

Annual Report 2009

Ijarah

Murabaha

Musharaka

Equities

Trading



TRUST
MODARABA

Managed by Al-Zamin Modaraba Management (Private) Limited

CONTENTS

MISSION STATEMENT.....	2
CORPORATE INFORMATION.....	3
NOTICE OF ANNUAL REVIEW MEETING.....	4
DIRECTORS' REPORT.....	5-8
KEY OPERATING AND FINANCIAL DATA	9
STATEMENT OF COMPLIANCE.....	10-11
REVIEW REPORT TO CERTIFICATEHOLDERS	12
AUDITORS' REPORT.....	13-14
BALANCE SHEET	15
PROFIT AND LOSS ACCOUNT.....	16
CASH FLOW STATEMENT.....	17
STATEMENT OF CHANGES IN EQUITY.....	18
NOTES TO THE ACCOUNTS.....	19-50
PATTERN OF CERTIFICATEHOLDINGS	51
CATEGORIES OF CERTIFICATEHOLDERS.....	52

Mission Statement

Trust Modaraba aims to evolve and practice exemplary standards of integrity and proficiency by achieving balanced growth, building quality investment portfolio, maintaining high standards of efficiency and providing good returns to its certificateholders. Trust Modaraba shall endeavor to maintain a competitive edge in the industry and contribute effectively in promotion of Islamic financial regime. It shall adopt a management culture based on participation, motivation and accountability to achieve professional and personal excellence and growth of human resource. Trust Modaraba shall achieve a balanced texture of being a prudent and progressive organization with a sound image in the market place.

CORPORATE INFORMATION

Modaraba Company

Al-Zamin Modaraba Management (Private) Limited

Board of Directors

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

Management

Mr. Basheer Ahmed Chowdry	Chief Executive
Mr. Mohammad Naeem Baig	Chief Operating Officer
Mr. Ijaz Ahmed Khan	Chief Financial Officer
Ms. Hamida Aqeel	Company Secretary
Ms. Roomana Nasir	Advisor

Audit Committee

Mr. Mohammad Aslam Khan	Chairman
Mr. Anis Wahab Zuberi	Member
Mr. Muhammad Kamal Abdul Nasir	Member
Ms. Hamida Aqeel	Secretary

Head of Internal Audit

Mr. Zia Khalid

Auditors of the Modaraba

Ford Rhodes Sidat Hyder & Co., Chartered Accountants

Bankers

The Bank of Punjab
Bank Alfalah Limited – Islamic Banking
Meezan Bank Limited

Legal Advisors

Irfan and Irfan, Attorneys at Law

Registered Office

104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi-75600.
Telephone : 5876651, 5876652, 5371725, 5873373, 5867102, 5374474, 111-111-303
Fax : 5870408, 5838304, 5837586 Web : www.alzamin.com.pk

Principal Place of Business

2nd Floor, FB-II, Awami Complex, 1-4 Usman Block, New Garden Town, Lahore
Tel: (042) 5940347 - 8 Fax: (042) 5866513

Registrars

Hameed Majeed Associates (Private) Limited
1st Floor, H.M. House, 7-Bank Square, Lahore Telephone : (042) 7235081-2 Fax : (042) 7358817



NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the Annual Review Meeting of Trust Modaraba will be held on Thursday, October 29, 2009 at 11:00 a.m. at 2nd Floor, FB-II, Awami Complex, 1-4 Usman Block, New Garden Town, Lahore, to review the performance of Modaraba for the year ended June 30, 2009.

The certificate transfer books of the Modaraba will remain closed from October 23, 2009 to October 29, 2009 (both days inclusive).

Karachi
October 8, 2009

Hamida Aqeel
Company Secretary

DIRECTORS' REPORT

The Board of Directors of Al-Zamin Modaraba Management (Private) Limited takes pleasure in presenting the annual audited accounts of Trust Modaraba for the year ended June 30, 2009 to the certificateholders.

Change of Management

The certificateholders are aware that the Securities and Exchange Commission of Pakistan (SECP), after noting certain irregularities in the Modaraba affairs, removed the previous Management Company on August 20, 2007 and appointed an independent Administrator. As mandated by the SECP, Mr. Khawaja Adeel Aslam, Administrator thoroughly reviewed the affairs of the Modaraba and initiated corrective measures. In September, 2008, Expression of Interests (EOI) was invited by SECP for transfer of management rights of the Modaraba to an entity having proven track record and sound financial footings. The Board is pleased to inform that, on the basis of evaluation of the management experience and the overall business proposals presented to the Commission, Al-Zamin Modaraba Management (Pvt.) Limited was appointed as the Modaraba Company of Trust Modaraba in place of the Administrator and an Order was issued on 30th January, 2009 to this effect. The handing / taking over process was completed on 23rd February, 2009 and, since then, Al-Zamin Modaraba Management (Pvt.) Limited has been managing the affairs of the Modaraba. Your Board is also pleased to inform that the Al-Zamin Modaraba Management (Pvt.) Limited has injected an amount of Rs.25 million in the Modaraba fund and consequently, paid up capital increased to Rs. 298.00 million.

Financial and Operating Performance

The certificateholders are aware that, during the last couple of years, the Modaraba could not undertake any significant fresh business due to various reasons. Al-Zamin has, in line with the proposal submitted to SECP, drawn a comprehensive revival plan for reactivating operations and re-profiling Modaraba's portfolio so as to make it a profitable entity. The new management has taken various steps to reorganize the operations. Morabaha and ijarah financing remained the core business activity of Modaraba. Ijarah facilities of Rs. 68.08 million were written during the year. Major part of the facilities was extended in the post takeover period. Income from operations increased from Rs. 22.08 million to Rs. 47.50 million during the year. However, Modaraba has shown a net loss of Rs.33.09 million because of the following:

- Impairment of Rs. 32.24 million due to the investments in the listed securities. Previously this was shown in equity instead of Profit and Loss Account.
- Rs. 9.75 million on account of provision against classified non performing morabaha facilities allowed during the period of previous management.
- An amount of Rs. 12.35 has also been charged to profit and loss account for depreciation on leased assets, relating to prior years, for which auditors have been issuing qualified reports previously.

Morabaha financing of around Rs. 162.31 million is non-performing and, therefore, under litigation. The present management, in consultation with SECP and the outgoing Administrator, has carefully examined the situation in which the Modaraba was placed and is committed to make focused and consistent efforts to achieve the maximum possible recoveries both against regular and stuck up facilities. In view of the legal process involved in such cases, it would take some time to recoup the damage caused previously to the Modaraba. Nevertheless, the Management is determined to pursue the pending recovery suits, regularize the operative morabaha / ijarah portfolio and to take every possible step to safeguard the interest of the certificate-holders in the best possible manner. Negotiations have also been started with major defaulters for amicable settlements, without compromising on principles. Administrative expenses remained in control and are likely to

reduce further. In the meantime Al-Zamin is providing management, administrative support and infrastructure to Modaraba free of any charge. By the blessings of Almighty Allah and due to concerted efforts of management, Modaraba is regaining trust and strength in the market. In line with the policy of diversification, the new management has invested major portion of resources in asset-backed financing i.e ijarah, which will provide regular cash flows and steady income. Some Investment has been made in secured sukuks. It is expected that the stock market would continue its recovery, which would reduce unrealized loss in the coming months. With the recoveries to be made from the defaulters and mobilization of further resources when the liquidity crunch in the financial sector improves, your management looks forward to build a remunerative business portfolio and generate suitable earnings for the Modaraba. The management is concentrating on financing to small enterprises in a secured manner rather than indulging in big-ticket facilities.

Key financial and operating data for the last six years is attached separately.

Future Prospects

Moving forward, our focus would remain on bringing the Modaraba out of troubled waters, building a remunerative portfolio and expanding business activities to generate suitable earnings for the certificateholders. Despite all odds, measures and efforts of management for strengthening and streamlining Modaraba position will definitely result in enhancing operations and profitability in coming years. Modaraba will be benefitted and take full advantage of the Al-Zamin platform built in the last two decades. In the post balance sheet period, Modaraba has undertaken good business and the forthcoming quarterly accounts will be a beginning to see the emergence of steady income streams through reactivated business efforts.

Dividend Distribution

In view of losses Modaraba has been unable to declare any distribution for certificateholders for the year but every effort will be made to enable the Modaraba to start distribution from the next year.

Compliance under Code of Corporate Governance

- The financial statements prepared by the management of Trust Modaraba present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements of Modaraba and accounting estimates are based on reasonable and prudent judgement.
- International Accounting Standards, as applicable to Modaraba, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts about Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices and corporate governance as detailed in the listing regulations.

Board Meetings

As stated above the handing / taking over process of Modaraba was completed on 23rd February, 2009 and, since then, Al-Zamin Modaraba Management (Pvt.) Limited has been managing the affairs of the Modaraba. After takeover, three meetings of the Board were held pertaining to Trust Modaraba, which were attended as follows:

		No. of Meetings Attended
Mr. Zafar Iqbal	Chairman	3
Mr. Bashir A. Chowdry	Chief Executive	3
Mr. Manzoor Hussain Shah Kazmi	Director	2
Mr. Sohail Ansar	Director	1
Mr. Mohammad Asalm Khan	Director	1
Mr. Najib Amannullah	Director	1
Mr. Sheikh Arshad Farooq	Director	2
Mr. Mohammad Kamal Abdul Nasir	Director	3
Mr. Mohammad Imranul Haq	Director	0
Dr. Namoos Baquar	Director	3
Mr. Afzal Rashid	Director	2
Mr. Anees Wahab Zuberi	Director	1
Mr. Mohammad Zahid	Director	0
Mr. Rashid Ahmed	Director	2

Internal Audit

The internal control framework has been effectively implemented through an independent in house internal audit function established by the Board.

External Audit

As per suggestion of the Audit Committee, the Board has recommended the reappointment of present auditors M/s Ford Rhodes Sidat Hyder & Co. for the financial year ending June 30, 2010.

Auditors' Report

With regard to auditors' qualification necessary explanation is given in note 2.2.1 to the financial statements.

Pattern of Certificateholding

Pattern of certificateholdings is attached separately. No trades in the certificates of Modaraba were carried out by the Directors, CEO, CFO and Company Secretary and their spouses and minor children.

Value of Provident Fund Investment

The Modaraba operates a contributory provident fund for all its permanent employees. Equal monthly contributions are made, both by Modaraba and the employees, to the fund @ 10% of basic salary. Based on latest audited accounts of the fund the value of its investments as at June 30, 2009 works out to be Rs. 1,163,443.

