial direct costs associated with lease receivables.

Based on the NBFC Regulations, the aggregate net exposures in finance leases against which income suspension of Rs.11,700,250/- (2008: Rs.2,014,941/-) has been made in these financial statements is Rs.54,201,535/- (2008: Rs.15,362,110/).

Net investment in finance lease includes Rs.1,617,768/- (2008: Rs.2,244,309/-) due from Al-Rashid Microcomputers (Private) Limited – a related party and Rs.6,622,515/- (2008: Rs.7,045,352/-) due from Almurtaza Garments Machinery Company – a related party. Maximum amount due from related parties at the end of any month during the year was Rs.2,195,365/- and Rs.7,008,318/- (2008: Rs.2,746,826/- and Rs.7,045,352/-) respectively.

As at June 30, 2009, the ageing analysis of unimpaired trade debts is as follows:

	Total	Not yet due	Neither past due nor impaired	Past due but not impaired			
				90 – 180 days	181 – 365 days	366 – 730 days	730 days and above
	(Rupees)						
2009	**640,221,715**	**582,135,514**	**15,604,062**	**643,276**	**13,513,148**	**28,325,715**	**-**
2008	1,024,943,644	974,606,879	42,954,433	-	7,382,332	-	-

11. INTANGIBLE ASSETS

	Note	2009	2008
		---------- (Rupees) ----------	
Cost		**1,105,955**	1,105,955
Accumulated amortization	11.1	**(753,536)**	(632,696)
		352,419	473,259

	Note	2009	2008
		---------- (Rupees) ----------	

11.1 Accumulated amortization

	Note	2009	2008
Opening balance		**632,696**	469,140
Amortization during the year	28	**120,840**	163,556
Closing balance		**753,536**	632,696

11.2 Intangible assets comprise computer software cost and are amortized over the useful life of five years.

12. PROPERTY, PLANT AND EQUIPMENT

	Note	2009	2008
Operating fixed assets	12.1	**82,337,189**	85,513,086

12.1 Operating fixed assets

		COST / REVALUATION					ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	Note	As at July 01, 2008	Additions	Disposals	As at June 30, 2009	Rate %	As at July 01, 2008	For the year	Disposals	As at June 30, 2009	As at June 30, 2009
		------------ (Rupees) ------------					------------ (Rupees) ------------				
Property and Equipment											
Owned											
Leasehold land	12.2	51,900,000	-	-	51,900,000	-	-	-	-	-	51,900,000
Building on leasehold land	12.2	22,582,409	-	-	22,582,409	2	956,077	490,920	-	1,446,997	21,135,412
Furniture and fixtures		2,644,967	-	-	2,644,967	10	2,454,640	40,819	-	2,495,459	149,508
Vehicles		10,033,884	775,000	(3,445,000)	7,363,884	10	4,193,828	788,056	(1,910,009)	3,071,875	4,292,009
Computers and office equipment		4,075,985	165,180	-	4,241,165	10-33.33	3,262,779	376,291	-	3,639,070	602,095
		91,237,245	940,180	(3,445,000)	88,732,425		10,867,324	1,696,086	(1,910,009)	10,653,401	78,079,024
Leased											
Vehicles		3,113,000	-	-	3,113,000	10	443,607	280,170	-	723,777	2,389,223
		94,350,245	940,180	(3,445,000)	91,845,425		11,310,931	1,976,256	(1,910,009)	11,377,178	80,468,247
Fixed assets on operating lease											
Vehicles		2,799,000	-	-	2,799,000	10	839,700	279,900	-	1,119,600	1,679,400
Office equipment		1,083,100	-	-	1,083,100	30	568,628	324,930	-	893,558	189,542
		3,882,100	-	-	3,882,100		1,408,328	604,830	-	2,013,158	1,868,942
2009		**98,232,345**	**940,180**	**(3,445,000)**	**95,727,525**		**12,719,259**	**2,581,086**	**(1,910,009)**	**13,390,336**	**82,337,189**

		COST / REVALUATION					ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	Note	As at July 01, 2007	Additions/ *transfer	Disposals	As at June 30, 2008	Rate %	As at July 01, 2007	For the Year	Disposals	As at June 30, 2008	As at June 30, 2008
		------------ (Rupees) ------------					------------ (Rupees) ------------				
Property and Equipment											
Owned											
Leasehold land	12.2	51,900,000	-	-	51,900,000	-	-	-	-	-	51,900,000
Building on leasehold land	12.2	21,905,000	677,409	-	22,582,409	2	476,197	479,880	-	956,077	21,626,332
Furniture and fixtures		2,644,967	-	-	2,644,967	10	2,404,978	49,662	-	2,454,640	190,327
Vehicles		9,399,584	49,300 *1,076,000	(491,000)	10,033,884	10	2,974,391	930,901 *530,709	(242,173)	4,193,828	5,840,056
Computers and office equipment		3,915,385	160,600	-	4,075,985	10-33.33	2,852,606	410,173	-	3,262,779	813,206
		89,764,936	887,309 *1,076,000	(491,000)	91,237,245		8,708,172	1,870,616 *530,709	(242,173)	10,867,324	80,369,921
Leased											
Vehicles		4,189,000	*(1,076,000)	-	3,113,000	10	621,743	352,573 *(530,709)	-	443,607	2,669,393
		93,953,936	887,309	(491,000)	94,350,245		9,329,915	2,223,189	(242,173)	11,310,931	83,039,314
Fixed assets on operating lease											
Vehicles		2,799,000	-	-	2,799,000	10	559,800	279,900	-	839,700	1,959,300
Office equipment		1,083,100	-	-	1,083,100	30	243,698	324,930	-	568,628	514,472
		3,882,100	-	-	3,882,100		803,498	604,830	-	1,408,328	2,473,772
2008		**97,836,036**	**887,309**	**(491,000)**	**98,232,345**		**10,133,413**	**2,828,019**	**(242,173)**	**12,719,259**	**85,513,086**

