Annual Report 2010

Al-Zaamin InvestBank.

Invest Capital Investment Bank Limited

VISION STATEMENT

To build a world-class investment banking franchise through the creation of an organization based on trust, integrity and a decision making process driven by client's best interest

MISSION STATEMENT

To provide our customers financial solutions while preserving wealth, ensuring quality service, efficient pricing and absolute transparency

Contents

Company Information

Board of Directors

Mr. Nusrat Yar Ahmad - Chief Executive
Mr. Saeed Iqbal Chaudhry
Mr. Muhammad Zahid
Mr. Aamer Saeed
Mr. Firasat Ali

The following 2 members were co-opted by the board on 14th May 2011 to fill the casual vacancies:
Mr. Zafar Iqbal
Mr. Jawwad Farid

Audit Committee

Mr. Aamer Saeed - Chairman
Mr. Firasat Ali - Member

Chief Financial Officer

Syed Abid Raza Zaidi

Company Secretary

Mr. Shamir S. Ismail

Bankers

Allied Bank Limited
Askari Bank Limited
Atlas Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Dawood Islamic Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited

Company Information

Al-Zaamin Invest Bank.

Bankers
State Bank of Pakistan
Silk Bank Limited
Standard Chartered Bank (Pakistan) Ltd
The Bank of Khyber
United Bank Limited

Auditors
KPMG Taseer Hadi & Co., Chartered Accountants

Legal Advisors
Mohsin Tayebaly & Co.

Share Registrar
CDC House, 99-B, Block 'B', S.M.C.H.S.
Main Shahra-e-Faisal, Karachi-74400.
Phone: (92-21) 0800-CDCPL (23275)
Fax: (92-21) 3432 6053
Email: info@cdcpak.com
URL: www.cdcpakistan.com

Registered Office
C3C, 12th Lane, Ittehad Commercial,
Khayaban-e-Ittehad, Phase II Ext.,
DHA, Karachi.
Tel: (92-21) 111-111-097
Fax: (92-21) 3531 3887
Website: www.investcapital.com

Al-Zaamin Invest Bank.

Notice is hereby given that the 18th Annual General Meeting of the shareholders of INVEST CAPITAL INVESTMENT BANK LIMITED will be held at 11:30 a.m. on Friday, 24th June 2011 at Moosa G. Desai Auditorium, The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi to transact the following business:

Ordinary Business

1. To confirm the minutes of the 4th Extraordinary General Meeting of the Shareholders held on Monday, 9th August 2010.

2. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' reports for the year ended 30th June 2010.

3. To appoint auditors and fix their remuneration for the year ending 30th June 2011. The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

4. To consider any other business with the permission of the Chair.

Karachi
3rd June 2011

By Order of the Board

Shamir S. Ismail
Company Secretary

NOTES:

1. The Members' Register will remain closed from 17th June 2011 to 24th June 2011 (both days inclusive). Transfers received in order at the office of the Share Registrar of the Company by the close of business on 16th June 2011 will be treated in time.

2. A Member entitled to attend and vote at the General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a Member of the Company.

3. The instrument appointing a proxy and the power of attorney or other authority, under which it is signed or a notarially certified copy of the power of attorney must be deposited at the office of Share Registrar of the Company, Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 at least 48 hours before the meeting.

4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her Computerized National Identity Card / Passport with him/her as proof of his/her identity, and in case of proxy, must enclose an attested copy of his/her Computerized National Identity Card. Representative of corporate members should bring the Board of Directors' resolution / power of attorney with specimen signature of the nominee along with the proxy form to the company.

5. Shareholders are requested to notify any change in their addresses immediately.

The Board of Directors places before the members the audited accounts of Invest Capital Investment Bank Limited as at 30th June 2010 in the following format:

1. Accounts of Invest Capital Investment Bank Ltd on stand-alone basis;
2. Consolidated Accounts

REVIEW OF SIGNIFICANT DEVELOPMENTS

The previous annual accounts as at 30th June 2009 were presented consequent upon merger of Al-Zamin Leasing Modaraba and Al-Zamin Leasing Corporation Limited with and into Invest Capital Investment Bank Limited. The merger had been implemented in order to create a truly comprehensive NBFI with a large capital base, diversity of products and services, multiple income streams and synergies of professional management for enhancing its market presence and future growth. Unfortunately, the objectives of the merger, though carefully planned, could not be achieved due to various factors and adversities which are summarized in the Report.

The global financial downturn in 2008-09 had a negative impact also on the local economy which had previously been encountering higher inflation, political instability and lack of fresh investments, further aggravated by acute power shortage and devastating floods. These factors cumulatively caused serious liquidity crunch in the country leading to a wave of defaults spread across the financial sector and increasing the non performing loans to unprecedented levels. The adverse effects were even more pronounced in case of non-banking financial institutions which, being historically dependent upon the resources borrowed from the commercial banks, were completely deprived of fresh funding thereby causing serious disruption of their business cycles.

The Company, being one of financial sector victims, also started facing increasing mismatch of resources due to defaults in repayments by its Clients attributed to their stagnating businesses. This caused an extremely difficult situation for the Company which had previously maintained an exemplary record of its financial management and prompt payments. The stock brokerage arm of the company suffered due to diminishing volumes and the leasing and loans portfolio from increasing provisions and over dues caused by constantly deteriorating market conditions. The impact of operating costs and financial charges could not be compensated by the shrinking income revenues thereby resulting in heavy operating losses.

The Board of Directors of the Company promptly formulated strategies and action plans aimed at achieving substantial cost reduction, sale of brokerage business , merger of other financial institutions to bring further equity and cash resources into the Company , disposing of non-earning assets and properties , negotiating easier terms with the lenders, maximizing recoveries of receivables, increasing non-funded business and eventually issuance of right shares to supplement Company's liquidity and profitability. Unfortunately, the implementation of the intended actions was hampered due to unforeseen hurdles and internal and external impediments.

Consequently, the Company suffered a net loss of Rs. 761 as at 30th June 2010 thereby reducing its equity from Rs. 979 million to Rs. 212 million including the deficit of Rs 6 million in the held-for-sale portfolio.

FINANCIAL SUMMARY

	.........Rs. in million.........	
	2010	2009
Gross Revenue	**636.39**	144.95
Other Income	**48.04**	491.64
Profit/ (Loss) for the year before taxation	**(717.30)**	175.97
Taxation - net	**43.82)**	10.62
Profit/(Loss) for the year after taxation	**(761.12)**	165.35
Total Assets	**5,073.34**	7,846.99
Earnings / (Loss) per Share	**(2.74)**	2.22

The main reasons for the net loss are financial charges, operating expenses, provisioning and reduction of income. Non conducive business condition prevailing in the country coupled with law and order, flood and excessive shortages of electricity have also contributed to the operational loss of the Company. The Board and the management have taken effective steps to remedy the situation the details of which are given in the ensuing paragraphs.

DIVIDEND

In view of the circumstances as explained in preceding paragraphs, the directors do not propose the payment of any cash or bonus dividend for the year ending June 30, 2010.

STAFF BENEFITS

The value of investments of the recognized provident fund as at June 30, 2010 was Rs. 64.762 million. The value of investments of the company's gratuity funds as at June 30, 2010 was Rs. 12.661 million.

REMEDIAL MEASURES

In order to resolve the operational problems of the Company and improve its liquidity constraints, it was mutually agreed amongst the shareholders to consolidate the majority shareholding and management control with one group which would meet the future requirements of the Company and fulfill its financial obligations for which a Memorandum of Understanding signed on 20th July 2010. It was also contracted that the outgoing group will acquire the brokerage business of the Bank with the consideration received from sale of their shares to the acquitting group.

The aforesaid proposals were submitted to the SECP for obtaining regulatory approvals and the Company also obtained approval for sale of the subsidiary from its members in its EOGM held on 9th August 2010. The Chairman and Managing Director of the Company resigned in the Board meeting held on 29th July, 2010 and the management control, except that of the brokerage subsidiary, was entrusted to the acquiring shareholders according to the above MoU. The SECP, on the basis of aforesaid MOU and commitment from the acquiring share holders, accorded its approval vide its letter No. SC/NBFC-1/ICIBL/2010/251 dated 1st September 2010 to the sale of aforesaid shares of the Company subject to condition that the process for appointment of chief executive and directors shall be completed on or before 20th September 2010.

However, the Company defaulted on its payments in respect of its depositors and lending financial institutions. Consequently, the credit rating of Company was down-graded from A (minus) to D category by JCR-VIS Credit Rating Agency and delay in the completion of some formalities related to transaction caused delay timely financial close of the above transaction.

The SECP, after considering the aforementioned facts, constant deterioration of company's position besides other impediments, cancelled its earlier approval for the intended purchase of shares by the acquiring shareholders vide its letter No.SC/NBFC-1/ICIBL/2011/321 dated 20 January 2011. As a result of the said cancellation, all applications filed by the Company for appointment of chief executive and directors on behalf of acquiring shareholders and the eventual sale of the brokerage business to the outgoing shareholders became infractuous and therefore declined. Consequently, in its meeting held on 22nd January 2011, the Board of Directors reverted the management control of the banking operations from the acquiring shareholders to the Chief Executive of the Company.

Since then, a number of meetings have been held with SECP by the shareholders and management to review the plans for streamlining of Company's business and safeguarding interests of all stakeholders. In the meantime, strenuous efforts have been made by the management to address the cash-flow and profitability of the Company the details of which are given in the subsequent paragraphs.

IMPROVEMENTS ACHIEVED

The operating costs of the Company have since been reduced from an average of Rs. 51 million per month as in the year ended 30th June 2010 to Rs. 27 million average per month in the subsequent months. Further reductions therein will also take place by more consolidation. Due to the intensification of recovery efforts, provisioning against the overdue receivables which peaked in the year under review is expected to provide material reversals. Emphasis on handling advisory and non-funded business will provide additional earnings without adding to the operating costs.

The financial charges causing substantial dent to the profitability are being brought down to the minimum possible levels due to settlement of debts mostly against transfer of non-earning assets as per details given below.

The management has negotiated with its lending financial institutions for restructuring or settlement of the outstanding of about Rs 1,100 million in various modes like privately placed TFCs, Murabaha Financing, Running Finance, Term Lending etc. The lenders were requested to waive off any mark up since October 2010 and accept any one or more of the following options for settlement of their outstanding amounts:

Option 1: Restructuring of the outstanding amounts for a period of five (5) years commencing from 12th October 2010 with a grace period of six (6) months.

Option 2: Full and final settlement of the entire outstanding principal amount against transfer of certain leased assets, musharakah assets and immovable properties. The assets will be valued as per the books of the Company or against a better offer if more than one lender becomes interested in a particular asset.

Option 3: Full and final settlement of the entire outstanding principal amount by conversion of 40% of the outstanding principal into preference shares and the remaining 60% to be paid in cash or against assets. Non- voting preference shares to be issued at Rs 10 per share will be for 5 years convertible at par with cumulative dividends of 4% per annum.

Based on negotiations with the syndicates and individual lenders, arrangements have been agreed with the majority of lenders to settle the debt mostly against Option 2 and the requisite documentation is in progress. This will remove the portfolio of non-earning properties from the balance sheet and also the bulk of the borrowings of the Company. The cumulative effect of these transactions shall bring a significant success for the Company, in a short time span. Any unsettled debt is likely to be free of cost and repayable under Option 1, in five years. The conversion of debt into preference shares will help the equity requirements of the Company.

In addition to the above initiatives, the Board of Directors has decided to inject further equity of Rs. 300 million during the financial year 2012 through issuance of right shares, sub-ordinated loans, asset-swap or induction of investors.

In the meantime, the SECP has been requested to allow relaxation of the prudential requirements for minimum equity, per party exposure and other relevant limits in view of the above-mentioned situation. The matter is under consideration of the SECP. Renewal of the Leasing and the IFS licenses which expired subsequent to the audit date is also being pursued.

CONTINUITY OF BUSINESS

In spite of the difficulties experienced so far, the management and the Board of the Company are confident that, for the reasons explained in the preceding paragraphs, presentation of these financial statements on a going concern basis is appropriate and justifiable based on cash flows, business strategies and material steps being implemented for streamlining the assets and liabilities of the Company and its liquidity. However, the Auditors of the Company, in spite of detailed presentations made, have chosen to give an adverse opinion to which the Board of Directors emphatically disagrees.

Para 25 of International Accounting Standards 1 clearly provides that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternatives but to do so. Further, Para A24 of IAS 570, which has apparently been relied upon in formulating their opinion, also specifically provides that such an opinion may be expressed only when the company is considering to file a bankruptcy or is unable to re-negotiate its financial arrangements. In this case, not only the management has succeeded in achieving significant improvements in all financial arrangements causing operational losses during the year under review, it is vigorously implementing effective steps to ensure requisite liquidity and profitability for the continuity of Company's business. The Board and the management are determined to take all such steps which are required for the successful operations of the Company, including injection of further equity. Therefore, the Board re-affirms its stance of presenting the enclosed accounts on a going concern basis.

FUTURE PROSPECTS

The actions and strategies enumerated above are aimed at addressing the core issues which the Company has been experiencing during the last year. The two major factors affecting the profitability of the Company, namely high financial charges and operating costs, have been resolved through settlement of almost entire bank borrowings against properties and other assets and reduction of about 50% in the administrative costs. The entire infrastructure of the Company is now geared to achieve maximum recoveries of its receivables, particularly of the overdue amounts to improve its cash flows. Since most of the leasing, Musharakah and loan financing is collateralized against properties and other securities with sufficient margins, there is no doubt that most of the overdue amounts will be realized over a period of time, thereby reversing substantial amounts of suspended income and provisions previously made in the books. The Company has got sufficient business assets and receivables to be able to meet all its financial obligations to its creditors and depositors. Availability of sufficient liquidity will be necessary in order to meet the commitments on the due dates. For this, as stated above, your Board has decided to inject funding of Rs. 300 million through equity and other forms. During the next year or so, the entire balance sheet of the Company will be re-profiled in order to make it a consolidated but efficient entity which would re-plan its business operation according to the changed environment. In the meantime, the treasury operations and advisory services are expected to yield significant returns without having to rely on fresh cash resources. A number of projects and proposals are already in the hands of the management in this regard.

Your Board is fully aware that, having gone through extraordinary circumstances in the past year, the Company needs to improve its image in the market place and regain its previous position built over many years of successful operations. With the guidance of the Regulators, support of the financial sector of the country, continuing confidence of its stakeholders and clients and dedication of its staff members, the Company will succeed in restoring its previous status and prestige in the near future. It would only be possible with the support and understanding of the valued Shareholders and Members of the Company whose interests the Board and the Management are committed to safeguard.

PRESENTATON OF PENDING ACCOUNTS

Preparation and presentation of the attached accounts as at 30th June 2010 was delayed considerably due to various factors, including the intended change in the majority shareholding of the Company. The Board expresses its gratitude to the Regulators and Shareholders for their forbearance in this regard. The management is endeavoring to finalize and publish all the remaining accounts i.e. 30th September 2010, 31st December 2010 and 31st March 2011 within the next few weeks.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

- The Financial Statements present fairly the state of affairs of the Company, the results of its operations, Cash Flow Statement of Changes in Equity.
- Proper books of accounts of the Company have been maintained.
- Accounting procedures as stated n the notes to the accounts have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan and as stated in the notes attached to the accounts, have been followed in the preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- The Company is financially sound and is a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

- No trading in shares of the Company were carried out by the Directors, Chief Executive, Chief Financial Officer/Company Secretary and their spouses and minor children during the year.
- During the year, Five (5) meetings of the Board of Directors were held. The Directors, who were unable to attend the meetings nevertheless closely followed the progress of the Bank and helped with their advice.

NAME OF DIRECTORS	MEETINGS ATTENDED
Mr. Mr. Zafar Iqbal	Four (4)
Mr. Basheer A. Chowdry	Four (4)
Mr. Nusrat Yar Ahmad	Five (5)
Mr. Saeed Iqbal Chaudhry	Four (4)
Mr. Muhammad Zahid	One (1)
Mr. Rehman Ghani	Three (3)
Mr. Aamer Saeed	Four (5)
Mr. Najib Amanullah	Two (2)
Mr. Qasim Rabbani	-
Syed Abid Raza	One (1)

On the date of merger, Mr. Qasim Rabbani and Syed Abid Raza resigned from the Board of Invest Capital Investment Bank Limited.

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

Since the publication of accounts as at 31st March 2010, Mr. Zafar Iqbal, M. Basheer A. Chowdry, Mr. Najib Amanullah and Mr. Rehman Ghani, resigned from the Board of Directors on various dates. Mr. Firasat Ali was appointed against one of the vacancies. The Board submitted to the SECP names of replacement Directors to fill the vacancies which were eventually declined by the SECP on 20th January 2011. Consequently, fresh nominations will be submitted to the SECP for approval in order to complete the required number of Directors.

CREDIT RATING

JCR-VIS Credit Rating Co Ltd (JCR-VIS) has placed the entity rating of D. With the revival of the Company's business, efforts will be made to seek improvements in the category.

AUDITORS

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

PATTERN OF SHAREHOLDING

The pattern of shareholding as on 30th June 2010 is annexed.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Karachi
May 14, 2011

Nusrat Yar Ahmed
Chief Executive Officer

Pattern of Shareholding
As at June 30, 2010

Al-Zaamin Invest Bank.

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1097	1	to	100	43,179
3700	101	to	500	827,027
602	501	to	1000	429,414
2973	1001	to	5000	6,060,699
463	5001	to	10000	3,326,704
171	10001	to	15000	2,150,068
105	15001	to	20000	1,886,095
61	20001	to	25000	1,383,840
47	25001	to	30000	1,294,101
32	30001	to	35000	1,071,603
22	35001	to	40000	825,583
20	40001	to	45000	851,309
21	45001	to	50000	1,026,076
11	50001	to	55000	580,695
7	55001	to	60000	413,560
11	60001	to	65000	691,304
7	65001	to	70000	480,708
6	70001	to	75000	435,516
6	75001	to	80000	463,005
3	80001	to	85000	248,400
5	85001	to	90000	436,010
3	90001	to	95000	278,152
16	95001	to	100000	1,567,275
3	100001	to	105000	303,417
1	105001	to	110000	106,600
3	110001	to	115000	340,364
3	115001	to	120000	356,248
4	120001	to	125000	490,205
2	125001	to	130000	256,100
5	130001	to	135000	663,974
1	135001	to	140000	135,556
1	140001	to	145000	140,400
3	145001	to	150000	450,000
1	155001	to	160000	159,500
2	160001	to	165000	328,708
1	165001	to	170000	169,322
2	170001	to	175000	347,610
1	175001	to	180000	175,137
1	180001	to	185000	184,236
1	185001	to	190000	187,251
1	190001	to	195000	194,617
4	195001	to	200000	791,422
1	205001	to	210000	206,998
2	215001	to	220000	433,993
2	225001	to	230000	455,154
1	230001	to	235000	230,222
1	235001	to	240000	240,000
1	240001	to	245000	242,340
1	245001	to	250000	247,000
2	255001	to	260000	514,824
1	265001	to	270000	268,349
1	280001	to	285000	280,800
1	290001	to	295000	295,000
2	295001	to	300000	600,000
2	300001	to	305000	606,069
1	305001	to	310000	305,422
1	320001	to	325000	323,113
1	345001	to	350000	350,000
1	360001	to	365000	363,475
1	375001	to	380000	378,800
1	395001	to	400000	396,901
1	420001	to	425000	421,284
1	430001	to	435000	431,582
1	460001	to	465000	462,571
1	465001	to	470000	467,532
1	480001	to	485000	481,260
1	490001	to	495000	493,822
1	580001	to	585000	583,080
1	650001	to	655000	652,147
1	685001	to	690000	688,683
1	900001	to	905000	901,965
1	1085001	to	1090000	1,085,500
1	1095001	to	1100000	1,095,158
1	1115001	to	1120000	1,117,876
1	1195001	to	1200000	1,200,000
1	1405001	to	1410000	1,405,537
1	1555001	to	1560000	1,555,914
1	1610001	to	1615000	1,612,231
1	1850001	to	1855000	1,852,721
1	2420001	to	2425000	2,424,076
1	2595001	to	2600000	2,600,000
3	3050001	to	3055000	9,162,291
1	3350001	to	3355000	3,354,135
1	3895001	to	3900000	3,900,000
1	3910001	to	3915000	3,914,892
1	3915001	to	3920000	3,919,643
1	4005001	to	4010000	4,008,903
1	4245001	to	4250000	4,246,917
1	4395001	to	4400000	4,397,628
1	4490001	to	4495000	4,490,460
1	5540001	to	5545000	5,544,059
1	6185001	to	6190000	6,185,260
2	6560001	to	6565000	13,123,933
1	7840001	to	7845000	7,840,349
1	7855001	to	7860000	7,856,766
1	9390001	to	9395000	9,394,982
1	14590001	to	14595000	14,593,692
1	23995001	to	24000000	24,000,000
1	35125001	to	35130000	35,125,286
1	58985001	to	58990000	58,985,311
9,495				**284,866,896**

Pattern of Shareholding
As at June 30, 2010

Categories of Shareholders (as per Code of Corporate Governance)	Number of Share Holders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse and minor children			
Mohammad Zahid & Huma Zahid	2	62,339,446	21.88
Zafar Iqbal/Shehrbano Iqbal	3	14,494,982	5.09
Nusrat Yar Ahmad	2	7,856,899	2.76
Basheer Ahmed & Nishat Basheer	1	26,000	0.01
Saeed Iqbal Chaudhry	2	633	0.00
Aamer Saeed	1	500	0.00
Rehman Ghani	1	500	0.00
Najib Amanullah	1	500	0.00
Farida Saeed Chaudhry	1	6,560,596	2.30
Sereena Saeed Chaudhry	1	3,054,097	1.07
Saira Saeed Chaudhry	1	3,054,097	1.07
Ameena Saeed Chaudhry	1	3,054,097	1.07
Talal Ahmad Chaudhry	1	4,008,903	1.41
Associated Companies, undertakings and related parties			
Zahidjee Textile Mills Limited	1	24,000,000	8.42
Al-zamin Modaraba Management (Pvt) Ltd.	2	7,912,349	2.78
SC Associates (Pvt) Ltd	1	6,563,337	2.30
N.Y Associates (Pvt) Ltd	1	6,185,260	2.17
NIT & ICP			
NIT	2	14,600,192	5.13
ICP	6	105,913	0.04
Public Sector Companies and Corporations	14	9,682,796	3.40
Banks, Development Financial Institutions, Non Banking Financial Institutions	20	5,314,943	1.87
Insurance Companies	2	122,512	0.04
Modarabas & Mutual Funds	17	1,980,303	0.70
General Public			
a. Local	9,287	53,765,556	18.87
b. Foreign	4	35,139,307	12.34
Others	120	15,043,178	5.28
Totals	**9,495**	**284,866,896**	**100.00**

Share holders holding 10% or more

Muhammad Zahid and Huma Zahid	2	62,339,446	21.88
Sulaiman Ahmed Saeed Al-hoqani	1	35,125,286	12.33

This statement of compliance is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of 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 Code of Corporate Governance.

This statement has been prepared after considering the current situation of the Company as described in notes to the financial statements. The Company has applied the principles contained in the code under the given circumstances in the following manner:

1) The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. As of the close of business as at 30 June 2010, the Board includes five non-executive directors and two executive directors including the Chief Executive Officer (CEO) and Managing Director of the Company.

2) All the directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3) All the resident directors of the Company are registered taxpayers and none of them has defaulted in payment of any loans to a banking company, a Development Financial Institution or a Non Banking Finance Company or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4) During the year a casual vacancy occurred in the Board of Directors on 27 April 2010. Further, subsequent to the year end three more casual vacancies occurred in the Board on 19 August 2010 and 13 December 2010. One of the casual vacancies occurring on 19 August 2010 was filled on the same date, however, the candidates nominated by the Board for remaining three casual vacancies were rejected by the Securities and Exchange Commission of Pakistan (SECP) on 20 January 2011. The Board of Directors has nominated the candidates for these casual vacancies in their meeting held on 14 May 2011.

5) The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6) The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. However, formal plans and strategies to revive the Company including the capital injection are in the process of finalization.

7) All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.

8) The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. During the year five board meetings were held and 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) The Directors of the Company have confirmed that they are well conversant with their duties and responsibilities as required under the CCG. However, information material including a copy of the CCG and the Memorandum and Articles of Association of the Company were circulated to the directors to apprise them with their duties and responsibilities and enable them to manage the affairs of the Company.

10) Related party transactions were not separately placed before the Audit Committee and were not separately approved by the Board of Directors. However, these were placed before the Audit Committee and approved by the Board of Directors as part of the financial statements. All transactions were made on terms equivalent to those that prevail in arm's length transactions.

11) The Board approves the appointment of Chief Financial Officer (CFO) and Company Secretary, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.

12) The directors' report for the year ended 30 June 2010 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13) The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

14) The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

15) The Company has complied with all the corporate and financial reporting requirements of the Code.

16) The Board has formed an Audit Committee comprising of three members. All members are non-executive directors. However, during the year one of the members has resigned and the casual vacancy has not yet been filled.

17) The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code, the terms of reference of the Committee have been formed and advised to the Committee for compliance.

18) An effective independent internal audit function is in place.

19) The statutory auditors of the Company 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 shares of the Company 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.

20) 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.

21) We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board of Directors

Nusrat Yar Ahmad
Chief Executive

Review Report
To The Members 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 Invest Capital Investment Bank Limited (`the Company') to comply with the listing regulations of Karachi, Lahore and Islamabad stock exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the 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 Company'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 Company personnel and review of various documents prepared by the 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are 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 the 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 Company's Compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2010.

We have also expressed an adverse opinion in our audit report to the financial statements for the year ended 30 June 2010.

KPMG Taseer Hadi & Co.

Date: 14 May 2011
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of Invest Capital Investment Bank Limited ("the Company") as at 30 June 2010 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, 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.

It is the responsibility of the Company's management 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 Companies Ordinance, 1984. 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 of our opinion and, after due verification, we report that:

a) as described in note 1.4 to the unconsolidated financial statements, the unconsolidated financial statements have been prepared on a going concern basis. The Company incurred a net loss of Rs. 748.874 million for the year ended 30 June 2010 and, as of that date the Company's current liabilities exceeded its current assets by Rs. 216.752 million. The accumulated losses as at 30 June 2010 amounted to Rs. 600.073 million and net shareholders' equity as of 30 June 2010 amounted to Rs.224.723 million. Further, Schedule I read with the Regulation 4 of NBFC Regulations, 2008 requires that the minimum equity of leasing and investment finance companies should not be less than Rs. 500 million as at 30 June 2010 whereas the Company's net shareholders' equity as at 30 June 2010 was Rs. 224.723 million which is inconsistent with the requirements of the above stated Regulations. Furthermore, the Company is facing operational and financial problems and the licenses of the Company in respect of leasing and investment finance services have also expired subsequent to the year end and have yet not been renewed by the Securities and Exchange Commission of Pakistan (SECP). The Company is making efforts to resolve the operational and financial problems and has also approached SECP for relaxations and renewal of licenses.

   In the absence of sufficient and appropriate audit evidences whether the management's plans and efforts are feasible and that their outcome will improve the current Company's situation, in our opinion the Company cannot be considered to be a going concern and thus the preparation of its unconsolidated financial statements on a going concern basis is inappropriate. In our opinion the unconsolidated financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide for any further liabilities that might arise. We are unable to determine the impact of the required adjustments and provisions with a reasonable degree of accuracy. The unconsolidated financial statements do not disclose this fact;

b) in our opinion except for the matters described in paragraph (a) above, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

c) in our opinion except for the matters described in paragraph (a) above:

   i) the expenditure incurred during the year was for the purpose of the Company's business; and

   ii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

d) in our opinion, because of the significance of the matters discussed in paragraph (a) above, the unconsolidated financial statements do not give a true and fair view of the state of the Company's affairs as at 30 June 2010 and of the loss, its cash flows and changes in equity for the year then ended in accordance with the approved accounting standards; and

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

KPMG Taseer Hadi & Co.

Date: 14 May 2011
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Unconsolidated Balance Sheet
As at 30 June 2010

Al-Zaamin Invest Bank.