Shifting of Principal Place of Business

The principal place of business of Modaraba has been shifted to the regional office of Al-Zamin at the following address:

2nd Floor, FB-II, Awami Complex, 1-4 Usman Block, New Garden Town, Lahore
Tel: (042) 5940347-8 Fax: (042) 5866513

The new place is better located with adequate infrastructure to support, streamline and increase the business of Modaraba. The new management is also planning to open branches of Modaraba in major cities to provide an increased outreach for business growth. The registered / head office remains at 101-108, Cassam Court, BC-9, Block 5, Clifton, Karachi.

Acknowledgements

The Board wishes to place on record its appreciations for the support and guidance provided by the Registrar Modarabas and Securities and Exchange Commission of Pakistan. The Board also acknowledges the dedication of staff members who remained steadfast during the difficult period experienced by the Modaraba. Finally, the Board extends its gratitude to the certificate-holders who remained committed to the Modaraba and looks forward to their continued support in the future.

For and on behalf of the Board of Directors



Basheer A. Chowdry
Chief Executive

Karachi
Date: October 01, 2009

KEY OPERATING & FINANCIAL DATA FOR THE LAST SIX YEARS

(Rupees in thousand)

	2009	2008	2007	2006	2005	2004
Operational Results						
Income	47,497	22,082	29,775	47,301	39,958	46,244
Financial expenses	-	1,586	7,165	6,205	4,241	7,561
Administrative expenses	14,088	15,756	12,305	10,531	9,853	11,572
Other expenses / charges	42,242	1,667	64,090	-	-	12,596
Depreciation on lease assets	24,254	5,003	8,152	6,591	3,176	13,799
Profit/(loss) before tax	(33,087)	(1,932)	(61,938)	21,576	19,093	645
Profit/(loss) after tax	(33,087)	(1,671)	(64,925)	18,576	19,093	645
Earning/(loss) per certificate	(1.11)	(0.06)	(2.38)	0.57	0.70	0.02
Balance Sheet						
Total assets	300,052	271,567	319,706	389,047	429,566	463,350
Paid-up capital	298,000	273,000	273,000	273,000	273,000	273,000
Reserves	(40,971)	(29,437)	(18,315)	86,251	69,148	130,990
Net Equity	257,028	243,562	254,685	359,251	342,148	403,990

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2009

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Al-Zamin Modaraba Management (Private) Limited (Modaraba Company) is not listed, however, Trust Modaraba (the Modaraba) is listed at Karachi, Lahore and Islamabad Stock Exchanges. The Board of directors of the Modaraba Company is responsible for management of affairs of the Modaraba.

The Modaraba Company has applied the principles contained in the Code in the following manner:

1. The Modaraba Company has 14 directors which include 13 non-executive directors.
2. All the directors of the Modaraba Company have confirmed that they are not serving as a director in more than ten listed companies.
3. All the resident directors of the Modaraba Company have confirmed that they are registered as taxpayers and have not defaulted in payment of any loan to a banking company, a Modaraba, Development Financial Institution or a Non Banking Financial Institution, neither they are member of any stock exchange in Pakistan.
4. No casual vacancy occurred in the Board during the year.
5. The Modaraba Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors of the Modaraba Company and employees of the Modaraba.
6. The Board has developed a vision and mission statement and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained in the form of minutes of meetings of the board and internal circulars. The overall corporate strategy of the Modaraba is discussed from time to time in the Board meetings and documented in the minutes.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board including changes in remuneration of the Chief Executive Officer and other executive director.
8. The Board has met once in every quarter. All meetings of the Board were presided over by the Chairman. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. A detailed presentation by Messrs M. Yousuf Adil Saleem & Co., Chartered Accountants was given on April 26, 2008 to the Board of Directors on the 'Code of Corporate Governance with specific reference to the role of Board in strategy formulation and responsibilities of the Directors.

10. Appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit was approved by the Board.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Chief Executive Officer, directors and other executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.
14. The Modaraba Company has complied with all the corporate and financial reporting requirements of the Code with respect to the Modaraba.
15. The Board has formed an Audit Committee. It comprises of three members and secretary to the Audit Committee. The members are non-executive directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held once in every quarter after takeover of Modaraba as required by the Code prior to approval of interim and final results of the Modaraba. The terms of reference of the Committee have been framed and advised to the Committee for compliance.
17. The Board has set-up an Internal Audit function on a full time basis. Arrangements are being made to reinforce the department to make it more effective.
18. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. All related party transactions of the Modaraba are executed in accordance with the policy of the Modaraba. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors to comply with the requirements of listing regulations of the Stock Exchanges.
21. We confirm that all other material principles contained in the Code have been complied with.

Karachi
Date: October 01, 2009



Basheer A. Chowdry
Chief Executive



REVIEW REPORT TO THE CERTIFICATE HOLDERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Al-Zamin Modaraba Management (Private) Limited (the Modaraba Company) in respect of Trust Modaraba (the Modaraba) to comply with the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges, where the Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Modaraba Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Modaraba personnel and review of various documents prepared by the Modaraba Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all the risks and controls, or to form an opinion on the effectiveness of such internal controls, the modaraba's corporate governance procedures and risks.

Further, sub-regulation (xiii) of Listing Regulation No. 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Modaraba to place before the Board of Directors of the Modaraba Company for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justifications for using such alternate pricing mechanism. Further, all such transactions also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Modaraba for the period ended 30 June 2009.

Without qualifying our conclusion, we draw attention to the fact that previous modaraba company's, Trust Management Services (Private) Limited's, registration was cancelled by Registrar Modarabas vide his order dated August 20, 2007 and an Administrator had been appointed to protect interest of the certificate holders. However, during the year, the Administrator ceased to hold his office with effect from 23 February 2009 and a new modaraba company, Al-Zamin Modaraba Management (Private) Limited, has took over the control of the Modaraba along with its all assets, liabilities and contingencies and commitments and accordingly, the Statement of Compliance covers the period from 23 February 2009 to 30 June 2009.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Lahore: October 01, 2009

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **TRUST MODARABA** as at **30 June 2009** and the related profit and loss account, cash flow statement, statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Company's {Al-Zamin Modaraba Management (Private) Limited} responsibility who is responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) the Modaraba has not accounted for its murabaha transactions in accordance with the requirements of the Islamic Financial Accounting Standard 1 "Murabaha". The related financial impact on these financial statements has not been computed by the management;
- b) in our opinion, proper books of account have been kept by the Management as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- c) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except as stated in note 4.2.2 to the financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Modaraba;
- d) in our opinion and to the best of our information and according to the explanations given to us, except for the above paragraph (a) and to the extent of the effects of these on the financial statements, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control)

Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at **30 June 2009** and of the loss, its cash flows and changes in equity for the year then ended; and

- e) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without further qualifying our opinion, we draw attention to :

- (i) note 1.1 to these financial statements which states that Trust Management Services (Private) Limited's registration was cancelled by Registrar Modarabas vide his order dated August 20, 2007 and an Administrator had been appointed to protect interest of the certificate holders. However, during the year, the Administrator ceased to hold his office with effect from 23 February 2009 and a new modaraba management company, Al-Zamin Modaraba Management (Private) Limited, has took over the control of the Modaraba along with its all assets, liabilities and contingencies and commitments; and
- (ii) the matter stated in note 12.2.1 to these financial statements the ultimate outcome of which cannot presently be determined and, hence, no provision that may result there from has been made in these financial statements.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Lahore: October 01, 2009

BALANCE SHEET

AS AT 30 JUNE 2009

	Note	2009 Rupees	2008 Rupees
ASSETS			
Current assets			
Cash and bank balances	5	8,161,115	3,205,034
Short term investments	6	28,783,455	28,000,000
Advances, deposits, prepayments and other receivables	7	14,338,608	3,463,517
Short term murabaha financing	8	105,801,867	133,201,489
Current portion of long term murabaha financing	9	32,627,839	35,631,527
Total current assets		189,712,884	203,501,567
Non-current assets			
Long term murabaha finances	9	29,352	96,981
Long term deposits	10	184,862	184,862
Investments	11	20,328,141	21,953,237
Fixed assets	12	89,797,294	45,830,489
Total non-current assets		110,339,649	68,065,569
TOTAL ASSETS		300,052,533	271,567,136
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of customers' security deposits	13	3,437,005	3,115,855
Creditors, accrued and other liabilities	14	9,169,349	19,591,545
Taxation - net		2,945,133	3,235,657
Total current liabilities		15,551,487	25,943,057
Non-current liabilities			
Customers' security deposits	13	27,472,495	2,061,500
Total non-current liabilities		27,472,495	2,061,500
Certificate holders' equity			
Certificate capital	15	298,000,000	273,000,000
Reserves		(40,971,449)	(29,437,421)
		257,028,551	243,562,579
TOTAL LIABILITIES AND EQUITY		300,052,533	271,567,136
CONTINGENCIES AND COMMITMENTS			

16

The annexed notes from 1 to 32 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 Rupees	2008 Rupees
Income from leasing (Ijarah) operations	17	29,594,351	3,965,520
Profit on murabaha finances	17	12,912,529	14,708,047
Dividend income on equity investments		577,781	1,138,717
Income on disposal of fixed assets		893,574	338,096
Profit on short term investment-held to maturity		2,943,243	890,596
Gain on sale of investment-held for trading		140,453	-
Other income	18	435,580	1,040,848
		<u>47,497,511</u>	<u>22,081,824</u>
Financial charges	19	-	(1,586,416)
		<u>47,497,511</u>	<u>20,495,408</u>
Provision against non performing murabaha finances-net	20	(9,754,646)	(868,927)
Impairment on available for sale investment		<u>(32,241,349)</u>	<u>-</u>
		5,501,516	19,626,481
Depreciation on operating assets given on Lease/Ijarah	12	24,254,557	5,003,621
Administrative expenses	21	14,088,307	15,756,601
Other charges	22	245,933	798,778
		<u>38,588,797</u>	<u>21,559,000</u>
Loss before taxation		<u>(33,087,281)</u>	<u>(1,932,519)</u>
Provision for taxation	24	-	(261,824)
Loss after taxation		<u>(33,087,281)</u>	<u>(1,670,695)</u>
Loss per certificate - basic and diluted	25	<u>(1.11)</u>	<u>(0.06)</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	2009 Rupees	2008 Rupees
NET CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(33,087,281)	(1,932,519)
Add / (less) adjustment for :		
Depreciation	24,577,539	5,588,692
Provision against non performing murabaha finances	9,754,646	868,927
Receivables written off	-	76,510
Impairment of investments	32,404,782	-
(Gain) on disposal of fixed assets	(893,574)	(338,096)
Financial charges	-	1,586,416
Dividend income	(577,781)	(1,138,717)
	<u>65,265,612</u>	<u>6,643,732</u>
Cash from operating activities before changes in working capital	32,178,331	4,711,213
Changes in working capital		
(Increase) / decrease in current assets:		
Murabaha financing	20,716,293	58,227,269
Short term investement	(620,022)	(28,000,000)
Advances, deposits, prepayments and other receivables	(10,875,091)	3,454,753
	<u>9,221,180</u>	<u>33,682,022</u>
Increase / (decrease) in current liabilities:		
Creditors, accrued and other liabilities	(10,415,325)	10,218,361
Customers' security deposits	25,732,145	(756,275)
	<u>15,316,820</u>	<u>9,462,086</u>
Cash from operating activities	56,716,331	47,855,321
Taxes paid	(290,524)	(618,156)
Financial charges paid	-	(2,974,472)
Dividend paid	(6,871)	(864)
Net cash from operating activities	<u>56,418,936</u>	<u>44,261,829</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure (including assets given on lease)	(70,346,033)	(2,041,700)
Sale proceeds of fixed assets (including assets given on lease)	2,695,263	4,249,283
(Purchase) / sale of Investments - net	(9,389,866)	(1,205,900)
Repayment of advances to employees	-	3,714
Dividend received	577,781	1,138,717
Net cash (used in) / from investing activities	<u>(76,462,855)</u>	<u>2,144,114</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in certificate's holder equity	25,000,000	-
Repayment of long term murabaha finance - net	-	(44,209,542)
Net cash from / (used in) financing activities	<u>25,000,000</u>	<u>(44,209,542)</u>
Net increase in the cash and cash equivalents	4,956,081	2,196,401
Cash and cash equivalents at the beginning of year	3,205,034	1,008,633
Cash and cash equivalents at the end of year	<u>8,161,115</u>	<u>3,205,034</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