12.2 The above balances represent the value of leasehold land and building on leasehold land subsequent to revaluation, which resulted in surplus of Rs.16.20 million and Rs.2.436 million respectively as on June 30, 2001 and Rs.33.90 million and Rs.7.284 million as on June 30, 2006 respectively over the book values as of said dates. The values of leasehold land and building on leasehold land so revalued are being depreciated over the remaining useful lives of the assets determined at the date of revaluations. The revaluations were carried out by Surval Engineering Surveyors & Technical Consultants on June 30, 2001 and Credit and Commerce Consultants (Private) Limited on June 30, 2006.

12.3 Had there been no revaluation, the net book value of the revalued leasehold land and building would amount to:

	2009	2008
	---------- (Rupees) ----------	
Leasehold land	**1,800,000**	1,800,000
Building on leasehold land	**12,350,409**	12,628,464
	14,150,409	14,428,464

12.4 The cost of fully depreciated assets included in the fixed assets is as follows :

	2009	2008
Vehicles	**107,998**	-
Computers and office equipment	**2,863,579**	2,800,779
Furniture and fixtures	**2,227,962**	2,227,962
	5,199,539	5,028,741

12.5 Disposals of tangible fixed assets

Description	Mode of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on sale	Particulars of buyer
		----------	----------	(Rupees)	----------	----------	
Suzuki Cultus - VXR	Negotiation	585,000	313,139	271,861	455,000	183,139	Syed Aqeel Abbas Zaidi, Karachi
Toyota Corolla SE Saloon	Negotiation	1,169,000	883,245	285,755	357,000	71,245	Mr. Abdur Rehman, Karachi
Honda City - IDSI	Negotiation	795,000	377,625	417,375	455,000	37,625	Syed Azher Ali, Karachi
Honda City - IDSI	Negotiation	896,000	336,000	560,000	775,000	215,000	Mr. Rashid Ahmed, Karachi
	2009	**3,445,000**	**1,910,009**	**1,534,991**	**2,042,000**	**507,009**	
	2008	491,000	242,173	248,827	360,000	111,173	

	Note	2009	2008
		---------- (Rupees) ----------	
13. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - Secured			
Facility I	13.1	**28,882,194**	22,622,614
Facility II	13.2	**12,389,913**	24,323,515
Facility III	13.3	**26,468,933**	29,777,271
		67,741,040	76,723,400

13.1 This represents running finance facility under mark-up arrangements availed from a commercial bank and carries mark-up at the average 6 months KIBOR (ask) plus 1 percent (2008: 1 percent) per annum to be determined at the end of every quarter. The facility is secured by specific charge over leased assets and rental receivables of Rs.40 million (2008: Rs.40 million). The facility expires on June 30, 2010 and is renewable annually. Facility limit available to the Company is Rs.30 million (2008: Rs.30 million).

13.2 This represents running finance facility under mark-up arrangements availed from a commercial bank and carries mark-up at the average 6 months KIBOR (ask) plus 2.5 percent (2008: 2 percent) per annum to be determined at the end of every quarter. The facility is secured by specific charge over leased assets and rental receivables of Rs.33.334 million (2008: Rs.33.334 million). The facility will expire on June 30, 2010 and is renewable annually. Facility limit available to the Company is Rs.12.5 million (2008: Rs.25 million).

13.3 This represents running finance facility under mark-up arrangements availed from a commercial bank and carries mark-up at the average rate of 3 month KIBOR (ask) plus 2.25 percent (2008: 3 month KIBOR (ask) plus 2.25 percent) per annum. The facility is secured by specific charge over leased assets and rental receivables of Rs.40 million (2008: Rs.40 million). The facility expires on June 30, 2009 and is renewable annually. Facility limit available to the Company is Rs.30 million (2008: Rs.30 million).