	Note	2010	2009
ASSETS			
Non-current assets			
Property, plant and equipment	5	**393,888,558**	946,975,923
Intangible assets	6	**10,103,476**	36,875,167
Long term investments	7	**247,911,966**	175,439,446
Net investment in Ijarah finance / assets under Ijarah arrangements	8	**624,346,931**	1,288,310,042
Long term musharakah finance - secured	9	**78,113,465**	199,165,051
Long term loans	10	**22,209,833**	77,676,402
Long term deposits and receivables - unsecured and considered good	11	**19,963,990**	31,167,622
Deferred taxation	12	**-**	17,395,273
		1,396,538,219	2,773,004,926
Current assets			
Short-term investments	13	**293,533,508**	930,272,720
Takaful reserve fund investments	14	**-**	28,743,840
Short term musharakah finances	15	**131,604,675**	242,706,495
Short term finances - secured	16	**55,166,913**	67,259,002
Trade debts - unsecured	17	**1,005,106,155**	1,445,525,869
Assets acquired in satisfaction of finances	18	**49,500,000**	99,500,000
Ijarah rentals receivable	19	**9,562,433**	17,310,385
Current maturity of non-current assets	20	**1,250,030,542**	1,555,101,175
Receivable under reverse repurchase transaction	21	**-**	195,000,000
Advances, deposits, prepayments and other receivables	22	**129,908,807**	243,184,563
Stock in trade	23	**728,520**	1,042,320
Cash and bank balances	24	**75,317,696**	248,331,938
Assets held for sale	25	**483,533,306**	-
		3,483,992,555	5,073,978,307
TOTAL ASSETS	Rupees	**4,880,530,774**	7,846,983,233
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
485,000,000 (2009: 485,000,000) ordinary shares of Rs.10/- each	Rupees	**4,850,000,000**	4,850,000,000
Issued, subscribed and paid-up capital	26	**2,848,668,652**	2,727,668,652
Capital reserve on amalgamation		**(2,022,075,684)**	(2,022,075,684)
(Deficit) / surplus on revaluation of available-for-sale investments - net	27	**(1,797,735)**	4,207,388
Accumulated (loss) / profit		**(600,072,526)**	148,123,205
Share deposit money		**-**	121,000,000
		224,722,707	978,923,561
Surplus on revaluation of property, plant and equipment	28	**9,257,925**	19,664,012
Non-current liabilities			
Liability against assets subject to finance lease	29	**9,992,392**	18,966,849
Deferred liability for staff gratuity	30	**12,661,719**	7,027,666
Security deposits from lessees	31	**276,136,679**	672,796,487
Long term certificates of musharakah	32	**90,525,000**	177,095,000
Certificates of investments and deposits	33	**6,445,000**	3,635,000
Long term musharakah and murabahah borrowings	34	**127,456,249**	201,829,565
Musharakah Term Finance Certificates	35	**420,013,476**	462,055,287
Redeemable capital - Term Finance Certificates	36	**-**	128,380,000
Long-term loan	37	**-**	202,014,347
Deferred liabilities	38	**2,574,934**	1,909,448
		945,805,449	1,875,709,649
Current liabilities			
Current portion of long term liabilities	39	**1,120,273,848**	1,395,718,700
Short term certificates of musharakah	40	**648,099,646**	283,280,000
Short term certificates of investments and deposits	41	**118,519,671**	71,650,000
Short term borrowings	42	**1,392,453,169**	2,266,569,027
Short term musharakah borrowings	43	**5,000,000**	48,000,000
Loan from a Director - unsecured	44	**168,022,126**	194,445,115
Creditors, accrued and other liabilities	45	**248,376,233**	713,023,169
		3,700,744,693	4,972,686,011
TOTAL EQUITY AND LIABILITIES	Rupees	**4,880,530,774**	7,846,983,233
CONTINGENCIES AND COMMITMENTS	46		

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

Aamir Saeed
Director

Nusrat Yar Ahmad
Chief Executive

Unconsolidated Profit and Loss Account
For the year ended 30 June 2010

Al-Zaamin InvestBank.

		Note	2010	2009
Income				
Brokerage, commission & fees		47	**148,186,281**	116,710,760
Income from continuous funding system			**-**	3,695,660
Income from leasing operations			**173,383,449**	-
Operating lease rentals			**133,763,714**	-
Profit on musharakah investments			**35,533,261**	-
Income from investment and placement			**55,265,402**	12,520
Income from finances			**19,653,139**	-
Income on deposits with banks			**10,081,956**	4,825,214
Dividend income from joint ventures			**8,284,102**	-
Dividend income			**12,645,531**	4,792,525
Net gain on sale of marketable securities			**53,447,791**	26,891,776
Unrealised loss on investment in marketable securities - net			**(8,627,285)**	(11,982,860)
Income from Diesel / CNG filling stations - net			**3,057,839**	-
			644,675,180	144,945,595
Expenses				
Administrative and operating expenses		48	**(612,798,023)**	(236,134,197)
Financial charges		49	**(561,067,234)**	(60,848,823)
			1,173,865,257	(296,983,020)
			(529,190,077)	(152,037,425)
Other income		50	**52,426,919**	491,642,088
			(476,763,158)	339,604,663
Impairment losses				
Provision against other receivables			**(50,074,826)**	-
Provision for impairment in the value of available for sale investments			**(11,123,157)**	(67,608,700)
Doubtful lease receivables written off			**(2,674,759)**	-
Provision against doubtful finance lease receivable and lease rentals-net			**(49,313,448)**	-
Impairment loss on goodwill			**-**	(92,238,600)
Provision against long term / short term musharakah finances			**(41,355,646)**	-
Musharakah finances written off			**(609,507)**	-
Doubtful debtors written off			**(30,228,557)**	(3,787,729)
Provision against long term loan / short term loan			**(39,813,650)**	-
Other receivables written off			**(2,668,178)**	-
			(227,861,728)	(163,635,029)
(Loss) / profit before taxation			**(704,624,886)**	175,969,634
Provision for taxation		51	**(44,248,742)**	(10,619,487)
(Loss) / profit after taxation	Rupees		**(748,873,628)**	165,350,147
(Loss) / earnings per share				
- Basic	Rupees	52	**(2.696)**	2.215
- Diluted	Rupees	52	**(2.629)**	1.906

Unconsolidated Statement of Comprehensive Income
For the year ended 30 June 2010

	2010	2009
(Loss) / profit for the year	**(748,873,628)**	165,350,147
Other comprehensive income		
Unrealised (loss) / surplus on remeasurement of investments classified as available-for-sale	**(1,755,566)**	2,097,458
Total comprehensive (loss) / income for the year	**(750,629,194)**	167,447,605

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

Aamir Saeed
Director

Nusrat Yar Ahmad
Chief Executive

Unconsolidated Cash Flow Statement
For the year ended 30 June 2010

Al-Zaamin Invest Bank.

	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(704,624,886)**	175,969,635
Adjustments for non cash charges and other items:			
Depreciation of property and equipment		**61,013,516**	29,223,241
Amortization of intangibles		**4,479,471**	420,506
Depreciation on assets leased out		**77,036,743**	-
Gain on bargain purchase		**-**	(482,172,079)
Goodwill written off		**-**	92,238,600
Provision against other receivable		**50,074,826**	-
Doubtful lease receivables written off		**2,674,759**	-
Provision against doubtful finance lease receivable and lease rentals-net		**49,313,448**	-
Provision against long term / short term musharakah finances		**41,355,646**	-
Musharakah finances written off		**609,507**	-
Doubtful debtors written off		**30,228,557**	-
Provision against long term loan / short term loan		**39,813,650**	-
Other receivables written off		**2,668,178**	-
Financial charges - net		**561,067,234**	60,848,822
Gain / (Loss) on disposal of fixed assets		**(11,705,804)**	3,703,771
Unrealised loss on remeasurment of investments carried at fair value through profit or loss		**8,627,285**	11,982,860
Impairment in the value of investments classified as available-for-sale		**11,123,157**	67,608,700
		928,380,173	(216,145,579)
Cash flow from operating activities before working capital changes		**223,755,287**	(40,175,944)
(Increase) / decrease in current assets			
Trade debts		**440,419,714**	(93,142,134)
Short-term investments		**636,739,212**	-
Takaful reserve fund investments		**28,743,840**	-
Short term musharakah finances - secured		**111,101,820**	-
Short term finances - secured		**12,092,089**	-
Assets acquired in satisfaction of finances		**50,000,000**	-
Ijarah rentals receivable		**7,747,952**	-
Advances, deposits, prepayments and other receivables		**110,819,611**	48,264,539
Stock in trade		**313,800**	-
Assets held for sale		**(483,533,306)**	-
Amalgamation working capital adjustment		**-**	153,541,946
		914,444,732	108,664,351
Increase / (decrease) in current liabilities			
Short term certificates of musharakah		**364,819,646**	-
Short term certificates of investments and deposits		**46,869,671**	-
Trade creditors, accrued and other liabilities		**(464,646,936)**	374,032,739
		(52,957,619)	374,032,739
Cash flow from operating activities after working capital changes		**1,085,242,400**	442,521,146
Financial charges paid		**(472,023,014)**	(56,932,318)
Income tax paid		**(26,878,909)**	(10,682,345)
		(498,901,923)	(67,614,663)
Net cash flow from operating activities		**586,340,477**	374,906,483
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(47,666,474)**	(95,800,023)
Long term loans		**53,142,787**	(2,978,862)
Long term deposit		**11,892,032**	1,141,243
Long term Musharakah finances		**60,194,339**	-
Investments		**1,075,903,855**	(775,077,167)
Sale proceeds from disposal of tangible fixed assets		**22,731,755**	6,315,250
Net cash flow from investing activities		**1,176,198,294**	(866,399,559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liability against assets subject to finance lease		**(17,734,377)**	(3,806,062)
Short term borrowings		**(885,619,048)**	(630,265,310)
Receivable under reverse repurchase transaction		**186,000,000**	(195,000,000)
Deferred liability for staff gratuity		**5,634,053**	-
Security deposits from lessees		**(433,295,403)**	-
Long term certificates of musharakah		**(50,705,000)**	-
Certificates of investments and deposits		**3,010,600**	-
Long term musharakah and murabahah borrowings		**(171,873,302)**	1,365,944,450
Musharakah Term Finance Certificates		**(148,791,531)**	-
Redeemable capital - Term Finance Certificates		**(110,872,769)**	-
Loan from a Director - unsecured		**(26,422,989)**	-
Deferred liabilities		**665,486**	-
Long-term loan		**(285,548,733)**	143,517,111
Net cash flow from financing activities		**(1,935,553,013)**	680,390,189
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(173,014,242)**	188,897,113
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**248,331,938**	59,434,825
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*Rupees* 53	**75,317,696**	248,331,938

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

Aamir Saeed
Director

Nusrat Yar Ahmad
Chief Executive

Unconsolidated Statement of Changes in Equity
For the year ended 30 June 2010

	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	(Deficit) / surplus on revaluation of available for sale investment	Accumulated profit / (loss)	Share deposit money	Total
Balance as at 1 July 2008	746,423,700	(347,923,700)	(12,076,479)	(18,261,890)	121,000,000	489,161,631
Total Comprehensive income for the year						
Profit for the year	-	-	-	165,350,147	-	165,350,147
Other comprehensive income						
Unrealised surplus on remeasurement of investments classified as available-for-sale	-	-	2,097,458	-	-	2,097,458
	-	-	2,097,458	165,350,147	-	167,447,605
Others						
Transfer of impairment in the value of investment classified as available-for-sale taken to profit and loss account	-	-	14,186,409	-	-	14,186,409
Reserve on amalgamation	-	(1,674,151,984)	-	-	-	1,674,151,984
Incremental depreciation charged for the period - released from surplus on revaluation of fixed asset	-	-	-	1,034,948	-	1,034,948
Transaction with owners recorded directly in equity						
Issue of shares on amalgamation to AZLCL shareholders in ratio 1:2.4	1,178,570,352	-	-	-	-	1,178,570,352
Issue of shares on amalgamation to AZLM shareholders in ratio 1:2.6	802,674,600	-	-	-	-	802,674,600
Balance as at 30 June 2009	2,727,668,652	(2,022,075,684)	4,207,388	148,123,205	121,000,000	978,923,561
Total Comprehensive income for the year						
Loss for the year	-	-	-	(748,873,628)	-	(748,873,628)
Other comprehensive income						
Unrealised loss on remeasurement of investments classified as available-for-sale	-	-	(1,755,566)	-	-	(1,755,566)
	-	-	(1,755,566)	(748,873,628)	-	(750,629,194)
Others						
Transfer of surplus in the value of investment classified as available-for-sale taken to profit and loss account	-	-	(4,249,557)	-	-	(4,249,557)
Incremental depreciation charged for the period - released from surplus on revaluation of fixed asset	-	-	-	677,897	-	677,897
Transaction with owners recorded directly in equity						
Subordinated loan converted into share capital	121,000,000	-	-	-	(121,000,000)	-
Balance as at 30 June 2010 *Rupees*	**2,848,668,652**	**(2,022,075,684)**	**(1,797,735)**	**(600,072,526)**	**-**	**224,722,707**

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

Aamir Saeed
Director

Nusrat Yar Ahmad
Chief Executive

1. LEGAL STATUS AND OPERATIONS

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

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

The Company is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company is engaged in the business of leasing and investment finance activities as a Non Banking Finance Company. The Company is listed on Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated in Karachi.

As the merger was effective as of 30 June 2009, the profit and loss account for the year ended 30 June 2009, represents the results of operations of Invest Capital Investment Bank Limited.

1.3 In compliance with regulation no. 7(2)(n) of the NBFC Rules, 2003, the Company has separated its brokerage business from the other business activities and transferred its brokerage business to Invest Capital Markets Limited (a wholly owned subsidiary of the Company) as mentioned in details in note 4.

1.4 The financial meltdown in the world had a negative impact on the local economy which had previously been encountering higher inflation, political instability and lack of fresh investments, further aggravated by acute power shortage and devastating floods. These factors cumulatively caused serious liquidity crunch in the country due to which a wave of defaults spread across the financial sector, increasing percentage of non-performing loans to unprecedented levels. The adverse effects were even more pronounced in case of Non-Banking Financial Institutions which, being historically dependent upon the resources borrowed from the commercial banks, were completely deprived of fresh funding thereby causing serious disruption of their business cycles.

The Company, being one of financial sector victims, also started facing increasing mismatch of resources due to defaults in repayments by its Clients attributed to their stagnating businesses. This caused an extremely difficult situation for the Company which had previously maintained an exemplary record of its financial management and prompt payments. The stock brokerage arm of the company suffered due to diminishing volumes and the leasing and loans portfolio from increasing provisions and over dues caused by the market conditions. The impact of operating costs and financial charges could not be compensated by the revenue streams thereby resulting in operating losses.

The Board of Directors of the Company formulated strategies and action plans aimed at substantial cost reduction, sale of brokerage business, merger of other financial institutions to bring further equity and cash resources into the Company, disposing of non-earning assets and properties valuing Rs. 484 million, negotiating easier terms with the lenders, maximizing recoveries of receivables, increasing non-funded business and eventually issuance of right shares to supplement Company's liquidity and profitability. Unfortunately, the implementation of the intended actions was hampered due to the market environment and unforeseen impediments.

In order to resolve the operational problems of the Company and improving its liquidity constraints, it was mutually agreed amongst the shareholders to consolidate the majority shareholding and management control with one group which would meet the future requirements of the Company and fulfil its obligations. Resultantly, a Memorandum of Understanding (MOU) was signed on 20 July 2010 whereby a group holding 86,339,446 shares (30.31%) of the Company contracted to purchase 75,463,205 shares (26.5%) of the other group for a consideration of Rs. 2 per share i.e. approximately Rs. 150 million. After implementation of the MOU, the acquiring group would have about 57 percent shares of the Company.

In the said MOU, both parties also agreed that, upon the settlement of the aforesaid transaction, the parties will proceed, as an independent and separate but concurrent transaction, for the sale and transfer to the outgoing shareholders, the entire brokerage business' assets, liabilities, undertakings, licenses, entitlements, contracts and employees belonging to Invest Capital Markets Limited, being a wholly owned subsidiary of the Company, at an amount of Rs. 150 million, pursuant to fulfilling the regulatory, corporate and legal requirements and to initiate all such actions deemed necessary .

Accordingly, the said MOU was submitted to the SECP for obtaining regulatory approvals. The Company also obtained approval for sale of the subsidiary from its members in its EOGM held on 9 August 2010. Further, as specifically required by SECP, the acquiring group also committed with SECP to inject necessary funds to ensure compliance with the minimum equity requirement at all times and fulfilling commitments of the Company for repayment to the depositors and lenders of the Company.

The Chairman and Managing Director of the Company resigned in the Board meeting held on 29 July 2010. The resignations were accepted by the Board of Directors in their meeting held on 19 August 2010.

The SECP, on the basis of aforesaid MOU and commitment from the acquiring group, accorded its approval vide its letter No. SC/NBFC-1/ICIBL/2010/251 dated 1 September 2010 to the sale of aforesaid shares of the Company subject to the condition that the process for appointment of chief executive and directors shall be completed on or before 20 September 2010.

However, the Company defaulted on its payments required to be made in respect of its depositors and lending financial institutions. Consequently, the credit rating of the Company was downgraded from A (minus) to D category by JCR-VIS Credit Rating Agency.

The SECP, after considering the aforementioned facts resulting in constant deterioration of Company's position cancelled its earlier approval for the intended purchase of shares by the acquiring group vide its letter No. SC/NBFC-1/ ICIBL/2011/321 dated 20 January 2011. As a result of the said cancellation, all applications filed by the Company for appointment of chief executive and directors on behalf of acquiring group and the eventual sale of the brokerage business to the outgoing shareholders became infractuous and therefore declined. Consequently the Board of Directors in their meeting held on 22 January 2011 resolved that the management control of the Company's operations given to the acquiring group pursuant to the Board's deliberation on 29 July 2010 shall revert back to the Chief Executive.

Since then, a number of meetings have been held with SECP by the shareholders and management to review the plans for revival of the Company's business and safeguarding interests of all stakeholders. However, the company has not yet reached any appropriate conclusion.

The Company suffered a net loss of Rs. 749 million for the year ended 30 June 2010 and as of that date the Company's current liabilities exceeded its current assets by Rs. 217 million. As at 30 June 2010, the accumulated losses amounted to Rs. 600 million and the net shareholders' equity amounted to Rs. 225 million.

The Company is below the minimum equity requirement as per NBFC Regulations, 2008 as at 30 June 2010 which needs to be enhanced to Rs. 850 million by 30 June 2011 whereas the net Shareholders equity of the Company as at 30 June 2010 was Rs. 225 million. Further, the leasing and investment finance services' licenses of the Company expired subsequent to the year end which have not yet been renewed. Further, subsequent to the year end, the company has generated insignificant new business and the Company is totally dependent on recovery of rental income from existing business transactions. Presently, all efforts are made for recovery of rentals and loans and advances.

The following strenuous efforts are being taken by the management to address the operational, cash flows and liquidity concerns of the Company:

- Reduction in operating costs. Resultantly, the operating costs have been reduced from an average of Rs. 51 million per month in the year ended 30 June 2010 to approximately Rs. 27 million per month in the subsequent months.

- Intensification of recovery process against loans and advances losses and rental income and it is expected that it will improve liquidity of the Company.

- Increased emphasis on handling advisory and non-funded business which will provide additional earnings without adding to the operating costs and will generate substantial liquidity for the Company.

- The management started negotiations with its lending financial institutions for restructuring or settlement of the outstanding of about Rs. 1,100 million in various modes like privately placed TFCs, Murabahah Financing, Running Finance, Term Lending etc. The lenders are requested to waive off any mark-up since October 2010 and accept any one or more of the following options for settlement of their outstanding amounts:

  - Option 1: Restructuring of the outstanding amounts for a period of three (3) to five (5) years commencing from 12 October 2010 with a grace period of six (6) months. There will be no mark-up charged in respect of this amount for the period commencing from October 2010 till final settlement.

  - Option 2: Full and final settlement of the entire outstanding principal amount against transfer of certain leased assets, musharakah assets and immovable properties. There will be no mark-up charged in respect of this amount from the period commencing 12 October 2010 onwards. The assets will be valued as per the books of the Company or against a better offer if more than one lender becomes interested in a particular asset.

  - Option 3: Full and final settlement of the entire outstanding principal amount by conversion of 40% of the outstanding principal into preference shares and the remaining 60% to be paid in cash or against assets. Preference Shares will be 5 years Convertible, Cumulative, Non-Voting, Non-Participatory, Callable and will be issued at Rs. 10 per share. Annualized cumulative dividends will be 4% per annum payable on annual basis. No compounding on dividends will be made. The Issuer will have the option to redeem Preference shares at any time. The Preference shares along with accumulated dividends will be convertible into Ordinary Shares at par value.

Based on the negotiations with the syndicates and individual lenders, it seems that the majority of lenders may settle the debt mostly through availing option 2 and the remaining may decide for option 1. However, acceptance from lending financial institutions is in various stages of documentation.

- The Board of Directors intend to inject further equity of about Rs. 300 million during the financial years 2012 and 2013 through the right share issue, subordinated loans, asset-swap or induction of respectable investors. However, formal plan and timing of the injection of the fund is yet to be finalised.

- The SECP has been requested to allow relaxation of the prudential requirements for minimum equity, per party exposure and other relevant limits for a period of four years in view of the above mentioned situation and renewal of leasing and investment finance services' licenses. These matters are under consideration of the SECP.

The Board of Directors of the Company, is confident that, for the reasons explained above, presentation of these financial statements on a going concern basis is appropriate and justifiable.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements represent separate financial statements of the Company. The consolidated financial statements of the Company, its subsidiaries and associates are presented separately.

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

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

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except that certain investments and certain property, plant and equipments are stated at fair values / revalued amounts.

2.3 Functional and presentation currency

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

2.4 Accounting estimates and judgements

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

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

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

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

- Net investment in Ijarah Finance / assets under Ijarah arrangements (note 3.5)
- Musharakah and other finances (note 3.5)
- Property, plant and equipment (note 3.2)
- Intangible assets (note 3.3)
- Investments (note 3.4)
- Stock in trade (note 3.24)
- Ijarah rentals receivable (note 3.11.1)
- Asset acquired in satisfaction of finance (note 3.23)
- Trade debts (note 3.9)
- Deferred taxation (note 3.10)
- Long term loans (note 3.5)

2.5 Changes in accounting policies

Starting 1 July 2009, the Company has changed its accounting policies in the following areas:

- IAS 1 (Revised) - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). The Company has opted to present two statements; a profit and loss account (income statement) and a statement of comprehensive income.

- IFRS 8 - "Operating Segments" - An operating segment is a component of the company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. An operating segment's operating results are reviewed regularly by the CEO. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. There is no change in the operating segments being reported as a result of the adoption of IFRS 8 - Operating Segments, other than changes in certain disclosures.

Comparative information has been re-presented so that it is in conformity with the revised / new standards. Since the change in accounting policies only affect presentation / disclosures of unconsolidated financial statements, there is no impact on profit for the year and earnings per share.

The Company has also changed its accounting policy in respect of 'Investment in Joint Ventures' as more fully explained in note 3.4.4.

2.6 Standards, Interpretations and Amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 July 2010:

Improvements to IFRSs 2009 - Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 - Amendments to IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2010) . The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. The amendment is unlikely to have an impact on Company's financial statements.

Improvements to IFRSs 2009 - Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2009 - Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have a significant impact on the Company's financial statements.

Improvements to IFRSs 2009 - Amendments to IAS 17 Leases (effective for annual periods beginning on or after 1 January 2010). The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7 - 13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. The amendment is unlikely to have an impact on Company's financial statements.

Improvements to IFRSs 2009 - Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is unlikely to have any impact on the Company's financial statements.

Improvements to IFRSs 2009 - Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010). The amendments provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss. The amendments apply prospectively to all unexpired contracts from the date of adoption. These amendments are unlikely to have an impact on the Company's financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010). The IASB provided additional optional exemptions for first-time adopters of IFRSs that will permit entities not to reassess the determination of whether an arrangement contains a lease if the same assessment as that required by IFRIC 4 was made under previous GAAP; and allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. The amendment is not relevant to the Company's operations.

Amendment to IFRS 2 - Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). Amendment provides guidance on the accounting for share based payment transactions among group entities. The amendment is unlikely to have any impact on the Company's financial statements.

Amendments to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the Company's operations.

Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for accounting periods beginning on or after 1 July 2010). The amendment provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the Amendments to IFRS 7. The amendment also clarifies the transitional provisions of the Amendments to IFRS 7. The amendment is not relevant to the Company's operations.

IFRIC 4 - "Determining whether an Arrangement contains a Lease" on or after 1 January 2006) and IFRIC 12 - "Service Concession Arrangements" (effective for annual periods beginning on or after 1 January 2008). However, the application of these interpretations have been deferred by the Securities and Exchange Commission of Pakistan (SECP), through circular 21 of 2009 dated 22 June 2009, for all companies till 30 June 2010. The Company has availed the relaxation given by SECP.

Improvements to IFRSs 2010 (effective for annual periods beginning on or after 1 July 2010). The IASB issued amendments to various standards. Below is a summary of the amendments that are effective for either annual periods beginning on or after 1 July 2010 or annual periods beginning on or after 1 January 2011.

Improvements to IFRSs 2010 - Amendments to IFRS 3 Business Combinations (effective for accounting periods beginning on or after 1 July 2010). The amendments clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004); limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2010 - Amendments to IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2010). The amendments clarify that the consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 and IAS 31 resulting from IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering. These amendments are unlikely to have an impact on the Company's financial statements.

IAS 24 Related Party Disclosures (revised 2009) (effective for accounting periods beginning on or after 1 January 2011). The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have any impact on the Company's financial statements other than increase in disclosures.

Amendments to IFRIC 14 IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. These amendments are unlikely to have an impact on the Company's financial statements.

Improvements to IFRSs 2010 - IFRS 1 First-time Adoption of IFRSs (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that IAS 8 is not applicable to changes in accounting policies occurring during the period covered by an entity's first IFRS financial statements; introduce guidance for entities that publish interim financial information under IAS 34 Interim Financial Reporting and change either their accounting policies or use of the IFRS 1 exemptions during the period covered by their first IFRS financial statements; extend the scope of paragraph D8 of IFRS 1 so that an entity is permitted to use an event-driven fair value measurement as deemed cost for some or all of its assets when such revaluation occurred during the reporting periods covered by its first IFRS financial statements; and introduce an additional optional deemed cost exemption for entities to use the carrying amounts under previous GAAP as deemed cost at the date of transition to IFRSs for items of property, plant and equipment or intangible assets used in certain rate-regulated activities. The amendment is not relevant to the Company's operations.

Improvements to IFRSs 2010 - IFRS 7 Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 January 2011). The amendments add an explicit statement that qualitative disclosure should be made in the contact of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. These amendments would result in increase in disclosures in the financial statements of the Company.

Improvements to IFRSs 2010 - IAS 1 Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income is also required to be presented, but may be presented either in the statement of changes in equity or in the notes. The amendment is not likely to have an impact on Company's financial statements other than increase in disclosure.

Improvements to IFRSs 2010 - IAS 34 Interim Financial Reporting (effective for accounting periods beginning on or after 1 January 2011). The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures. The amendment is not likely to have an impact on Company's financial statements other than increase in disclosure.

Improvements to IFRSs 2010 - IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. The amendment is not relevant for the Company's operation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

Defined contribution plan

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

Defined benefit plan

The company operates a funded gratuity scheme for employees transferred from Al-Zamin Leasing Corporation Limited and an unfunded gratuity scheme for employees transferred from Al-Zamin Leasing Modaraba. Obligation under these plans are determined through actuarial valuations carried out under the "Projected Unit Credit Method" and the last valuation was carried out on 30 June 2010.

Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous accounting period exceed ten percent of the higher of defined benefit obligation and fair value of the planned assets at that date. These gains or losses are recognised over the expected average working lives of the employees participating in the plan.

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

Compensated absences

The Company also makes provision in the unconsolidated financial statements for its liability towards compensated absences in respect of employees transferred from Al-Zamin Leasing Modaraba based on the leaves accumulated up to the balance sheet date in accordance with the service rules.

3.2 Property, plant and equipment

Owned

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

Depreciation is charged to income applying the reducing balance method over the estimated useful life of related assets, at the rates specified in Note 5 to these unconsolidated financial statements.

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

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

Property, plant and equipment that is classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

Leased assets

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

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

3.3 Intangible assets

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

The intangible assets of the Company comprises of Computer softwares which are being amortised using the straight line basis reflecting the pattern in which the economic benefits of the assets are consumed by the Company.

3.4 Investments

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

3.4.1 *Investment at fair value through profit or loss*

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

- *Financial instruments held for trading*

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

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

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

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

3.4.2 *Held-to-maturity*

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

3.4.3 *Available-for-sale*

Investments which do not fall under the above categories and which may be sold in response to the need for liquidity or changes in market rates are classified as available for sale. These are initially measured at cost, being fair value of the consideration given. Subsequent to initial recognition, investments in quoted securities are marked to market, using the last quoted rate at the close of the financial year (refer note 3.4.1). Any resultant gain or loss are taken directly to equity, until the investments are sold or until the investments are determined to be impaired, at which time the cumulating gain or loss previously reported in the equity is included in the current year's profit and loss account.

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

3.4.4 *Investments in joint ventures*

Investments in joint ventures are valued at cost less impairment, if any. A reversal of an impairment loss is recognized as it arises provided the increased carrying value does not exceed that it would have been had no impairment loss been recognized.

Gain or loss on sale of investments in joint ventures is included in the profit and loss account for the year.

On 30 June 2010 the Company transferred its brokerage business to its subsidiary (Invest Capital Markets Limited) as mentioned in note 4. The Company has prepared consolidated financial statements for the first time for the year ended 30 June 2010 in accordance with the requirements of Companies Ordinance, 1984 and International Accounting Standard (IAS) - 27 "Consolidated and Separate Financial Statements". The Company has prepared its separate financial statements for the first time for the year ended 30 June 2010. Prior to the year ended 30 June 2010, the Company in its separate financial statements had a policy for accounting for its investment in joint ventures using the equity method of accounting. However as a consequence of preparing separate financial statements as mentioned above the Company now accounts for these investments at cost in accordance with the requirements of paragraph 35 of IAS 28, 'Investment in Associates'. Had the Company accounted for investments in joint ventures using the equity method of accounting in separate financial statements, the carrying value of these investments as at 30 June 2010 would have been lower by Rs. 2.519 million. Loss after taxation for the year and loss per share would have been higher by Rs. 2.519 million and Rs. 0.01 per share respectively. There is no financial impact on corresponding year as these investments were acquired by the Company as 30 June 2009 as a result of merger.

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

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

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

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

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

3.6 Receivable from terminated / matured contracts

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

3.7 Financial instruments

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

3.8 Offsetting of financial assets and financial liabilities

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

3.9 Trade debts and other receivables

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

3.10 Taxation

Current

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

Deferred

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

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

3.11 Revenue recognition

3.11.1 *Finance lease/ Ijarah income*

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

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

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

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

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

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

3.11.3 *Dividend income*

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

3.11.4 *Gain on sale of investments*

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

3.11.5 *Unrealised income on non-performing assets*

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

3.11.6 *Sale of CNG / Diesel*

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

3.11.7 *Brokerage, fees and commission*

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

3.12 Gain on sale and lease back transaction

This is amortised over the period of the lease obligation.