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

Note	Certificate capital	Capital Reserve		Revenue Reserves			Total Reserves	Total Equity
		Statutory reserve	General	Unrealized gain/(loss) on revaluation of investments	Accumulated loss	Total Reserves		
Balance as at 01 July 2007	273,000,000	42,832,697	15,400,000	(11,577,611)	(64,970,271)	(18,315,184)	254,684,816	
Loss for the year	-	-	-	-	(1,670,695)	(1,670,695)	(1,670,695)	
Unrealized net loss on investments - available for sale	-	-	-	(9,451,542)	-	(9,451,542)	(9,451,542)	
Balance as at 30 June 2008	273,000,000	42,832,697	15,400,000	(21,029,153)	(66,640,966)	(29,437,421)	243,562,579	
Issuance of Modaraba certificates to Al-Zamin Modaraba Management (Pvt) limited	(15.2)	25,000,000	-	-	-	-	25,000,000	
Loss for the year	-	-	-	-	(33,087,281)	(33,087,281)	(33,087,281)	
Transfer to profit and loss account	-	-	(15,400,000)	21,029,153	15,400,000	21,029,153	21,029,153	
Unrealized net gain on investments-available for sale	-	-	-	524,100	-	524,100	524,100	
Balance as at 30 June 2009	298,000,000	42,832,697	-	524,100	(84,328,247)	(40,971,449)	257,028,551	

-----Rupees-----

The annexed notes from 1 to 32 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1. Trust Modaraba was formed in Pakistan under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 and the Rules framed there under and had been managed by Trust Management Services (Private) Limited (TMSL). The registration of the Management Company was cancelled by the Registrar Modarabas vide order dated 20 August 2007 and consequently, an Administrator had been appointed to protect the interest of the certificate holders till new management is decided upon. During the year, vide SECP order dated 30 January 2009, the Administrator ceased to hold his office with effect from 23 February 2009 and Al-Zamin Modaraba Management (Private) Limited (AMML) has taken over the control of the Modaraba along with its all assets, liabilities and contingencies and commitments. Under the terms of this take over arrangement, AMML has injected Rs. 25 million as certificate deposit money into the fund of the Modaraba against which Modaraba certificates have been issued to AMML on 04 June 2009.
- 1.2. The Modaraba is perpetual, multi-purpose and multi-dimensional, engaged in the business of Murabahas, Musharikas, leasing (ijraha), investment in marketable securities and other permissible businesses. The Modaraba commenced its business operations from 12 November 1991. It is situated at 2nd Floor, FB-II, Awami Complex, 1-4 Usman Block, New Garden town Lahore. It is listed on the Karachi, Lahore and Islamabad Stock Exchanges.

2. STATEMENT OF COMPLIANCE

- 2.1 These Financial Statements have been prepared in accordance with approved accounting standards as applicable in Pakistan except for IAS-17 and the requirements of the Companies Ordinance, 1984, Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations issued by International Financial Reporting Interpretation Committee (IFRIC) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the approved accounting standards differ with the requirement of Companies Ordinance, 1984, Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the Securities and Exchange Commission of Pakistan (SECP), the requirement of later take precedence.
- 2.2 **Standards not complied in preparation of the financial statements by the Modaraba**
- 2.2.1 Islamic Financial Accounting Standard (IFAS) – 1 Murabaha issued by Institute of Chartered Accountants of Pakistan, as Modaraba Association of Pakistan (MAP) is of the view that the Islamic Financial Accounting Standard is not applicable to Modarabas as MAP has not received any instructions in this regard from Registrar Modaraba. The matter of IFAS -1 is still under consideration of MAP. However, the Modaraba is considering to apply the standard in its financial statements for the year ending 30 June 2010.
- 2.2.2 SECP vide its circular No. 10 of 2004 dated 13 February 2004 has deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on Modarabas with effect from 1 July 2003 and advised the management companies of modarabas that they may continue to prepare the financial statements of the Modarabas without applying the requirements of the said IAS to the Modarabas.

2.3 Standards and interpretations effective in current year

2.3.1 Adoption of International Financial Reporting Standard - 7 " Financial Instruments: Disclosures"

During current year, the Modaraba adopted IFRS 7 "Financial Instruments: Disclosures" which is applicable for annual periods beginning on or after 01 July 2008. IFRS 7 requires extensive disclosures about the significance of financial instruments for the Modaraba's financial position and performance, and quantitative and qualitative disclosures on the nature and extent of risks. These requirements include many disclosures previously required by International Accounting Standard (IAS) 32- "Financial Instruments : Presentation". The Modaraba has adopted this standard from the financial year beginning 01 July 2008 and its initial application has led to extensive disclosures in the Modaraba's financial statements.

2.3.2 Adoption of Islamic Financial Accounting Standard – 2 "Ijarah"

Securities and Exchange Commission of Pakistan through its SRO 431 (1)/2007 dated May 22, 2007 notified and the Modaraba has adopted the Islamic Financial Reporting Standard - 2 (IFAS-2). As per requirements of IFAS-2, the muj'ir (lessors) shall present assets subject to ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use. Ijarah income from Ijarah should be recognized in income on accrual basis as and when rentals become due, unless another systematic basis is more representative of the time pattern in which benefit of used derived from the leased asset is diminished and costs, including depreciation, incurred in earning the Ijarah income are recognized as an expense.

As per SECP letter No. SC/M/RS/FPM/2009-101 dated March 11, 2009, IFAS-2 is applicable for accounting treatment of leasing (Ijarah) transactions executed on or after July 01, 2008. Accordingly, the Modaraba has changed its accounting policy for treatment of Ijarah transactions executed on or after 01 July 2008.

Adoption of this standard has not effected the profit and loss account of the Modaraba as in the previous years, the Modaraba had not adopted IAS – 17 "Leases" as per guidelines available in SECP's circular 10 of 2004 and accordingly, such transactions have already been recorded in accordance with the policy mentioned in para 4.2.1.

2.4 Standards, interpretations and amendments to published approved accounting standards those 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.

Standards or Interpretation		Effective date (accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Revised)	1-Jan-09
IAS 23	Borrowings Costs (Revised)	1-Jan-09
IAS 27	Consolidated and Separate Financial Statements (Revised)	1-Jul-09
IAS 32	Financial Instruments: Presentation - Amendments regarding Puttable Financial Instruments	1-Jan-09

Standards or Interpretation		Effective date (accounting periods beginning on or after)
IAS 32	Financial Instruments: Presentation (Amendments)	1-Jan-09
IAS 39	Financial Instruments: Recognition and measurement - Amendments regarding Eligible Hedge items	1-Jul-09
IFRS 2	Share-based Payment (Amendments)	1-Jan-09
IFRS 2	Share- based payment - Amendments regarding Vesting Conditions and Cancellations	1-Jan-09
IFRS 3	Business Combinations (Revised)	1-Jul-09
IFRS 8	Operating segments	1-Jan-09
IFRIC 15	Agreements for the Construction of Real Estate	1-Jan-09
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1-Oct-08
IFRIC 17	Distributions of Non-cash Assets to owners	1-Jul-09
IFRIC 18	Transfers of Assets from Customers	1-Jul-09
IFAS 1	Murabaha	1-Jul-09

The Modaraba expects that the adoption of the above standards and interpretations will not have any material impact on the Modaraba's financial statements in the period of initial application other than to the extent of certain changes and/or enhancements in the presentation and disclosures in the financial statements resulting from the application of IAS 1. The revised IAS 1 was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. 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 recognized income and expense, either in one single statement, or in two linked statements. The Modaraba is still evaluating whether it will have one or two statements.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except certain financial instruments which are measured at fair value.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Tangible Fixed Assets

4.1.1 Operating Fixed Assets In Own Use and Depreciation

Operating fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight-line method at the rates given in note 13.2.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain/loss on disposal of assets is charged to current year's income.

4.1.2 Assets Given to Customers on Lease and Depreciation

Leased assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of an asset less salvage value is written off over the leased period, which is considered to be the estimated useful life of the asset. Depreciation on additions and disposals during the year is charged proportionately from the date of commencement of the lease to the date of its maturity/termination.

4.1.3 Assets Given to Customers under Ijarah Agreements

Assets given to customers under ijarah arrangements on or after July 01, 2008 are accounted for as operating lease and are stated at cost less accumulated depreciation and impairment loss, if any. Assets under ijarah arrangements are depreciated on straight line basis over the shorter of ijarah term or asset's useful life. In respect of additions and transfer during the year, depreciation is charged proportionately to the period of ijarah.

4.1.4 Impairment policy

Services of independent valuers are used to value the assets. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss account.