	Note	2009	2008
		---------- (Rupees) ----------	

14. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2009	2008
Lease key money deposits	17	**85,451,847**	84,199,672
Certificate of deposits	18	**37,630,099**	122,227,507
Long-term loans – secured	19	**108,333,334**	204,153,334
Liabilities against assets subject to finance lease	20	**669,738**	566,903
		232,085,018	411,147,416

15. ACCRUED MARK-UP ON LOANS AND OTHER PAYABLES

	2009	2008
Accrued mark-up on:		
- long term loan	**4,178,516**	3,177,120
- running finance facilities	**78,207**	1,025,167
- certificate of deposits	**3,047,125**	2,936,174
	7,303,848	7,138,461

16. ACCRUED EXPENSES AND OTHER LIABILITIES

	2009	2008
Accrued expenses	**826,528**	687,521
Advances from customers	**8,300,882**	4,650,056
Others	**515,374**	3,083,099
	9,642,784	8,420,676

17. LEASE KEY MONEY DEPOSITS

	Note	2009	2008
Lease key money deposits			
- finance leases	17.1	**215,941,069**	290,031,720
- operating leases		**616,235**	616,235
	17.2	**216,557,304**	290,647,955
Maturing within one year	14	**(85,451,847)**	(84,199,672)
		131,105,457	206,448,283

17.1 It includes Rs.167,450/- (2008: Rs.167,450/-) due to Al-Rashid Microcomputers (Private) Limited – a related party and Rs.5,410,000/- (2008: Rs.5,410,000/-) due to Almurtaza Garments Machinery Company – a related party.

17.2 These represent sums received from lessees under lease contracts and are repayable / adjustable at the expiry of lease period.

18. CERTIFICATE OF DEPOSITS

	Note	2009	2008
Certificate of deposits	18.1	**145,199,454**	201,764,007
Maturing within one year	14	**(37,630,099)**	(122,227,507)
		107,569,355	79,536,500

18.1 These represent deposits under the scheme of certificates of investment introduced with the permission of Securities and Exchange Commission of Pakistan. The certificates are for terms, ranging from three months to five years and carry markup ranging from 12.25 to 17.07 (2008: 11 to 20) percent per annum. As at June 30, 2009, 16.75 percent of deposits were invested in government securities.

19. LONG-TERM LOANS – Secured

	Note	2009	2008
		---------- (Rupees) ----------	
Loan A	19.1	**12,500,000**	37,500,000
Loan B		**-**	16,666,667
Loan C	19.2	**12,500,000**	25,000,000
Loan D		**-**	33,320,000
Loan E	19.3	**25,000,000**	75,000,000
Loan F	19.4	**25,000,000**	58,333,334
Loan G	19.5	**66,666,668**	100,000,000
		141,666,668	345,820,001
Maturing within one year	14	**(108,333,334)**	(204,153,334)
		33,333,334	141,666,667

19.1 This represents loan facility availed from a commercial bank and carries markup of 6 months KIBOR (ask) plus 1.75 (2008:1.75) percent per annum. The loan is repayable in 8 equal semi-annual installments of Rs.12.5 million, starting December 23, 2005 with the final installment payable on December 22, 2009. The facility is secured by specific charge over leased assets and rental receivables of Rs.134 million. The markup is to be serviced semi-annually in arrears.

19.2 This represents loan facility availed from a commercial bank and carries markup of 6 months KIBOR (ask) plus 1.75 percent per annum. The loan is repayable in 8 equal semi-annual installments of Rs.6.25 million, starting June 02, 2006 with the final installment payable on June 01, 2010. The facility is secured by specific charge over leased assets and rental receivables of Rs.100 million. The markup is to be serviced quarterly in arrears.

19.3 This represents loan facility availed from a commercial bank and carries markup of 6 months KIBOR (ask) plus 2 percent per annum. The loan is repayable in 6 equal semi-annual installments of Rs.25 million, starting September 30, 2006 with the final installment payable on September 29, 2009. The facility is secured by specific charge over leased assets and rental receivables of Rs.200 million. The markup is to be serviced quarterly in arrears.

19.4 This represents loan facility availed from a commercial bank and carries markup of 3 months KIBOR (ask) plus 2.25 percent per annum. The loan is repayable in 12 equal quarterly installments of Rs.8.33 million, starting March 26, 2007 with the final installment payable on March 25, 2010. The facility is secured by specific charge over leased assets and rental receivables of Rs.134 million. The markup is to be serviced quarterly in arrears.

19.5 This represents loan facility availed from a commercial bank and carries markup of 3 months KIBOR (ask) plus 1.50 percent per annum. The loan is repayable in 12 equal quarterly installments of Rs.8.33 million, starting September 28, 2008 with the final installment payable on September 27, 2011. The facility is secured by specific charge over leased assets and rental receivables of Rs.133.33 million. The markup is to be serviced quarterly in arrears.

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2009			2008		
	Minimum lease payments	Financial charges for future periods	Principal Outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	------------ (Rupees) ------------			------------ (Rupees) ------------		
Not later than one year	**854,508**	**(184,770)**	**669,738**	846,228	(279,325)	566,903
Later than one year and not later than five years	**1,155,753**	**(79,176)**	**1,076,577**	1,993,923	(255,090)	1,738,833
	2,010,261	**(263,946)**	**1,746,315**	2,840,151	(534,415)	2,305,736

20.1 This represents obligation in respect of vehicles acquired under finance lease arrangements. Rentals are payable in equal monthly installments. Repairs and insurance cost are to be borne by lessee. Financing rate is 6 months KIBOR (ask) plus 3.25 percent (2008: 6 months KIBOR (ask) plus 3.25 percent) per annum used as discounting factor. Purchase option can be exercise by the Company by adjusting security deposit at the expiry of lease period.