3.13 Borrowing costs

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

3.14 Cash and cash equivalents

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

3.15 Trade and other payables

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

3.16 Earnings per share

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

3.17 Segment reporting

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

Business segments

Brokerage

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

Investment and treasury

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

Leasing/ Ijarah

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

Other operations

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

Geographical segments

The Company operates in Pakistan only.

3.18 Fiduciary assets

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

3.19 Foreign currency transactions

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

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

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

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

3.21 Impairment

Financial assets

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

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

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

Non-financial assets

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

3.22 Provisions

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

3.23 Assets acquired in satisfaction of finance

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

3.24 Stock in trade

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

3.25 Murahabah borrowings and financing

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

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

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

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

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

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

4. TRANSFER OF ASSETS AND LIABILITIES TO SUBSIDIARY

In compliance with regulation no. 7(2)(n) of the NBFC Rules, 2003, the Company had to separate its brokerage business from the other business activities. The requirement for compliance with aforesaid regulation was extended till 30 June 2010 by SECP vide S.R.O 886 dated 13 October 2009.

During the year the Company has transferred its brokerage business to Invest Capital Markets Limited "ICML" (the subsidiary) as per policy and directives of the Securities and Exchange Commission of Pakistan (SECP). SECP accorded its approval to the said transfer vide its letter referenced SC/NBFC-1/ICIBL/2009/170 dated 27 March 2009. On 25 June 2010 the Company entered into an agreement with ICML for the transfer of brokerage business. In consideration for the transfer of the brokerage business, ICML has issued to the Company 15,000,000 fully paid up ordinary shares having a face value of Rs. 10/- in the sum of Rs. 150,000,000. The following assets, liabilities and licenses of the Company brokerage business which were considered necessary for brokerage business were transferred to ICML at the close of business on 30 June 2010. Further, the Company has represented to SECP that the remaining assets and liabilities presently held by the Company will be transferred to the subsidiary subsequent to the year end. The shares have been allotted to the Company subsequent to the year end.

Investment in subsidiary	*Rupees*	**116,850,002**
Assets and liabilities transferred to ICML:		
Assets		
Property, plant and equipment	*5*	**69,520,023**
Intangible assets	*6*	**25,285,401**
Long term deposits and receivables - unsecured and considered good	*11*	**14,899,758**
Trade debts - unsecured	*17*	**188,774,031**
Receivable under reverse repurchase transaction	*21*	**9,000,000**
Advances, deposits, prepayments and other receivables	*22*	**4,697,070**
		312,176,283
Liabilities		
Short term borrowings	*43*	**(31,496,810)**
Creditors, accrued and other liabilities	*45*	**(173,829,471)**
		(205,326,281)
Net assets transferred to ICML		**106,850,002**
Cash		**10,000,000**
	Rupees	**116,850,002**

Profit and loss attributable to brokerage business is as follows:

	2010	2009
Income		
Brokerage, commission & fees	**148,186,281**	116,710,760
Income from continuous funding system	**-**	3,695,660
Income on deposits with banks	**2,617,926**	4,825,214
	150,804,207	125,231,634
Impairment loss		
Doubtful debtors written off	**(30,228,557)**	(3,787,729)
Expenses		
Administrative and operating expenses	**(195,093,945)**	(219,292,180)
	(74,518,295)	(97,848,275)

		2010	2009
Other income		27,374,217	6,567,773
Loss for the year	Rupees	**(47,144,078)**	(91,280,502)
Loss per share			
- Basic	Rupees	**(0.170)**	(1.223)
- Diluted	Rupees	**(0.165)**	(1.052)

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2010	2009
Operating assets	5.1	**382,032,768**	920,422,163
Capital work in progress	5.3	**11,855,790**	26,553,760
	Rupees	**393,888,558**	946,975,923

5.1 Operating assets

2010

	COST				Rate	DEPRECIATION/ IMPAIRMENT					Written down
	As at 1 July 2009	Additions / (disposals) 5.2.1	Transfers 5.2.2	As at 30 June 2010	(%)	As at 1 July 2009	Depreciation for the year / (on disposals)	Impairment for the year	Transfers	As at 30 June 2010	value as at 30 June 2010
OWNED ASSETS											
Land	254,761,853	-	- (119,063,853)	135,698,000	1.03	-	163,264	2,318,650	- (2,318,650)	163,264	135,534,736
Building	193,573,354	-	- (147,176,593)	46,396,761	5	453,082	7,968,405	304,793	- (6,873,914)	1,852,366	44,544,395
Office premises	180,904,000	48,700	- (180,904,000)	48,700	5	1,760,959	7,466,322	-	- (9,225,252)	2,029	46,671
Leasehold premises	12,000,000	- (12,000,000)	-	-	5	600,000	570,000 (1,170,000)		-	-	-
Office renovation	32,727,241	286,073 (32,428,314)	-	585,000	33.33	8,767,596 - -	7,968,014 (16,467,109)	-	-	268,501	316,499
Furniture and fixture	30,326,826	1,709,989 (4,839,563)	-	27,197,252	10	10,178,926 - -	2,071,830 (1,578,629)	-	-	10,672,127	16,525,125
Office equipment	93,853,225	3,552,168 (64,091,145)	-	33,314,248	10	28,303,892 - -	12,754,533 (23,895,532)	-	-	17,162,893	16,151,355
Motor vehicles	64,989,384	37,845,023 (30,703,132)	9,978,000	82,109,275	20	22,147,929	11,737,040 (10,722,796)	-	5,024,554	28,186,727	53,922,548
Plant and machinery	17,934,748	-	-	17,934,748	10	1,067,468 -	1,686,728	-	-	2,754,196	15,180,552
	881,070,631	43,441,953 (144,062,154)	9,978,000 (447,144,446)	343,283,984		73,279,852	52,386,136 (53,834,066)	2,623,443	5,024,554 (18,417,816)	61,062,103	282,221,881
LEASED ASSETS - held for own use											
Motor vehicles	13,650,775	- (965,000)	- (9,978,000)	2,707,775	20	6,817,550	405,531 (493,989)	-	- (5,024,554)	1,704,538	1,003,237
Plant and machinery	12,610,887	-	-	12,610,887	10	459,812	1,215,107	-	-	1,674,919	10,935,968
Office equipment	20,926,378	-	-	20,926,378	10	12,979,294	1,358,562	-	-	14,337,856	6,588,522
	47,188,040	- (965,000)	- (9,978,000)	36,245,040		20,256,656	2,979,200 (493,989)	-	- (5,024,554)	17,717,313	18,527,727
OWNED ASSETS HELD FOR OPERATING LEASE ARRANGEMENTS											
Generator	85,700,000	1,231,340	-	86,931,340	10	-	5,648,180	-	-	5,648,180	81,283,160
Rupees	**1,013,958,671**	**44,673,293 (145,027,154)**	**9,978,000 (457,122,446)**	**466,460,364**		**93,536,508**	**61,013,516 (54,328,055)**	**2,623,443 -**	**5,024,554 (23,442,370)**	**84,427,596**	**382,032,768**

5.1.1 Details of CNG/Diesel related projects included in note 5.1 above are as follows:

		Freehold land	Building	Plant and machinery	Furniture and fixture	Office equipment	Total
Cost		45,198,000	22,179,354	30,545,632	52,800	67,000	98,042,786
Accumulated depreciation		-	1,572,931	4,429,115	12,125	10,403	6,024,574
Net book value as at 30 June 2010	*Rupees*	45,198,000	20,606,423	26,116,517	40,675	56,597	92,018,212

	COST				2009 Rate (%)	DEPRECIATION / IMPAIRMENT					Written down value as at 30 June 2009
	As at 1 July 2008	Additions / (disposal)	Addition due to merger / revaluation / transfer / (reversal)	As at 30 June 2009		As at 1 July 2008	Depreciation for the year / (on disposals)	Impairment for the year	Addition due to merger / transfer / (written off)	As at 30 June 2009	
OWNED ASSETS											
Land	85,012,000	55,853	169,694,000	254,761,853	1.03	-	-	-	-	-	254,761,853
Building	-	-	193,573,354	193,573,354	5	-	-	-	453,082	453,082	193,120,272
Office premises	12,405,600	-	22,750,000 1,094,400 144,654,000	180,904,000	5	1,209,546	675,000	-	1,085,959 (1,209,546)	1,760,959	179,143,041
Leasehold premises	15,000,000	-	(3,000,000)	12,000,000	5	750,000	600,000 (750,000)	-	-	600,000	11,400,000
Office renovation	1,055,453	32,727,241 (1,055,453)	-	32,727,241	33.33	1,015,812	8,777,505 (1,025,721)	-	-	8,767,596	23,959,645
Furniture and fixture	14,156,720	- (5,435,601)	21,605,707	30,326,826	10	5,767,076	790,436 (3,735,404)	-	7,356,818	10,178,926	20,147,900
Office equipment	32,743,677	49,433,894 (7,304,931)	18,980,585	93,853,225	10	13,254,793	11,882,770 (5,244,638)	-	8,410,967	28,303,892	65,549,333
Electric fittings	2,797,544	- (2,797,544)	-	-	10	1,439,639	101,842 (1,541,481)	-	-	-	-
Motor vehicles	37,623,908	13,504,487 (8,934,066)	18,539,055 4,256,000	64,989,384	20	12,270,267	6,172,291 (3,961,314)	-	5,704,488 - 1,962,197	22,147,929	42,841,455
Plant and machinery	-	-	17,934,748	17,934,748	10	-	-	-	1,067,468	1,067,468	16,867,280
	200,794,902	95,721,475 (25,527,595)	610,081,849	881,070,631		35,707,133	28,999,844 (16,258,558)	-	26,040,979 (1,209,546)	73,279,852	807,790,779
LEASED ASSETS - held for own use											
Motor vehicles	11,185,000 -	- -	6,721,775 (4,256,000)	13,650,775	20	4,370,152 -	973,397 -	-	3,436,198 (1,962,197)	6,817,550	6,833,225
Plant and machinery	-	-	12,610,887	12,610,887	10	-	-	-	459,812	459,812	12,151,075
Office equipment	-	-	20,926,378	20,926,378	10	-	-	-	12,979,294	12,979,294	7,947,084
	11,185,000	-	36,003,040	47,188,040		4,370,152	973,397	-	14,913,107	20,256,656	26,931,384
OWNED ASSETS HELD FOR OPERATING LEASE ARRANGEMENTS											
Generator	-	-	85,700,000	85,700,000	10	-	-	-	-	-	85,700,000
Rupees	211,979,902	95,721,475 (25,527,595)	731,784,889	1,013,958,671		40,077,285	29,973,397 (16,258,558)	-	40,954,086 (1,209,546)	93,536,508	920,422,163

5.2 Disposal of operating fixed assets

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

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
Vehicles:							
Honda CD-100	64,390	(11,626)	52,764	60,000	7,236	Adamjee Insurance Company Limited	Insurance Claim
Toyota Corolla	1,309,000	(305,433)	1,003,567	654,500	(349,067)	Ansar Husain	Through negotiation.
Yamaha -100	58,500	(42,120)	16,380	33,000	16,620	Adamjee Insurance Company Limited	Insurance Claim
MSE Mobile Van	430,000	(195,889)	234,111	622,000	387,889	Akhter Muhammad	Through negotiation.
Honda CD-100	50,900	(15,270)	35,630	34,782	(848)	Muhammad Ehsan	Through negotiation.
Honda CD-100	50,490	(19,074)	31,416	30,294	(1,122)	Farrukh Liaquat	Through negotiation.
Suzuki Mehran	395,000	(212,422)	182,578	190,000	7,422	Adeel Qaiser	Through negotiation.

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
Toyota Corolla	1,062,000	(186,440)	875,560	720,000	(155,560)	Irfan Basheer	Through negotiation.
Motor Cycle	47,000	(47,000)	-	7,000	7,000	Muhammad Aslam	Through negotiation.
Motor Cycle	23,887	(7,393)	16,494	5,260	(11,234)	Azhar Siddiqui	Through negotiation.
Suzuki Mehran	395,000	(198,377)	196,623	350,000	153,377	Adamjee Insurance Company Limited	Insurance Claim
Suzuki Cultus	600,000	(305,000)	295,000	450,000	155,000	Irfan Basheer	Through negotiation.
Suzuki Mehran	365,000	(188,989)	176,011	182,500	6,489	Muhammad Imran	Through negotiation.
Suzuki Alto	496,000	(357,850)	138,150	140,859	2,709	Muhammad Asif	As per Company policy
Toyota Corolla	1,279,000	(833,703)	445,297	445,297	-	Nusrat Yar ahmad	As per Company policy
Toyota Lexus	2,325,000	(1,313,160)	1,011,840	1,051,520	39,680	Rehan Ateeq	As per Company policy
Honda Civic VTI	1,506,000	(773,482)	732,518	745,370	12,852	Shabbir Sikander	As per Company policy
Suzuki Cultus	525,000	(292,040)	232,960	237,440	4,480	Ashar Saeed	As per Company policy
Toyota Camry	2,750,000	(1,107,333)	1,642,667	2,700,000	1,057,333	Tasleem Khan	Through negotiation.
Hyundai Santro Club	519,000	(365,941)	153,059	150,225	(2,834)	Rehan Ateeq	As per Company policy
Toyota Vitz	755,000	(295,960)	459,040	467,093	8,053	Shabbir Sikander	As per Company policy
Suzuki Alto	504,000	(318,205)	185,795	189,805	4,010	Haseeb ur Rehman	As per Company policy
Toyota Prado	2,285,947	(262,884)	2,023,063	1,828,758	(194,305)	Khurshid Malik	As per Company policy
Suzuki Cultus	620,000	(355,467)	264,533	515,000	250,467	New Jubilee Insurance Company Limited	Insurance Claim
Suzuki Cultus	620,000	(323,723)	296,277	306,859	10,582	Mohammad Imran Iqbal	As per Company policy
Honda Citi	936,000	(480,730)	455,270	463,258	7,988	Aamir Saeed Khan	As per Company policy
Honda Citi	936,000	(504,691)	431,309	450,000	18,691	Nadeem Dar	As per Company policy
Honda Civic	1,238,000	(625,273)	612,727	612,727	-	Naeem ul Hasan	As per Company policy
Toyota Corolla Altis	1,875,480	(250,064)	1,625,416	1,650,000	24,584	New Jubilee Insurance Company Limited	Insurance Claim
BMW 320i	3,000,000	(200,000)	2,800,000	3,050,000	250,000	Darul Sehat Hospital	Through negotiation.
Honda Vti	1,025,000	(596,413)	428,587	500,000	71,413	Tariq Mehmood	As per Company policy
Toyota Corolla	95,196	(6,346)	88,850	102,497	13,647	Mehboob-ur-Rehman	As per Company policy
Honda City	68,353	(3,155)	65,198	87,832	22,634	Tahir Ali Abbas	As per Company policy
Honda Civic VTI	252,052	(29,406)	222,646	120,000	(102,646)	Naeem Baig	As per Company policy
Toyota Corolla	1,384,000	(92,267)	1,291,733	1,384,000	92,267	Adamjee Insurance Company Limited	Insurance Claim
Honda Citi	188,890	(34,630)	154,260	88,365	(65,895)	Abid Raza Zaidi	As per Company policy
Toyota Vitz	325,486	(10,850)	314,636	495,000	180,364	Junaid Sattar	Through negotiation.
Bolan STD	416,918	-	416,918	485,789	68,871	Adamjee Insurance Company Limited	Insurance Claim
Tyres	414,593	-	414,593	-	(414,593)	-	Written off
Trakker	476,050	(48,179)	427,871	428,173	302	-	Through negotiation
	31,668,132	**(11,216,785)**	**20,451,347**	**22,035,203**	**1,583,856**		

Particulars		Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
Office equipment		816,155	(145,017)	671,138	626,057	(45,081)	Miscellaneous	Through negotiation
Miscellaneous office equipments		63,274,990	(23,750,515)	39,524,475			Invest Capital Markets Limited	Refer note 4
		64,091,145	**(23,895,532)**	**40,195,613**	**626,057**	**(45,081)**		
Furniture and fixtures		44,237	(32,432)	11,805	11,437	(368)	Miscellaneous	Through negotiation
Miscellaneous furniture and fixtures		4,795,326	(1,546,197)	3,249,129			Invest Capital Markets Limited	Refer note 4
		4,839,563	**(1,578,629)**	**3,260,934**	**11,437**	**(368)**		
Office Renovation		76,500	(31,714)	44,786	59,058	14,272	Miscellaneous	Through negotiation
Miscellaneous office renovations		32,351,814	(16,435,395)	15,916,419			Invest Capital Markets Limited	Refer note 4
		32,428,314	**(16,467,109)**	**15,961,205**	**59,058**	**14,272**		
Leasehold premises - KSE room		**12,000,000**	**(1,170,000)**	**10,830,000**			Invest Capital Markets Limited	Refer note 4
Total: 2010	*Rupees*	**145,027,154**	**(54,328,055)**	**90,699,099**	**22,731,755**	**1,552,679**		
Total: 2009	*Rupees*	25,527,595	(15,508,558)	10,019,021	6,315,250	(3,703,771)		

5.2.1 Disposals include assets with written down value amounting to Rs. 59.367 million transferred to Invest Capital Markets Limited (subsidiary) in consideration of its shares as mentioned in note 4.

5.2.2 Transfers include Rs. 447.144 million transferred to assets held for sale as mentioned in note 25.

5.3 Capital work-in-progress

		2010	2009
Development charges relating to freehold land		**6,247,000**	5,000,000
CNG Station at Faisalabad		**-**	21,453,760
Renovation and office equipment		**5,608,790**	100,000
	Rupees	**11,855,790**	26,553,760

6. INTANGIBLE ASSETS

Membership cards	*6.1*	**-**	24,350,000
Computer software	*6.2*	**10,103,476**	12,525,167
	Rupees	**10,103,476**	36,875,167

6.1 Membership cards of the Karachi Stock Exchange (Guarantee) Limited (KSE) and National Commodity Exchange Limited (NCEL) were transferred to ICML as at 30 June 2010 in consideration for its shares as mentioned in note 4 and ICML has been admitted as member by KSE and NCEL. However , SECP has not yet issued the Broker Registration Certificate to ICML required to carry out trading operations as the member of the Karachi Stock Exchange (Guarantee) Limited.

6.2 Computer software

	Note	2010	2009
Opening balance - cost		**14,338,236**	2,759,688
Additions during the year		**2,993,181**	78,548
Addition due to merger		**-**	11,500,000
		17,331,417	14,338,236
Accumulated amortization at the beginning of the year		**1,813,069**	1,392,562
Amortization for the year @ 30% per annum		**4,479,471**	420,507
		6,292,540	1,813,069
		11,038,877	12,525,167
Transferred to Invest Capital Markets Limited (subsidiary)	6.2.1	**(935,401)**	-
	Rupees	**10,103,476**	12,525,167

6.2.1 This represents software transferred to Invest Capital Markets Limited (subsidiary) as at 30 June 2010 in consideration of its shares as mentioned in note 4.

7. LONG TERM INVESTMENTS

	Note	2010	2009
Investment in subsidiary - *at cost*	4	**116,850,002**	-
Investment in related parties - *at cost*	7.1	**82,862,771**	62,240,756
Available for sale investments:			
- Ordinary shares & certificates of listed and unlisted entities	7.2	**30,785,618**	83,503,946
- Mutual Funds	7.3	**10,588,028**	18,595,774
- Term Finance Certificates	7.4	**6,825,547**	11,098,970
	Rupees	**247,911,966**	175,439,446

7.1 Investments in related parties

	Note	2010	2009
Joint ventures			
CNG / Diesel filling stations			
- Centre Gas (Private) Limited	7.1.1	**34,535,703**	34,535,703
- UMA Enterprises	7.1.2	**27,705,053**	27,705,053
- Ameen Enterprises	7.1.3	**20,622,015**	-
	Rupees	**82,862,771**	62,240,756

7.1.1 The summarised financial information given below are based on the audited financial statements of Centre Gas (Private) Limited (CGL) as of 30 June 2010 audited by another firm of auditors who have expressed an unqualified opinion on those financial statements.

		Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
Centre Gas (Private) Ltd.	*Rupees*	**26,760,647**	**44,286,276**	**2,376,138**	**2,376,138**	**22,688,327**	**335,167**

CGL's paid-up share capital is Rs. 5 million comprising of 5,000 ordinary shares of Rs.1,000 each. The equity as at 30 June 2010 was Rs.41.910 million.

7.1.2 The summarised financial informaiton given below are based on audited financial statements of UMA Enterprise as of 30 June 2010 audited by another firm of auditors who expressed an unqualified opinion on those financial statements.

		Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
UMA Enterprises	*Rupees*	**6,219,150**	**42,192,467**	**5,966,524**	**13,013,593**	**49,487,700**	**11,905,021**

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

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

7.1.3 The summarised financial information given below are based on audited financial statements of Ameen Enterprises as of 30 June 2010 audited by another firm of auditors who expressed an unqualified opinion on those financial statements.

		Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
Ameen Enterprises	*Rupees*	**6,716,488**	**48,751,962**	**5,836,901**	**5,836,901**	**7,477,633**	**1,671,031**

The Company has entered in a partnership agreement under which the Company will provide equipments for the CNG station and shall bear 50% of the cost of construction whereas the other partner has agreed to provide land for the CNG station and shall bear remaining 50% of the cost of construction.

Currently, the cost of construction is being borne by the Company only and the above partner has agreed to settle its dues from the operations of the CNG station. Profit shall be shared equally. The project commenced its operations in March 2010.

7.2 Available for sale investments - Ordinary shares / Certificates

Number of shares / certificates (of Rs. 10 each)			Fair Value / Carrying Value	
2010	2009		**2010**	2009
Listed				
-	14,500	AMZ Ventures Limited	-	7,685
-	7,500	Askari Bank Limited	-	114,600
-	2,500	Atlas Bank Limited	-	8,475
-	15,600	Attock Refinery Limited	-	1,946,724
-	159,958	Bank Al-Falah Limited	-	1,687,556
-	50,000	BankIslami Pakistan Limited	-	318,500
-	33,000	D.G. Khan Cement Company Limited	-	978,450
-	1,000	Dost Steel Limited	-	5,340
112,000	112,000	English Leasing Limited	**67,200**	165,760
-	60,500	Engro Chemical Pakistan Limited	-	7,770,015
-	45,500	Fauji Fertilizers Bin Qasim Limited	-	804,895
-	8,000	Fauji Fertilizers Company Limited	-	695,600
519,920	520,000	First Equity Modaraba	**649,900**	514,800
23,559	82,541	First Fidelity Leasing Modaraba	**35,338**	214,875

Number of shares / certificates (of Rs. 10 each)				Fair Value / Carrying Value	
2010	2009			**2010**	2009
Listed					
-	10,000	First Habib Modaraba		**-**	57,700
-	13,440	Habib Bank Limited		**-**	1,156,646
-	130,000	Hub Power Company Limited		**-**	3,521,700
-	2,500	IGI Investment Bank Limited		**-**	10,450
-	8,800	Javed Omer Vohra & Company Limited		**-**	118,536
-	30,000	Lucky Cement Limited		**-**	1,755,900
-	18,000	National Bank of Pakistan		**-**	1,206,540
-	25,000	Network Leasing Corporation Limited		**-**	258,000
107,500	107,500	NIB Bank Limited		**321,425**	510,625
-	7,000	Pak Suzuki Motor Company Limited		**-**	475,300
-	59,400	Pakistan Oil Fields Limited		**-**	8,666,460
-	15,355	Pakistan Petroleum Limited		**-**	2,910,387
-	27,500	Pakistan State Oil Company Limited		**-**	5,875,375
-	20,000	Samba Bank Limited		**-**	59,600
-	10,000	Saudi Pak Leasing Company Limited		**-**	19,900
680,340	1,112,300	Southern Electric Power Company Limited		**1,911,755**	3,570,483
-	25,000	The Bank of Punjab		**-**	274,500
-	12,500	TRG Pakistan Limited		**-**	16,875
-	5,500	United Bank Limited		**-**	210,595
-	2,000	World Call Telecom Limited		**-**	5,000
135,000	135,000	Zeal Pak Cement Factory Limited		**-**	62,100
-	24,375	Arif Habib Securities Limited		**-**	673,725
-	17,200	Arif Habib Limited		**-**	1,150,508
-	7,000	Mari Gas Company Limited		**-**	1,041,810
-	12,500	Oil & Gas Development Co Limited		**-**	983,000
-	5,500	Adamjee Insurance Company Limited		**-**	461,945
-	24,000	Azgard Nine Limited		**-**	531,350
-	17,500	Nishat Mills Limited		**-**	661,850
-	25,000	Pakistan Telecommunication Company Limited		**-**	431,000
-	4,000	Packages Limited		**-**	628,160
-	5,000	Pakistan Refinery Limited		**-**	449,000
-	2,100	EFU General Insurance Company Limited		**-**	184,989
-	4,100	ICI Pakistan Limited		**-**	575,025
-	10,000	Eye Television Network Limited		**-**	287,500
-	50,000	Maple Leaf Cement Factory Limited		**-**	213,000
-	3,437	Jahangir Siddiqui & Company Limited		**-**	79,704
-	2,500	JS Investments Limited		**-**	42,350
-	5,000	Sui Northern Gas Pipelines Limited		**-**	159,750
Un-Listed					
500,000	500,000	Central Depository Company of Pakistan Limited		**15,640,000**	15,640,000
1,333,333	1,333,333	Dawood Islamic Bank Limited	*7.2.1*	**12,160,000**	13,333,333
1,140	1,140	Innovative Investment Bank Limited		**-**	-
			Rupees	**30,785,618**	83,503,946
		Cost	*Rupees*	**32,471,673**	83,503,946

7.2.1 This represents investment of Rs. 13.33 million in 1,333,333 ordinary shares of Rs. 10 each of Dawood Islamic Bank Limited, an unlisted bank. Aforesaid shares are blocked with the State Bank of Pakistan and cannot be sold / transferred without the prior approval of the State Bank of Pakistan for a period of three years from 30 November 2006, 31 January 2008 and 7 February 2008, (representing date of purchase of each lot included in total holding of 1,333,333 ordinary shares of the Bank) or as specified by the State Bank of Pakistan. The break-up value per share at 30 June 2010 based on the reviewed financial statements is Rs. 9.12. Impairment has been recorded on these investments based on break-up value per share as mentioned above.

7.3 Available for sale investments - Mutual Funds

Number of units					
2010	2009			**2010**	2009
		Closed-end - listed			
1,599,400	1,599,500	Safeway Mutual Fund		**10,588,028**	17,292,674
-	50,000	Pakistan Strategic Allocation Fund Limited		**-**	171,500
-	276,000	Pakistan Premier Fund Limited		**-**	1,131,600
			Rupees	**10,588,028**	18,595,774
		Cost	*Rupees*	**17,289,514**	18,595,774

7.4 Available for sale investments - Term Finance Certificates

Number of certificates					
2010	2009				
		Listed			
1,000	1,000	Saudi Pak Leasing Corporation Limited	*7.4.1 & 7.4.2*	**2,182,608**	4,998,000
1,551	1,551	Trust Investment Bank Limited	*7.4.1*	**4,642,939**	6,100,970
			Rupees	**6,825,547**	11,098,970

7.4.1 Details of listed Term Finance Certificates (TFCs) are as follows:

Name of the Company	Repayment frequency	Rate per annum	Maturity date
Saudi Pak Leasing Corporation Limited	Semi-annually	6 months KIBOR plus 1.5%	13 March 2013
Trust Investment Bank Limited	Semi-annually	6 months KIBOR plus 1.85%	04 July 2013

7.4.2 Considering the financial difficulties being faced by Saudi Pak Leasing Corporation Limited the Company has made a provision of Rs. 1.566 million against these TFCs.

8. NET INVESTMENT IN IJARAH FINANCE/ ASSETS UNDER IJARAH ARRANGEMENTS

		2010	2009
Ijarah contracts commencing upto 30 June 2008 - accounted for as finance leases	*8.1*	**1,358,715,045**	2,437,626,243
Ijarah contracts commencing 1 July 2008 - accounted for under IFAS 2	*8.2*	**317,339,941**	269,955,116
		1,676,054,986	2,707,581,359
Current portion of net investment in Ijarah finance	*20*	**(1,051,708,055)**	(1,419,271,317)
	Rupees	**624,346,931**	1,288,310,042

8.1 Net investment in Ijarah finance

	2010			2009		
	Due within one year year	**Due after one year but within five years**	**Total**	Due within one year	Due after one year but within five years	Total
Minimum lease payments receivable	**1,169,539,557**	**271,621,768**	**1,441,161,325**	1,269,600,236	807,121,217	2,076,721,453
Residual value of leased assets	**343,414,432**	**154,532,275**	**497,946,707**	371,119,934	600,010,104	971,130,038
Lease contracts receivable	**1,512,953,989**	**426,154,043**	**1,939,108,032**	1,640,720,170	1,407,131,321	3,047,851,491
Unearned lease income (including suspensed income)	**(204,362,579)**	**(56,953,055)**	**(261,315,634)**	(194,902,841)	(137,447,750)	(332,350,591)
Provision for potential lease losses	**(256,883,355)**	**(62,193,998)**	**(319,077,353)**	(26,546,012)	(251,328,645)	(277,874,657)
	(461,245,934)	**(119,147,053)**	**(580,392,987)**	(221,448,853)	(388,776,395)	(610,225,248)
Rupees	**1,051,708,055**	**307,006,990**	**1,358,715,045**	1,419,271,317	1,018,354,926	2,437,626,243

8.1.1 These finances carry profit rates ranging from 9.4% to 34.81% per annum (2009: 6.44% to 34.81% per annum). These agreements usually are for three to five years period. These are generally secured against leased assets, personal / corporate guarantees and promissory notes given by the lessees and other collaterals.