4.2 Leases (Ijarahs)

4.2.1 Lease Agreements executed before 01 July 2008, Modarabas are required to enter into the lease contracts in accordance with the principles of Shāria and in the form approved by the Modaraba's Religious Board. The principles of Sharia prohibit the Modaraba from undertaking any interest based transactions. The application of these principles have profound implications on the accounting treatment for leases which are divergent from the accounting treatment pronounced by the International Accounting Standard (IAS) 17 Leases, which are explained as follows:

- (i) Although all the leases entered into by the Modaraba are fully paid out leases but, in accordance with the principles of Sharia substantial risks and rewards incidental to ownership of leased assets remain with the Modaraba as a lessor and are not transferred to the lessee, and
- (ii) The method of income recognition of finance lease prescribed by IAS-17 is interest based which is against the injunctions of Sharia.

In view of the above anomalies and in accordance with the injunctions of Sharia, the leased out asset is recorded in Modaraba's accounts as operating lease.

4.2.2 Change in accounting policy for Ijarah Agreements executed on or after 01 July 2008

Persuant to the adoption of IFAS - 2 as referred in note 2.3.2 above, lease (ijarah) agreements executed on or after July 01, 2008 are recorded in the books of accounts as operating lease in line with the requirements of IFAS-2 "Ijarah". Assets given to customers under ijarah arrangements are recognized as assets under ijarah arrangements and depreciated on straight line basis over the shorter of ijarah term or their useful life. Ijarah rentals are recognized as income on accrual basis as and when the rental become due over the ijarah period whereas costs, including depreciation, incurred in earning the ijarah income are recognized as expense.

4.3 Investments

4.3.1 Available for sale

These are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value. For listed securities, fair value is determined on the basis of period end bid prices obtained from stock exchange quotations, while for unquoted securities, fair value is determined considering break up value of securities.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

Changes in carrying value are recognized in equity until the investment is sold or determined to be impaired at which time the cumulative gain or loss previously recognized in equity is included in profit and loss account for the year.

4.3.2 Held for Trading

Investments that are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as trading investments and included in current assets. These are initially measured at cost and at subsequent reporting dates, these investments are re-measured at fair value. Realized and unrealized gains and losses arising from changes in fair value are included in profit and loss account for the year in which they arise.

The fair value of publicly traded securities is based on market prices quoted on the Karachi Stock Exchange at the balance sheet date. The investment for which a quoted market price is not available, are measured at cost as it is not practical to apply any other valuation methodology.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each balance sheet date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available for sale' financial assets, cumulative impairment loss less

any impairment loss on that financial assets previously recognized in profit and loss account is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.3.3 Held to Maturity

Investments with fixed or determinable payments and fixed maturity and where the Modaraba has positive intent and ability to hold to maturity are classified as held to maturity. These are initially recognized at cost inclusive of transaction costs, less impairment loss, if any recognized to reflect irrecoverable amount and are subsequently carried at amortized cost using the effective interest rate method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount. Gains and losses are recognized in the profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

4.4 Revenue Recognition

4.4.1 Murabaha profit

Profit on finances under Murabaha arrangements is recognized on a pro-rata basis taking into account the duration of placement of funds. The profit on Musharikas is shared by the customer and the Modaraba in an agreed ratio based on projected rate of profit on each investment.

4.4.2 Lease rentals

The Modaraba records all lease transactions as operating leases. Lease rentals are recognized as income when lease installments become due under the agreements.

4.4.3 Ijarah rentals

For ijarah agreements executed on or after July 01, 2008 ijarah rentals are recognized as income on accrual basis as and when the rental become due over the ijarah period.

4.4.4 Dividend income is recognized when the right to receive payment is established.

4.4.5 Capital gain or loss on sale of investments is recognized in the period in which it arises.

4.5 Taxation

Current:

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credit available.

Deferred:

No provision with respect to deferred taxation has been made in these accounts on the premise that under the current tax law the income of non-trading Modarabas is exempt from income tax provided that they distribute ninety percent cash profit to certificate holders out of current year's total profit after appropriating statutory reserves.

4.6 Financial Instruments

Financial instruments comprise long term deposits, trade debts, loans and advances, cash

and bank balances, long term financings, short term borrowings and trade and other payables.

Financial assets and liabilities are recognized at the time the Modaraba becomes a party to the contractual provisions of the instruments.

The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the Modaraba loses control of the contractual rights that comprise the financial asset. The Modaraba loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Modaraba surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit and loss account currently.

Financial assets and liabilities are offset when the Modaraba has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

4.7 Retirement and termination Benefits

The Modaraba operates a defined contributory approved provident fund for all its employees. The Modaraba and the employees both make equal monthly contributions to the fund at the rate of 10% of the basic salary of employees.

4.8 Cash and Cash Equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash at bank and other short-term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.9 Dividend

Dividend distribution to the Modaraba's certificate holders is recognized as a liability in the financial statements in the period in which the dividends are declared by the Modaraba.

4.10 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. In the process of applying the Modaraba's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

4.10.1 Useful lives, pattern of flow of economic benefits and impairment

Estimates with respect to residual values and depreciable lives and pattern of flow of

economic benefits based on the analysis by the management of the Modaraba. Further, the Modaraba reviews the value of the assets for possible impairments on an annual basis and any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment established.

4.10.2 Provisions against non performing financings (Suspense Income)

The Modaraba reviews its overdue leases at each reporting date to assess whether provision should be recorded in the profit and loss account, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

5. CASH AND BANK BALANCES	Note	2009 Rupees	2008 Rupees
Cash in hand		1,380	-
Balances with bank in			
Current accounts		8,081,869	3,127,571
Deposit accounts	(5.1)	77,866	77,463
		8,159,735	3,205,034
		8,161,115	3,205,034

5.1 These carry profit at the rate of 5% (2008: 3.25%) per annum.

6. SHORT TERM INVESTMENT

Held to maturity

Certificate of deposits	(6.1)	25,000,000	28,000,000
-------------------------	-------	------------	------------

Held for trading

Shares of listed companies	(6.2)	3,946,888	-
Less: Unrealized loss on revaluation of held for trading investment		(163,433)	-

3,783,455

28,783,455	28,000,000
------------	------------

6.1 This represents Riba Free Monthly Morabaha Certificates held with Meezan Bank Limited which carry profit @ 8.59% per annum.

6.2 Shares of listed companies	2009		2008	
	Average cost	Market value	Average cost	Market value
	-----Rupees-----		-----Rupees-----	
Nishat Mills Limited	97,770	94,550	-	-
2,500 (2008: Nil) ordinary shares of Rupees 10 each fully paid				
Pakistan Telecommunication Company Ltd.	196,339	172,400	-	-
10,000 (2008: Nil) ordinary shares of Rupees 10 each fully paid				

	2009		2008	
	Average cost	Market value	Average cost	Market value
	-----R u p e e s-----		-----R u p e e s-----	
Attock Refinery Ltd 7,000 (2008: Nil) ordinary shares of Rupees 10 each fully paid	883,762	873,530	-	-
Pakistan Petroleum Ltd 3,000 (2008: Nil) ordinary shares of Rupees 10 each fully paid	570,708	568,620	-	-
Lucky Cement Ltd 9,900 (2008: Nil) ordinary shares of Rupees 10 each fully paid	594,031	579,447	-	-
Pakistan Oilfields Ltd 1,500 (2008: Nil) ordinary shares of Rupees 10 each fully paid	223,290	218,850	-	-
Engro Chemicias Ltd 3,000 (2008: Nil) ordinary shares of Rupees 10 each fully paid	410,546	385,290	-	-
Mari Gas Company Ltd 1,200 (2008: Nil) ordinary shares of Rupees 10 each fully paid	180,744	178,596	-	-
Packages Ltd 1,000 (2008: Nil) ordinary shares of Rupees 10 each fully paid	167,183	157,040	-	-
ICI Pakistan Limited 3,500 (2008: Nil) ordinary shares of Rupees 10 each fully paid	534,582	490,875	-	-
Dawood Hercules Ltd 500 (2008: Nil) ordinary shares of Rupees 10 each fully paid	87,933	64,255	-	-
	<u>3,946,888</u>	<u>3,783,453</u>	<u>-</u>	<u>-</u>

7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2009	2008
		Rupees	Rupees
Current portion of advances to employees		64,956	167,050
Profit receivable on short term investment		826,799	639,950
Security deposits		151,000	240,000
Prepayments		85,324	10,314
Receivable from Trust Management Services (Private) Limited	(7.1)	9,366,164	9,366,164
Less: Provision for doubtful receivables		(9,366,164)	(9,366,164)

	Note	2009 Rupees	2008 Rupees
Profit on murabaha finances		10,738,278	10,948,694
Less: Suspensed income	(7.2)	(9,560,596)	(9,574,360)
		1,177,682	1,374,334
Lease rentals receivable	(7.3)	40,551,941	35,820,386
Less: Suspensed income	(7.4)	(22,424,387)	(19,828,063)
Less: Provision for doubtful receivables	(7.3)	(7,307,973)	(15,771,973)
		10,819,581	220,350
Legal suits charges receivable		2,843,844	2,588,844
Less: Provision for doubtful receivables		(2,671,344)	(2,588,844)
		172,500	-
Late payment charges		3,223,033	3,223,033
Less: Suspensed income		(3,223,033)	(3,223,033)
		-	-
Due from brokers against sale of shares		201,683	10,133
Sundry receivable		1,130,935	1,093,238
Less: Provision for doubtful receivables		(291,852)	(291,852)
		839,083	801,386
		<u>14,338,608</u>	<u>3,463,517</u>

7.1 This represents the advance given to Ex-management company against its management fee and expenses paid on behalf of Ex-management company.

7.2 The movement in suspense account against murabaha profit receivable is given below:

Opening balance	9,574,360	9,213,402
For the year	48,257	463,862
Recoveries	(62,021)	(102,904)
	<u>9,560,596</u>	<u>9,574,360</u>

7.3 It includes receivable from a customer amounting to Rs. 7,250,040 (2008: Rs.15,714,040) against which Modaraba has a claim due from a financial institution in respect of prorata share of the sale proceed of jointly attached two properties sold by the said financial institution under the court orders. During the year, the Modaraba has recovered Rs. 8,464,000.

7.4	The movement in suspense account against lease rental receivable is given below:	Note	2009 Rupees	2008 Rupees
	Opening balance		19,828,063	19,719,924
	For the year		2,698,235	248,139
	Recoveries		(101,911)	(140,000)
			<u>22,424,387</u>	<u>19,828,063</u>

8. SHORT TERM MURABAHA FINANCES - Secured

	Considered good		48,457,234	31,500,000
	Considered doubtful			
	- Regular parties		8,223,899	42,467,000
	- Parties under litigation	(8.3)	121,631,605	122,003,610
			129,855,504	164,470,610
	Provision for classified receivables under Prudential Regulations for Modarabas	(8.2)	(72,510,871)	(62,769,121)
			<u>105,801,867</u>	<u>133,201,489</u>

8.1 The Modaraba has sold goods under murabaha arrangements whereby payment is deferred along with specified profit margin. These finances are secured by way of hypothecation/pledge of stocks, shares of listed public limited companies, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.