	Note	2009	2008
		---------- (Rupees) ----------	

21. DEFERRED TAX LIABILITY - net

This is composed of the following:

	Note	2009	2008
Credits arising due to			
- Difference between investment in lease and tax book value of assets given on lease		**47,949,904**	81,930,441
- Difference between accounting book value of fixed assets and tax base		**1,355,595**	1,427,395
- Difference between accounting book value of assets taken on lease and related lease liability		**225,018**	127,280
		49,530,517	83,485,116
Debits arising due to			
- carry forward losses		**(3,051,497)**	(23,670,321)
- tax credit	21.1	**(3,645,588)**	(10,085,167)
		(6,697,085)	(33,755,488)
		42,833,432	49,729,628

21.1 Represents minimum tax charge for the tax year 2008 and 2007 under clause (c) of sub-section (1) of section 113 of the Income Tax Ordinance, 2001. The management of the Company, based on the opinion of its legal and tax advisors and financial projections for future years, is confident that the excess minimum tax paid after July 01, 2007, being the date when minimum tax charge was allowed to be carried forward will continue to be available for set off against its tax liability, under the normal provision of the law, for five tax years immediately succeeding the tax year for which the minimum tax was paid and will not be affected by the amendment made in section 113 to the Ordinance.

22. SHARE CAPITAL

22.1 Authorized

2009	2008		2009	2008
(Number of shares)			---------- (Rupees) ----------	
90,000,000	90,000,000	Ordinary shares of Rs.10/- each	**900,000,000**	900,000,000
10,000,000	10,000,000	Preference shares of Rs. 10/- each	**100,000,000**	100,000,000
100,000,000	100,000,000		**1,000,000,000**	1,000,000,000

22.2 Issued, subscribed and paid-up capital

30,000,000	30,000,000	Fully paid ordinary shares of Rs. 10/- each – for consideration in cash	**300,000,000**	300,000,000

22.3 5,217,819 (2008: 5,217,819) ordinary shares of Rs. 10/- each are held by the related parties as at year end.

	Note	2009	2008
		---------- (Rupees) ----------	

23. RESERVES

	Note	2009	2008
Capital reserve	23.1	**61,861,508**	61,861,508
Revenue reserve			
Accumulated (loss) / profit		**(55,403,641)**	12,330,430
Unrealized loss on revaluation of investments	6.2.2	**(153,997)**	-
		(55,557,638)	12,330,430
		6,303,870	74,191,938

23.1 In accordance with the NBFC Regulations, the Company is required to transfer 20 percent of its after tax profits to reserve fund until the reserve equals its paid up capital. Thereafter 5 percent of after tax profit is required to be transferred to reserve. However, due to the loss in the current year no amount has been transferred to reserve fund.

	Note	2009	2008
		---------- (Rupees) ----------	

24. SURPLUS ON REVALUATION OF FIXED ASSETS

Movement in the surplus on revaluation of fixed assets account is as follow:

	2009	2008
Balance as on July 01	**55,194,075**	55,320,435
Transfer to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	**(126,360)**	(126,360)
	55,067,715	55,194,075

25. COMMITMENTS – Rental receivables

As at balance sheet date, the Company has a commitment in respect of operating lease assets. Future minimum operating lease receivable under non-cancelable operating leases as at June 30, 2009 are as follows:

	2009	2008
Within one year	**184,117**	1,199,676
After one year but less than five years	**-**	184,117
	184,117	1,383,793

26. LEASE INCOME

	2009	2008
Income from:		
Finance lease	**84,094,716**	123,397,386
Operating lease	**1,199,676**	1,199,676
Miscellaneous charges against leases	**3,499,721**	3,255,464
Cancellation charges of lease contracts	**492,686**	700,083
	89,286,799	128,552,609

27. OTHER OPERATING INCOME

	Note	2009	2008
Net gain on sale of securities		**-**	19,841,715
Mark-up on:			
Term Finance Certificates		**2,142,516**	2,275,506
Pakistan Investment Bonds		**288,753**	9,245
Insurance arrangement		**517,909**	993,640
Dividend income		**3,400,170**	2,277,500
Gain on sale of vehicles	12.5	**507,009**	111,173
Rental income – premises		**-**	271,250
Lease monitoring fee		**-**	500,000
Others		**658,422**	1,530,987
		7,514,779	27,811,016

28. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2009	2008
Salaries and other benefits		**11,358,368**	11,670,650
Contribution to provident fund		**566,626**	524,489
Directors' fees		**40,000**	54,000
Rent, rates and taxes		**221,270**	221,270
Security services		**209,539**	144,000
Utilities		**862,901**	726,029
Postage and periodicals		**52,615**	56,633
Printing and stationery		**426,898**	398,712
Vehicle running and maintenance		**1,724,448**	1,409,981
Insurance		**857,282**	875,577
Traveling and conveyance		**3,390**	5,691
Auditors' remuneration	28.1	**504,750**	431,500
Legal and professional charges		**3,188,797**	3,259,266
Depreciation	12.1	**2,581,086**	2,828,019
Amortization	11.1	**120,840**	163,556
Entertainment		**42,467**	151,778
Advertisement expenses		**78,046**	80,246
Repairs and maintenance		**249,103**	304,162
Brokerage expenses		**476313**	-
Others		**489,535**	547,973
		24,054,274	23,853,532