8.1.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 804.958 million (2009: Rs. 602.168 million) . Details of these leases are as follows:

	2010			2009		
Category of classification	**Principal outstanding**	**Provision required**	**Provision held**	Principal outstanding	Provision required	Provision held
Other assets especially mentioned	**230,817,710**	**-**	**6,402,418**	184,175,779	56,906,655	56,906,655
Substandard	**136,091,177**	**19,138,216**	**19,138,216**	109,782,238	14,205,240	14,205,240
Doubtful	**94,716,419**	**29,609,847**	**29,609,847**	120,160,036	38,911,079	38,911,079
Loss	**343,332,841**	**263,926,872**	**263,926,872**	188,049,515	167,851,683	167,851,683
Rupees	**804,958,147**	**312,674,935**	**319,077,353**	602,167,568	277,874,657	277,874,657

8.2 Assets under Ijarah arrangements

The following is a statement of assets leased out:

	2010						
	COST			**DEPRECIATION**			
	As at 1 July 2009	**Additions/ (disposals)**	**As at 30 June 2010**	**As at 1 July 2009**	**for the year/ (on disposals)**	**As at 30 June 2010**	**Net carrying value as at 30 June 2010**
Plant and machinery	39,094,500	20,645,000 (130,000)	59,609,500	5,880,830	10,166,459 (66,739)	15,980,550	43,628,950
Equipment	198,991,424	44,124,715 (28,549,470)	214,566,669	27,261,948	39,797,875 (6,970,940)	60,088,883	154,477,786
Vehicles	63,477,832	89,007,650 (8,995,620)	143,489,862	11,309,265	23,947,680 (1,614,947)	33,641,998	109,847,864
Livestock	15,088,380	- (500,000)	14,588,380	2,244,977	3,124,729 (166,667)	5,203,039	9,385,341
Rupees	**316,652,136**	**153,777,365 (38,175,090)**	**432,254,411**	**46,697,020**	**77,036,743 (8,819,293)**	**114,914,470**	**317,339,941**

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

Above Ijarah arrangements carry profit rates ranging between 12.97% to 27.49% per annum (2009: 13.21% to 27.49% per annum).

8.2.1 **Ijarah rentals receivable in respect of above assets**		**2010**	2009
Ijarah rentals receivable		**25,683,311**	18,977,230
Provision against Ijarah rentals receivable	*8.2.2*	**(16,120,878)**	(1,666,845)
	Rupees	**9,562,433**	17,310,385

8.2.2 Provision against Ijarah rentals receivable

Category of classification	**2010**			2009		
	Principal outstanding	**Provision required**	**Provision held**	Principal outstanding	Provision required	Provision held
Other assets especially mentioned	**9,802,873**	**9,802,873**	**9,802,873**	1,666,845	1,666,845	1,666,845
Substandard	**6,318,005**	**6,318,005**	**6,318,005**	-	-	-
Rupees	**16,120,878**	**16,120,878**	**16,120,878**	1,666,845	1,666,845	1,666,845

8.2.3 Contractual rentals receivable

	2010			2009		
	Due within one year	**Due after one year but within five years**	**Total**	Due within one year	Due after one year but within five years	Total
Total future rentals receivable *Rupees*	**156,500,428**	**158,922,092**	**315,422,520**	112,652,880	199,126,660	311,779,540

9. **LONG TERM MUSHARAKAH FINANCE** - secured		**2010**	2009
Companies (non- financial institutions)		**120,690,143**	125,944,282
Individuals		**114,602,694**	138,932,400
		235,292,837	264,876,682
Receivable within one year shown under current assets	*20*	**(125,684,465)**	(64,827,218)
		109,608,372	200,049,464
Provision against impaired balances	*9.2*	**(31,494,907)**	(884,413)
	Rupees	**78,113,465**	199,165,051

9.1 This represents investments under musharakah basis for working capital and project financing . These are secured against mortgage of properties, musharakah finance (borrowing), demand promissory note and personal guarantee of sponsor directors. Profit rates range between 13.5% to 27% per annum (2009: 12.01% to 42.42% per annum). These are payable in monthly / quarterly instalments.

9.2 This represents provision against non-performing receivables amounting to Rs. 34.506 million.

10. LONG TERM LOANS

	Note	2010	2009
Considered good			
Executives	*10.1, 10.2 & 10.4*	**20,234,283**	27,162,274
Other employees	*10.1 & 10.2*	**10,110,940**	9,028,032
Customers	*10.3*	**16,826,089**	25,020,283
		47,171,312	61,210,589
Considered doubtful			
Customers	*10.3*	**74,820,640**	86,780,053
Less: Provision		**(27,144,097)**	-
		47,676,543	86,780,053
		94,847,855	147,990,642
Current maturity	*20*	**(72,638,022)**	(70,314,240)
	Rupees	**22,209,833**	77,676,402

10.1 This respectively includes Rs. 15.766 million and Rs. 8.278 million unsecured loans (considered good) to the executives and employees of the Company disbursed in accordance with the Company's policy and terms of employment. These are repayable in monthly instalments over the period ranging from 1 to 10 years and do not carry any interest.

10.2 This respectively includes Rs. 4.468 million and Rs. 1.833 million loans to the executives and employees of the Company representing house and car loans provided as per the entity's policy. The house loans are repayable in 240 monthly instalments and carry a variable mark-up rate based on State Bank of Pakistan discount rate prevailing on 1 January and 1 July of a calendar year minus 400 bps with a minimum of 5% per annum. The loans are secured by equitable mortgage on the property through the title documents of the property. Car loans are repayable in 60 monthly instalments and carry a variable mark-up rate based on Company's cost of funds.

10.3 These carry mark-up at the rate ranging from 10.49% to 25% per annum (2009: 9.85% to 21.97% per annum). These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

10.4 Reconciliation of the carrying amount of loans to executives

		2010	2009
Balance at the beginning of the year		**27,162,274**	21,616,614
Employees promoted to executive category		**-**	56,483
Disbursements during the year		**4,275,000**	10,863,000
Transfer due to merger		**-**	4,805,878
		31,437,274	37,341,975
Repayments during the year		**(11,202,991)**	(10,179,701)
Closing Balance	*Rupees*	**20,234,283**	27,162,274

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

Security Deposits

	Note	2010	2009
For assets acquired on leases		**4,585,820**	6,134,090
Deposit with Karachi Stock Exchange (Guarantee) Limited	*11.1*	**-**	3,010,000
Deposit with National Commodity Exchange Limited	*11.1*	**-**	3,502,000
Others	*11.2*	**15,378,170**	19,209,932
		19,963,990	31,856,022
Current maturity	*20*	**-**	(688,400)
	Rupees	**19,963,990**	31,167,622

11.1 These deposits totalling to Rs. 10.137 million were transferred to Invest Capital Markets Limited (subsidiary) in consideration of its shares as mentioned in note 4.

11.2 This represents security deposits paid for utilities services, office premises, etc. Deposits amounting to Rs. 4.762 million were transferred to Invest Capital Markets Limited (subsidiary) in consideration of its shares as mentioned in note 4.

12. DEFERRED TAX ASSET - net

		2010	2009
Taxable temporary differences arising in respect of:			
- surplus on revaluation of fixed assets	*12.2*	**(404,393)**	(1,194,350)
- accelerated tax depreciation		**(167,627,324)**	(298,866,994)
- surplus on revaluation of available for sale investments		**-**	(1,589,998)
		(168,031,717)	(301,651,342)
Deductible temporary differences arising in respect of:			
- provision against doubtful finance lease and other receivable		**109,839,748**	109,839,748
- carry forward of income tax losses	*12.1*	**52,386,138**	199,298,314
- liabilities against asset subject to finance lease		**4,649,245**	9,908,553
- deficit on revaluation of available for sale investments	*12.2*	**1,156,586**	-
		168,031,717	319,046,615
	Rupees	**-**	17,395,273

12.1 At 30 June 2010, net deferred tax asset amounting to Rs. 459 million (2009: Rs. 146 million) has not been recognised as a matter of prudence.

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

13. SHORT-TERM INVESTMENTS

Investments at fair value through profit or loss		2010	2009
Quoted securities			
- Ordinary shares	*13.1*	**30,117,716**	49,236,754
- Preference shares - cumulative	*13.2*	**611,402**	461,872
- Mutual Funds	*13.3*	**67,273,873**	76,276,116
Available-for-sale			
Government securities	*13.4*	**182,560,744**	777,597,394
Other quoted securities			
- Term finance certificates	*13.5*	**83,996**	84,000
- Ordinary shares	*13.6*	**1,185,193**	25,616,584
- Mutual Funds	*13.8*	**10,700,584**	-
Un - quoted securities			
Dawood Family Takaful Limited (100,000 ordinary shares)	*13.7*	**1,000,000**	1,000,000
	Rupees	**293,533,508**	930,272,720

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

2010	2009	Name of company	2010	2009
Number of shares / certificates			Market value	
137,900	78,437	Bank Alfalah Limited	**1,304,534**	827,510
-	10,600	Habib Bank Limited	**-**	912,236
80,000	195,500	NIB Bank Limited	**239,200**	928,625
17,046	21,600	United Bank Limited	**924,064**	827,064
-	41,000	Meezan Bank Limited	**-**	451,000
-	15,000	Attock Cement Limited	**-**	1,053,300
34,995	21,000	Hub Power Company Limited	**1,118,440**	568,890
8,423	6,000	Pakistan State Oil Limited	**2,191,665**	1,281,900

2010	2009		2010	2009
Number of shares / certificates		Name of company	Market value	
1,972	2,000	Shell Pakistan Limited	**452,791**	447,800
-	46,950	Sui Northern Gas Pipeline Limited	**-**	1,500,053
-	40,000	Sui Southern Gas Company Limited	**-**	560,000
-	10,000	Oil & Gas Development Company Limited	**-**	786,400
6,500	19,000	Pakistan Oilfields Limited	**1,403,350**	2,772,100
69,999	50,000	Pakistan Telecommunications Limited	**1,245,982**	862,000
8,450	35,055	Fauji Fertilizer Company Limited	**870,942**	3,047,686
97,150	102,500	Fauji Fertilizer Bin Qasim Limited	**2,529,786**	1,813,225
-	83,500	Pakistan PTA Limited	**-**	238,810
14,000	38,025	Packages Limited	**1,659,000**	5,971,446
-	23,500	ICI Pakistan Limited	**-**	3,295,874
7,500	33,620	Engro Chemical Pakistan Limited	**1,301,850**	4,317,816
5,000	11,500	Mari Gas Company Limited	**646,900**	1,711,545
11,500	16,000	Tri-Pack Film Limited	**1,121,595**	1,598,240
10,000	18,800	Arif Habib Limited	**440,000**	1,257,532
-	20,000	D.G Khan Cement Company Limited	**-**	593,000
-	22,000	Eye Television Network Limited	**-**	632,500
-	10,000	Pakistan International Container Terminal	**-**	534,300
30,000	23,400	Azgard Nine Limited	**334,800**	518,076
19,400	26,880	Netsole Technologies Limited	**485,194**	480,077
60,000	27,000	JS Investment Limited	**447,600**	457,380
-	11,495	Central Insurance Company Limited	**-**	425,200
98,000	17,189	Jahangir Siddiqui & Company Limited	**1,238,720**	398,613
-	150,000	Karachi Electric Supply Company Limited	**-**	397,500
-	24,420	Javed Omer Vohra & Company Limited	**-**	328,938
110,000	35,000	Fauji Cement Company Limited	**500,500**	230,650
-	12,500	Sitara Peroxide Limited	**-**	230,500
7,000	2,000	Pakistan Refinery Limited	**549,990**	179,600
18,275	2,500	Lucky Cement Limited	**1,135,609**	146,325
-	22,500	Invest & Finance Securities Limited	**-**	135,000
-	107,500	TRG Pakistan Limited	**-**	145,125
10,600	1,000	Adamjee Insurance Company Limited	**846,728**	83,990
-	1,650	Bestway Cement Limited	**-**	42,141
-	58,500	AMZ Ventures Limited	**-**	31,005
-	11,250	Dewan Cement Limited	**-**	30,938
-	6,500	Maple Leaf Cement Factory Limited	**-**	27,690
-	2,000	Ahmed Hassan Textile Mills Limited	**-**	56,000
-	6,166	Arif Habib Bank Limited	**-**	43,100
-	445	Askari Bank Limited	**-**	6,800
-	22,500	Atlas Bank Limited	**-**	76,275
17,500	10,000	Attock Refinery Limited	**1,409,800**	1,247,900
-	2,000	Century Paper & Board Mills Limited	**-**	26,380
-	4,114	Crescent Steel & Allied Products Limited	**-**	73,929
-	1,000	Dost Steel Limited	**-**	5,340
5,000	-	Allied Bank Limited	**284,750**	-
30,300	-	My Bank Limited	**87,567**	-
24,185	-	Nishat Mills Limited	**1,042,857**	-
20,000	-	Kohinoor Textile Mills Limited	**112,400**	-

Number of shares / certificates 2010	Number of shares / certificates 2009	Name of company	Market value 2010	Market value 2009
10,000	-	Kohat Cement Limited	**66,000**	-
230,000	-	Telecard Limited	**611,800**	-
115,000	-	PACE Pakistan Limited	**410,550**	-
-	24,500	First Habib Modaraba	**-**	141,365
-	4,000	Ghandara Nissan Limited	**-**	21,400
-	3,000	Honda Atlas Cars Pakistan Limited	**-**	38,550
-	7,500	IGI Investment Bank Limited	**-**	31,350
-	10,000	KASB Bank Limited	**-**	103,200
-	500	Kohinoor Energy Limited	**-**	14,500
-	315	Kohinoor Power Company Limited	**-**	2,356
50	15,000	Kot Addu Power Company Limited	**2,087**	633,900
-	2,000	MCB Bank Limited	**-**	310,060
5,000	20,020	National Bank of Pakistan Limited	**320,500**	1,341,941
-	13,800	Orix Leasing Pakistan Limited	**-**	110,400
-	3,000	Pak Suzuki Motor Company Limited	**-**	203,700
-	15,000	Lafarge Pakistan Cement Limited	**-**	40,500
10,075	5,000	Pakistan Petroleum Limited	**1,853,577**	947,700
-	74,000	Samba Bank Limited	**-**	220,520
-	10,000	Saudi Pak Leasing Company Limited	**-**	19,900
-	10,000	Shakarganj Mills Limited	**-**	51,000
145,000	20,000	Silk Bank Limited	**392,950**	108,200
-	6,344	Soneri Bank Limited	**-**	69,530
-	34,850	Southern Electric Power Company Limited	**-**	111,869
-	10,000	Standard Chartered Bank Limited	**-**	84,900
50,000	88	The Bank of Punjab	**504,000**	966
10,185	5,449	World Call Telecommunication Limited	**29,638**	13,623
		Rupees	**30,117,716**	49,236,754

13.1.1 Ordinary shares having market value of Rs. 24.316 million (2009: Rs 47.629 million) are pledged with commercial banks against various financing facilities.

	2010 Number of shares pledged
Adamjee Insurance Company Limited	10,000
Allied Bank Limited	5,000
Arif Habib Limited	10,000
Attock Refinery Limited	17,500
Azgard Nine Limited	30,000
Bank Alfalah Limited	137,900
Fauji Cement Company Limited	29,000
Fauji Fertilizer Company Limited	7,400
Fauji Fertilizer Bin Qasim Limited	94,000
Jahangir Siddiqui & Company Limited	95,000
JS Investment Limited	60,000
Kot Addu Power Company Limited	50
Lucky Cement Limited	13,275

	2010 Number of shares pledged
Mari Gas Company Limited	5,000
My Bank Limited	30,300
National Bank of Pakistan	5,000
Netsole Technologies Limited	19,000
NIB Bank Limited	80,000
Nishat Mills Limited	24,185
PACE Pakistan Limited	115,000
Packages Limited	14,000
Pakistan Oilfields Limited	5,500
Pakistan Petroleum Limited	9,975
Pakistan Refinery Limited	7,000
Pakistan State Oil Limited	1,000
Pakistan Telecommunication Company Limited	69,999
Shell Pakistan Limited	1,900
Silk Bank Limited	145,000
Telecard Limited	230,000
The Bank of Punjab	50,000
Tri-Pack Film Limited	11,500
United Bank Limited	16,000
World Call Telecommunication Limited	10,185

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

2010	2009			**2010**	2009
Number of shares				Market value	
57,734	57,734	Pakistan International Container Terminal Limited. Rate of preference dividend: 10% Face value of preference shares: Rs.10 each Terms of redemption: Redeemable within 7 years of issue	*Rupees*	**611,402**	461,872

13.3 At fair value through profit or loss Mutual funds

2010	2009		**2010**	2009
Number of units			Market value	
		Open-end		
296,981	296,981	AKD Income Fund	**14,456,581**	13,262,061
-	10,451	Dawood Islamic Fund	-	1,067,243
-	10,429	HBL Multi Asset Fund	-	844,112
-	373,904	NAFA Stock Fund	-	2,269,039
252,250	288,374	Namco Income Fund	**25,176,977**	29,388,953
42,711	34,305	United Growth and Income Fund	**4,311,186**	3,360,488
-	6,764	United Stock Advantage Fund	-	437,870
			43,944,744	50,629,766

2010	2009		2010	2009
Number of units			Market value	
		Closed-end - listed		
1,855,273	1,920,400	Namco Balanced Fund	**6,456,350**	9,064,288
1,701,500	1,701,500	Pak Oman Advantage Fund	**16,844,850**	15,313,500
2,875	-	Asian Stock Fund	**16,963**	-
-	200	Atlas Fund of Funds	**-**	600
-	523	JS Growth Fund	**-**	1,998
-	779	JS Value Fund	**-**	3,466
-	307,575	Pakistan Premier Fund Limited	**-**	1,261,058
1,645	-	Safeway Mutual Fund	**10,966**	-
-	320	PICIC Energy Fund	**-**	1,440
			23,329,129	25,646,350
		Rupees	**67,273,873**	76,276,116

Following units having market value of Rs. 23.286 million are pledged with commercial banks against various financing facilities.

	2010 Number of units pledged
NAMCO Balanced Fund	**1,855,000**
Pak Oman Advantage Fund	**1,700,000**

13.4 Government securities (available-for-sale)

		2010	2009
		Market value	
- Pakistan Investment Bond	*13.4.1*	**96,572,300**	49,498,850
- Market Treasury Bills	*13.4.2*	**85,988,444**	728,098,544
	Rupees	**182,560,744**	777,597,394

13.4.1 These Pakistan Investment Bonds have a tenor upto ten years with maturity upto 3 September 2019 (2009: 30 August 2013). These carry an effective coupon of 11.25% to 12% (2009: 11.50%) with amortised cost of Rs. 97.803 million (2009: Rs. 48.785 million).

13.4.2 These treasury bills have a tenor of one year with maturity on 5 May 2011. These carry an effective yield of 12.22% (2009: 12.15%) with amortised cost of Rs. 86.096 million (2009: Rs. 722.937 million).

13.5 Term finance certificates

This represents 20 unsecured subordinated term finance certificates (2009: 20) of United Bank Limited @ Rs. 4,000 each (2009: Rs. 4,000 each) and carry interest rate of six months KIBOR plus 1.5% with maturity on 4 February 2013. Average cost per term finance certificate is Rs. 3,500 (2009: Rs. 3,500).

13.6 Ordinary shares (available-for-sale)

2010	2009			2010	2009
Number of shares / certificates		Name of Company		Market value	
-	37,500	Arif Habib Securities Limited		**-**	1,036,500
-	100,000	The Bank of Punjab		**-**	1,098,000
-	50,000	National Bank of Pakistan		**-**	3,353,509
-	700	MCB Bank Limited		**-**	108,521
-	100,000	BankIslami Pakistan Limited		**-**	637,000
59,700	67,500	My Bank Limited	*13.6.1*	**172,533**	247,050
-	3,500	Dandot Cement Limited		**-**	29,050

2010 Number of shares / certificates	2009 Number of shares / certificates	Name of Company		2010 Market value	2009 Market value
-	6,125	Shell Pakistan Limited		-	1,371,388
-	50,000	Fauji Fertilizer BinQasim Limited		-	884,500
-	13,500	Glaxo Smithkline Limited		-	1,617,435
-	10,000	Pakages Limited		-	1,570,400
-	150,000	P.T.C.L (A)		-	2,586,000
-	300,000	Silk Bank Limited		-	1,623,000
-	45,000	Oil and Gas Development Company Limited		-	3,538,800
452,000	452,000	National Asset Leasing Limited		-	45,200
-	51,453	First Dawood Investment Bank Limited		-	157,961
25,000	25,000	First Islamic Modaraba		-	8,250
-	700,000	Harum Textile Limited		-	-
-	10,000	KASB Securities Limited		-	115,100
-	1,000	United Bank Limited		-	38,290
-	4,000	Pak Oilfields Limited		-	583,600
5,500	5,000	Pakistan Petroleum Limited	*13.6.1*	**1,012,660**	947,700
-	21,700	Engro Chemicals Limited		-	2,786,931
-	7,900	Sitara Chemicals Limited		-	1,232,400
			Rupees	**1,185,193**	25,616,584
		Cost	*Rupees*	**1,099,317**	24,362,051

13.6.1 Investment in My Bank Limited and Pakistan Petroleum Limited are pledged with commercial banks against various financing facilities.

13.7 Based on the latest available audited financial statements as at 31 December 2009, break-up value of the investment in Dawood Family Takaful Limited is Rs.944,000.

13.8 Available-for-sale - Mutual funds

2010 Number of units	2009 Number of units			2010 Market value	2009 Market value
Open-end mutual funds					
56,721	-	KASB Balanced Fund		**2,446,398**	-
45,942	-	National Investment Trust		**1,294,186**	-
				3,740,584	-
Closed-end mutual funds					
2,000,000	**-**	NAMCO Balanced Fund	*13.8.1*	**6,960,000**	**-**
			Rupees	**10,700,584**	-
		Cost	*Rupees*	**13,098,387**	-

13.8.1 Investment in NAMCO Balanced Fund having market value of Rs. 6.96 million is pledged with commercial banks against various financing facilities.

14. TAKAFUL RESERVE FUND INVESTMENTS

Available-for-sale - listed

2010 Number of units	2009 Number of units		2010 Market value	2009 Market value
Open-end mutual funds				
-	94,021	Faysal Balanced Growth Fund	-	7,145,577
-	66,078	AKD Opportunity Fund	-	2,325,931
-	56,721	KASB Balanced Fund	-	2,424,844
-	45,942	National Investment Trust	-	1,233,543
-	174,998	Meezan Islamic Fund	-	6,173,945
			-	19,303,840

		2010	2009
Closed-end mutual funds		Market value	
2,000,000 NAMCO Balanced Fund		-	9,440,000
	Rupees	-	28,743,840
Cost	*Rupees*	-	28,743,840

14.1 Under the scheme of Musharakah based Term Finance Certificates (MTFCs), a Takaful Reserve Fund (Takaful) is required to be maintained for the purpose of mitigating the risk of loss attributable to the MTFCs investors.

Consequent to the redemption of these MTFCs, the investments included in Takaful were either disposed off by the Company or transferred to available-for-sale investments (refer note 13.8).

15. SHORT TERM MUSHARAKAH FINANCES - secured		**2010**	2009
Musharakah - secured			
- Considered good		**37,500,000**	175,343,631
- Impaired balances		**152,561,660**	71,818,348
		190,061,660	247,161,979
Provision against impaired balances		**(58,456,985)**	(4,455,484)
	Rupees	**131,604,675**	242,706,495

This represents funds given (investments) for working capital purposes for the periods ranging between 92 to 365 days and are secured against mortgaged properties, demand promissory notes and personal guarantees of sponsor directors and carries profit rates ranging between 14.88% to 34.69 % per annum (2009: 12% to 34.69% per annum).

16. SHORT-TERM FINANCES - SECURED		**2010**	2009
Considered good		**16,952,543**	19,081,968
Considered doubtful		**52,976,672**	50,269,783
Provision there against		**(14,762,302)**	(2,092,749)
		38,214,370	48,177,034
	Rupees	**55,166,913**	67,259,002

These represent short-term finances receivable within a year and carry mark-up ranging from 13.97% to 26% per annum (2009: 20.08% to 25.91% per annum). These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

17. TRADE DEBTS - unsecured		**2010**	2009
Considered good		**1,005,106,155**	1,445,525,869
Considered doubtful		**-**	-
		1,005,106,155	1,445,525,869
Provision for doubtful debts		**-**	-
	Rupees	**1,005,106,155**	1,445,525,869

17.1 Trade debtors amounting to Rs. 188.774 million were transferred to Invest Capital Markets Limited (subsidiary) in consideration of its shares as mentioned in note 4.

18. ASSETS ACQUIRED IN SATISFACTION OF FINANCES PROVIDED		**2010**	2009
DA Country and Golf Club Membership Seats		**75,000,000**	125,000,000
Provision held		**(25,500,000)**	(25,500,000)
	Rupees	**49,500,000**	99,500,000

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

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

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

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

IIBL and Sysmax executed an assignment deed dated 05 December 2009 which empowers IIBL to have full right of ownership over 250 Platinum Memberships.

By virtue of deed of assignment / conveyance dated 07 December 2009, IIBL assigned / transferred in favour of AZLC the aforementioned 45 Platinum Memberships of DA Country and Golf Club. Being assignee of the decree holder, the Company filed Execution Application for the execution of the Award Decree dated 24 April 2010.

By Order dated 04 October 2010, the learned single judge of the Sindh High Court has allowed the said execution application and has appointed Nazir of the High Court to assist the Decree Holder so that 45 Platinum Memberships may be transferred in their favour. In pursuance of the said order the Nazir is taking appropriate steps in this behalf.

19. IJARAH RENTALS RECEIVABLE

		2010	2009
Ijarah rentals receivable	*8.2.1*	**25,683,311**	18,977,230
Provision against Ijarah rentals receivable	*8.2.1*	**(16,120,878)**	(1,666,845)
	Rupees	**9,562,433**	17,310,385

20. CURRENT MATURITIES OF NON - CURRENT ASSETS

Net investment in Ijarah finance / assets under Ijarah arrangements	*8*	**1,051,708,055**	1,419,271,317
Long term musharakah finance	*9*	**125,684,465**	64,827,218
Long term loans	*10*	**72,638,022**	70,314,240
Long term deposits and receivables	*11*	**-**	688,400
	Rupees	**1,250,030,542**	1,555,101,175

21. RECEIVABLE UNDER REVERSE REPURCHASE TRANSACTION

Receivable under reverse repo transaction amounting to Rs. 9.0 million was transferred to Invest Capital Markets Limited (subsidiary) in consideration for its shares as mentioned in note 4.

22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2010	2009
Advances - unsecured, considered good			
- against purchases and expenses		**10,080,583**	11,571,502
- to staff	*22.1*	**2,014,394**	2,257,963
- Advance against lease		**-**	3,154,500
- Deposit with Privatisation Commission	*22.2*	**10,000,000**	10,000,000
- Income tax - net	*22.3*	**37,426,833**	37,401,393
- Others		**-**	103,280
Receivable from Centre Gas (Private) Limited		**-**	10,000,000
Prepayments		**16,460,026**	22,374,847
Other receivables	*22.4*	**220,320,786**	262,640,067
		296,302,622	359,503,552
Provision against impaired balances		**(166,393,815)**	(116,318,989)
	Rupees	**129,908,807**	243,184,563

22.1 Aggregate amount due from the executives is Rs.0.192 million. Maximum amount due from executives at the end of any month during the year aggregated to Rs.0.325 million.

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

22.3 It includes an amount of Rs. 2.537 million (2009: Rs. 2.537 million) as tax recoverable. In the original assessments made by the Deputy Commissioner of Inland Revenue (DCIR), the rate used for assessments years 1993-94 to 1998-99 was that of the banking companies. However, in the appeals filed against the original assessments upto the assessment year 1997-98, the Commissioner of Inland Revenue (Appeals) [CIR (A)] directed the DCIR to apply the rate as applicable to a public company. The Tax department filed appeal against this order of CIR (A) to Appellate Tribunal Inland Revenue (ATIR). The ATIR, in its decision on the issue of the applicability of tax rate in respect of assessment years 1991-92 to 1997-98 held that investment banks are not banking companies and therefore the rate applicable to a public company should be applied. However, this case was taken to Lahore High Court by the tax authorities against the ATIR orders.

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

22.4 Other receivables

		2010	2009
Accrued interest / mark-up		**6,398,904**	6,796,936
Accrued profit on murabaha and musharakah investment		**1,313,271**	23,697,458
Receivable against sale of investment		**-**	2,315,533
Insurance rentals receivable		**-**	13,474,765
Insurance claims receivable		**30,404,897**	26,629,357
Other terminated lease / musharakah receivables		**54,632,935**	50,858,284
Repossessed assets (against terminated leases)		**43,441,750**	44,360,982
Insurance premium recoverable		**1,766,187**	2,243,861
Operating lease rentals receivable		**9,057,216**	5,296,500
Others		**73,305,626**	86,966,391
		220,320,786	262,640,067
Provision held against other receivables		**(151,163,269)**	(101,088,443)
	Rupees	**69,157,517**	161,551,624

22.5 Prepayments and other receivables amounting to Rs. 3.812 million and Rs. 0.885 million respectively, were transferred to Invest Capital Markets Limited (subsidiary) in consideration of its shares as mentioned in note 4.