8.2 Movement in provision

	Opening balance		62,769,121	61,900,194
	Provision for the year	(20)&(8.2.1)	9,741,750	868,927
			<u>72,510,871</u>	<u>62,769,121</u>

8.2.1 Provision is adjusted for any amount of liquid assets realizable without recourse to a court of law and the forced sale value of any mortgaged/pledged securities as valued by professional valuers.

8.3 Rs. 121.631 million (2008: Rs. 122.003 million) is receivable from 17 (2008: 17) customers under murabaha finances. Legal proceedings against these customers are in process in the honorable courts of law. The courts have awarded decree in favour of Modaraba in 16 (2008: 17) cases for recovery of Rs.157,585,418 (2008: Rs. 160,354,846), while execution petitions for these cases are pending. No settlement / compromise agreements have been made with parties during the year ended 30 June 2009.

		2009	2008
9.	LONG TERM MURABAHA FINANCES - SECURED	Rupees	Rupees
	Considered good	-	2,728,508
	Considered doubtful	40,670,087	41,000,000
		<u>40,670,087</u>	<u>43,728,508</u>
	Less: Current portion grouped under current assets	40,640,735	43,631,527
		<u>29,352</u>	<u>96,981</u>
9.1	It includes Rs. 40.516 million (2008: Rs. 41.666 million) receivable from 2 (2008: 2) customers under murabaha finances which are under litigation. Legal proceedings against these customers are in process in the honorable courts of law. The courts have awarded decree in favour of Modaraba in these cases for recovery of Rs. 72,974,795 (2008: Rs. 79,254,704). No settlement / compromise agreements have been made with parties during the year ended June 30,2009.		
9.2	- Installments overdue	40,621,382	43,616,268
	- Installments receivable within next 12 months	19,353	15,259
		<u>40,640,735</u>	<u>43,631,527</u>
	Provision for classified receivables under Prudential Regulations for Modarabas	(8,012,896)	(8,000,000)
		<u>32,627,839</u>	<u>35,631,527</u>
9.3	Provision is adjusted for any amount of liquid assets realizable without recourse to a court of law and the forced sale value of mortgaged/pledged securities as valued by professional valuers.		
10.	LONG TERM DEPOSITS		
	With Central Depository Company	154,862	154,862
	With others	30,000	30,000
		<u>184,862</u>	<u>184,862</u>
11.	INVESTMENTS		
	Available for sale		
	Shares of listed companies	43,094,506	43,094,506
	Certificates of Mutual Funds	2,337,389	2,337,389
	Sukuk certificates	9,063,000	-
		<u>54,494,895</u>	<u>45,431,895</u>

	Note	2009 Rupees	2008 Rupees
Less: Provision for diminution in value of investments (impairment)	(11.3)	34,690,854	2,449,505
		19,804,041	42,982,390
Add : Unrealized gain / (loss) on revaluation of investments		524,100	(21,029,153)
		20,328,141	21,953,237

	2009		2009	
	Average cost -----R u p e e s-----	Market value	Average cost -----R u p e e s-----	Market value
11.1 Shares of listed companies				
Amin Spinning Mills Limited				
400 (2008: 400) ordinary shares of Rupees 10 each fully paid	7,516	1,200	7,516	2,176
Kohinoor Spinning Mills Limited				
200 (2008: 200) ordinary shares of Rupees 10 each fully paid	10,290	570	10,290	982
Reliance Cotton Spinning Mills Limited				
100 (2008: 100) ordinary shares of Rupees 10 each fully paid	1,000	2,400	1,000	3,400
Dewan Salman Fibres Limited				
39,500 (2008: 39,500) ordinary shares of Rupees 10 each fully paid	1,092,370	58,855	1,092,370	195,525
Kohinoor Textile Mills Limited				
283,312 (2008: 283,312) ordinary shares of Rupees 10 each fully paid	9,444,372	1,252,239	9,444,372	3,929,537
Fauji Cement Company Ltd.				
129,900 (2008: 129,900) ordinary shares of Rupees 10 each fully paid	2,612,165	856,041	2,612,165	1,314,588
Pakistan Telecommunication Company Limited				
195,000 (2008: 195,000) ordinary shares of Rupees 10 each fully paid	16,318,664	3,361,800	16,318,664	7,534,800

	2009		2009	
	Average cost -----R u p e e s-----	Market value	Average cost -----R u p e e s-----	Market value
Pakistan PTA Limited				
102,000 (2008: 102,000) ordinary shares of Rupees 10 each fully paid	1,449,061	291,720	1,449,061	431,460
Pakistan International Airlines Corporation Limited 'A'				
220,000 (2008: 220,000) ordinary shares of Rupees 10 each fully paid	3,781,830	730,400	3,781,830	1,100,000
Oil & Gas Development Company Limited				
45,000 (2008: 45,000) ordinary shares of Rupees 10 each fully paid	7,756,849	3,538,800	7,756,849	5,596,200
Pakistan Cement Company Limited				
49,750 (2008: 49,750) ordinary shares of Rupees 10 each fully paid	620,389	134,325	620,389	338,300
	<u>43,094,506</u>	<u>10,228,350</u>	<u>43,094,506</u>	<u>20,446,968</u>

11.2 Certificates of Mutual Funds

Investec Mutual Fund

28,500 (2008: 28,500) certificates of Rupees 10 each

528,702 18,525 528,702 71,820

PICIC Energy Fund

20,000 (2008: 20,000) certificates of Rupees 10 each

253,625 90,000 253,625 149,800

PICIC Investment Fund

61,220 (2008: 61,220) certificates of Rupees 10 each

1,017,094 233,248 1,017,094 727,294

Pakistan Premier Fund

41,687 (2008: 41,867) certificates of Rupees 10 each

537,968 170,917 537,968 557,355

2,337,389 512,690 2,337,389 1,506,269

	Note	2009 Rupees	2008 Rupees
11.3 Particulars of provision for diminution in value of investments(impairment)			
Opening balance		2,449,505	2,449,505
Charge for the year	(11.3.1)	32,241,349	-
Closing balance		<u>34,690,854</u>	<u>2,449,505</u>

11.3.1 During the year, the stock exchanges introduced 'floor mechanism' in respect of prices of equity securities based on the closing price as prevailing on August 27, 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 August 28, 2008 and remained in place until December 15, 2008. During this period trading of securities effectively remained suspended on the stock exchanges. The trading resumed on December 15, 2008, however, the trading volumes upto December 31, 2008 were significantly low as compared to the volumes before the institution of floor mechanism. Accordingly, the Modaraba has recognised impairment amounting to Rs. 32,241,349 on its available for sale investments in its financial statements for the six months ended December 31, 2008. Such impairment is based upon the market value of these investments as per instructions vide Securities and Exchange Commission of Pakistan's SRO 150(1)/2009 dated 13 February 2009.

11.4 2000 BRR Guardian Modaraba certificates (2008:Nil) having face value Rs. 10 million (2008:Nil) carry profit at six months Kibor plus 130 basis points. These will mature in 2014 and are secured against joint ownership of musharaka assets. The fair value of each certificate is Rs.4,793 (2008:Nil).

12. FIXED ASSETS

Operating assets given on lease (ijarah) - tangible	(12.1)	76,561,506	34,275,646
Operating assets in own use - tangible	(12.2)	13,235,788	11,554,843
		<u>89,797,294</u>	<u>45,830,489</u>

12.1 Operating assets given on lease (ijarah) - tangible

PARTICULARS	2009				2008				
	BALANCE AS AT 01 JULY 2008		FOR THE YEAR		BALANCE AS AT 01 JULY 2008		FOR THE YEAR		
	Cost	Accumulated Depreciation	Net Book value	Additions	Disposal Cost / (Accumulated Depreciation)	Depreciation/ Impairment	Cost	Accumulated Depreciation/ Impairment	Net Book Value
Plant and equipment	115,125,000	87,936,749	27,188,251	64,805,762	-	21,774,808	179,930,762	109,711,557	70,219,205
Vehicles	11,320,200	4,232,805	7,087,395	3,277,000	3,725,000 (2,182,655)	2,479,749	10,872,200	4,529,899	6,342,301
	126,445,200	92,169,554	34,275,646	68,082,762	3,725,000 (2,182,655)	24,254,557	190,802,962	114,241,456	76,561,506

PARTICULARS	2008				2007				
	BALANCE AS AT 01 JULY 2007		FOR THE YEAR		BALANCE AS AT 01 JULY 2007		FOR THE YEAR		
	Cost	Accumulated Depreciation	Net Book value	Additions	Disposal Cost / (Accumulated Depreciation)	Depreciation/ Impairment	Cost	Accumulated Depreciation/ Impairment	Net Book Value
Plant & equipment	115,125,000	86,162,029	28,962,971	-	-	1,774,720	115,125,000	87,936,749	27,188,251
Vehicles	17,464,200	5,202,842	12,261,358	825,000	6,969,000 (4,198,938)	3,228,901	11,320,200	4,232,805	7,087,395
	132,589,200	91,364,871	41,224,329	825,000	6,969,000 (4,198,938)	5,003,621	126,445,200	92,169,554	34,275,646

12.1.1

Modaraba has filed suits for possession of leased assets valuing Rs.78.6 million (2008: Rs.78.6 million) against 4 clients (2008: 4 clients). The respective courts have granted decrees against these 4 (2008: 4) clients in favor of Modaraba. Courts have decided to attach some properties of customers in addition to their assets to the modaraba. However, execution petitions for recovery of the decretal amount are still pending.

12.1.2

In one of 4 cases as mentioned in note 12.1.1, the Modaraba has entered into a repayment contract agreed in the Supreme Court with a customer. The carrying amount of such asset as on 30 June 2009 is Rs. Nil (2008: Rs.17,298 million) after charging the impairment of Rs. 12,347,453 (2008: Rs. Nil). In this case, the Modaraba also has an attached property held as collateral having fair market value greater than the value of that leased assets.