	2009	2008
	---------- (Rupees) ----------	

28.1 Auditors' remuneration

	2009	2008
Audit fee – statutory	**275,000**	240,000
Fee for half yearly review	**100,000**	90,000
Fee for review of compliance with Code of Corporate Governance	**50,000**	40,000
Other certifications	**35,000**	15,000
Out of pocket expenses	**44,750**	46,500
	504,750	431,500

29. FINANCE COSTS

	2009	2008
Financial charges on lease financing	**299,594**	320,260
Mark-up on:		
- Certificate of deposits	**22,055,945**	20,898,598
- Loans and borrowings:		
▪ Long-term loans	**41,366,511**	47,011,213
▪ running finance under mark-up arrangements	**703,067**	2,477,412
▪ short-term borrowing – Murabaha Finance	-	2,555,479
	64,125,523	72,942,702
Arrangement charges	**15,000**	2,500
Bank charges	**33,646**	25,100
	64,473,763	73,290,562

30. OTHER CHARGES

	2009	2008
Net loss on sale of securities	**63,016,192**	-
Unrealized loss on revaluation of investments	**8,107,472**	-
Loss on sale of repossessed assets	**-**	1,466,823
	71,123,664	1,466,823

31. TAXATION

The return of income for tax year 2008 has been filed by the Company. The said return, as per the provision of Section 120 of the Income Tax Ordinance, 2001 has been taken as an assessment order passed by the Commissioner of Income Tax. The charge for current taxation is based on taxable income at current rates of taxation after taking into account available tax credits and rebates.

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2009	2008	2009	2008	2009	2008
	-------- (Rupees) --------		-------- (Rupees) --------		-------- (Rupees) --------	
Managerial remuneration	**1,493,400**	1,493,400	**1,080,000**	1,107,000	**1,920,000**	2,103,471
Housing and utilities	**746,940**	746,940	**540,000**	553,500	**960,000**	1,052,335
Bonus	**-**	161,700	**-**	83,350	**-**	190,050
Provident fund	**124,450**	124,450	**90,000**	92,250	**160,000**	172,467
Club subscription	**12,000**	12,000	**12,000**	12,000	**12,000**	9,300
	2,376,790	2,538,490	**1,722,000**	1,848,100	**3,052,000**	3,527,623
Number of persons	**1**	1	**1**	2	**2**	3

32.1 The Chief Executive and Executive are entitled to free use of Company maintained vehicles.

Aggregate amount charged in the financial statements with respect to directors' fee for the year was Rs. 0.04 million (2008: Rs. 0.054 million).

33. CAPITAL MANAGEMENT

The Company objective for managing capital is to safeguard its ability to continue as a going concern in order to continue providing returns to its shareholders. Professional management is the hallmark of the Company. Further, the Company ensures to comply with all the regulatory requirements regarding capital and its management.

Capital requirements applicable to the Company are set and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. The Company manages its capital requirement by assessing its capital structure against the required capital level on a regular basis. Subsequent to year end pursuant to SRO 764(I)/2009 dated September 2, 2009 issued by SECP for extension of minimum equity requirement as per NBFC regulations 2008 wherein the following extension in minimum equity requirements for the leasing companies were granted:

Year ending	**Rs. in million**
June 30, 2009	200
June 30, 2010	200
June 30, 2011	350
June 30, 2012	500
June 30, 2013	700

The Company's capital comprises of following:

	Note	2009	2008
		---------- (Rupees) ----------	
Issued, subscribed and paid-up capital	22.2	**300,000,000**	300,000,000
Capital reserve	23	**61,861,508**	61,861,508
Revenue reserve			
Accumulated (loss) / profit		**(55,403,641)**	12,330,430
Unrealized loss on revaluation of investments		**(153,997)**	-
	23	**(55,557,638)**	12,330,430
		306,303,870	374,191,938

The Company manages the capital structure and made adjustments to it in the light of changes in economic conditions, risk of the recovery of the leased rentals, and the regulatory requirements. In order to maintain the capital structure, the Company may adjust the amount of dividend or issue new shares.

No changes were made in the objectives, policies or processes during the years ended June 30, 2009 and June 30, 2008.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

34.1 Market risk

Market risk is the risk that the fair value of a financial instrument may fluctuate as a result of changes in market interest rates or market prices of securities due to change in credit rating of the issuer of the instrument, change in market sentiments, supply and demand of securities and liquidity in the market. There is a possibility of default of participants and of failure of the financial markets / stock exchanges, the depositories, the settlement or the clearing system etc.

The Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, yield / interest rate risk and other price risk.

34.1.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company, at present is not exposed to currency risk as currently all transactions are carried out in Pak Rupees.

34.1.2 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. The Company is mainly exposed to mark-up / interest rate risk on its net investment in finance lease, running finance on mark-up arrangements, certificates of deposits and long term loans with floating interest rates.

The Company manages its interest rate risk by having a balance between floating interest rate financial assets and liabilities. Currently financial liabilities represent 67.62% of financial asset with floating interest rates.

a) Sensitivity analysis for variable rate instruments

Presently, the Company holds KIBOR based interest bearing investment in finance lease, running finance, Certificate of Deposits and long-term loans exposing the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2009, with all other variables held constant, the equity of the Company and net loss for the year would have been higher / lower by Rs.1.231 million (2008: Rs.1.970 million).