23. STOCK IN TRADE

This represents stock of petrol and diesel as on 30 June 2010 held at Star filling station in Faisalabad.

24. CASH AND BANK BALANCES

		2010	2009
Balance with banks in:			
Current accounts in local currency with:			
- State Bank of Pakistan		921,682	6,490,033
- Commercial banks		16,776,194	15,494,557
		17,697,876	21,984,590
Term deposit accounts - local currency	*24.1*	19,000,000	60,000,000
Deposit accounts - local currency	*24.2*	38,087,542	165,420,326
		57,087,542	225,420,326
		74,785,418	247,404,916
Cash in hand			
- Local currency		532,278	927,022
	Rupees	75,317,696	248,331,938

24.1 This represents term deposit with a commercial bank and carry profit rate at 11.75% per annum (2009: 13.14% per annum).

24.2 These bank accounts carry mark-up ranging from 5% to 10.5% (2009: 1% to 11% per annum).

25. ASSETS HELD FOR SALE

Considering the liquidity constraint being faced by the company, the Board of Directors in their meeting held on 27 April 2010 decided to dispose off the following properties. Active campaign is being undertaken in this respect to dispose of these properties at the earliest.

	Carrying Value	Market Value
Office premises		
Property no. 1	18,591,667	19,824,000
Property no. 2	18,457,500	19,260,000
Property no. 3	18,457,500	19,260,000
Property no. 4	75,932,583	78,812,000
Property no. 5	7,187,500	7,500,000
Property no. 6	20,761,373	21,500,000
Property no. 7	12,290,623	13,956,300
	171,678,746	180,112,300
Buildings		
Property no. 8	36,531,596	47,232,000
Property no. 9	18,275,080	23,628,000
Property no. 10	26,253,547	35,000,000
Property no. 11	106,822,775	106,822,775
Property no. 12	4,226,359	5,496,000
	192,109,357	218,178,775
Land		
Property no. 13	28,500,000	29,400,000
Property no. 14	4,127,350	4,127,350
Property no. 15	60,000,000	60,000,000
Property no. 16	24,197,853	28,000,000
Property no. 17	2,920,000	2,920,000
	119,745,203	124,447,350
Rupees	483,533,306	522,738,425

26. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note		2010	2009
284,866,865 (2009: 272,766,865) Ordinary shares of Rs. 10 /-each issued for cash	26.1	Rupees	**2,848,668,652**	2,727,668,652

26.1 Reconciliation of ordinary shares

		Number of Ordinary shares of Rs. 10 each	
		2010	2009
Opening balance of ordinary shares of Rs. 10/- each		**272,766,865**	74,642,370
Ordinary shares issued on amalgamation/ merger		**-**	198,124,495
Ordinary shares issued on conversion of share deposit money		**12,100,000**	
Closing balance of ordinary shares of Rs. 10/- each	Number	**284,866,865**	272,766,865

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

	Note		2010	2009
Quoted securities				
- Ordinary Shares and certificates			**(1,191,819)**	1,254,534
- Government Securities			**(1,338,101)**	4,528,850
- Term finance certificates			**(500,166)**	14,002
- Units of open-end mutual funds			**75,765**	-
			(2,954,321)	5,797,386
Deferred tax asset / (liability)	12.1		**1,156,586**	(1,589,998)
		Rupees	**(1,797,735)**	4,207,388

28. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2010			2009		
	Office premises	**Lease hold premises**	**Total**	Office premises	Lease hold premises	Total
Opening balance	**10,170,861**	**10,687,500**	**20,858,361**	8,402,224	14,250,000	22,652,224
Revaluation during the year	**-**	**-**	**-**	2,303,946	(3,000,000)	(696,054)
Transfer to accumulated profit / loss in respect of incremental depreciation	**(330,553)**	**(347,344)**	**(677,897)**	(504,657)	(530,291)	(1,034,948)
Related deferred tax liability of incremental depreciation	**(177,990)**	**(187,031)**	**(365,021)**	(30,652)	(32,209)	(62,861)
	(508,543)	**(534,375)**	**(1,042,918)**	(535,309)	(562,500)	(1,097,809)
	(508,543)	**(534,375)**	**(1,042,918)**	1,768,637	(3,562,500)	(1,793,863)
	9,662,318	**10,153,125**	**19,815,443**	10,170,861	10,687,500	20,858,361
Surplus realised on disposal of revalued properties during the year	**-**	**(10,153,125)**	**(10,153,125)**	-	-	-
Less: Related deferred tax liability on:						

	2010			2009		
	Office premises	**Lease hold premises**	**Total**	Office premises	Lease hold premises	Total
Revaluation as on 1 July	**582,383**	**611,966**	**1,194,349**	372,891	632,415	1,005,306
Incremental depreciation charged on related assets	**(177,990)**	**(187,031)**	**(365,021)**	(30,652)	(32,209)	(62,861)
Surplus realised on disposal of revalued properties during the year	**-**	**(424,935)**	**(424,935)**	-	-	-
Revaluation during the year	**-**	**-**	**-**	269,727	(17,823)	251,904
	404,393	**-**	**404,393**	611,966	582,383	1,194,349
Rupees	**9,257,925**	**-**	**9,257,925**	9,558,895	10,105,117	19,664,012

28.1 Revaluation surplus relating to the leasehold premises transferred to Invest Capital Markets Limited (subsidiary) (as mentioned in note 4) has been recognised in the profit and loss account.

29. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

		2010		2009	
		Minimum lease payments	**Present value**	Minimum lease payments	Present value
Not later than one year		**11,173,445**	**8,386,015**	22,096,448	17,145,935
After one year but not more than five years		**10,747,710**	**9,992,392**	22,506,858	18,966,849
Total minimum lease payments		**21,921,155**	**18,378,407**	44,603,306	36,112,784
Amounts representing finance charges of future years		**(3,542,748)**	**-**	(8,490,522)	-
Present value of minimum lease payments		**18,378,407**	**18,378,407**	36,112,784	36,112,784
Current portion	*39*	**(8,386,015)**	**(8,386,015)**	(17,145,935)	(17,145,935)
	Rupees	**9,992,392**	**9,992,392**	18,966,849	18,966,849

These liabilities carry profit rates ranging from 12.98% to 15.90% per annum (2009: 12.98% to 18.72% per annum). The Company has an option to purchase the leased asset upon completion of the lease period by adjusting the security deposit and has intention to exercise the option.

30. DEFERRED LIABILITY FOR STAFF GRATUITY

30.1 Un-funded gratuity scheme for employees of Al-Zamin Leasing Modaraba (merged into the Company during last year)

30.1.1 General description

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

30.1.2 Principal actuarial assumptions

The latest actuarial valuation was carried out as at 30 June 2010 using the Project Unit Credit Method. The main assumptions used for the actuarial valuations were as follows:

		2010	2009
Discount rate		**12%**	12%
Estimated salary increase-per annum		**11%**	11%
Estimated service length of the employees		**13 years**	12 years

30.1.3 Reconciliation of payable to defined benefit plan

Present value of defined benefit obligations	*30.1.4*	**8,262,997**	6,267,461
Unrecognized actuarial losses	*30.1.6*	**(326,982)**	(206,958)
Total liability	*Rupees*	**7,936,015**	6,060,503

30.1.4 Changes in present value of defined benefit obligations

Obligation at the beginning of the year		**6,267,461**	4,438,122
Effect of actuarial valuation for the first time		**-**	(452,837)
Current service cost		**2,044,204**	1,763,115
Interest cost		**752,095**	478,234
Benefits paid during the year		**(920,787)**	(166,131)
Unrecognized actuarial losses on obligation		**120,024**	206,958
Obligation at the end of the year	*Rupees*	**8,262,997**	6,267,461

30.1.5 Charge for defined benefit plan

Current service cost		**2,044,204**	1,763,115
Interest cost		**752,095**	478,234
Effect of actuarial valuation for the first time		**-**	(452,837)
	Rupees	**2,796,299**	1,788,512

30.1.6 Changes in actuarial losses

Unrecognised actuarial losses		**206,958**	-
Actuarial losses arising during the year		**120,024**	206,958
	Rupees	**326,982**	206,958

30.2 Funded gratuity scheme for employees of Al-Zamin Leasing Corporation Limited (merged into the Company during last year)

30.2.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at 30 June 2010 using the Project Unit Credit Method. The main assumptions used for the actuarial valuations were as follows:

		2010	2009
Discount rate		**12%**	12%
Estimated salary increase-per annum		**11%**	11%
Estimated service length of the employees		**13 years**	12 years

30.2.2 The actuarial valuation carried out resulted in:

Present value of defined benefit obligation	*30.2.3*	**8,220,178**	5,332,581
Fair value of plan assets	*30.2.4*	**(3,440,300)**	(2,620,946)
Unrecognised actuarial losses	*30.2.5*	**(54,174)**	(1,744,472)
Total Liability	*Rupees*	**4,725,704**	967,163

30.2.3 Changes in present value of defined benefit obligations

		2010	2009
Present value of defined benefit obligation		**5,332,581**	4,589,078
Interest cost for the year		**639,910**	550,689
Current service cost for the year		**890,275**	868,310
Benefits paid during the year		**(465,508)**	-
Past service cost - vested		**2,921,873**	-
Unrecognized actuarial gains on present value of defined benefit obligations		**(1,098,953)**	(675,496)
	Rupees	**8,220,178**	5,332,581

30.2.4 Changes in fair value of plan assets

Fair value of plan assets		**2,620,946**	3,895,611
Expected return on plan assets		**314,514**	467,473
Contributions made during the year		**465,508**	-
Benefits paid during the year		**(465,508)**	-
Actuarial losses on plan assets		**504,840**	(1,742,138)
	Rupees	**3,440,300**	2,620,946

30.2.5 Changes in actuarial gains / (losses)

Unrecognised actuarial (losses)		**(1,744,472)**	(693,467)
Actuarial gains / (losses) arising during the year		**1,603,793**	(1,066,642)
Actuarial gains arising during the year		**86,505**	15,637
	Rupees	**(54,174)**	(1,744,472)

30.2.6 Charge for defined benefit plan

Current service cost		**890,275**	868,310
Interest cost		**639,910**	550,689
Expected return on plan assets		**(314,514)**	(467,473)
Actuarial losses / (gains)		**86,505**	15,637
	Rupees	**1,302,176**	967,163

31. SECURITY DEPOSITS FROM LESSEES

Security deposits on lease contracts		**619,040,230**	1,052,335,633
Current portion	*39*	**(342,903,551)**	(379,539,146)
	Rupees	**276,136,679**	672,796,487

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

32. LONG TERM CERTIFICATES OF MUSHARAKAH -unsecured

Certificates of musharakah - associated undertaking	*32.2*	**6,580,000**	12,420,000
- others	*32.3*	**202,950,000**	247,815,000
		209,530,000	260,235,000
Payable within one year shown under current liabilities	*39*	**(119,005,000)**	(83,140,000)
	Rupees	**90,525,000**	177,095,000

32.1 These represent the mobilization of funds under the scheme of certificates of musharakah. These carry profit rates ranging between 13% to 19.5% per annum (2009: 13.25% to 19% per annum) and are due for repayment between 28 July 2010 and 30 June 2015 representing initial maturities of original borrowings in respective acquiree entities.

32.2 This carries profit rates ranging between 14.5% to 16% per annum (2009: 13.75% to 15% per annum) and are due for repayment between 19 July 2011 and 7 February 2012.

32.3 Refer note 40.2 also for the details of Redemption Reserve Fund.

33. CERTIFICATES OF INVESTMENTS AND DEPOSITS - unsecured

		2010	2009
Long-term			
For one year or more		**7,235,000**	4,224,400
Payable within one year shown under current liabilities	*39*	**(790,000)**	589,400)
	Rupees	**6,445,000**	3,635,000

The term of COIs / CODs ranges from one year to five years and return thereon ranges from 11.5% to 15% per annum (2009: 7.3% to 17.89% per annum).

34. LONG TERM MUSHARAKAH AND MURABAHAH BORROWINGS -secured

		2010	2009
Musharakah borrowings			
From commercial banks	*34.1*	**33,333,336**	66,666,668
Murabahah borrowings from:			
Commercial Banks	*34.3*	**169,907,008**	222,916,661
Other financial institutions	*34.4*	**69,215,900**	154,746,217
	34.2	**239,122,908**	377,662,878
		272,456,244	444,329,546
Payable within one year shown under current maturity	*39*	**(144,999,995)**	(242,499,981)
	Rupees	**127,456,249**	201,829,565

34.1 These finances carry profit rate of 3 months KIBOR + 1.5% per annum and are payable in quarterly installments. These are secured against first pari passu floating charge over all present and future leased assets and associated lease receivables. The principal repayment commenced from 12 September 2009 on quarterly basis. The maturity date is 11 June 2011.

34.2 Murabahah borrowings

		2010	2009
Murabahah payable - gross		**283,457,368**	448,298,880
Deferred murabahah expense		**(42,256,587)**	(66,232,474)
Profit payable shown in creditors, accrued and other liabilities		**(2,077,873)**	(4,403,528)
Murabahah payable	*Rupees*	**239,122,908**	377,662,878

34.3 These finances carry profit rates ranging from six months average KIBOR plus 3% per annum and three months KIBOR plus 1.9% to 2.75% per annum payable in monthly and quarterly instalments. These are secured against floating charge on all present and future leased assets and associated lease receivables and corporate guarantee by the management company of AZLM. These finances are payable from 28 July 2010 to 28 June 2012.

34.4 These finances carry profit rates ranging from six months average KIBOR plus 3% per annum payable in monthly instalments. These are secured against floating charge on all present and future leased assets and associated lease receivables and corporate guarantee by the management Company of AZLM. These finances are payable from 28 July 2010 to 28 June 2012.

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

		2010	2009
Commercial banks	35.1	**294,687,496**	345,000,000
Other financial institutions	35.1	**260,520,833**	305,000,000
Other	35.1	**42,708,333**	50,000,000
Privately placed term finance certificates - 2		**-**	45,000,000
		597,916,662	745,000,000
Current maturity	39	**(175,000,000)**	(278,333,334)
		422,916,662	466,666,666
Total initial transaction cost		**7,400,000**	7,400,000
Amortization to date		**(4,496,814)**	(2,788,621)
		2,903,186	4,611,379
	Rupees	**420,013,476**	462,055,287

35.1 These finances carry profit rate @ 6 months KIBOR+1.9% per annum and are payable in half yearly installments. At the year-end profit rate was 14.12% per annum. These are secured against first pari passu charge of specific leased assets and associated lease receivables. The principal repayment has started from 12 November 2009 on monthly basis in equal installments of Rs. 14.833 million. The maturity date is 11 December 2013.

36. REDEEMABLE CAPITAL - TERM FINANCE CERTIFICATES

		2010	2009
Transfer due to merger of:			
- Al-Zamin Leasing Modaraba (merged into the Company during last year) (Musharakah Term finance Certificates - MTFCs)		**-**	110,500,000
- Al-Zamin Leasing Corporation Limited (merged into the Company during last year)	36.1	**128,380,000**	128,380,000
		128,380,000	238,880,000
Current maturity	39	**(128,380,000)**	(110,127,231)
		-	128,752,769
Total initial transaction cost		**10,383,663**	10,383,663
Amortization to date		**(10,383,663)**	(10,010,894)
		-	372,769
	Rupees	**-**	128,380,000

36.1 Term Finance Certificates (TFCs) were issued on 5 September 2002. These are perpetual unless put / call option attached to these is exercised. On 5 September 2010 none of the TFC holders sent the put option to the Company hence the same is continued for further 3 years.

37. LONG TERM LOANS -secured

		2010	2009
Facility I	37.1	**44,855,260**	121,750,000
Facility II	37.2	**60,297,522**	160,793,388
Facility III	37.2	**15,074,377**	40,198,345
Facility IV	37.2	**7,537,192**	20,099,176
Facility V	37.3	**43,794,936**	85,017,111
Facility VI	37.4	**29,250,000**	58,500,000
		200,809,287	486,358,020
Current maturity	39	**(200,809,287)**	(284,343,673)
	Rupees	**-**	202,014,347

37.1 This facility carries mark-up rate of 14.35% and is payable in monthly instalments from 13 January 2007. It is secured by joint pari-passu charge on all present and future leased assets and its related receivables. This loan is due to mature on 13 January 2011.

37.2 These finances carry mark-up rate of 14.43% and are payable in monthly instalments from 29 June 2007. These are secured by joint pari-passu charge on all present and future leased assets and its related receivables.

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

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

38. DEFERRED LIABILITY

		2010	2009
Deferred revenue	*Rupees*	**2,574,934**	1,909,448

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

39. CURRENT MATURITY OF LONG TERM LIABILITIES

		2010	2009
Security deposit from lessees	*31*	**342,903,551**	379,539,146
Certificates of musharakah	*32*	**119,005,000**	83,140,000
Liabilities under finance lease arrangements	*29*	**8,386,015**	17,145,935
Long term musharakah and murabaha borrowings	*34*	**144,999,995**	242,499,981
Musharakah Term Finance Certificates	*35*	**175,000,000**	278,333,334
Redeemable Capital -Term Finance Certificates	*36*	**128,380,000**	110,127,231
Long term loans	*37*	**200,809,287**	284,343,673
Certificates of investments and deposits	*33*	**790,000**	589,400
	Rupees	**1,120,273,848**	1,395,718,700

40. SHORT TERM CERTIFICATES OF MUSHARAKAH - unsecured

Financial institutions			
- associated undertakings	*40.4*	**2,500,000**	2,500,000
- others		**184,465,000**	140,365,000
Public and private companies		**8,500,000**	18,755,000
Individuals			
- key management personnel	*40.3*	**375,000**	805,000
- others		**156,430,000**	109,515,000
Others			
- associated undertakings	*40.4*	**1,380,000**	203,797,930
- others		**294,449,646**	94,847,855
	Rupees	**648,099,646**	283,280,000

40.1 Above finances have been obtained for 90 to 365 days at a profit rates ranging between 11% to 17.25% per annum.

40.2 Redemption reserve fund

Under the terms and conditions for the issuance of certificates of musharakah, both long term (note 32) and short term, the Company is required to maintain a Redemption Reserve Fund equal to at least 5% of the contribution received, which may be utilised for redemption purposes. The amount so set aside in the Redemption Reserve Fund can be invested in a manner considered prudent by the Company . Accordingly, at 30 June 2010, Rs. 60.433 million had been invested in Musharakah agreements and Mutual Fund and TDR.

40.3 Certificates of musharakah borrowings from key management personnel carry profit rates ranging from 12.75% (2009: 12.75% per annum) and was due for repayment on 4 August 2010.

40.4 Certificate of musharakah borrowings from associated undertakings carry profit rates ranging between 12.75% to 15.25% per annum (2009: 12.75% to 15.25% per annum) and are due for repayment on 27 March 2011.

41. SHORT TERM CERTIFICATES OF INVESTMENTS AND DEPOSITS - unsecured		2010	2009
	Rupees	**118,519,671**	71,650,000

This represents the scheme of registered Certificates of Investment (COIs) and Certificates of Deposit (CODs) for resource mobilisation. The term of COIs / CODs ranges from one month to one year and return thereon ranges from 13% to 17% per annum (2009: 7.3% to 17.98% per annum).

42. SHORT TERM BORROWINGS

		2010	2009
Payable under repurchase transactions:			
- secured	*42.1 & 42.13*	**182,803,295**	965,944,450
- Clean borrowings	*42.2*	**460,000,000**	400,000,000
		642,803,295	1,365,944,450
Banks finance facilities - secured			
Facility I		**-**	49,907,324
Facility II	*42.3*	**118,666,078**	340,595,896
Facility III	*42.4*	**76,002,479**	211,989,879
Facility IV	*42.5*	**48,524,493**	29,945,294
Facility V	*42.6*	**147,588,836**	-
Facility VI	*42.7*	**225,000,000**	-
Facility VII	*42.8*	**39,566,973**	-
Facility VIII	*42.9*	**48,732,626**	90,458,666
Facility IX	*42.10*	**24,992,493**	24,885,692
Facility X	*42.11*	**16,775,896**	19,962,895
		745,849,874	767,745,645
Unsecured			
From Non-Banking Finance Companies	*42.12*	**3,800,000**	126,378,932
From Others		**-**	6,500,000
		3,800,000	132,878,932
	Rupees	**1,392,453,169**	2,266,569,027

42.1 These are funds borrowed in the local inter bank market against pledge of securities at rates ranging from 12% to 12.45% per annum (2009: 13.2% to 13.6% per annum) for the periods ranging from 14 days to 30 days.

42.2 Money at call and short notice carries mark-up ranging from 13.5 % to 14.5% per annum (2009: 16% per annum) for the periods ranging from 7 days to 91 days.

42.3 The aggregate facility amounting to Rs. 130 million (2009: Rs. 350 million) has been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate on facility is 3 months KIBOR+ 2% per annum (2009: 3 months KIBOR+3% per annum) on outstanding balance.

42.4 The aggregate facility amounting to Rs. 215 million (2009: Rs. 215 million) has been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate is 1 month KIBOR+ 3.00% per annum (2009: 1 month KIBOR+ 3% per annum) on outstanding balance.

42.5 The aggregate facility amounting to Rs. 50 million (2009: Rs. 50 million) has been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate is 3 months KIBOR+ 2.25% per annum (2009: 3 month KIBOR + 2.25% per annum) on outstanding balance.

42.6 The aggregate facility amounting to Rs. 150 million has been obtained from a commercial bank which is secured against pledge of shares of First Capital Securities Limited. The mark up rate is 3 months KIBOR+ 2.50% per annum on outstanding balance.

42.7 The aggregate facility amounting to Rs. 225 million has been obtained from a commercial bank which is secured against a charge of receivables amounting to Rs. 350 million. The mark up rate is 3 months KIBOR+ 2.50% per annum on outstanding balance.

42.8 The aggregate facility amounting to Rs. 150 million has been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate is 3 months KIBOR+ 2.50% per annum on outstanding balance.

42.9 This running finance facilities are available up to Rs.50 million (2009: Rs.50 million) on yearly renewal basis carrying mark-up at the rate ranging from 14.97% to 16.84% per annum. These finances are secured by way of joint pari-passu charge on all present and future leased assets and its related receivables.

42.10 The Company has arranged finance facility from a commercial bank amounting to Rs. 25 million. The facility carries mark-up rate of 3 months KIBOR+ 3% (2009: 6 months KIBOR+ 3%). This facility is secured against floating charge on leased assets.

42.11 The Company has arranged finance facility from a commercial bank amounting to Rs. 20 million. The facility carries mark-up rate of 3 months KIBOR+3% (2009: 3 months KIBOR+ 3.1% (with a floor rates ranging between 7.5% to 11% per annum). This facility is secured against floating charge on leased assets.

42.12 This represents finance facilities carrying mark-up at the rate of 22% maturing latest by 15 July 2010.

42.13 Repo borrowings amounting to Rs. 31.497 million were transferred to Invest Capital Markets Limited (subsidiary) as mentioned in note 4.

43. SHORT TERM MUSHARAKAH BORROWINGS - unsecured

		2010	2009
Financial institutions		-	40,000,000
Leasing Companies and Modarabas	*43.1*	**5,000,000**	8,000,000
	Rupees	**5,000,000**	48,000,000

43.1 This finance has been obtained for 92 days at a profit rate 13% per annum (2009: 13% per annum and is due for repayment on 31 July 2010.

44. LOAN FROM A DIRECTOR - unsecured

		2010	2009
Opening balance		**194,445,115**	250,000,000
Expense/ (income) on amortisation		**26,034,538**	(55,554,885)
Paid during the year		**(52,457,527)**	-
	Rupees	**168,022,126**	194,445,115

44.1 This represents the present value of interest free loan amounting to Rs. 197.542 million as at 30 June 2010 (2009: Rs .250 million) received from a director and repayable by the Company during the year ending 30 June 2011.

45. CREDITORS, ACCRUED AND OTHER LIABILITIES

		2010	2009
Trade creditors	*45.1*	**42,614,543**	489,022,717
Accrued expenses	*45.2*	**32,021,478**	40,822,760
Profit / mark-up payable on:			
- Long term musharakah and murabahah borrowings		**2,316,460**	4,914,015
- Long term loans		**2,594,229**	13,846,834
- Short term musharakah borrowings		**53,425**	2,147,132
- Musharakah term finance certificates borrowings		-	976,441
- Redeemable capital		**6,294,073**	8,860,547
- Repo borrowings		**3,876,880**	12,222,815
- Term Finance Certificates (privately placed) borrowings		**4,394,668**	14,623,287

		2010	2009
- Certificates of musharakah		**19,185,911**	19,736,333
- Certificates of Investment / deposit		**5,238,906**	2,842,585
- Running finance		**24,722,596**	21,558,205
Provision for compensated absences		**2,606,398**	1,380,847
Advance lease rent / security deposits	*45.3*	**13,656,923**	8,521,094
Auditors' remuneration payable		**3,500,000**	3,000,000
Advance against termination of leases		**6,921,643**	854,359
Unclaimed dividend		**6,089,701**	6,103,621
Provision against overhauling of generators		**855,900**	3,059,230
Other liabilities		**71,432,499**	58,530,347
	Rupees	**248,376,233**	713,023,169

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

45.2 This includes an amount of Rs. 9.619 million (2009: Rs. 9.619 million) recognized as a liability in respect of guarantees issued by the Company, on the basis of decrees passed by the Honourable Banking Court against the company for the principal amount of Rs. 8.5 million and mark-up up to the date of decrees.

45.3 This represents the amount of lease rentals received in advance and security deposits received against the leases approved but not disbursed as of 30 June 2010.

45.4 Trade creditors, accrued expenses and other liabilities amounting to Rs. 167.815 million, Rs. 4.128 million and Rs. 1.886 million, respectively were transferred to Invest Capital Markets Limited (subsidiary) as mentioned in note 4.

46. CONTINGENCIES AND COMMITMENTS

46.1 Contingencies

		2010	2009
Guarantees issued on behalf of customers		**5,237,547**	5,237,547
Penalties imposed by SBP	*46.1.1*	**8,990,000**	8,990,000
Claim of return on deposits by a depositor not admitted by the company	*46.1.2*	**1,717,000**	1,717,000
	Rupees	**15,944,547**	15,944,547

46.1.1 Penalties of Rs. 8.99 million (2009: Rs. 8.99 million) have been imposed on the Company by State Bank of Pakistan (SBP), but the same have not been accounted for as the management has taken up the case with SBP for the wavier of these penalties.

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

46.2 Commitments

Lease financing contracts committed but not executed at the balance sheet date amounted to Rs. 0.664 million (2009: Rs. 8.870 million).

47. BROKERAGE, COMMISSION AND FEES

		2010	2009
Money market and forex		**61,295,638**	53,684,888
Equity		**82,422,918**	61,867,581
Commodity		**4,467,725**	1,158,291
	Rupees	**148,186,281**	116,710,760

48. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2010	2009
Directors' remuneration	54	**14,815,796**	8,610,876
Salaries, allowances and other benefits of other staff members	48.1	**223,739,112**	109,279,816
Travelling, conveyance and vehicle running expenses		**22,951,233**	9,592,913
Office rent		**25,440,067**	14,219,221
Utility charges		**8,510,130**	4,326,741
Postage, telephone and telegram		**16,299,617**	7,996,177
Repair and maintenance		**20,343,857**	3,739,879
Insurance		**8,632,463**	3,223,230
Depreciation	5	**61,013,516**	29,223,241
Depreciation on assets leased out	8.2	**77,036,743**	-
Amortization	6.2	**4,479,471**	420,507
Impairment against land and building		**2,623,443**	-
Fees and subscription		**34,463,384**	12,314,800
Entertainment		**3,856,865**	1,303,610
Newspaper and periodicals		**303,683**	141,576
Printing and stationery		**5,541,977**	2,757,128
Legal and professional charges		**5,856,901**	1,967,880
Auditors' remuneration	48.2	**4,300,000**	3,550,000
Service charges		**3,608,321**	3,047,306
CDC charges		**3,012,841**	2,588,070
Consultancy fees		**7,469,355**	11,421,136
Office expenses		**2,223,655**	2,379,942
Diesel expense of generator		**2,322,640**	1,757,762
Advertisement		**3,151,076**	1,934,782
Medical expense		**6,157**	48,650
Donations	48.3	**3,000**	-
Brokerage and commission	48.4	**25,414,681**	-
Operating lease rentals		**5,863,124**	-
Staff training and seminars		**679,814**	-
Zakat		**24,187**	-
Arrangement fee		**7,750,000**	-
Others		**11,060,914**	288,954
	Rupees	**612,798,023**	236,134,197

48.1 This includes retirement benefits of Rs. 9.193 million (2009: Rs. 4.788 million) in respect of the provident fund of the employees.

48.2 Auditors' remuneration

		2010	2009
Annual audit fee		**3,000,000**	350,000
Audit fee for merged financial statements		**-**	3,000,000
Half yearly review fee		**750,000**	150,000
Other certification		**75,000**	50,000
Out of pocket expenses		**475,000**	-
	Rupees	**4,300,000**	3,550,000

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

48.4 This includes Rs. 25 million paid to Al-Zamin Modaraba Management (Private) Limited (AMMPL) in accordance with the agreement entered by the Company with AMMPL to provide consultancy and advisory services to the Company.