12.2 Operating assets in own use - tangible

PARTICULARS	BALANCE AS AT 01 JULY 2008				FOR THE YEAR			BALANCE AS AT 30 JUNE 2009			RATE %
	Cost	Accumulated Depreciation	Net Book value	Additions	Disposal Cost / (Accumulated Depreciation)	Depreciation	Cost	Accumulated Depreciation	Net Book Value		
										Rupees	
Land	11,106,200	-	11,106,200	-	-	-	11,106,200	-	11,106,200	-	
Furniture & fixture	2,878,674	2,878,674	-	541,954	2,555,423 (2,555,423)	28,195	865,205	351,446	513,759	10	
Office equipment	3,192,636	3,179,314	13,322	127,861	2,385,736 (2,385,736)	10,512	934,761	804,090	130,671	10	
Vehicles	1,057,100	659,930	397,170	1,343,590	1,015,000 (755,656)	232,100	1,385,690	136,374	1,249,316	20	
Books	16,423	16,423	-	-	-	-	16,423	16,423	-	20	
Electrical equipment	621,510	583,359	38,151	249,866	486,018 (486,018)	52,175	385,358	149,516	235,842	10	
	18,872,543	7,317,700	11,554,843	2,263,271	6,442,177 (6,182,833)	322,982	14,693,637	1,457,849	13,235,788		

PARTICULARS	BALANCE AS AT 01 JULY 2007				FOR THE YEAR			BALANCE AS AT 30 JUNE 2008			RATE %
	Cost	Accumulated Depreciation	Net Book value	Additions	Disposal Cost / (Accumulated Depreciation)	Depreciation	Cost	Accumulated Depreciation	Net Book Value		
										Rupees	
Land	10,728,400	-	10,728,400	377,800	-	-	11,106,200	-	11,106,200	-	
Furniture & fixture	2,887,874	2,695,723	192,151	-	9,200	185,481	2,878,674	2,878,674	-	10	
Office equipment	3,178,736	3,178,735	1	13,900	-	579	3,192,636	3,179,314	13,322	10	
Vehicles	3,151,100	2,158,610	992,490	825,000	2,919,000 (455,000)	333,570	1,057,100	659,930	397,170	20	
Books	16,423	16,423	-	-	-	-	16,423	16,423	-	20	
Electrical equipment	687,310	536,013	151,297	-	65,800 (18,095)	65,441	621,510	583,359	38,151	10	
	20,649,843	8,585,504	12,064,339	1,216,700	2,994,000 (1,852,875)	585,071	18,872,543	7,317,700	11,554,843		

12.2.1

The present management, after taking over the control of Modaraba on 23rd February 2009, prompted to verify the status of land measuring 10 kanals, costing Rs. 10,728,400 situated at Mauza Amer Sidhu, Lahore Cantt with the revenue authorities and it was known that the land was acquired by Defence Housing Authority, Lahore (DHA) many years ago. After then, contact was made with DHA and various communications were exchanged to take possession of land from DHA. DHA through its letter dated June 11, 2009 intimated that DHA is the lawful owner of the land; therefore, its possession cannot be handed over to the Modaraba. DHA officials are of the view that the said land was purchased by DHA much earlier to the alleged purchase of Modaraba, however, no documentary proof to this effect has been made available to the Modaraba so far. Meanwhile, the Modaraba has served legal notice on DHA claiming ownership of the land and demanding its possession while the Modaraba is planning to initiate other legal proceedings shortly. The management and legal counsel of the Modaraba are confident that Modaraba has valid claim against DHA and accordingly there is no need of provision against such land.

12.3 Disposal of operating fixed assets

12.3.1 Disposal of assets given on lease

Description	Cost	Accumulated Depreciation	Book Value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of Purchaser
..... Rupees							
VEHICLES							
Nissan Sunny Saloon Model 2005 (LZU-7087)	825,000	31,251	793,749	788,900	(4,849)	Negotiation	Muhammad Asif Mahmood House No.22A/G Johar Town Lahore
Honda Civic Vfi Model 1998 (LXG-1575)	600,000	281,255	318,745	398,792	80,047	Negotiation	Mr. Fayyaz Mahmood R/O P-3 House No.1 Street No.2 Mughalpur Lahore.
Honda CD-70 Model 2005 (LW-1910)	54,000	45,900	6,825	8,676	1,851	Negotiation	Mian Mushtaq Ahmed House No. 20-D Millat Road Allama Iqbal Town Lahore
Honda CD-70 Model 2005 (LW-6747)	54,000	45,050	7,705	7,705	-	Negotiation	Nadeem Aslam 141 Aurangzeb Block New Garden Town Lahore .
Honda CD-70 Model 2006 (LWF-4779)	54,000	48,600	5,400	5,400	-	Negotiation	Muhammad Aslam Mahdalla Naveed Park Fatehgar Mughal pura Lahore
Honda CD-70 Model 2005 (LZN-6605)	54,000	44,000	10,000	10,000	-	Negotiation	Sajjid Ali Raza House No. 97-A, Madina Street #24 Mughalpur Lahore.
Hyundai Santra Club Cv Model 2005 (LWB-767)	579,000	458,336	120,664	123,897	3,233	Negotiation	Mr. Amjad Javed House No.133 Ravi Block Allama Iqbal Town Lahore.
Suzuki Mehran Model 2006 (LWM-3582)	345,000	293,246	51,754	51,750	(4)	Negotiation	Rana Zahoor Hussain House No.25 Street No.44 Gunj Bazar Mughalpur Lahore.
Honda City Model 2004 (LRW-330)	750,000	595,000	155,000	164,600	9,600	Negotiation	Sheeba Ahmed 291/A, Block E-2 Wapda Town Lahore.
Suzuki Mehran Model 2005 (LZV-541)	370,000	304,017	65,983	65,098	(885)	Negotiation	Mr. Hamid Siddiqui House No.251 Eden Cottages Phase-I Lahore Cantt.
Sohrab Js-70 Model 2006	40,000	36,000	4,000	4,000	-	Negotiation	Farhan Javed 20-Ravi Block Allama Iqbal Town Lahore.
	3,725,000	2,182,655	1,539,825	1,628,818	88,993		

12.3.2 Disposal of owned assets

Description	Cost	Accumulated Depreciation	Book Value	Sale proceeds	Gain	Mode of disposal	Particulars of Purchaser
..... Rupees							
Furniture & Fixture	2,555,423	2,555,423	-	182,000	182,000	Negotiation	Miraj Plaza Main Market Gulberg II Lahore.
Electrical Equipment	486,018	486,018	-	4,400	4,400	Negotiation	Miraj Plaza Main Market Gulberg II Lahore.
Office equipment	2,385,736	2,385,736	-	22,800	22,800	Negotiation	Miraj Plaza Main Market Gulberg II Lahore.
Suzuki Cultus Model 2003 (LRL 2961)	555,000	518,000	37,000	420,000	383,000	Negotiation	Muhammad Zubair 32-A Main Jail Road Lahore
Dihatsu Courr Model 2006 (LWR-1575)	460,000	237,656	222,344	436,000	213,656	Negotiation	Muhammad Zubair 32-A Main Jail Road Lahore
	6,442,177	6,182,833	259,344	1,065,200	805,856		

	Note	2009 Rupees	2008 Rupees
13. CUSTOMERS' SECURITY DEPOSITS			
These represent the customers' deposits to secure the lease finances given to them and is made up as follows:			
Opening balance		5,177,355	5,933,630
Security deposits received during the year		26,624,845	450,000
Security deposits adjusted during the year		(892,700)	(1,206,275)
Closing balance		<u>30,909,500</u>	<u>5,177,355</u>
Less: Current portion shown as current liabilities		3,437,005	3,115,855
		<u><u>27,472,495</u></u>	<u><u>2,061,500</u></u>
14. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Accrued expenses		262,000	360,105
Other payables		229,183	10,337,803
Unclaimed dividends		8,542,736	8,549,607
Medical Fund		135,430	344,030
		<u><u>9,169,349</u></u>	<u><u>19,591,545</u></u>
15. CERTIFICATE CAPITAL			
Authorised Capital			
50,000,000 Modaraba Certificates (2008:50,000,000) of Rs.10/- each		<u><u>500,000,000</u></u>	<u><u>500,000,000</u></u>
Issued, subscribed and paid-up capital			
150,000,000 Modaraba Certificates (2008:15,000,000) of Rs.10/- each fully paid-up in cash		150,000,000	150,000,000
12,300,000 Modaraba Certificates (2008:12,300,000) of Rs.10/- each issued as fully paid bonus certificates		123,000,000	123,000,000
2,500,000 Modaraba Certificates (2008:Nil) of Rs.10/- each issued as fully paid as a result of take over (15.2)		25,000,000	-
		<u><u>298,000,000</u></u>	<u><u>273,000,000</u></u>
15.1	2,761,388 (2008: 2,761,388) certificates were held by the previous management company, namely Trust Management Services (Pvt.) Limited up till the appointment of the Administrator. Now these certificates are kept with Central Depository Company of Pakistan Limited (CDC) under the control of new management of AL-Zamin Modaraba Management (Private) Limited.		

- 15.2 During the year, Modaraba has issued 2,500,000 modaraba certificates to Al-Zamin Modaraba Management (Private) Limited under SECP order dated 30 January 2009 against certificate deposit money discussed in Note 1.1.

16. CONTINGENCIES AND COMMITMENTS

Commitments in respect of unavailed murabaha facilities and unavailed ijarah facilities as on balance sheet date were Nil (2008: Nil) respectively.

	Note	2009 Rupees	2008 Rupees
17. INCOME			
17.1 Income from leasing and ijarah operations		32,190,675	4,073,659
Less: Suspended income during the year		(2,698,235)	(248,139)
Add: Receipts against suspended income		101,911	140,000
		<u>29,594,351</u>	<u>3,965,520</u>
17.2 Profit on murabaha finances		12,898,765	15,069,005
Less: Suspended income during the year		(48,257)	(463,862)
Add: Receipts against suspended income		62,021	102,904
		<u>12,912,529</u>	<u>14,708,047</u>
18. OTHER INCOME			
Processing, documentation, other fees and charges		235,688	870,625
Recoveries against provision for doubtful receivable		-	20,500
Miscellaneous income		199,892	149,723
		<u>435,580</u>	<u>1,040,848</u>
19. FINANCIAL CHARGES			
Profit on murabaha finances		-	32,367
Profit on musharika finances		-	1,554,049
		<u>-</u>	<u>1,586,416</u>
20. PROVISION AGAINST NON PERFORMING MURABAHA FINANCES - Net			
Short term murabaha finances			
For the year	(8.2)	<u>(9,741,750)</u>	<u>(868,927)</u>
		(9,741,750)	(868,927)
Long term murabaha finances			
For the year	(9.2)	<u>(12,896)</u>	<u>-</u>
		<u>(9,754,646)</u>	<u>(868,927)</u>

	Note	2009 Rupees	2008 Rupees
21. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	(21.1)	3,158,022	4,556,232
Legal and professional charges	(21.2)	6,542,755	6,853,270
Fees and subscription		449,960	372,526
Electricity, gas and water		286,395	185,074
Telephone, postage and courier		256,166	174,924
Advertisement		120,300	8,500
Printing and stationery		194,333	140,517
Traveling and conveyance		34,135	55,352
Entertainment		96,969	83,116
Insurance		36,116	38,889
Vehicle running		731,525	708,786
Auditors' remuneration	(21.3)	350,000	350,000
Repairs and maintenance		1,040,086	1,168,061
Registrar's services		60,000	90,000
Receivables written off		-	76,510
Depreciation on own assets		322,982	585,071
Bank charges and commission		35,186	109,217
Miscellaneous		373,377	200,556
		<u>14,088,307</u>	<u>15,756,601</u>

21.1 Salaries, allowances and other benefits

This includes salaries and allowances paid to executives as per the following details.