The composition of the Company's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the impact on the Company’s equity of future movements in interest rates.

The information about Company's exposures to interest rate risk based on contractual re-pricing or maturity dates whichever is earlier is as follows:

		Exposed to interest rate risk				Not exposed to interest rate risk
	Amount	**Upto 3 months**	**3 months to 1 year**	**1 year to 5 years**	**over 5 years**	
	----------	----------	----------	(Rupees)	----------	----------
As at June 30, 2009						
Financial Assets						
Cash and bank balances	97,625,866	97,093,597	-	-	-	532,269
Investments	137,332,559	98,009,077	39,323,482	-	-	-
Prepayments and other receivables	3,236,631	-	-	-	-	3,236,631
Repossessed assets	15,377,174	-	-	-	-	15,377,174
Net investment in finance lease	640,221,715	143,383,804	218,149,413	278,688,498	-	-
Long-term deposits	596,300	-	-	-	-	596,300
	894,390,245	338,486,478	`257,472,895	278,688,498	-	19,742,374
Financial Liabilities						
Running finance under mark-up arrangements	67,741,040	67,741,040	-	-	-	-
Accrued mark-up on loans and other payables	7,303,848	-	-	-	-	7,303,848
Accrued expenses and other liabilities	9,642,784	-	-	-	-	9,642,784
Lease key money deposits	216,557,304	-	-	-	-	216,557,304
Certificate of deposits	145,199,454	19,362,125	18,267,974	107,569,355	-	-
Long term loans	141,666,668	41,666,666	66,666,668	33,333,334	-	-
Liabilities against assets subject to finance lease	1,746,315	156,989	512,747	1,076,579	-	-
	589,857,413	128,926,820	85,447,389	141,979,268	-	233,503,936
On-balance sheet gap	**304,532,832**	**209,559,658**	**172,025,506**	**136,709,230**	**-**	**(213,761,562)**
Total yield / interest rate sensitivity gap		**209,559,658**	**172,025,506**	**136,709,230**	**-**	
Cumulative yield / interest risk sensitivity gap			**381,585,164**	**518,294,394**	**518,294,394**	

	Amount	Exposed to interest rate risk: Upto 3 months	3 months to 1 year	1 year to 5 years	over 5 years	Not exposed to interest rate risk
	---- (Rupees) ----					
As at June 30, 2008						
Financial Assets						
Cash and bank balances	73,146,540	30,780,930	-	-	-	42,365,610
Investments	163,257,128	142, 805,814	1,073,000	19,378,314	-	-
Prepayments and other receivables	21,715,527	-	-	-	-	21,715,527
Long-term deposits	596,300	-	-	-	-	596,300
Net investment in finance lease	1,024,943,644	168,565,190	315,049,870	541,328,584	-	-
	1,283,659,139	342,151,934	316,122,870	560,706,898	-	64,677,437
Financial Liabilities						
Running finance under mark-up Arrangements	76,723,400	76,723,400	-	-	-	-
Accrued mark-up on loans and other payables	7,138,461	-	-	-	-	7,138,461
Accrued expenses and other liabilities	8,420,676	-	-	-	-	8,420,676
Lease key money deposits	290,647,955	-	-	-	-	290,647,955
Certificate of deposits	201,764,007	76,412,615	45,814,793	79,536,599	-	-
Long-term loans	345,820,001	50,000,000	154,153,334	141,666,667	-	-
Liabilities against assets subject to finance lease	2,305,736	133,094	433,809	1,738,833	-	-
	932,820,236	203,269,109	200,401,936	222,942,099	-	306,207,092
On-balance sheet gap	**350,838,903**	**138,882,825**	**115,720,934**	**337,764,799**	**-**	**(241,529,655)**
Total yield / interest rate sensitivity gap		**138,882,825**	**115,720,934**	**337,764,799**	**-**	
Cumulative yield / interest risk sensitivity gap			**254,603,759**	**592,368,558**	**592,368,558**	

The effective interest rates for financial assets and liabilities are as follows:

	Note	2009	2008
		Effective interest rate %	
Assets			
Net investment in finance lease	10	**10.01 - 23.01**	8.00 – 21.00
Term Finance Certificates and PIBs	6.2.5 & 6.2.6	**9.30 - 12.00**	9.30 – 10.45
Cash and bank balances		**6.00 - 12.00**	6.00
Liabilities			
Long term loans		**12.77 - 15.70**	13.33 – 16.19
Running finance under mark-up arrangements		**15.02 - 18.18**	12.01 – 13.40
Certificate of deposits	18.1	**12.25 - 17.07**	11.00 – 20.00
Liabilities against assets subject to finance lease		**17.00**	16.51

34.1.3 Other Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company manages the equity price risk through diversification and placing limits to individual and total equity instruments in line with the NBFCs Regulations. Report on the equity portfolio is submitted to investment committee on weekly basis for their review and approval.

Sensitivity analysis for equity instruments classified as 'Available for Sale'

Presently, the Company holds equity instruments classified as available for sale that expose the Company to equity price risk. In case 5% increase / decrease in Karachi Stock Exchange at June 30, 2009, the equity of the Company would higher / lower by Rs.2.560 million (2008: Rs. 4.869 million) but will not effect the net loss of the Company except as disclosed in note 6.2.1.