49. FINANCIAL CHARGES		2010	2009
Profit on long term musharakah and murabahah borrowings		**56,746,252**	-
Mark-up on long term loans		**52,871,978**	-
Mark-up on clean borrowings		**63,607,832**	-
Mark-up on repo borrowings		**62,805,000**	-
Profit on short term musharakah borrowings		**1,193,463**	-
Profit on redeemable capital - musharakah term finance certificates		**30,727,414**	-
Profit on - musharakah term finance certificates		**101,758,850**	-
Profit on assets subject to finance lease		**5,075,234**	297,694
Profit on certificates of musharakah		**87,871,001**	-
Mark-up on running finance		**51,321,607**	-
Mark-up on long term certificate of investments		**1,061,715**	-
Mark-up on short term certificate of investments		**17,465,783**	60,021,073
Amortization on loan from director		**26,034,538**	-
		558,540,667	60,318,767
Bank charges		**2,526,567**	530,056
	Rupees	**561,067,234**	60,848,823

50. OTHER INCOME			
Gain / (loss) on sale of fixed assets	*5.2*	**1,552,679**	(3,703,771)
Underwriting & distribution commission		**6,606,449**	5,561,351
Liabilities no longer payable written back		**-**	2,902,236
Arrangement fee		**18,775,000**	-
Gain on bargain purchase		**-**	482,172,079
Commission and fee	*50.1*	**9,812,508**	-
Share of profit of a joint venture		**-**	-
Revaluation surplus realised on transfer of leasehold premises	*28*	**10,153,125**	-
Others		**5,527,158**	4,710,193
	Rupees	**52,426,919**	491,642,088

50.1 This pertains to income from Telenor Franchise and commission income received from insurance companies.

51. TAXATION		2010	2009
Current		**17,682,361**	8,213,768
Prior year		**5,634,567**	2,468,581
Deferred		**20,931,814**	(62,861)
	Rupees	**44,248,742**	10,619,487

51.1 Reconciliation of tax charge for the year

(Loss) / profit before taxation	*Rupees*	**(704,624,886)**	175,969,635
Tax at the applicable tax rate of 35% (2008: 35%)		**(246,618,710)**	61,589,372
Reversal due to final tax regime / presumptive tax regime		**246,618,710**	(61,589,372)
Tax effect under final tax regime / presumptive tax regime		**17,682,361**	8,213,768
Tax effect of amount relating to prior year		**5,634,567**	2,468,581
Amount related to deferred tax		**20,931,814**	(62,861)
	Rupees	**44,248,742**	10,619,487

51.2 Taxation

Invest Capital Investment Bank Limited

The return has been selected for audit proceedings u/s 177 of the Income Tax Ordinance, 2001 by the Regional Tax Officer. However, the Company has filed an application for withdrawal of the audit proceedings being out of jurisdiction. The department has not made any correspondence in this regar since then and the case is still pending.

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

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

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

Assessment of former First Professionals Modaraba (the Modaraba) have been finalized upto the assessment year 2002-2003 for which the Modaraba had filed the last return of income in an independent capacity and, thereafter, it was merged with Al-Zamin Leasing Modaraba. Appeals for assessment years 1998-1999, 1999-2000, 2000-2001, 2001-2002 and 2002-2003 were filed with the Commissioner of Inland Revenue -Appeals (CIR -Appeals) by the Modaraba . Appeal for assessment year 1998-1999 has been set-aside. The Income Tax Department (the Department) has filed an appeal against the set-aside order issued by CIR-Appeals for assessment year 1998-1999 before Appellate Tribunal Inland Revenue (ATIR) which was dismissed. Pursuant to the appellate order passed by the CIR - A, the set-aside proceedings for have not been initiated yet. CIR-A decided the appeals collectively through a consolidated order for assessment years 1999-2000, 2000-2001, 2001- 2002 and 2002-2003. in favour of the Modaraba. Pursuant to the appellate order passed by the CIR-A, the department had passed the appeal-effect orders under section 124 of the Income Tax Ordinance ,2001. However, in doing so, proper credit for tax deducted/paid was not allowed for the aforesaid assessment years. Accordingly, the rectification had been applied but the rectified orders have not been passed as yet. The Department has also contested the order of the CIR-A before the ATIR in respect of the assessment years 1999-2000 were decided whereby the claim of exemption of the Modaraba was allowed. Later on, appeals filed before the ATIR by the department in respect of assessment years 1999-2000 through 2002-2003 have been dismissed through a consolidated order dated 4 November 2009.

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

Assessments of IMLCL (the Company) are deemed to be assessed up to and including the tax year 2009.

Assessments for assessment year 2002-2003 and tax year 2003 have been finalized and demand of Rs. 1.185 million (net of provision held) and Rs. 4.55 million respectively has been made. The Company had filed appeals before Appellate Tribunal Inland Revenue (ATIR) against the appeal orders issued by Commissioner Inland Revenue (Appeals) (CIR - A), the above mentioned pending cases have been remanded back to CIR -A by ATIR with the directions to make a detailed as well as speaking order in accordance with law and factual position. However, the management and its tax consultant are confident that cases will be decided in favour of the Company.

Al-Zamin Leasing Modaraba

The assessments of the Modaraba have been finalized up to and including assessment year 2002-2003. Returns of income up to the tax year 2009 have been filed under the provisions of section 120 of the Income Tax Ordinance, 2001 which are deemed to be assessed unless selected for audit by the taxation authorities.

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

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

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

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

		2010	2009
Earnings / (loss) after taxation (both for the purpose of basic & diluted earnings / (loss) per share	*Rupees*	**(748,873,628)**	165,350,147
Weighted average number of ordinary shares for the purpose of basic earnings / (loss) per share	*Number*	**277,805,769**	74,642,370
Effect of diluted potential ordinary shares	*Number*	**7,061,096**	12,100,000
Weighted average number of ordinary shares for the purpose of diluted earnings / (loss) per share	*Number*	**284,866,865**	86,742,370
Earnings / (loss) per share - basic	*Rupees*	**(2.696)**	2.215
Earnings / (loss) per share - diluted	*Rupees*	**(2.629)**	1.906

53. CASH AND CASH EQUIVALENTS

Cash and bank balances	*Rupees*	**75,317,696**	248,331,938

54. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2010			2009		
	Chief Executive	**Directors**	**Executives**	Chief Executive	Directors	Executives
Managerial remuneration	**8,052,000**	**4,865,000**	**115,714,175**	7,443,632	-	54,450,749
Bonus	**1,342,000**	-	**6,270,591**	671,000	-	10,570,933
Retirement benefits	**536,796**	-	**6,315,135**	496,244	-	3,142,716
Meeting fees	**-**	**20,000**	**-**	-	-	-
Rupees	**9,930,796**	**4,885,000**	**128,299,901**	8,610,876	**-**	68,164,398
Number of persons *Number*	**1**	**8**	**61**	1	7	34

The Chief Executive and certain Executives are provided with free use of company maintained cars.

55. RELATED PARTY TRANSACTIONS

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

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

			2010	2009
Transactions during the year				
Brokerage and advisory income earned from related parties		Rupees	**2,713,350**	3,619,320
Contribution to staff retirement fund		Rupees	**9,193,309**	5,284,584
Key management compensation	54	Rupees	**143,115,697**	76,775,274
Interest received on loan to executives		Rupees	**420,578**	-
Dividend received for Investment in shares of Centre Gas (Pvt) Ltd		Rupees	**2,592,590**	-
Expense against Certificate of Musharakah borrowing from institution under common directorship		Rupees	**184,599**	-
Expense against Certificate of Musharakah borrowings from institution under common directorship/trusteeship		Rupees	**830,511**	-
Drawing from Investment in UMA Enterprises		Rupees	**5,691,512**	-
Paid to Al-Zamin Modaraba management Company		Rupees	**34,210,500**	-
Repayment of loan from director	44	Rupees	**52,457,527**	-
Balances				
Loans to executives	10	Rupees	**20,234,283**	22,907,025
Certificate of Musharakah borrowing from financial institution under common directorship		Rupees	**2,500,000**	2,500,000
Payable against Certificate of Musharakah borrowing from financial institution under common directorship		Rupees	**183,082**	-
Certificates of Musharakah borrowing from trust under common directorship / trusteeship		Rupees	**6,960,000**	17,920,000
Payable against Certificates of Musharakah borrowing from trust under common directorship / trusteeship		Rupees	**830,511**	-
Musharakah Term Finance Certificate borrowings from financial institution under common directorship		Rupees	**-**	647,700
Musharakah Term Finance Certificate borrowings from trust under common directorship / trusteeship		Rupees	**-**	336,600
Payable to Al-Zamin Modaraba management Company		Rupees	**-**	9,210,500
Investment in shares of Invest Capital Markets Limited	7	Rupees	**150,000,000**	-
Investment in shares of Centre Gas (Private) Limited	7.1.1	Rupees	**34,535,703**	34,535,703
Investment in UMA Enterprises	7.1.2	Rupees	**27,705,053**	27,705,053
Investment in Ameen Enterprises	7.1.3	Rupees	**20,622,015**	-
Certificate of Musharakah borrowing from UMA Enterprises		Rupees	**1,000,000**	4,500,000
Payable against Certificate of Musharakah borrowing from UMA Enterprises		Rupees	**34,582**	-

			2010	2009
Guarantee given to SNGPL in favour of Centre Gas (Private) Limited - off balance sheet item		*Rupees*	**-**	4,200,000
Musharakah Term Finance Certificate borrowing from key management personnel		*Rupees*	**-**	1,492,600
Loan from a director	*44*	*Rupees*	**168,022,126**	194,445,115
Receivable from Centre Gas (Private) Limited	*22*	*Rupees*	**-**	10,000,000
Receivable from Ameen Enterprises		*Rupees*	**4,368,631**	-
Net liability to defined benefit plans	*30*	*Rupees*	**12,661,719**	7,027,666

56. FINANCIAL RISK MANAGEMENT

56.1 Financial risk factors

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

- Credit risk
- Liquidity risk
- Market risk

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

56.2 Credit risk

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

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

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. Out of the total assets of Rs. 4,622 million (2009: Rs. 7,847 million) the assets which were subject \ to credit risk amounted to Rs. 2,752 million (2009: Rs. 4,538 million).

The maximum exposure to credit risk at the reporting date is:		2010	2009
Long term investments		**6,825,547**	11,098,970
Net investment in Ijarah / assets under Ijarah arrangements	*56.2.1*	**1,057,014,756**	1,655,245,726
Long term musharakah finance - secured		**203,797,930**	263,992,269
Loans to employees - unsecured and considered good		**94,847,855**	147,990,642
Deposits		**15,378,170**	24,655,622
Short term investments		**44,640,142**	51,175,638
Takaful reserve fund investment		**-**	19,303,840
Short term musharakah finances - secured		**131,604,675**	242,706,495
Short term finances - secured		**55,166,913**	67,259,002
Trade debts - unsecured		**1,005,106,155**	1,445,525,869
Ijarah rentals receivable		**9,562,433**	17,310,385
Receivable under reverse repurchase transactions		**-**	195,000,000
Advances and other receivables		**53,926,971**	156,321,078
Bank balances		**73,863,736**	240,914,883
	Rupees	**2,751,735,283**	4,538,500,419

			2010	2009
56.2.1	Net investment in Ijarah finance / assets under Ijarah arrangements		**1,676,054,986**	2,707,581,359
	Security deposits held	31	**(619,040,230)**	(1,052,335,633)
		Rupees	**1,057,014,756**	1,655,245,726

56.2.2 Impairment losses and past due balances

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

		2010		2009	
		Gross	**Impairment loss recognised**	Gross	Impairment loss recognised
Past due 1-90 days		**217,668,902**	**20,913,627**	85,897,654	32,145,245
Past due 91 days - 180 days		**97,938,326**	**14,532,004**	198,789,789	63,054,647
Past due 181 days to one year		**177,035,819**	**18,966,514**	289,456,789	53,075,731
Past due one year to two years		**335,714,903**	**87,484,643**	178,796,907	51,867,771
More than two years		**709,500,213**	**476,323,003**	1,197,951,849	228,649,743
		1,537,858,163	**618,219,791**	1,950,892,988	428,793,137
Not past due		**1,003,213,996**	**-**	1,767,455,064	-
Total	*Rupees*	**2,541,072,159**	**618,219,791**	3,718,348,052	428,793,137

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

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

		2010	2009
Long term investments		**241,086,419**	164,340,476
Net investment in Ijarah / assets under Ijarah arrangements		**619,040,230**	1,052,335,633
Deposits		**4,585,820**	12,646,090
Short term investments		**248,893,366**	879,097,082
Takaful reserve fund investment		**-**	9,440,000
Other receivables		**75,981,836**	86,863,485
Bank balances		**1,453,960**	7,417,055
	Rupees	**1,191,041,631**	2,212,139,821

56.3 Liquidity risk

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

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

	2010				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
Financial liabilities					
Liability against asset subject to finance lease	**18,378,407**	**21,921,154**	**2,885,118**	**8,288,326**	**10,747,710**
Certificates of Musharakah	**857,629,646**	**876,815,557**	**581,553,836**	**201,350,867**	**93,910,854**
Certificates of investments and deposit	**125,754,671**	**130,993,580**	**94,700,642**	**29,643,565**	**6,649,373**
Musharakah and murabahah borrowings	**277,456,244**	**324,820,692**	**53,538,753**	**129,835,165**	**141,446,775**
Musharakah Term Finance Certificates	**597,916,662**	**745,849,456**	**64,505,272**	**183,614,890**	**497,729,294**
Redeemable capital-Musharakah Term Finance Certificates	**128,380,000**	**131,847,075**	**131,847,075**	**-**	**-**
Loan from a director	**168,022,126**	**168,022,129**	**42,005,532**	**126,016,597**	**-**
Long term loans	**200,809,287**	**203,403,514**	**81,834,959**	**121,568,555**	**-**
Short term borrowings	**1,392,453,169**	**1,421,129,031**	**1,421,129,031**	**-**	**-**
Trade creditors, accrued and other liabilities	**248,376,233**	**248,376,233**	**248,376,233**	**-**	**-**
Rupees	**4,015,176,445**	**4,273,178,421**	**2,722,376,451**	**800,317,965**	**750,484,006**

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

56.4 Market risk

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

56.4.1 Interest rate risk

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

2010

	Profit / mark-up bearing				Non-profit /	Total
	Upto three months	three months to one year	More than one year	Sub-total	mark-up bearing	
Financial Assets						
Long term investments	1,329,231	1,329,231	4,167,085	6,825,547	274,236,417	281,061,964
Net investment in Ijarah/ assets under Ijarah arrangements	266,765,134	800,295,401	629,297,294	1,696,357,829	-	1,696,357,829
Long term musharakah - secured	31,421,116	94,263,349	108,594,529	234,278,994	-	234,278,994
Loans to employees - unsecured and considered good	16,420,518	49,261,555	8,417,608	74,099,681	24,044,131	98,143,812
Deposits - unsecured and considered good	-	-	-	-	19,963,990	19,963,990
Short term investments	-	85,987,920	96,656,820	182,644,740	110,888,768	293,533,508
Takaful reserve fund investment	-	-	-	-	-	-
Short term musharakah and murabahah	9,500,000	131,599,515	-	141,099,515	-	141,099,515
Short term finances - secured	16,860,602	43,587,496	-	60,448,098	-	60,448,098
Trade debts - unsecured	-	-	-	-	1,005,106,155	1,005,106,155
Ijarah rentals receivables	-	-	-	-	10,837,902	10,837,902
Receivable under reverse repurchase transaction	-	-	-	-	-	-
Advances, deposits and other receivables	-	-	-	-	148,193,796	148,193,796
Cash and bank balances	57,087,542	-	-	57,087,542	18,230,154	75,317,696
	399,384,143	1,206,324,467	847,133,336	2,452,841,946	1,611,501,313	4,064,343,259
Financial Liabilities						
Liability against asset subject to finance lease	2,014,403	6,371,612	9,992,392	18,378,407	-	18,378,407
Certificates of Musharakah	568,269,646	198,835,000	90,525,000	857,629,646	-	857,629,646
Certificates of investments and deposits	90,732,055	28,577,616	6,445,000	125,754,671	-	125,754,671
Short term investments	41,388,119	108,611,876	127,456,249	277,456,244	-	277,456,244
Term Finance Certificates	43,750,000	131,250,000	422,916,662	597,916,662	-	597,916,662
Redeemable capital-Musharakah Term Finance Certificates	128,380,000	-	-	128,380,000	-	128,380,000
Loan from a director	-	-	-	-	168,022,126	168,022,126
Long term loans	79,240,732	121,568,555	-	200,809,287	-	200,809,287
Short term borrowings	1,392,453,169	-	-	1,392,453,169	-	1,392,453,169
Trade creditors, accrued and other liabilities	-	-	-	-	248,376,233	248,376,233
	2,346,228,124	595,214,659	657,335,303	3,598,778,086	416,398,359	4,015,176,445
On balance sheet gap 2010 (a) *Rupees*	(1,946,843,981)	611,109,808	189,798,033	(1,145,936,140)	1,195,102,954	49,166,814

2009

	Profit / mark-up bearing				Non-profit /	Total
	Upto three months	three months to one year	More than one year	Sub-total	mark-up bearing	
Financial Assets						
Long term investments	-	-	11,098,970	11,098,970	164,340,476	175,439,446
Net investment in Ijarah/ assets under Ijarah arrangements	354,817,829	1,064,453,488	1,288,310,042	2,707,581,359	-	2,707,581,359
Long term musharakah - secured	16,206,805	48,620,414	199,165,051	263,992,269	-	263,992,269
Loans to employees - unsecured and considered good	17,578,560	52,735,680	49,172,739	119,486,979	28,503,663	147,990,642
Deposits - unsecured and considered good	-	-	-	-	24,655,622	24,655,622
Short-term investments	777,597,394	84,000	-	777,681,394	152,591,326	930,272,720
Takaful reserve fund investment	-	-	-	-	28,743,840	28,743,840
Short term musharakah and murabahah	-	242,706,495	-	242,706,495	-	242,706,495
Short term finances - secured	16,814,751	50,444,252	-	67,259,002	-	67,259,002
Trade debts - unsecured	-	-	-	-	1,445,525,869	1,445,525,869
Ijarah rentals receivables	-	-	-	-	17,310,385	17,310,385
Receivable under reverse repurchase transaction	195,000,000	-	-	195,000,000	-	195,000,000
Advances, deposits and other receivables	-	-	-	-	166,321,078	166,321,078
Cash and bank balances	225,420,326	-	-	225,420,326	22,911,612	248,331,938
	1,603,435,664	1,459,044,328	1,547,746,802	4,610,226,794	2,050,903,871	6,661,130,665

Financial Liabilities							
Liability against asset subject to finance lease		17,145,935	-	36,112,784	53,258,719	-	53,258,719
Certificates of Musharakah		91,605,000	274,815,000	177,095,000	543,515,000	-	543,515,000
Certificates of investments and deposits		18,059,850	54,179,550	3,635,000	75,874,400	-	75,874,400
Musharakah and murabahah borrowings		72,624,995	217,874,986	201,829,565	492,329,546	-	492,329,546
Term Finance Certificates		58,333,334	175,000,001	511,666,666	745,000,000	-	745,000,000
Redeemable capital-Musharakah Term Finance Certificates		27,531,808	82,595,423	128,752,769	238,880,000	-	238,880,000
Loan from a director		-	-	194,445,115	194,445,115	-	250,000,000
Long term loans		71,085,918	213,257,755	202,014,347	486,358,020	-	486,358,020
Short term borrowings		562,774,963	1,703,794,063	-	2,266,569,026	-	2,266,569,026
Trade creditors, accrued and other liabilities		722,074,801	-	-	722,074,801	-	722,074,801
		1,641,236,604	2,721,516,777	1,455,551,246	5,818,304,627	-	5,873,859,512
On balance sheet gap 2009 (a)	*Rupees*	(37,800,940)	(1,262,472,450)	92,195,556	(1,208,077,833)	2,050,903,871	787,271,153

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

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

	2010	2009
	%	%
Long term investments	**14.00 - 15.00**	14.00 - 15.00
Net investment in Ijarah/ assets under Ijarah arrangements	**7.67 - 38.03**	7.67 - 38.03
Long term musharakah - secured	**11.50 - 42.42**	11.5 - 42.42
Long term loans to employees - unsecured and considered good	**10.49 - 24.82**	10.49 - 24.82
Short-term investments	**14.00 - 15.00**	14.00 - 15.00
Short term musharakah and murabahah	**10.00 - 43.35**	10.00 - 43.35
Receivable under reverse repurchase transaction	**13.2 - 16.00**	13.2 - 16.00
Bank balances	**1.00 - 13.00**	1.00 - 13.00
Liabilities against assets subject to Ijarah finance	**12.98 - 18.72**	12.98 - 18.72
Long term certificates of musharakah	**10.25 - 14.25**	10.25 - 14.25
Certificates of investments and deposits	**5.84 - 21.90**	5.84 - 21.90
Long term musharakah and murabahah borrowings	**7.00 - 17.15**	7.00 - 17.15
Musharakah term finance certificates	**8.00 - 17.00**	8.00 - 17.00
Redeemable capital - musharakah term finance certificates	**12.43 - 17.00**	12.43 - 17.00
Long-term loan	**15.00 - 17.00**	15.00 - 17.00
Short term certificates of musharakah	**8.25 - 12.25**	8.25 - 12.25
Short term certificates of investments and deposits	**5.84 - 21.90**	5.84 - 21.90
Short term borrowings	**14.74 - 16.77**	14.74 - 16.77
Short term Musharakah borrowings	**10.25 - 12.75**	10.25 - 12.75
Payable under repo transactions	**13.2 - 16.00**	13.2 - 16.00

Fair value sensitivity analysis for fixed rate financial assets instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account. At 30 June 2010, financial assets of Rs. 2,273 million and financial liabilities of Rs. 1,635 million carried fixed interest.

Cash flow sensitivity analysis for variable rate financial liabilities instruments

A estimated change of 100 basis points in interest rates at the reporting date would have decreased / increased profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

		Effect on profit before tax	**Carrying value**
As at 30 June 2010			
Cash flow sensitivity-Variable rate financial liabilities	*Rupees*	196,379,047	1,963,790,474
Cash flow sensitivity-Variable rate financial assets	*Rupees*	17,946,087	179,460,869

		Effect on profit before tax	Carrying value
As at 30 June 2009			
Cash flow sensitivity-Variable rate financial liabilities	*Rupees*	41,067,494	4,106,749,377
Cash flow sensitivity-Variable rate financial assets	*Rupees*	13,580,098	1,358,009,763

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

56.4.2 Equity price risk

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

As at 30 June 2010, the fair value of equity securities (including the units of mutual funds) exposed to price risk was Rs. 123.463 million (2009: Rs. 159.357 million).

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

		2010	2009
Profit and loss account			
Investments at fair value through profit and loss account	*Rupees*	**9,800,299**	452,885
Company's equity as at the year end	*Rupees*	**2,545,942**	578,338

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

56.5 Fair value of financial instruments

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

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

56.6 Capital risk management

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

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

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

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

57. SEGMENT INFORMATION

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

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

	2010					2009				
	Investment activities	**Brokerage**	**Leasing / Ijarah**	**Other operations**	**Total**	Investment activities	Brokerage	Leasing / Ijarah	Other operations	Total
					---- (Rupees) ----					
Information about reportable segment profit or loss, assets and liabilities										
Revenues from external customers	**156,548,802**	**148,186,281**	**326,800,302**	**13,139,795**	**644,675,180**	5,943,009	120,406,420	-	-	126,349,429
Interest expense	**(80,706,052)**	**(90,944,584)**	**(389,416,598)**	**-**	**(561,067,234)**	(2,862,103)	(57,986,719)	-	-	(60,848,822)
Depreciation and amortisation	**(14,197,679)**	**(16,010,148)**	**(108,382,971)**	**-**	**(138,590,798)**	(1,394,332)	(28,249,415)	-	-	(29,643,747)
Impairment of assets	**(53,088,310)**	**(30,228,557)**	**(141,876,683)**	**(2,668,178)**	**(227,861,728)**	(67,608,700)	-	-	(92,238,600)	(159,847,300)
Reportable segment profit	**8,556,761**	**11,002,992**	**(312,875,950)**	**10,471,617**	**(282,844,580)**	(65,922,125)	34,170,285	-	(92,238,600)	(123,990,440)
Reportable segment assets	**834,500,224**	**1,330,008,152**	**2,206,342,519**	**509,679,879**	**4,880,530,774**	1,655,464,346	1,445,525,869	3,469,352,149	1,276,640,868	7,846,983,232
Reportable segment liabilities	**(618,694,095)**	**(1,489,685,088)**	**(2,525,509,239)**	**(12,661,720)**	**(4,646,550,142)**	(1,448,942,552)	(1,265,194,232)	(3,036,544,984)	(1,117,377,902)	(6,868,059,670)
Profit or loss										
Total profit or loss for reportable segments					**(293,316,197)**					(31,751,840)
Other profit or loss					**10,471,617**					(92,238,600)
Unallocated amounts:										
Litigation settlement received					**-**					-
Other administrative and operating expenses					**(474,207,225)**					(210,278,179)
Revaluation surplus realised on transfer of leasehold premises					**10,153,125**					-
Other income					**42,273,794**					510,238,254
(Loss) / profit before income tax expense				*Rupees*	**(704,624,886)**				*Rupees*	175,969,635
Assets										
Total assets for reportable segments					**4,370,850,895**					6,570,342,364
Other assets					**509,679,879**					1,276,640,868
Entity's assets				*Rupees*	**4,880,530,774**				*Rupees*	7,846,983,232
Liabilities										
Total liabilities for reportable segments					**(4,633,888,422)**					(5,750,681,768)
Other liabilities					**(12,661,720)**					(1,117,377,902)
Entity's liabilities				*Rupees*	**(4,646,550,142)**				*Rupees*	(6,868,059,670)

58. GENERAL

Reclassification

Following reclassifications to the corresponding figures have been made in the current financial year:

Reclassification from	Reclassification to	(Rupees)
Creditors, accrued and other liabilities	Deferred liability for staff gratuity	967,163
Other income	Income from investment and placement	12,520
Other income	Income on deposits with banks	4,825,214
Other income	Dividend income	4,792,525
Other income	Net gain on sale of marketable securities	8,965,907
Administrative and operating expenses	Doubtful debtors written off	3,787,729

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

59. DATE OF AUTHORISATION

These unconsolidated financial statements were authorized for issue on 14th May 2011 by the Board of Directors of the Company.

Aamir Saeed
Director

Nusrat Yar Ahmad
Chief Executive

Consolidated Financial Statements

of

Invest Capital Investment Bank Limited

and

Invest Capital Markets Limited

(Subsidiary of ICIBL)

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Invest Capital Investment Bank Limited ("the Company") and its Subsidiary Company (together referred to as Group) as at 30 June 2010 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. The financial statements of the subsidiary Invest Capital Markets Limited was audited by another firm of chartered accountants, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for the subsidiary, is based solely on the report of other auditor.

These financial statements are responsibility of the Group's management. Our responsibility is to express our opinion on these financial statements based on our audit.

Except as described in the following paragraphs, 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.

As described in note 1.3 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. The Group incurred a net loss of Rs. 761.121 million for the year ended 30 June 2010 and, as of that date the Group's current liabilities exceeded its current assets by Rs. 209.607 million. The accumulated losses as at 30 June 2010 amounted to Rs. 612.320 million and net shareholders' equity as of 30 June 2010 amounted to Rs. 212.476 million. Further, Schedule I read with the Regulation 4 of NBFC Regulations, 2008 requires that the minimum equity of leasing and investment finance companies should not be less than Rs. 500 million as at 30 June 2010 whereas the Company's net shareholders' equity as at 30 June 2010 was Rs. 224.723 million which is inconsistent with the requirements of the above stated Regulations. Furthermore, the Group is facing operational and financial problems and the licenses of the Company in respect of leasing and investment finance services have also expired subsequent to the year end and have yet not been renewed by the Securities and Exchange Commission of Pakistan (SECP). The Group is making efforts to resolve the operational and financial problems and has also approached SECP for relaxations and renewal of licenses.

In the absence of sufficient and appropriate audit evidences whether the management's plans and efforts are feasible and that their outcome will improve the current Group's situation, in our opinion the Group cannot be considered to be a going concern and thus the preparation of its consolidated financial statements on a going concern basis is inappropriate. In our opinion the consolidated financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide for any further liabilities that might arise. We are unable to determine the impact of the required adjustments and provisions with a reasonable degree of accuracy. The consolidated financial statements do not disclose this fact.

In our opinion, because of the significance of the matter discussed in above paragraphs, the consolidated financial statements do not give a true and fair view of the state of the Group's affairs as at 30 June 2010 and of the loss, its cash flows and changes in equity for the year then ended in accordance with the approved accounting standards.

KPMG Taseer Hadi & Co.

Date: 14 May 2011
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Consolidated Balance Sheet
As at 30 June 2010

Al-Zaamin InvestBank.