		2009 Executives	2008 Executives
Basic salary		620,000	813,750
House Rent		279,000	366,188
Business promotion allowance		93,000	122,063
Utilities		62,000	81,375
Other benefits	(21.1.2)	339,336	579,999
		<u>1,393,336</u>	<u>1,963,375</u>
Number of persons		<u>1</u>	<u>2</u>

21.1.1 The executive is provided with free use of Modaraba maintained car.

21.1.2 It includes amount Rupees. 62,000 (2008: Rupees 159,880) against the provident fund contribution.

21.2 It includes Administrator's remuneration amounting to Rupees. 5,400,000 (2008: 6,000,000).

21.3	Auditors' remuneration	Note	2009 Rupees	2008 Rupees
	Annual		250,000	250,000
	Half yearly		50,000	50,000
	Out of pocket expenses		50,000	50,000
			<u>350,000</u>	<u>350,000</u>

22. OTHER CHARGES

Provision for doubtful receivable	(22.1)	82,500	798,778
Unrealized loss on revaluation of held for trading investment	(6)	163,433	-
		<u>245,933</u>	<u>798,778</u>

22.1 This represent provision against legal suit charges receivable from defaulters.

23. RENTALS RECEIVABLE WITHIN NEXT TWELVE MONTHS

Future minimum lease rentals receivable on the basis of lease agreements executed upto 30 June 2009 are as follows:

Receivable not later than one year	22,869,220	3,190,248
Receivable later than one year but not later than 5 years	26,441,417	4,786,507
	<u>49,310,637</u>	<u>7,976,755</u>

24. PROVISION FOR TAXATION

Current year	(24.1)	-	138,176
Prior year		-	(400,000)
		<u>-</u>	<u>(261,824)</u>

24.1 During the year, the Modaraba suffered taxable loss and accordingly, no provision for current taxation has been made in these financial statements.

25. LOSS PER CERTIFICATE

Loss after taxation	<u>(33,087,281)</u>	<u>(1,670,695)</u>
Weighted average ordinary certificates	<u>29,800,000</u>	<u>27,300,000</u>
Loss per certificate	<u>(1.11)</u>	<u>(0.06)</u>

26. MATURITIES OF ASSETS AND LIABILITIES

	2009			
	Total	Upto one year	Over one to five years	Over five years
.....Rupee.....				
Assets:				
Cash and bank balances	8,161,115	8,161,115	-	-
Short term investment	28,783,455	28,783,455	-	-
Advances, deposits, prepayments and other receivables	14,338,608	14,338,608	-	-
Short term murabaha financing	105,801,867	105,801,867	-	-
Current portion of long term murabaha finances	32,627,839	32,627,839	-	-
Long term murabaha finances	29,352	-	29,352	-
Long term deposits	184,862	-	-	184,862
Investments	20,328,141	-	-	20,328,141
Assets leased out	76,561,506	70,961,238	5,600,268	-
Assets in own use	13,235,788	-	13,235,788	-
	300,052,533	260,674,122	18,865,408	20,513,003
Liabilities:				
Current portion of customers' security deposits	3,437,005	3,437,005	-	-
Creditors, accrued and other liabilities	9,169,349	9,169,349	-	-
Provision for taxation	2,945,133	2,945,133	-	-
Customers' security deposits	27,472,495	-	27,472,495	-
	43,023,982	15,551,487	27,472,495	-
Net Balance	257,028,551	245,122,635	(8,607,087)	20,513,003
Certificate holders' equity	257,028,551			

	2008			
	Total	Upto one year	Over one to five years	Over five years
.....Rupee.....				
Assets:				
Cash and bank balances	3,205,034 *	3,205,034	-	-
Short term investment	28,000,000	28,000,000	-	-
Advances, deposits, prepayments and other receivables	3,463,517	3,463,517	-	-
Short term murabaha financing	133,201,489	133,201,489	-	-
Current portion of long term murabaha finances	35,631,527	35,631,527	-	-
Long term murabaha finances	96,981	-	96,981	-
Advances to employees	-	-	-	-
Long term deposits	184,862	-	-	184,862
Investments	21,953,237	-	-	21,953,237
Assets leased out	34,275,646	28,675,378	5,600,268	-
Assets in own use	11,554,843	-	11,554,843	-
	271,567,137	232,176,945	17,252,092	22,138,099
Liabilities:				
Finance under musharika arrangements - secured	-	-	-	-
Finance under murabaha arrangements - secured	-	-	-	-
Current portion of long term murabaha finance - secured	-	-	-	-
Current portion of customers' security deposits	3,115,855	3,115,855	-	-
Creditors, accrued and other liabilities	19,591,545	19,591,545	-	-
Provision for taxation	3,235,657	3,235,657	-	-
Customers' security deposits	2,061,500	-	2,061,500	-
	28,004,557	25,943,057	2,061,500	-
Net Balance	243,562,579	206,233,887	15,190,592	22,138,099
Certificate holders' equity	243,562,579			

27. FINANCIAL RISK MANAGEMENT

27.1 Financial risk factors

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Modaraba's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) of the management company, chief operating officer and chief financial officer. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Modaraba is not exposed to currency risk arising from currency exposure as Modaraba is not involved in foreign currency transactions.

(ii) Equity price risk

'Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, 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 Modaraba is exposed to equity price risk as modaraba hold available for sale and held for trading investments.

		2009	2008	2007
Reporting date all index points		5122	8834	9759
		Changes in KSE all Index	Effects on Profit Before Tax	Effects on Equity
		(Rupees)		
Available for sale investments	2009	+10%	-	4,543,190
		-10%	-	(4,543,190)
	2008	+10%	-	4,543,190
		-10%	-	(4,543,190)
Held for trading investments	2009	+10%	394,689	-
		-10%	(394,689)	-
	2008	+10%	-	-
		-10%	-	-

(iii) Profit rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market mark up rates.

The Modaraba has no significant long-term interest-bearing assets. The Modaraba's mark up/profit rate risk arises from long term Morabaha financing, short term Morabaha financing, investments and ijrahas.

At the balance sheet date the interest rate profile of the Modaraba's mark up bearing financial instruments was:

	2009	2008
	Rupees	Rupees
Fixed rate instruments		
Financial assets		
Short term murabaha financing	105,801,867	133,201,489
Long term murabaha finances	32,657,191	35,728,508
Advances, deposits, and other receivables	11,997,263	1,594,684
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	77,866	77,866
Short term investment-held to maturity	25,000,000	28,000,000

Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Modaraba.

Cash flow sensitivity analysis for variable rate instruments

If interest rates, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 250,779 lower / higher (2008: Rupees 280,779 higher / lower) respectively, mainly as a result of higher / lower interest expense on floating rate borrowings in the year ended 30 June 2009 and higher / lower interest income in the year ended 30 June 2008. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2009	2008
	Rupees	Rupees
Cash and bank balances	8,159,735	3,205,034
Short term investments	28,783,455	28,000,000
Advances, deposits and other receivables	14,253,284	3,453,203
Short term murabaha financing	105,801,867	133,201,489
Long term murabaha financing	32,657,191	35,728,508
Long term deposits	184,862	184,862
Investments	20,328,141	21,953,237
	<u>210,168,535</u>	<u>225,726,333</u>

Geographically all credit exposure is concentrated in Pakistan.

The maximum exposure to credit risk for receivables (murabaha financing and lease rental receivables) at the reporting date by type of customer was:

Textile Spinning	5,197,000	8,290,000
Textile Composite	29,064,318	25,180,865
Fuel and Energy	12,825,950	12,571,588
Engineering	2,597,317	2,626,924
Transport & Communication	13,200,000	13,200,000
Chemical & Pharmaceuticals	9,716,436	9,594,896
Vanaspatic and Allied Industries	94,913,066	94,913,066
Miscellaneous	102,758,953	120,090,859
	<u>270,273,040</u>	<u>286,468,198</u>

The age of Murabaha and lease / ijarah rental receivables and related impairment loss at the balance sheet date was:

Aging of Murabaha and lease / ijarah rental receivables

Not past due	51,120,000	73,747,574
Past due 0 - 180 days	8,166,572	4,284,172
Past due 181 - 365 days	-	82,649,354
1 - 2 years	44,888,553	24,304,638
More than 2 years	166,097,915	101,482,460
	<u>270,273,040</u>	<u>286,468,198</u>

Aging of impaired Murabaha and lease / ijarah rental receivables

Not past due	48,257	463,862
Past due 0 - 180 days	-	868,927
Past due 181 - 365 days	10,156,487	57,933
1 - 2 years	926,860	70,148,333
More than 2 years	108,685,119	44,404,462
	<u>119,816,723</u>	<u>115,943,517</u>

Collaterals held against murabaha financing and ijarah rentals receivables

	2009				Net Exposure
	Gross Exposure	Collaterals			
		Mortgage	Hypotyhe-cation	Liquid-Collaterals	
----- Rupees -----					
Long term Murabaha financing	40,670,087	15,230,678	25,439,409	-	-
Short term Murabaha financing	178,312,738	72,151,633	91,628,000	19,353	14,513,752
Ijarah / lease rental receivables	40,551,941	12,347,453	-	27,172,164	1,032,324

The Modaraba has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Modaraba has internally developed rating criteria to rate its customers which is supplemented by ratings supplied by independent rating agencies where available. The Modaraba also uses other publicly available financial information and its own trading records to rate its customers. The Modaraba's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed annually.