Sensitivity analysis for equity instruments at 'Fair value through Profit or Loss'

Presently, the Company holds equity instruments at 'fair value through profit or loss' that expose the Company to equity price risk. In case 5% increase / decrease in Karachi Stock Exchange at June 30, 2009, the net assets of the Company and net loss before tax for the year would higher / lower by Rs 1.741 million (2008: Nil).

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index. is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the effect on the Company's net assets of future movement in the level of KSE 100 index.

34.2 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties, and continually assessing the credit worthiness of counter parties.

The analysis below summarizes the credit quality of the Company's bank balances, Lease receivables and investment in TFC as at June 30, 2009 and June 30, 2008:

	2009	2008
	---------- (Rupees) ----------	
Bank balances by rating category		
A1+	**91,179,381**	72,882,011
A-1+	**292,167**	165,955
A-1	**62,373**	9,989
A-3	**23,972**	30,612

Lease receivable

Out of total lease receivable amounting to Rs.640.222 million (2008: Rs.1.025 billion), Rs.7.717 million (2008: Nil) due from party rated A1 and Rs. 632.505 million is due from non-rated parties (2008: 1.025 billion).

TFC by rating Category

	2009	2008
AA	**19,279,664**	21,425,664

The maximum exposure to credit risk before any credit enhancement as at June 30, 2009 is the carrying amount of the financial assets. The Company's policy is to enter into financial instrument contracts by following internal guidelines such as approving counterparties, approving credit, obtaining adequate collateral and transacting through approved brokers.

34.2.1 Concentration of Credit Risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

A sector wise breakdown of lease portfolio is as follows:

	2009		2008	
	(Rupees)	**%**	**(Rupees)**	**%**
Textile made ups	**21,931,724**	**13.29**	136,226,715	13.29
Pharmaceuticals	**40,811,051**	**2.01**	20,637,657	2.01
Health care and hospital	**21,782,470**	**3.68**	37,729,449	3.68
Services	**201,064**	**8.39**	86,009,088	8.39
Textile spinning	**49,590,949**	**0.93**	9,548,273	0.93
Synthetic	**28,244,996**	**3.16**	32,414,270	3.16
Banking and financial institutions	**9,102,765**	**1.84**	18,903,905	1.84
Textile-Weaving	**44,242,823**	**10.16**	104,010,538	10.16
Construction	**16,776,591**	**0.03**	343,782	0.03
Transportation	**28,301,593**	**15.95**	163,526,120	15.95
Trading services	**77,694,357**	**3.06**	31,376,914	3.06
Food	**5,367,272**	**5.93**	60,760,667	5.93
Communication and IT	**58,125,128**	**3.09**	31,660,145	3.09
Cement	**22,029,315**	**6.14**	62,900,047	6.14
Sugar and Allied	**67,901,647**	**2.03**	20,794,431	2.03
Others	**148,117,970**	**20.31**	208,101,643	20.31
	640,221,715	**100.00**	1,024,943,644	100.00

In addition the Company has invested in Term Finance Certificates. For details refer note 7.

34.3 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous. 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 summarizes the maturity profile of the Company's assets and liabilities:

	Amount	Upto 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
	------	------	(Rupees)	------	------
As at June 30, 2009					
Assets					
Cash and bank balances	97,625,866	97,625,866	-	-	-
Investments	137,332,559	98,009,077	39,323,482	-	-
Prepayments and other receivables	3,236,631	3,236,631	-	-	-
Taxation – net	2,390,729	-	2,390,729	-	-
Repossessed assets	15,377,174	15,377,174	-	-	-
Net investment in finance lease	640,221,715	143,383,804	218,149,413	278,688,498	-
Long-term deposits	596,300	-	-	596,300	-
Intangible assets	352,419	-	-	352,419	-
Fixed assets	82,337,189	-	-	2,389,223	79,947,966
	979,470,582	**357,632,552**	**259,863,624**	**282,026,440**	**79,947,966**
Liabilities					
Running finance under mark-up arrangements	67,741,040	67,741,040	-	-	-
Accrued mark-up on loans and other payables	7,303,848	6,427,149	876,699	-	-
Accrued expenses and other liabilities	9,642,784	9,642,784	-	-	-
Lease key money deposits	216,557,304	22,044,310	63,407,537	131,105,457	-
Certificate of deposits	145,199,454	19,362,125	18,267,974	107,569,355	-
Long-term loans	141,666,668	41,666,666	66,666,668	33,333,334	-
Liabilities against assets subject to finance lease	1,746,315	156,989	512,747	1,076,579	-
Deferred tax liability	42,833,432	-	-	-	42,833,432
	632,690,845	**167,041,063**	**149,731,625**	**273,084,725**	**42,833,432**
Net Assets	**346,779,737**	**190,591,489**	**110,131,999**	**8,941,715**	**37,114,534**
Share capital	300,000,000				
Reserves	6,303,870				
Surplus on revaluation of fixed assets	55,067,715				
Unrealized loss on revaluation of investments	(14,591,848)				
As at June 30, 2009	**346,779,737**				