	Note	2010	2009
ASSETS			
Non-current assets			
Property, plant and equipment	5	**463,408,581**	946,975,923
Intangible assets	6	**35,388,877**	36,875,167
Long term investments	7	**128,542,971**	175,439,446
Net investment in Ijarah finance / assets under Ijarah arrangements	8	**624,346,931**	1,288,310,042
Long term musharakah finance - secured	9	**78,113,465**	199,165,051
Long term loans	10	**22,209,833**	77,676,402
Long term deposits and receivables - unsecured and considered good	11	**34,863,748**	31,167,622
Deferred taxation	12	**-**	17,395,273
		1,386,874,406	2,773,004,926
Current assets			
Short-term investments	13	**293,533,508**	930,272,720
Takaful reserve fund investments	14	**-**	28,743,840
Short term musharakah finances - secured	15	**131,604,675**	242,706,495
Short term finances - secured	16	**55,166,913**	67,259,002
Trade debts - unsecured	17	**1,193,880,186**	1,445,525,869
Assets acquired in satisfaction of finances	18	**49,500,000**	99,500,000
Ijarah rentals receivable	19	**9,562,433**	17,310,385
Current maturity of non-current assets	20	**1,250,030,542**	1,555,101,175
Receivable under reverse repurchase transaction	21	**9,000,000**	195,000,000
Advances, deposits, prepayments and other receivables	22	**134,605,877**	243,184,563
Stock in trade	23	**728,520**	1,042,320
Cash and bank balances	24	**75,317,696**	248,331,938
Assets held for sale	25	**483,533,306**	-
		3,686,463,656	5,073,978,307
TOTAL ASSETS	*Rupees*	**5,073,338,062**	7,846,983,233
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
485,000,000 (2009: 485,000,000) ordinary shares of Rs.10/- each	*Rupees*	**4,850,000,000**	4,850,000,000
Issued, subscribed and paid-up capital	26	**2,848,668,652**	2,727,668,652
Capital reserve on amalgamation		**(2,022,075,684)**	(2,022,075,684)
(Deficit) / surplus on revaluation of available-for-sale investments - net	27	**(1,797,735)**	4,207,388
Accumulated (loss) / profit		**(612,319,708)**	148,123,205
Share deposit money		**-**	121,000,000
		212,475,525	978,923,561
Surplus on revaluation of property, plant and equipment	28	**18,986,114**	19,664,012
Non-current liabilities			
Liability against assets subject to finance lease	29	**9,992,392**	18,966,849
Deferred liability for staff gratuity	30	**12,661,719**	7,027,666
Security deposits from lessees	31	**276,136,679**	672,796,487
Long term certificates of musharakah	32	**90,525,000**	177,095,000
Certificates of investments and deposits	33	**6,445,000**	3,635,000
Long term musharakah and murabahah borrowings	34	**127,456,249**	201,829,565
Musharakah Term Finance Certificates	35	**420,013,476**	462,055,287
Redeemable capital - Term Finance Certificates	36	**-**	128,380,000
Long-term loan	37	**-**	202,014,347
Deferred liabilities	38	**2,574,934**	1,909,448
		945,805,449	1,875,709,649
Current liabilities			
Current portion of long term liabilities	39	**1,120,273,848**	1,395,718,700
Short term certificates of musharakah	40	**648,099,646**	283,280,000
Short term certificates of investments and deposits	41	**118,519,671**	71,650,000
Short term borrowings	42	**1,423,949,979**	2,266,569,027
Short term musharakah borrowings	43	**5,000,000**	48,000,000
Loan from a Director - unsecured	44	**168,022,126**	194,445,115
Creditors, accrued and other liabilities	45	**412,205,704**	713,023,169
		3,896,070,974	4,972,686,011
TOTAL EQUITY AND LIABILITIES	*Rupees*	**5,073,338,062**	7,846,983,233
CONTINGENCIES AND COMMITMENTS	46		

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

Aamir Saeed
Director

Nusrat Yar Ahmad
Chief Executive

Consolidated Profit and Loss Account
For the year ended 30 June 2010

Al-Zaamin InvestBank.

	Note	2010	2009
Income			
Brokerage, commission & fees	47	**148,186,281**	116,710,760
Income from continuous funding system		**-**	3,695,660
Income from leasing operations		**173,383,449**	-
Operating lease rentals		**133,763,714**	-
Profit on musharakah investments		**35,533,261**	-
Income from investment and placement		**55,265,402**	12,520
Income from finances		**19,653,139**	-
Income on deposits with banks		**10,081,956**	4,825,214
Dividend income		**12,645,531**	4,792,525
Net gain on sale of marketable securities		**53,447,791**	26,891,776
Unrealised loss on investment in marketable securities - net		**(8,627,285)**	(11,982,860)
Income from Diesel / CNG filling stations - net		**3,057,839**	-
		636,391,078	144,945,595
Expenses			
Administrative and operating expenses	48	**(612,798,023)**	(236,134,197)
Financial charges	49	**(561,067,234)**	(60,848,823)
		1,173,865,257	(296,983,020)
		(537,474,179)	(152,037,425)
Other income	50	**48,038,903**	491,642,088
		(489,435,276)	339,604,663
IMPAIRMENT LOSS			
Provision against other receivables		**(50,074,826)**	-
Provision for impairment in the value of available for sale investments		**(11,123,157)**	(67,608,700)
Doubtful lease receivables written off		**(2,674,759)**	-
Provision against doubtful finance lease receivable and lease rentals-net		**(49,313,448)**	-
Impairment loss on good will		**-**	(92,238,600)
Provision against long term / short term musharakah finances		**(41,355,646)**	-
Musharakah finances written off		**(609,507)**	
Doubtful debtors written off		**(30,228,557)**	(3,787,729)
Provision against long term loan / short term loan		**(39,813,650)**	-
Other receivables written off		**(2,668,178)**	-
		(227,861,728)	(163,635,029)
(Loss) / profit before taxation		**(717,297,004)**	175,969,634
Provision for taxation	51	**(43,823,806)**	(10,619,487)
(Loss) / profit after taxation	*Rupees*	**(761,120,810)**	165,350,147
(Loss) / earnings per share			
- Basic	*Rupees* 52	**(2.740)**	2.215
- Diluted	*Rupees* 52	**(2.672)**	1.906

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2010

		2010	2009
(Loss) / profit for the year		**(761,120,810)**	165,350,147
Other comprehensive income			
Unrealised (loss) / gain on remeasurement of investments classified as available-for-sale		**(1,755,566)**	2,097,458
Total comprehensive (loss) / income for the year	*Rupees*	**(762,876,376)**	167,447,605

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

Aamir Saeed
Director

Nusrat Yar Ahmad
Chief Executive

Consolidated Cash Flow Statement
For the year ended 30 June 2010

	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(717,297,004)	175,969,635
Adjustments for non cash charges and other items:			
Depreciation of property and equipment		61,013,516	29,223,241
Amortization of intangibles		4,479,471	420,506
Depreciation on assets leased out		77,036,743	-
Gain on bargain purchase		-	(482,172,079)
Goodwill written off		-	92,238,600
Provision against other receivables		50,074,826	-
Doubtful lease receivables written off		2,674,759	-
Provision against doubtful finance lease receivable and lease rentals-net		49,313,448	-
Provision against long term / short term musharakah finances		41,355,646	-
Musharakah finances written off		609,507	
Doubtful debtors written off		30,228,557	-
Provision against long term loan/short term loan		39,813,650	
Other receivables written off		2,668,178	-
Financial charges - net		561,067,234	60,848,822
Gain / (Loss) on disposal of fixed assets		(1,552,679)	3,703,771
Unrealised loss on remeasurment of investments carried at fair value through profit or loss		8,627,285	11,982,860
Impairment in the value of investments classified as available-for-sale		11,123,157	67,608,700
		938,533,298	(216,145,579)
Cash flow from operating activities before working capital changes		221,236,294	(40,175,944)
(Increase) / decrease in current assets			
Trade debts		251,645,683	(93,142,134)
Short-term investments		636,739,212	-
Takaful reserve fund investments		28,743,840	-
Short term musharakah finances - secured		111,101,820	-
Short term finances - secured		12,092,089	-
Assets acquired in satisfaction of finances		50,000,000	-
Ijarah rentals receivable		7,747,952	-
Advances, deposits, prepayments and other receivables		106,122,541	48,264,539
Stock in trade		313,800	-
Assets held for sale		(483,533,306)	-
Amalgamation working capital adjustment		-	153,541,946
		720,973,631	108,664,351
Increase / (decrease) in current liabilities			
Short term certificates of musharakah		364,819,646	-
Short term certificates of investments and deposits		46,869,671	-
Trade creditors, accrued and other liabilities		(300,817,465)	374,032,739
		110,871,852	374,032,739
Cash flow from operating activities after working capital changes		1,053,081,777	442,521,146
Financial charges paid		(472,023,014)	(56,932,318)
Income tax paid		(26,453,973)	(10,682,345)
		(498,476,987)	(67,614,663)
Net cash flow from operating activities		554,604,790	374,906,483
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(47,666,474)	(95,800,023)
Long term loans		53,142,787	(2,978,862)
Long term deposit		(3,007,726)	1,141,243
Long term Musharakah finances		60,194,339	-
Investments		1,122,539,300	(775,077,167)
Sale proceeds from disposal of tangible fixed assets		22,731,755	6,315,250
Net cash flow from investing activities		1,207,933,981	(866,399,559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liability against assets subject to finance lease		(17,734,377)	(3,806,062)
Short term borrowings		(885,619,048)	(630,265,310)
Receivable under reverse repurchase transaction		186,000,000	(195,000,000)
Deferred liability for staff gratuity		5,634,053	-
Security deposits from lessees		(433,295,403)	-
Long term certificates of musharakah		(50,705,000)	-
Certificates of investments and deposits		3,010,600	-
Long term musharakah and murabahah borrowings		(171,873,302)	1,365,944,450
Musharakah Term Finance Certificates		(148,791,531)	-
Redeemable capital - Term Finance Certificates		(110,872,769)	-
Loan from a Director - unsecured		(26,422,989)	-
Deferred liabilities		665,486	-
Long-term loan		(285,548,733)	143,517,111
Net cash flow from financing activities		(1,935,553,013)	680,390,189
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(173,014,242)	188,897,113
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		248,331,938	59,434,825
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*Rupees* 53	75,317,696	248,331,938

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

Aamir Saeed
Director

Nusrat Yar Ahmad
Chief Executive

Consolidated Statement of Changes in Equity
For the year ended 30 June 2010

	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	(Deficit) / surplus on revaluation of available for sale investment	Accumulated profit / (loss)	Share deposit money	Total
Balance as at 1 July 2008	746,423,700	(347,923,700)	(12,076,479)	(18,261,890)	121,000,000	489,161,631
Total Comprehensive income for the year						
Profit for the year	-	-	-	165,350,147	-	165,350,147
Other comprehensive income						
Unrealised surplus on remeasurement of investments classified as available-for-sale	-	-	2,097,458	-	-	2,097,458
	-	-	2,097,458	165,350,147	-	167,447,605
Others						
Transfer of impairment in the value of investment classified as available-for-sale taken to profit and loss account	-	-	14,186,409	-	-	14,186,409
Reserve on amalgamation	-	(1,674,151,984)	-	-	-	(1,674,151,984)
Incremental depreciation charged for the period - released from surplus on revaluation of fixed asset	-	-	-	1,034,948	-	1,034,948
Transaction with owners recorded directly in equity						
Issue of shares on amalgamation to AZLCL shareholders in ratio 1:2.4	1,178,570,352	-	-	-	-	1,178,570,352
Issue of shares on amalgamation to AZLM shareholders in ratio 1:2.6	802,674,600	-	-	-	-	802,674,600
Balance as at 30 June 2009	2,727,668,652	(2,022,075,684)	4,207,388	148,123,205	121,000,000	978,923,561
Total Comprehensive income for the year						
Loss for the year	-	-	-	(761,120,810)	-	(761,120,810)
Other comprehensive income						
Unrealised loss on remeasurement of investments classified as available-for-sale	-	-	(1,755,566)	-	-	(1,755,566)
	-	-	(1,755,566)	(761,120,810)	-	(762,876,376)
Others						
Transfer of surplus in the value of investment classified as available-for-sale taken to profit and loss account	-	-	(4,249,557)	-	-	(4,249,557)
Incremental depreciation charged for the period - released from surplus on revaluation of fixed asset	-	-	-	677,897	-	677,897
Transaction with owners recorded directly in equity						
Subordinated loan converted into share capital	121,000,000	-	-	-	(121,000,000)	-
Balance as at 30 June 2010 *Rupees*	**2,848,668,652**	**(2,022,075,684)**	**(1,797,735)**	**(612,319,708)**	**-**	**212,475,525**

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

Aamir Saeed
Director

Nusrat Yar Ahmad
Chief Executive

1. LEGAL STATUS AND OPERATIONS

The "Group" consists of:

1.1 Holding Company

Invest Capital Investment Bank Limited ('the Company').

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

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

The Company is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company is engaged in the business of leasing and investment finance activities as a Non Banking Finance Company. The Company is listed on Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated in Karachi.

As the merger was effective as of 30 June 2009, the profit and loss account for the year ended 30 June 2009, represents the results of operations of Invest Capital Investment Bank Limited.

1.2 Subsidiary Company

Invest Capital Markets Limited (ICML)

ICML is a wholly owned subsidiary of the Company and is a limited liability company with principal business to carry out investment advisory services and asset management services.

In compliance with regulation no. 7(2)(n) of the NBFC Rules, 2003, the Company has separated its brokerage business from the other business activities and transferred its brokerage business to ICML at the close of business on 30 June 2010.

ICML has applied for the admission as corporate member of Karachi Stock Exchange (Guarantee) Limited (KSE) and the KSE has decided to admit the ICML as a corporate member of the Exchange upon its registration with the SECP as Broker under Broker and Agent Registration Rules, 2001. However, till the date of issue of these financial statements, SECP has not issued the Broker Registration Certificate to ICML.

Subsequent to the year end, National Commodity Exchange Limited (NCEL) vide its letter dated 7 October 2010 has approved the transfer of interbank brokerage accreditation of Money Market and Forex brokerage with effect from 1 November 2010.

The principal activities of the ICML are share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. The registered office of the ICML is situated in Karachi.

1.3 The financial meltdown in the world had a negative impact on the local economy which had previously been encountering higher inflation, political instability and lack of fresh investments, further aggravated by acute power shortage and devastating floods. These factors cumulatively caused serious liquidity crunch in the country due to which a wave of defaults spread across the financial sector, increasing percentage of non-performing loans to unprecedented levels. The adverse effects were even more pronounced in case of Non-Banking Financial Institutions which, being historically dependent upon the resources borrowed from the commercial banks, were completely deprived of fresh funding thereby causing serious disruption of their business cycles.

The Group, being one of financial sector victims, also started facing increasing mismatch of resources due to defaults in repayments by its Clients attributed to their stagnating businesses. This caused an extremely difficult situation for the Group which had previously maintained an exemplary record of its financial management and prompt payments. The stock brokerage arm of the Group suffered due to diminishing volumes and the leasing and loans portfolio from increasing provisions and over dues caused by the market conditions. The impact of operating costs and financial charges could not be compensated by the revenue streams thereby resulting in operating losses. The Board of Directors of the Group formulated strategies and action plans aimed at substantial cost reduction, sale of brokerage business, merger of other financial institutions to bring further equity and cash resources into the Group, disposing of non-earning assets and properties valuing Rs. 484 million , negotiating easier terms with the lenders, maximizing recoveries of receivables, increasing non-funded business and eventually issuance of right shares to supplement Group's liquidity and profitability. Unfortunately, the implementation of the intended actions was hampered due to the market environment and unforeseen impediments.

In order to resolve the operational problems of the Group and improving its liquidity constraints, it was mutually agreed amongst the shareholders to consolidate the majority shareholding and management control with one group which would meet the future requirements of the Group and fulfil its obligations. Resultantly, a Memorandum of Understanding (MOU) was signed on 20 July 2010 whereby a group holding 86,339,446 shares (30.31%) of the Company contracted to purchase 75,463,205 shares (26.5%) of the other group for a consideration of Rs. 2 per share i.e. approximately Rs. 150 million. After implementation of the MOU, the acquiring group would have about 57 percent shares of the Company.

In the said MOU, both parties also agreed that, upon the settlement of the aforesaid transaction, the parties will proceed, as an independent and separate but concurrent transaction, for the sale and transfer to the outgoing shareholders, the entire brokerage business' assets, liabilities, undertakings, licenses, entitlements, contracts and employees belonging to Invest Capital Markets Limited, being a wholly owned subsidiary of the Group, at an amount of Rs. 150 million, pursuant to fulfilling the regulatory, corporate and legal requirements and to initiate all such actions deemed necessary.

Accordingly, the said MOU was submitted to the SECP for obtaining regulatory approvals. The Group also obtained approval for sale of the subsidiary from its members in its EOGM held on 9 August 2010. Further, as specifically required by SECP, the acquiring group also committed with SECP to inject necessary funds to ensure compliance with the minimum equity requirement at all times and fulfilling commitments of the Company for repayment to the depositors and lenders of the Company.

The Chairman and Managing Director of the Company resigned in the Board meeting held on 29 July 2010. The resignations were accepted by the Board of Directors in their meeting held on 19 August 2010.

The SECP, on the basis of aforesaid MOU and commitment from the acquiring group, accorded its approval vide its letter No. SC/NBFC-1/ICIBL/2010/251 dated 1 September 2010 to the sale of aforesaid shares of the Company subject to the condition that the process for appointment of chief executive and directors shall be completed on or before 20 September 2010.

However, the Company defaulted on its payments required to be made in respect of its depositors and lending financial institutions. Consequently, the credit rating of the Company was downgraded from A (minus) to D category by JCR-VIS Credit Rating Agency.

The SECP, after considering the aforementioned facts resulting in constant deterioration of Group's position cancelled its earlier approval for the intended purchase of shares by the acquiring group vide its letter No.SC/NBFC-1/ICIBL/ 2011/321 dated 20 January 2011. As a result of the said cancellation, all applications filed by the Group for appointment of chief executive and directors on behalf of acquiring group and the eventual sale of the brokerage business to the outgoing shareholders became infractuous and therefore declined. Consequently, the Board of Directors in their meeting held on 22 January 2011 resolved that the management control of the Company's operations given to the acquiring group pursuant to the Board's deliberation on 29 July 2010 shall revert back to the Chief Executive.

Since then, a number of meetings have been held with SECP by the shareholders and management to review the plans for revival of the Group's business and safeguarding interests of all stakeholders. However, the Group has not yet reached any appropriate conclusion.

The Group suffered a net loss of Rs. 761 million for the year ended 30 June 2010 and as of that date the Group's current liabilities exceeded its current assets by Rs. 210 million. As at 30 June 2010, the accumulated losses amounted to Rs. 612 million and the net shareholders' equity amounted to Rs. 212 million.

The Company is below the minimum equity requirement as per NBFC Regulations, 2008 as at 30 June 2010 which needs to be enhanced to Rs. 850 million by 30 June 2011 whereas the net shareholders equity of the Company as at 30 June 2010 was Rs. 225 million. Further, the leasing and investment finance services' licenses of the Company expired subsequent to the year end which have not yet been renewed. Further, subsequent to the year end, the company has generated insignifican new business and the Company is totally dependent on recovery of rental income from existing business transactions. Presently, all efforts are made for recovery of rentals and loans and advances.

The following strenuous efforts are being taken by the management to address the operational, cash flows and liquidity concerns of the Group:

- Reduction in operating costs. Resultantly, the operating costs have been reduced from an average of Rs. 51 million per month in the year ended 30 June 2010 to approximately Rs. 27 million per month in the subsequent months.

- Intensification of recovery process against loans and advances losses and rental income and it is expected that it will improve liquidity of the Group.

- Increased emphasis on handling advisory and non-funded business which will provide additional earnings without adding to the operating costs and will generate substantial liquidity for the Group.

- The management started negotiations with its lending financial institutions for restructuring or settlement of the outstanding of about Rs. 1,100 million in various modes like privately placed TFCs, Murabahah Financing, Running Finance, Term Lending etc. The lenders are requested to waive off any mark-up since October 2010 and accept any one or more of the following options for settlement of their outstanding amounts:

- Option 1: Restructuring of the outstanding amounts for a period of three (3) to five (5) years commencing from 12 October 2010 with a grace period of six (6) months. There will be no mark-up charged in respect of this amount for the period commencing from October 2010 till final settlement.

- Option 2: Full and final settlement of the entire outstanding principal amount against transfer of certain leased assets, musharakah assets and immovable properties. There will be no mark-up charged in respect of this amount from the period commencing 12 October 2010 onwards. The assets will be valued as per the books of the Group or against a better offer if more than one lender becomes interested in a particular asset.

- Option 3: Full and final settlement of the entire outstanding principal amount by conversion of 40% of the outstand i ng principal into preference shares and the remaining 60% to be paid in cash or against assets. Preference Shares will be 5 years Convertible, Cumulative, Non-Voting, Non-Participatory, Callable and will be issued at Rs. 10 per share. Annualized cumulative dividends will be 4% per annum payable on annual basis. No compounding on dividends will be made. The Issuer will have the option to redeem Preference shares at any time. The Preference shares along with accumulated dividends will be convertible into Ordinary Shares at par value.

Based on the negotiations with the syndicates and individual lenders, it seems that the majority of lenders may settle the debt mostly through availing option 2 and the remaining may decide fo option 1. However, acceptance from lending financial institutions is in various stages of documentation.

- The Board of Directors intend to inject further equity of about Rs. 300 million during the financial years 2012 and 2013 through the right share issue, subordinated loans, asset-swap or induction of respectable investors. However, formal plan and timing of the injection of the fund is yet to be finalised.

- The SECP has been requested to allow relaxation of the prudential requirements for minimum equity, per party exposure and other relevant limits for a period of four years in view of the above mentioned situation and renewal of leasing and investment finance services' licenses. These matters are under consideration of the SECP.

The Board of Directors of the Group, is confident that, for the reasons explained above, presentation of these financial statements on a going concern basis is appropriate and justifiable.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, Investment Property' through Circular No. 19 dated 13 August 2003 for Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments:

Disclosures 'through SRO 411(1) / 2008 on such Non-Banking Finance Companies as are engaged in investment finance services, discounting services and housing finance services.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except that certain investments and certain property, plant and equipments are stated at fair values / revalued amounts.

2.3 Functional and presentation currency

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

2.4 Accounting estimates and judgements

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

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

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

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

- Net investment in Ijarah Finance / assets under Ijarah arrangements (note 3.5)
- Musharakah and other finances (note 3.5)
- Property, plant and equipment (note 3.2)
- Intangible assets (note 3.3)
- Goodwill (note 3.3)
- Investments (note 3.4)
- Stock in trade (note 3.24)
- Ijarah rentals receivable (note 3.11 .1)
- Asset acquired in satisfaction of finance (note 3.23)
- Trade debts (note 3.9)
- Deferred taxation (note 3.10)
- Long term loans (note 3.5)

2.5 Changes in accounting policies

Starting 1 July 2009, the Group has changed its accounting policies in the following areas:

- IAS 1 (Revised) - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). The Group has opted to present two statements; a profit and loss account (income statement) and a statement of comprehensive income.

- IFRS 8 - "Operating Segments" - An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. There is no change in the operating segments being reported as a result of the adoption of IFRS 8 - Operating Segments, other than changes in certain disclosures.

Comparative information has been re-presented so that it is in conformity with the revised / new standards. Since the change in accounting policies only affect presentation / disclosures of financial statements, there is no impact on profit for the year and earnings per share.

2.6 Standards, Interpretations and Amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 July 2010:

Improvements to IFRSs 2009 - Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. These amendments are unlikely to have an impact on the Group's financial statements.

Improvements to IFRSs 2009 - Amendments to IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2010) . The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. The amendment is unlikely to have an impact on Group's financial statements.

Improvements to IFRSs 2009 - Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Group's financial statements.

Improvements to IFRSs 2009 - Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that only expend itures that result in the recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have a significant impact on the Group's financial statements.

Improvements to I FRSs 2009 - Amendments to IAS 17 Leases (effective for annual periods beginning on or after 1 January 2010). The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7 - 13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. The amendment is unlikely to have an impact on Group's financial statements.

Improvements to IFRSs 2009 - Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is unlikely to have any impact on the Group's financial statements.

Improvements to IFRSs 2009 - Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010). The amendments provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combi nation at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss. The amendments apply prospectively to all unexpired contracts from the date of adoption. These amendments are unlikely to have an impact on the Group's financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010). The IASB provided additional optional exemptions for first-time adopters of IFRSs that will permit entities not to reassess the determination of whether an arrangement contains a lease if the same assessment as that required by IFRIC 4 was made under previous GAAP; and allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. The amendment is not relevant to the Group's operations.

Amendment to IFRS 2 - Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). Amendment provides guidance on the accounting for share based payment transactions among group entities. The amendment is unlikely to have any impact on the Group's financial statements.

Amendments to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Group's financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the Group's operations.

Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for accounting periods beginning on or after 1 July 2010). The amendment provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the Amendments to IFRS 7. The amendment also clarifies the transitional provisions of the Amendments to IFRS 7. The amendment is not relevant to the Group's operations.

IFRIC 4 - "Determining whether an Arrangement contains a Lease" on or after 1 January 2006) and IFRIC 12 - "Service Concession Arrangements" (effective for annual periods beginning on or after 1 January 2008). However, the application of these interpretations have been deferred by the Securities and Exchange Commission of Pakistan (SECP), through circular 21 of 2009 dated 22 June 2009, for all companies till 30 June 2010. The Group has availed the relaxation given by SECP.

Improvements to IFRSs 2010 (effective for annual periods beginning on or after 1 July 2010). The IASB issued amendments to various standards. Below is a summary of the amendments that are effective for either annual periods beginning on or after 1 July 2010 or annual periods beginning on or after 1 January 2011.

Improvements to IFRSs 2010 - Amendments to I FRS 3 Business Combi nations (effective for accounting periods beginning on or after 1 July 2010). The amendments clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004); limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards. These amendments are unlikely to have an impact on the Group's financial statements.

Improvements to IFRSs 2010 - Amendments to IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2010). The amendments clarify that the consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 and IAS 31 resulting from IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering. These amendments are unlikely to have an impact on the Group's financial statements.

IAS 24 Related Party Disclosures (revised 2009) (effective for accounting periods beginning on or after 1 January 2011). The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have any impact on the Group's financial statements other than increase in disclosures.

Amendments to IFRIC 14 IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. These amendments are unlikely to have an impact on the Group's financial statements.

Improvements to IFRSs 2010 - IFRS 1 First-time Adoption of IFRSs (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that IAS 8 is not applicable to changes in accounting policies occurring during the period covered by an entity's first IFRS financial statements; introduce guidance for entities that publish interim financial information under IAS 34 Interim Financial Reporting and change either their accounting policies or use of the IFRS 1 exemptions during the period covered by their first IFRS financial statements; extend the scope of paragraph D8 of IFRS 1 so that an entity is permitted to use an event-driven fair value measurement as deemed cost for some or all of its assets when such revaluation occurred during the reporting periods covered by its first IFRS financial statements; and introduce an additional optional deemed cost exemption for entities to use the carrying amounts under previous GAAP as deemed cost at the date of transition to IFRSs for items of property, plant and equipment or intangible assets used in certain rate-regulated activities. The amendment is not relevant to the Group's operations.

Improvements to IFRSs 2010 - IFRS 7 Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 January 2011). The amendments add an explicit statement that qualitative disclosure should be made in the contact of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. These amendments would result in increase in disclosures in the financial statements of the Group.

Improvements to IFRSs 2010 - IAS 1 Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income is also required to be presented, but may be presented either in the statement of changes in equity or in the notes. The amendment is not likely to have an impact on Group's financial statements other than increase in disclosure.

Improvements to IFRSs 2010 - IAS 34 Interim Financial Reporting (effective for accounting periods beginning on or after 1 January 2011). The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures. The amendment is not likely to have an impact on Group's financial statements other than increase in disclosure.

Improvements to IFRSs 2010 - IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. The amendment is not relevant for the Group's operation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

Defined contribution plan

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

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

Defined benefit plan

The Company operates a funded gratuity scheme for employees transferred from Al-Zamin Leasing Corporation Limited and an unfunded gratuity scheme for employees transferred from Al-Zamin Leasing Modaraba. Obligation under these plans are determined through actuarial valuations carried out under the "Projected Unit Credit Method" and the last valuation was carried out on 30 June 2010.

Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous accounting period exceed ten percent of the higher of defined benefit obligation and fair value of the planned assets at that date. These gains or losses are recognised over the expected average working lives of the employees participating in the plan.

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

Compensated absences

The Company also makes provision in the consolidated financial statements for its liability towards compensated absences in respect of employees transferred from Al-Zamin Leasing Modaraba based on the leaves accumulated up to the balance sheet date in accordance with the service rules.

3.2 Property, plant and equipment

Owned

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

Depreciation is charged to income applying the reducing balance method over the esti mated useful life of related assets, at the rates specified in Note 5 to these consolidated financial statements.

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

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

Property, plant and equipment that is classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

Leased assets

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

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

3.3 Intangible assets

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

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

These are carried at cost less impairment loss, if any. These are tested annually for impairment and carried at cost less accumulated impairment.

Goodwill

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

Software

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

3.4 Investments

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

3.4.1 *Investment at fair value through profit or loss*

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

- *Financial instruments held for trading*

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

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

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

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

3.4.2 *Held-to-maturity*

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

3.4.3 *Available-for-sale*

Investments which do not fall under the above categories and which may be sold in response to the need for liquidity or changes in market rates are classified as available for sale. These are initially measured at cost, being fair value of the consideration given. Subsequent to initial recognition, investments in quoted securities are marked to market, using the last quoted rate at the close of the financial year (refer note 3.4.1). Any resultant gain or loss are taken directly to equity, until the investments are sold or until the investments are determined to be impaired, at which time the cumulating gain or loss previously reported in the equity is included in the current year's profit and loss account.

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

3.4.4 *Investments in joint ventures*

Investments in joint ventures are valued at cost less impairment, if any. A reversal of an impairment loss is recognized as it arises provided the increased carrying value does not exceed that it would have been had no impairment loss been recognized.

Gain or loss on sale of investments in joint ventures is included in the profit and loss account for the year.

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

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

The Group has adopted Islamic Financial Accounting Standard 2-Ijarah for all Ijarah commencing on or after 1 July 2008. The assets subject to Ijarah commencing on or after 1 July 2008 are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on these assets using straight line method over the period of the lease. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the corresponding assets. Other lending arrangements comprising of musharakah finance, long terms and short term loans and finances are stated net of impairment provisions.