The management monitors and limits Modaraba's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate. The table below shows the bank balances and investments held with some major counterparties at the balance sheet date:

	Rating		2009	2008
	Long term	Agency	(Rupees)	
Banks				
Askari Bank Limited	AA	PACRA	-	688
Habib Metropolitan Bank Limited	AA+	PACRA	77,866	77,463
Bank Alfalah Limited	AA	PACRA	537,213	33,882
The Bank of Punjab	AA-	PACRA	5,892,219	3,082,832
Meezan Bank	A+	JCR-VIS	1,647,864	-
State Bank of Pakistan			4,573	10,169
			<u>8,159,735</u>	<u>3,205,034</u>

	Rating	Agency	2009	2008
			(Rupees)	
Available for Sale Securities				
Fully Paid Ordinary Shares				
Amin Spinning Mills Limited	N/A	-	1,200	2,176
Kohinoor Spinning Mills Limited	N/A	-	570	982
Reliance Cotton Spinning Mills Limited	N/A	-	2,400	3,400
Dewan Salman Fibres Limited	N/A	-	58,855	195,525
Kohinoor Textile Mills Limited	N/A	-	1,252,239	3,929,537
Fauji Cement Company Ltd.	N/A	-	856,041	1,314,588
Pakistan Telecommunication Company Limited	N/A	-	3,361,800	7,534,800
Pakistan PTA Limited	N/A	-	291,720	431,460
Pakistan International Airlines Corporation Limited	N/A	-	730,400	1,100,000
Oil & Gas Development Company Limited	AAA	JCR	3,538,800	5,596,200
Pakistan Cement Company Limited	N/A	-	134,325	338,300
			<u>10,228,350</u>	<u>20,446,968</u>
Certificates of Mutual Funds				
Investec Mutual Fund	N/A	-	18,525	71,820
PICIC Energy Fund	N/A	-	90,000	149,800
PICIC Investment Fund	N/A	-	233,248	727,294
Pakistan Premier Fund	5 star	PACRA	170,917	557,355
			<u>512,690</u>	<u>1,506,269</u>
Held for Trading				
Nishat Mills Limited	AA	PACRA	94,550	-
Pakistan Telecommunication Company Ltd.	N/A	-	172,400	-
Attock Refinery Ltd	AA	PACRA	873,530	-
Pakistan Petroleum Ltd	N/A	-	568,620	-
Lucky Cement Ltd	N/A	-	579,447	-
Pakistan Oilfields Ltd	N/A	-	218,850	-
Engro Chemicias Ltd	AA	PACRA	385,290	-
Mari Gas Company Ltd	N/A	-	178,596	-
Packages Ltd	AA	PACRA	157,040	-
ICI Pakistan Limited	N/A	-	490,875	-
Dawood Hercules Ltd	N/A	-	64,255	-
			<u>3,783,453</u>	<u>-</u>
Held to maturity				
Certificate of deposits	A-1	JCR-VIS	<u>25,000,000</u>	<u>-</u>

Further the Modaraba's exposure to credit risk and impairment losses related to morabaha financing, Investments and other receivables is disclosed in Note 8,9 6,7 and 11 respectively.

Due to the Modaraba and its other related entities's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing and collaterals, the management does not expect non-performance by these counter parties on their obligations to the Modaraba. Accordingly, the credit risk is a moderate.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Modaraba's approach to managing 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 Modaraba's reputation. In spite the fact that the Modaraba is in a positive working capital position at the year end, management believes the liquidity risk to be low.

The table below analysis the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equates to their carrying balances as the impact of discounting is not significant.

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
----- (Rupees) -----					
30 June 2009					
Customers' security deposits	30,909,500	30,909,500	3,437,005	27,472,495	-
Creditors, accrued and other liabilities	9,169,349	8,877,349	8,877,349	-	-
	<u>40,078,849</u>	<u>39,786,849</u>	<u>12,314,354</u>	<u>27,472,495</u>	<u>-</u>
	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
----- (Rupees) -----					
30 June 2008					
Customers' security deposits	5,177,355	5,177,355	3,115,855	2,061,500	-
Creditors, accrued and other liabilities	19,591,545	19,591,545	19,591,545	-	-
	<u>24,768,900</u>	<u>24,768,900</u>	<u>22,707,400</u>	<u>2,061,500</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup / profit rates effective as at 30 June. The rates of mark up have been disclosed in respective notes to the financial statements.

27.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

27.3 Financial instruments by categories

	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
As at 30 June 2009					
(Rupees)					
Assets as per balance sheet					
Cash and bank balances	8,159,735	-	-	-	8,159,735
Short term investment	-	-	25,000,000	3,783,455	28,783,455
Advances, deposits and other receivables	14,253,284	-	-	-	14,253,284
Short term murabaha financing	105,801,867	-	-	-	105,801,867
Long term murabaha financing	32,657,191	-	-	-	32,657,191
Long term deposits	184,862	-	-	-	184,862
Investments	-	20,328,141	-	-	20,328,141
	<u>161,056,939</u>	<u>20,328,141</u>	<u>25,000,000</u>	<u>3,783,455</u>	<u>210,168,535</u>

Financial liabilities at amortized cost	
(Rupees)	
Liabilities as per balance sheet	
Customers' security deposits	30,909,500
Creditors, accrued and other liabilities	9,169,349
	<u>40,078,849</u>

	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
As at 30 June 2008					
(Rupees)					
Assets as per balance sheet					
Cash and bank balances	3,205,034	-	-	-	3,205,034
Short term investment	-	-	28,000,000	-	28,000,000
Advances, deposits, and other receivables	3,453,203	-	-	-	3,453,203
Short term murabaha financing	133,201,489	-	-	-	133,201,489
Long term murabaha finances	35,728,508	-	-	-	35,728,508
Long term deposits	184,862	-	-	-	184,862
Investments	-	21,953,237	-	-	21,953,237
	<u>175,773,096</u>	<u>21,953,237</u>	<u>28,000,000</u>	<u>-</u>	<u>225,726,333</u>

Financial liabilities at amortized cost	
(Rupees)	
Liabilities as per balance sheet	
Customers' security deposits	5,177,355
Creditors, accrued and other liabilities	19,591,545
	<u>24,768,900</u>

27.4 Capital risk management

The Modaraba's objectives when managing capital are to safeguard the Modaraba's ability to continue as a going concern in order to provide return for certificateholders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize certificateholders value. The Modaraba manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Modaraba may adjust dividend payments to the shareholders, return on capital to certificateholders or issue new shares.

No changes were made in the objectives, policies or processes from the previous year. The modaraba monitors capital using gearing ratio, which is debt divided by equity plus debt. Debt represent loans, customer security deposits, creditors, accrued and other liabilities, less cash and cash equivalents of Modaraba. Total capital employed includes 'total equity' as shown in the balance sheet plus debt. The modaraba policy is to keep the gearing ratio between 5% and 20%.

The gearing ratio as at year ended 30 June 2009 and 30 June 2008 is as follows:

	Note	2009 Rupees	2008 Rupees
Customers' security deposits	(13)	30,909,500	5,177,355
Creditors, accrued and other liabilities	(14)	9,169,349	19,591,545
Less: Cash	(5)	<u>(8,161,115)</u>	<u>(3,205,034)</u>
Net debt		31,917,734	21,563,866
Equity		<u>257,028,551</u>	<u>243,562,579</u>
Capital and Net debt		<u>288,946,285</u>	<u>265,126,445</u>
Gearing Ratio		11.05%	8%

28. RELATED PARTY TRANSACTIONS

Related parties of the Modaraba include the Modaraba management company [Al-Zamin Modaraba Management (Private) Limited], directors of Al-Zamin Modaraba Management (Private) Limited, key management personnel and the Administrator. Transactions with related parties are given below:

Nature of Relationship	Nature of Transaction	2009 Rupees	2008 Rupees
Administrator	Remuneration	5,400,000	6,000,000
Modaraba Management Company	Registrar fee	-	50,000
Employees' Provident Fund	Contributions paid	62,000	159,880

The transactions with the key management personnel under terms of employment are excluded from related party transactions.

29. NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2009 were 10 (2008: 9).

30. DATE OF AUTHORIZATION OF ISSUE

These financial statements have been approved for issue by the Management company on October 01, 2009.

31. CORRESPONDING FIGURES

Corresponding figures have been rearranged and restated, wherever necessary, however, no significant reclassification has been made in these financial statements.

32. GENERAL

Figures have been rounded off to nearest rupee.



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

PATTERN OF CERTIFICATE HOLDINGS

AS AT 30 JUNE 2009

Number of Certificate-holders	Certificateholdings		Total Certificates	Percentage Held
	From	To		
508	1	100	29,101	0.10
1043	101	500	306,675	1.03
733	501	1000	638,459	2.14
381	1001	5000	896,200	3.01
87	5001	10000	667,339	2.24
23	10001	15000	289,068	0.97
11	15001	20000	193,511	0.65
7	20001	25000	159,107	0.53
4	25001	30000	114,410	0.38
3	30001	35000	92,570	0.31
2	35001	40000	78,550	0.26
4	45001	50000	195,174	0.65
2	50001	55000	106,600	0.36
2	60001	65000	127,000	0.43
3	65001	70000	207,040	0.69
1	70001	75000	75,000	0.25
1	75001	80000	78,382	0.26
1	95001	100000	100,000	0.34
1	100001	105000	101,500	0.34
1	110001	115000	115,000	0.39
1	115001	120000	118,100	0.40
1	140001	145000	143,500	0.48
1	145001	150000	146,500	0.49
1	180001	185000	181,230	0.61
1	265001	270000	265,500	0.89
1	290001	295000	291,200	0.98
1	295001	300000	296,000	0.99
1	340001	345000	344,500	1.16
1	410001	415000	414,000	1.39
1	530001	535000	530,500	1.78
1	550001	555000	551,000	1.85
1	1255001	1260000	1,258,896	4.22
1	2495001	2500000	2,500,000	8.39
1	2760001	2765000	2,761,388	9.27
1	15425001	15430000	15,427,000	51.77
2,833			29,800,000	100.00

CATEGORIES OF CERTIFICATEHOLDERS

AS AT 30 JUNE 2009

Categories of Certificateholders	Number of Certificate-holders	Total Certificates Held	Percentage
Associated companies, undertakings and related parties			
Al-Zamin Modaraba Management (Private) Limited	1	2,500,000	8.39
Investment Corporation of Pakistan	1	13,700	0.05
Directors, CEO & their spouse and minor children	-	-	-
Executives	-	-	-
Public sector companies and Corporations	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	15	1,576,756	5.29
Joint Stock Companies	30	3,183,248	10.68
Individuals	2,783	21,889,226	73.45
Others	3	637,070	2.14
Total	2,833	29,800,000	100.00

Certificateholders holding ten percent or more certificates in the Modaraba

Mohammad Aslam Motiwala	1	15,427,000	51.77
-------------------------	---	------------	-------



2nd Floor, FB-II, Awami Complex, 1-4 Usman Block,
New Garden Town, Lahore
Tel: (042) 5940347 - 8 Fax: (042) 5866513