	Amount	Upto 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
	---------- (Rupees) ----------				
As at June 30, 2008					
Assets					
Cash and bank balances	73,146,540	73,146,540	-	-	-
Investments	163,257,128	142,805,814	1,073,000	19,378,314	-
Prepayments and other receivables	22,210,442	20,709,346	1,501,096	-	-
Long term deposits	596,300	-	-	596,300	-
Net investment in finance lease	1,024,943,644	168,565,190	315,049,870	541,328,584	
Intangible assets	473,259	-	-	473,259	-
Property, plant and equipment	85,513,086	-	-	-	85,513,086
	1,370,140,399	**405,226,890**	**317,623,966**	**561,776,457**	**85,513,086**
Liabilities					
Running finance under mark-up arrangements	76,723,400	76,723,400	-	-	-
Accrued mark-up on loans and other payables	7,138,461	7,138,461	-	-	-
Accrued expenses and other liabilities	8,420,676	8,420,676	-	-	-
Provision for taxation	403,095	-	403,095	-	-
Lease key money deposits	290,647,955	19,134,296	65,065,376	206,448,283	-
Certificate of deposits	201,764,007	76,412,615	45,814,793	79,536,599	-
Long term loans	345,820,001	50,000,000	154,153,334	141,666,667	-
Liabilities against assets subject to finance lease	2,305,736	133,094	433,809	1,738,833	-
Deferred tax liability	49,729,628	-	-	-	49,729,628
	982,952,959	**237,962,542**	**265,870,407**	**429,390,382**	**49,729,628**
Net Assets	**387,187,440**	**167,264,348**	**51,753,559**	**132,386,075**	**35,783,458**
Share capital	300,000,000				
Reserves	74,191,938				
Surplus on revaluation of fixed assets	55,194,075				
Unrealized loss on revaluation of investments	(42,198,573)				
As at June 30, 2008	**387,187,440**				

34.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically re-priced.

	Note	2009	2008
		---------- (Rupees) ----------	

35. (LOSS) / EARNINGS PER SHARE - basic and diluted

	Note	2009	2008
Net (loss) / profit for the year attributable to the ordinary shareholders'		**(67,860,431)**	54,579,368
Weighted average number of ordinary shares outstanding during the year	22.2	**30,000,000**	30,000,000
(Loss) / earnings per share - Basic and diluted		**(2.26)**	1.82

35.1 Basic earnings per share has no dilution effect.

36. CASH AND CASH EQUIVALENTS

	Note	2009	2008
Cash and bank balances	5	**97,625,866**	73,146,540
Running finance under mark-up arrangements	13	**(67,741,040)**	(76,723,400)
		29,884,826	(3,576,860)

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors, key management employees and employees fund. The Company has a policy whereby all transactions with related parties, are entered into at arm's length prices using the permissible method of pricing. The transactions with related parties, other then remuneration under the terms of employment are as follows:

	Note	2009	2008
		---------- (Rupees) ----------	
DIRECTORS			
Fund received / renewed under certificate of deposits			
Beginning of the year		**-**	100,000
Receipts during the year		**300,000**	-
Repayments during the year		**(300,000)**	-
At the year end		**-**	100,000
Financial charges paid on Certificate of Deposits		**11,626**	5,750
Meeting fees paid / payable to directors	28	**40,000**	54,000
Contribution to Provident Fund		**214,452**	216,700
OTHER RELATED PARTIES			
Al-Rashid Microcomputers (Private) Limited - Associate Company			
Net investment in finance lease			
Beginning of the year		**2,244,309**	2,789,408
Maturities during the year		**(626,541)**	(545,099)
At the year end	10	**1,617,768**	2,244,309
Lease key money deposits			
Beginning of the year		**167,450**	167,450
Received during the year		-	-
Maturities during the year		-	-
At the year end	17.1	**167,450**	167,450
Lease income		**251,679**	333,121

	Note	2009	2008
		---------- (Rupees) ----------	
Almurtaza Garment Machinery Company - Associate Company			
Net investment in finance lease			
Beginning of the year		**7,045,352**	-
Disbursements during the year		-	7,214,000
Maturities during the year		**(422,837)**	(168,648)
At the year end	10	**6,622,515**	7,045,352
Lease key money deposits			
Beginning of the year		**5,410,000**	-
Received during the year		-	5,410,000
At the year end	17.1	**5,410,000**	5,410,000
Lease income		**205,348**	78,567
Proceed from disposal of vehicle	12.5	**2,042,000**	360,000
Contribution to Provident Fund – Employees		**352,174**	307,789

38. DATE OF AUTHORISATION

These financial statements were authorized for issue in the Board of Directors meeting held on ________________.

39. GENERAL

39.1 Certain prior year's figures have been reclassified consequent upon certain changes in current year's presentation for more appropriate comparison. There are no material reclassifications to report.

39.2 The figures of the corresponding period have been re-arranged wherever necessary. During the year, the Company has reclassified unrealized gain / loss arising on revaluation of investment as "Available-for-Sale" from equity and showed as separate line item below equity of the Company as clarified by Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/NBFCD/M&I/ALL/2008-484 dated November 04, 2008.

39.3 Figures have been rounded off to nearest Rupee.

Chief Executive | **Director**