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

3.6 Receivable from terminated / matured contracts

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

3.7 Financial instruments

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

3.8 Offsetting of financial assets and financial liabilities

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

3.9 Trade debts and other receivables

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

3.10 Taxation

Current

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

Deferred

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

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

3.11 Revenue recognition

3.11.1 *Finance lease/ Ijarah income*

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

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

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

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

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

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

3.11.3 *Dividend income*

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

3.11.4 *Gain on sale of investments*

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

3.11.5 *Unrealised income on non-performing assets*

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

3.11.6 *Sale of CNG / Diesel*

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

3.11.7 *Brokerage, fees and commission*

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

3.12 Gain on sale and lease back transaction

This is amortised over the period of the lease obligation.

3.13 Borrowing costs

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

3.14 Cash and cash equivalents

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

3.15 Trade and other payables

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

3.16 Earnings per share

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

3.17 Segment reporting

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

Business segments

Brokerage

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

Investment and treasury

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

Leasing/ Ijarah

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

Other operations

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

Geographical segments

The Group operates in Pakistan only.

3.18 Fiduciary assets

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

3.19 Foreign currency transactions

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

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

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

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

3.21 Impairment

Financial assets

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

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

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

Non-financial assets

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

3.22 Provisions

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

3.23 Assets acquired in satisfaction of finance

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

3.24 Stock in trade

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

3.25 Murahabah borrowings and financing

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

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

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

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

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

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

4. BASIS OF CONSOLIDATION

The assets and liabilities of subsidiary company have been consolidated on a line by line basis and the carrying value of investment in subsidiary held by the holding company is eliminated against the shareholders' equity in the consolidated financial statements.

Material intra-group balances and transactions have been eliminated.

5. PROPERTY, PLANT AND EQUIPMENT

		2010	2009
Operating assets	*5.1*	**451,552,791**	920,422,163
Capital work in progress	*5.3*	**11,855,790**	26,553,760
	Rupees	**463,408,581**	946,975,923

5.1 Operating assets

	COST				2010 Rate (%)	DEPRECIATION/ IMPAIRMENT					Written down
	As at 1 July 2009	Additions / (disposals)	Transfers 5.2.1	As at 30 June 2010		As at 1 July 2009	Depreciation for the year / (on disposals)	Impairment for the year	Transfers	As at 30 June 2010	value as at 30 June 2010
OWNED ASSETS											
Land	254,761,853	-	-	135,698,000	1.03	-	163,264	2,318,650	-	163,264	135,534,736
			(119,063,853)						(2,318,650)		
Building	193,573,354	-	-	46,396,761	5	453,082	7,968,405	304,793	-	1,852,366	44,544,395
			(147,176,593)						(6,873,914)		
Office premises	180,904,000	48,700	-	48,700	5	1,760,959	7,466,322	-	-	2,029	46,671
			(180,904,000)						(9,225,252)		
Leasehold premises	12,000,000	-	-	12,000,000	5	600,000	570,000	-	-	1,170,000	10,830,000
Office renovation	32,727,241	286,073	-	32,936,814	33.33	8,767,596	7,968,014	-	-	16,703,896	16,232,918
		(76,500)					(31,714)				
Furniture and fixture	30,326,826	1,709,989	-	31,992,578	10	10,178,926	2,071,830	-	-	12,218,324	19,774,254
		(44,237)					(32,432)				
Office equipment	93,853,225	3,552,168	-	96,589,238	10	28,303,892	12,754,533	-	-	40,913,408	55,675,830
		(816,155)					(145,017)				
Motor vehicles	64,989,384	37,845,023	9,978,000	82,109,275	20	22,147,929	11,737,040	-	5,024,554	28,186,727	53,922,548
		(30,703,132)					(10,722,796)				
Plant and machinery	17,934,748	-	-	17,934,748	10	1,067,468	1,686,728	-	-	2,754,196	15,180,552
	881,070,631	43,441,953	9,978,000	455,706,114		73,279,852	52,386,136	2,623,443	5,024,554	103,964,210	351,741,904
		(31,640,024)	(447,144,446)				(10,931,959)		(18,417,816)		
LEASED ASSETS - held for own use											
Motor vehicles	13,650,775	-	-	2,707,775	20	6,817,550	405,531	-	-	1,704,538	1,003,237
		(965,000)	(9,978,000)				(493,989)		(5,024,554)		
Plant and machinery	12,610,887	-	-	12,610,887	10	459,812	1,215,107	-	-	1,674,919	10,935,968
Office equipment	20,926,378	-	-	20,926,378	10	12,979,294	1,358,562	-	-	14,337,856	6,588,522
	47,188,040	-	-	36,245,040		20,256,656	2,979,200	-	-	17,717,313	18,527,727
		(965,000)	(9,978,000)				(493,989)		(5,024,554)		
OWNED ASSETS HELD FOR OPERATING LEASE ARRANGEMENTS											
Generator	85,700,000	1,231,340	-	86,931,340	10	-	5,648,180	-	-	5,648,180	81,283,160
Rupees	**1,013,958,671**	**44,673,293**	**9,978,000**	**578,882,494**		**93,536,508**	**61,013,516**	**2,623,443**	**5,024,554**	**127,329,703**	**451,552,791**
		(32,605,024)	**(457,122,446)**				**(11,425,948)**		**(23,442,370)**		

5.1.1 Details of CNG/Diesel related projects included in note 5.1 above are as follows:

		Freehold land	Building	Plant and machinery	Furniture and fixture	Office equipment	Total
Cost		45,198,000	22,179,354	30,545,632	52,800	67,000	98,042,786
Accumulated depreciation		-	1,572,931	4,429,115	12,125	10,403	6,024,574
Net book value as at 30 June 2010	*Rupees*	45,198,000	20,606,423	26,116,517	40,675	56,597	92,018,212

2009

	COST				Rate	DEPRECIATION / IMPAIRMENT					Written down
	As at 1 July 2008	Additions / (disposal)	Addition due to merger / revaluation / transfer / (reversal)	As at 30 June 2009	(%)	As at 1 July 2008	Depreciation for the year / (on disposals)	Impairment for the year	Addition due to merger / transfer / (written off)	As at 30 June 2009	value as at 30 June 2009
OWNED ASSETS											
Land	85,012,000	55,853	169,694,000	254,761,853	1.03	-	-	-	-	-	254,761,853
Building	-	-	193,573,354	193,573,354	5	-	-	-	453,082	453,082	193,120,272
Office premises	12,405,600	-	22,750,000	180,904,000	5	1,209,546	675,000	-	1,085,959	1,760,959	179,143,041
			1,094,400						(1,209,546)		
			144,654,000								
Leasehold premises	15,000,000	-	(3,000,000)	12,000,000	5	750,000	600,000	-	-	600,000	11,400,000
							(750,000)				
Office renovation	1,055,453	32,727,241	-	32,727,241	33.33	1,015,812	8,777,505	-	-	8,767,596	23,959,645
		(1,055,453)					(1,025,721)				
Furniture and fixture	14,156,720	-	21,605,707	30,326,826	10	5,767,076	790,436	-	7,356,818	10,178,926	20,147,900
		(5,435,601)					(3,735,404)				
Office equipment	32,743,677	49,433,894	18,980,585	93,853,225	10	13,254,793	11,882,770	-	8,410,967	28,303,892	65,549,333
		(7,304,931)					(5,244,638)				
Electric fittings	2,797,544	-	-	-	10	1,439,639	101,842	-	-	-	-
		(2,797,544)					(1,541,481)				
Motor vehicles	37,623,908	13,504,487	18,539,055	64,989,384	20	12,270,267	6,172,291	-	5,704,488	22,147,929	42,841,455
		(8,934,066)	4,256,000				(3,961,314)		-		
									1,962,197		
Plant and machinery	-	-	17,934,748	17,934,748	10	-	-	-	1,067,468	1,067,468	16,867,280
	200,794,902	95,721,475	610,081,849	881,070,631		35,707,133	28,999,844	-	26,040,979	73,279,852	807,790,779
		(25,527,595)			-		(16,258,558)		(1,209,546)		
LEASED ASSETS - held for own use											
Motor vehicles	11,185,000	-	6,721,775	13,650,775	20	4,370,152	973,397	-	3,436,198	6,817,550	6,833,225
	-	-	(4,256,000)			-	-		(1,962,197)		
Plant and machinery	-	-	12,610,887	12,610,887	10	-	-	-	459,812	459,812	12,151,075
Office equipment	-	-	20,926,378	20,926,378	10	-	-	-	12,979,294	12,979,294	7,947,084
	11,185,000	-	36,003,040	47,188,040		4,370,152	973,397	-	14,913,107	20,256,656	26,931,384
OWNED ASSETS HELD FOR OPERATING LEASE ARRANGEMENTS											
Generator	-	-	85,700,000	85,700,000	10	-	-	-	-	-	85,700,000
Rupees	211,979,902	95,721,475	731,784,889	1,013,958,671		40,077,285	29,973,387	-	40,954,086	93,536,508	920,422,163
		(25,527,595)					(16,258,558)		(1,209,546)		

5.2 Disposal of operating fixed assets

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

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
Vehicles:							
Honda CD-100	64,390	(11,626)	52,764	60,000	7,236	Adamjee Insurance Company Limited	Insurance Claim
Toyota Corolla	1,309,000	(305,433)	1,003,567	654,500	(349,067)	Ansar Husain	Through negotiation.
Yamaha -100	58,500	(42,120)	16,380	33,000	16,620	Adamjee Insurance Company Limited	Insurance Claim
MSE Mobile Van	430,000	(195,889)	234,111	622,000	387,889	Akhter Muhammad	Through negotiation.
Honda CD-100	50,900	(15,270)	35,630	34,782	(848)	Muhammad Ehsan	Through negotiation.
Honda CD-100	50,490	(19,074)	31,416	30,294	(1,122)	Farrukh Liaquat	Through negotiation.
Suzuki Mehran	395,000	(212,422)	182,578	190,000	7,422	Adeel Qaiser	Through negotiation.
Toyota Corolla	1,062,000	(186,440)	875,560	720,000	(155,560)	Irfan Basheer	Through negotiation.
Motor Cycle	47,000	(47,000)	-	7,000	7,000	Muhammad Aslam	Through negotiation.
Motor Cycle	23,887	(7,393)	16,494	5,260	(11,234)	Azhar Siddiqui	Through negotiation.
Suzuki Mehran	395,000	(198,377)	196,623	350,000	153,377	Adamjee Insurance Company Limited	Insurance Claim
Suzuki Cultus	600,000	(305,000)	295,000	450,000	155,000	Irfan Basheer	Through negotiation.
Suzuki Mehran	365,000	(188,989)	176,011	182,500	6,489	Muhammad Imran	Through negotiation.
Suzuki Alto	496,000	(357,850)	138,150	140,859	2,709	Muhammad Asif	As per Company policy
Toyota Corolla	1,279,000	(833,703)	445,297	445,297	-	Nusrat Yar Ahmad	As per Company policy
Toyota lexus	2,325,000	(1,313,160)	1,011,840	1,051,520	39,680	Rehan Ateeq	As per Company policy
Honda Civic VTI	1,506,000	(773,482)	732,518	745,370	12,852	Shabbir Sikander	As per Company policy
Suzuki Cultus	525,000	(292,040)	232,960	237,440	4,480	Ashar Saeed	As per Company policy
Toyota Camry	2,750,000	(1,107,333)	1,642,667	2,700,000	1,057,333	Tasleem Khan	Through negotiation
Hyundai Santro Club	519,000	(365,941)	153,059	150,225	(2,834)	Rehan Ateeq	As per Company policy
Toyota Vitz	755,000	(295,960)	459,040	467,093	8,053	Shabbir Sikander	As per Company policy
Suzuki Alto	504,000	(318,205)	185,795	189,805	4,010	Haseeb ur Rehman	As per Company policy
Toyota Prado	2,285,947	(262,884)	2,023,063	1,828,758	(194,305)	Khurshid Malik	As per Company policy
Suzuki Cultus	620,000	(355,467)	264,533	515,000	250,467	New Jubilee Insurance Company Limited	Insurance Claim
Suzuki Cultus	620,000	(323,723)	296,277	306,859	10,582	Mohammad Imran Iqbal	As per Company policy
Honda Citi	936,000	(480,730)	455,270	463,258	7,988	Aamir Saeed Khan	As per Company policy
Honda Citi	936,000	(504,691)	431,309	450,000	18,691	Nadeem Dar	As per Company policy
Honda Civic	1,238,000	(625,273)	612,727	612,727	-	Naeem ul Hasan	As per Company policy
Toyota Corolla Altis	1,875,480	(250,064)	1,625,416	1,650,000	24,584	Naeem ul Hasan	Insurance Claim
BMW 320i	3,000,000	(200,000)	2,800,000	3,050,000	250,000	Darul Sehat Hospital	Through negotiation
Honda Vti	1,025,000	(596,413)	428,587	500,000	71,413	Tariq Mehmood	As per Company policy
Toyota Corolla	95,196	(6,346)	88,850	102,497	13,647	Mehboob-ur-Rehman	As per Company policy
Honda Citi	68,353	(3,155)	65,198	87,832	22,634	Tahir Ali Abbas	As per Company policy
Honda Civic VTI	252,052	(29,406)	222,646	120,000	(102,646)	Naeem Baig	As per Company policy
Toyota Corolla	1,384,000	(92,267)	1,291,733	1,384,000	92,267	Adamjee Insurance Company Limited	Insurance Claim
Honda Citi	188,890	(34,630)	154,260	88,365	(65,895)	Abid Raza Zaidi	As per Company policy
Toyota Vitz	325,486	(10,850)	314,636	495,000	180,364	Junaid Sattar	Through negotiation
Bolan STD	416,918	-	416,918	485,789	68,871	Adamjee Insurance Company Limited	Insurance Claim
Tyres	414,593	-	414,593	-	(414,593)	-	Written off
Trakker	476,050	(48,179)	427,871	428,173	302	-	Through negotiation
	31,668,132	**(11,216,785)**	**20,451,347**	**22,035,203**	**1,583,856**		

Others								
Office equipment		816,155	(145,017)	671,138	626,057	(45,081)	Miscellaneous	Through negotiation
Furniture and fixtures		44,237	(32,432)	11,805	11,437	(368)	Miscellaneous	Through negotiation
Office renovation		76,500	(31,714)	44,786	59,058	14,272	Miscellaneous	Through negotiation
		936,892	**(209,163)**	**727,729**	**696,552**	**(31,177)**		
Total: 2010	*Rupees*	**32,605,024**	**(11,425,948)**	**21,179,076**	**22,731,755**	**1,552,679**		
Total: 2009	*Rupees*	25,527,595	(15,508,558)	10,019,021	6,315,250	(3,703,771)		

5.2.1 Transfers include Rs. 447.144 million transferred to assets held for sale as mentioned in note 25.

5.3 Capital work-in-progress		**2010**	2009
Development charges relating to freehold land		**6,247,000**	5,000,000
CNG Station at Faisalabad		**-**	21,453,760
Renovation and office equipment		**5,608,790**	100,000
	Rupees	**11,855,790**	26,553,760

6. INTANGIBLE ASSETS

Membership cards		**24,350,000**	24,350,000
Computer software	*6.1*	**11,038,877**	12,525,167
	Rupees	**35,388,877**	36,875,167

6.1 Computer software

Opening balance - cost		**14,338,236**	2,759,688
Additions during the year		**2,993,181**	78,548
Addition due to merger		**-**	11,500,000
		17,331,417	14,338,236
Accumulated amortization at the beginning of the year		**1,813,069**	1,392,562
Amortization for the year @ 30% per annum		**4,479,471**	420,507
		6,292,540	1,813,069
	Rupees	**11,038,877**	12,525,167

7. LONG TERM INVESTMENTS

Investment in related parties	*7.1*	**80,343,778**	62,240,756
Available for sale investments:			
- Ordinary shares & certificates of listed and unlisted entities	*7.2*	**30,785,618**	83,503,946
- Mutual Funds	*7.3*	**10,588,028**	18,595,774
- Term Finance Certificates	*7.4*	**6,825,547**	11,098,970
	Rupees	**128,542,971**	175,439,446

7.1 INVESTMENTS IN RELATED PARTIES

Joint ventures			
CNG / Diesel filling stations			
- Centre Gas (Private) Limited	*7.1.1*	**32,110,696**	34,535,703
- UMA Enterprises	*7.1.2*	**26,775,551**	27,705,053
- Ameen Enterprises	*7.1.3*	**21,457,531**	-
	Rupees	**80,343,778**	62,240,756

7.1.1 The summarised financial information and the share of profit given below are based on the audited financial statements of Centre Gas (Private) Limited (CGL) as of 30 June 2010 audited by another firm of auditors who have expressed an unqualified opinion on those financial statements.

		Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
Centre Gas (Private) Limited	*Rupees*	**26,760,647**	**44,286,276**	**2,376,138**	**2,376,138**	**22,688,327**	**335,167**

The CGL's paid-up share capital is Rs. 5 million comprising of 5,000 ordinary shares of Rs.1,000 each. The equity as at 30 June 2010 was Rs.41.910 million.

Detail of the investment is as follows:		**2010**	2009
Opening balance		**34,535,703**	-
Share of profit for the year		**167,583**	-
Dividend received		**(2,592,590)**	-
Addition due to merger		**-**	34,535,703
	Rupees	**32,110,696**	34,535,703

7.1.2 The summarised financial information and the share of profit given below are based on audited financial statements of UMA Enterprise as of 30 June 2010 audited by another firm of auditors who expressed an unqualified opinion on those financial statements.

		Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
UMA Enterprises	*Rupees*	**6,219,150**	**42,192,467**	**5,966,524**	**13,013,593**	**49,487,700**	**11,905,021**

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

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

Detail of the investment is as follows:		**2010**	2009
Opening balance		**27,705,053**	-
Share of profit for the year		**4,762,010**	-
Dividend received		**(5,691,512)**	-
Addition due to merger		**-**	27,705,053
	Rupees	**26,775,551**	27,705,053

7.1.3 The summarised financial information and the share of profit given below are based on audited financial statements of Ameen Enterprises as of 30 June 2010 audited by another firm of auditors who expressed an unqualified opinion on those financial statements.

		Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
Ameen Enterprises	*Rupees*	**6,716,488**	**48,751,962**	**5,836,901**	**5,836,901**	**7,477,633**	**1,671,031**

The Company has entered in a partnership agreement under which the Company will provide equipments for the CNG station and shall bear 50% of the cost of construction whereas the other partner has agreed to provide land for the CNG station and shall bear remaining 50% of the cost of construction.

Currently, the cost of construction is being borne by the Company only and the above partner has agreed to settle its dues from the operations of the CNG station. Profit shall be shared equally. The project commenced its operations in March 2010.

Detail of the investment is as follows:		**2010**	2009
Opening balance		**-**	-
Transferred from CWIP		**21,453,760**	-
Advance refunded		**(831,745)**	-
Share of profit for the year		**835,516**	-
Dividend received		**-**	-
	Rupees	**21,457,531**	-

7.2 Available for sale investments - Ordinary shares / Certificates

Number of shares / certificates (of Rs. 10 each)			Fair Value / Carrying Value	
2010	2009		**2010**	2009
Listed				
-	14,500	AMZ Ventures Limited	**-**	7,685
-	7,500	Askari Bank Limited	**-**	114,600
-	2,500	Atlas Bank Limited	**-**	8,475
-	15,600	Attock Refinery Limited	**-**	1,946,724
-	159,958	Bank Al-Falah Limited	**-**	1,687,556
-	50,000	BankIslami Pakistan Limited	**-**	318,500
-	33,000	D.G. Khan Cement Company Limited	**-**	978,450
-	1,000	Dost Steel Limited	**-**	5,340
112,000	112,000	English Leasing Limited	**67,200**	165,760
-	60,500	Engro Chemical Pakistan Limited	**-**	7,770,015
-	45,500	Fauji Fertilizers Bin Qasim Limited	**-**	804,895
-	8,000	Fauji Fertilizers Company Limited	**-**	695,600
519,920	520,000	First Equity Modaraba	**649,900**	514,800
23,559	82,541	First Fidelity Leasing Modaraba	**35,338**	214,875
-	10,000	First Habib Modaraba	**-**	57,700
-	13,440	Habib Bank Limited	**-**	1,156,646
-	130,000	Hub Power Company Limited	**-**	3,521,700
-	2,500	IGI Investment Bank Limited	**-**	10,450
-	8,800	Javed Omer Vohra & Company Limited	**-**	118,536
-	30,000	Lucky Cement Limited	**-**	1,755,900
-	18,000	National Bank of Pakistan	**-**	1,206,540
-	25,000	Network Leasing Corporation Limited	**-**	258,000
107,500	107,500	NIB Bank Limited	**321,425**	510,625
-	7,000	Pak Suzuki Motor Company Limited	**-**	475,300
-	59,400	Pakistan Oil Fields Limited	**-**	8,666,460
-	15,355	Pakistan Petroleum Limited	**-**	2,910,387
-	27,500	Pakistan State Oil Company Limited	**-**	5,875,375
-	20,000	Samba Bank Limited	**-**	59,600
-	10,000	Saudi Pak Leasing Company Limited	**-**	19,900

Number of shares / certificates (of Rs. 10 each)				Fair Value / Carrying Value	
2010	2009			**2010**	2009
Listed					
680,340	1,112,300	Southern Electric Power Company Limited		**1,911,755**	3,570,483
-	25,000	The Bank of Punjab		-	274,500
-	12,500	TRG Pakistan Limited		-	16,875
-	5,500	United Bank Limited		-	210,595
-	2,000	World Call Telecom Limited		-	5,000
135,000	135,000	Zeal Pak Cement Factory Limited		-	62,100
-	24,375	Arif Habib Securities Limited		-	673,725
-	17,200	Arif Habib Limited		-	1,150,508
-	7,000	Mari Gas Company Limited		-	1,041,810
-	12,500	Oil & Gas Development Co Limited		-	983,000
-	5,500	Adamjee Insurance Company Limited		-	461,945
-	24,000	Azgard Nine Limited		-	531,350
-	17,500	Nishat Mills Limited		-	661,850
-	25,000	Pakistan Telecommunication Company Limited		-	431,000
-	4,000	Packages Limited		-	628,160
-	5,000	Pakistan Refinery Limited		-	449,000
-	2,100	EFU General Insurance Company Limited		-	184,989
-	4,100	ICI Pakistan Limited		-	575,025
-	10,000	Eye Television Network Limited		-	287,500
-	50,000	Maple Leaf Cement Factory Limited		-	213,000
-	3,437	Jahangir Siddiqui & Company Limited		-	79,704
-	2,500	JS Investments Limited		-	42,350
-	5,000	Sui Northern Gas Pipelines Limited		-	159,750
Un-Listed					
500,000	500,000	Central Depository Company of Pakistan Limited		**15,640,000**	15,640,000
1,333,333	1,333,333	Dawood Islamic Bank Limited	*7.2.1*	**12,160,000**	13,333,333
1,140	1,140	Innovative Investment Bank Limited		-	-
			Rupees	**30,785,618**	83,503,946
		Cost	*Rupees*	**32,471,673**	83,503,946

7.2.1 This represents investment of Rs. 13.33 million in 1,333,333 ordinary shares of Rs. 10 each of Dawood Islamic Bank Limited, an unlisted bank. Aforesaid shares are blocked with the State Bank of Pakistan and cannot be sold / transferred without the prior approval of the State Bank of Pakistan for a period of three years from 30 November 2006, 31 January 2008 and 7 February 2008, (representing date of purchase of each lot included in total holding of 1,333,333 ordinary shares of the Bank) or as specified by the State Bank of Pakistan. The break-up value per share at 30 June 2010 based on the reviewed financial statements is Rs. 9.12. Impairment has been recorded on these investments based on break-up value per share as mentioned above.

7.3 Available for sale investments - Mutual Funds

Number of units					
2010	2009			**2010**	2009
		Closed-end - listed			
1,599,400	1,599,500	Safeway Mutual Fund		**10,588,028**	17,292,674
-	50,000	Pakistan Strategic Allocation Fund Limited		-	171,500
-	276,000	Pakistan Premier Fund Limited		-	1,131,600
			Rupees	**10,588,028**	18,595,774
		Cost	*Rupees*	**17,289,514**	18,595,774

7.4 Available for sale investments - Term Finance Certificates

Number of certificates 2010	2009		Note	2010	2009
		Listed			
1,000	1,000	Saudi Pak Leasing Corporation Limited	7.4.1	**2,182,608**	4,998,000
1,551	1,551	Trust Investment Bank Limited	7.4.1	**4,642,939**	6,100,970
			Rupees	**6,825,547**	11,098,970

7.4.1 Details of listed Term Finance Certificates are as follows:

Name of the Company	Repayment frequency	Rate per annum	Maturity date
Saudi Pak Leasing Corporation Limited	Semi-annually	6 months KIBOR plus 1.5%	13 March 2013
Trust Investment Bank Limited	Semi-annually	6 months KIBOR plus 1.85%	04 July 2013

7.4.2 Considering the financial difficulties being faced by Saudi Pak Leasing Corporation Limited the Company has made a provision of Rs. 1.566 million against these TFCs.

8. NET INVESTMENT IN IJARAH FINANCE/ ASSETS UNDER IJARAH ARRANGEMENTS

	Note	2010	2009
Ijarah contracts commencing upto 30 June 2008 - accounted for as finance leases	8.1	**1,358,715,045**	2,437,626,243
Ijarah contracts commencing 1 July 2008 - accounted for under IFAS 2	8.2	**317,339,941**	269,955,116
		1,676,054,986	2,707,581,359
Current portion of net investment in Ijarah finance	20	**(1,051,708,055)**	(1,419,271,317)
	Rupees	**624,346,931**	1,288,310,042

8.1 Net investment in Ijarah finance

	2010			2009		
	Due within one year year	**Due after one year but within five years**	**Total**	Due within one year	Due after one year but within five years	Total
Minimum lease payments receivable	**1,169,539,557**	**271,621,768**	**1,441,161,325**	1,269,600,236	807,121,217	2,076,721,453
Residual value of leased assets	**343,414,432**	**154,532,275**	**497,946,707**	371,119,934	600,010,104	971,130,038
Lease contracts receivable	**1,512,953,989**	**426,154,043**	**1,939,108,032**	1,640,720,170	1,407,131,321	3,047,851,491
Unearned lease income (including suspensed income)	**(204,362,579)**	**(56,953,055)**	**(261,315,634)**	(194,902,841)	(137,447,750)	(332,350,591)
Provision for potential lease losses	**(256,883,355)**	**(62,193,998)**	**(319,077,353)**	(26,546,012)	(251,328,645)	(277,874,657)
	(461,245,934)	**(119,147,053)**	**(580,392,987)**	(221,448,853)	(388,776,395)	(610,225,248)
Rupees	**1,051,708,055**	**307,006,990**	**1,358,715,045**	1,419,271,317	1,018,354,926	2,437,626,243

8.1.1 These finances carry profit rates ranging from 9.4% to 34.81% per annum (2009: 6.44% to 34.81% per annum). These agreements usually are for three to five years period. These are generally secured against leased assets, personal / corporate guarantees and promissory notes given by the lessees and other collaterals.

8.1.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 804.958 million (2009: Rs. 602.168 million). Details of these leases are as follows:

Category of classification		2010			2009		
		Principal outstanding	**Provision required**	**Provision held**	Principal outstanding	Provision required	Provision held
Other assets especially mentioned		**230,817,710**	**-**	**6,402,418**	184,175,779	56,906,655	56,906,655
Substandard		**136,091,177**	**19,138,216**	**19,138,216**	109,782,238	14,205,240	14,205,240
Doubtful		**94,716,419**	**29,609,847**	**29,609,847**	120,160,036	38,911,079	38,911,079
Loss		**343,332,841**	**263,926,872**	**263,926,872**	188,049,515	167,851,683	167,851,683
	Rupees	**804,958,147**	**312,674,935**	**319,077,353**	602,167,568	277,874,657	277,874,657

8.2 Assets under Ijarah arrangements

The following is a statement of assets leased out:

		2010						
		COST			**DEPRECIATION**			
		As at 1 July 2009	**Additions/ (disposals)**	**As at 30 June 2010**	**As at 1 July 2009**	**for the year/ (on disposals)**	**As at 30 June 2010**	**Net carrying value as at 30 June 2010**
Plant and machinery		39,094,500	20,645,000 (130,000)	59,609,500	5,880,830	10,166,459 (66,739)	15,980,550	43,628,950
Equipment		198,991,424	44,124,715 (28,549,470)	214,566,669	27,261,948	39,797,875 (6,970,940)	60,088,883	154,477,786
Vehicles		63,477,832	89,007,650 (8,995,620)	143,489,862	11,309,265	23,947,680 (1,614,947)	33,641,998	109,847,864
Livestock		15,088,380	- (500,000)	14,588,380	2,244,977	3,124,729 (166,667)	5,203,039	9,385,341
	Rupees	**316,652,136**	**153,777,365** **(38,175,090)**	**432,254,411**	**46,697,020**	**77,036,743** **(8,819,293)**	**114,914,470**	**317,339,941**

		2009						
		COST			**DEPRECIATION**			
		As at 1 July 2008	**Transfer due to merger**	**As at 30 June 2009**	**As at 1 July 2008**	**Transfer due to merger**	**As at 30 June 2019**	**Net carrying value as at 30 June 2009**
Plant and machinery		-	39,094,500	39,094,500	-	5,880,830	5,880,830	33,213,670
Equipment		-	198,991,424	198,991,424	-	27,261,948	27,261,948	171,729,476
Vehicles		-	63,477,832	63,477,832	-	11,309,265	11,309,265	52,168,567
Livestock		-	15,088,380	15,088,380	-	2,244,977	2,244,977	12,843,403
	Rupees	-	316,652,136	316,652,136	-	46,697,020	46,697,020	269,955,116

Above Ijarah arrangements carry profit rates ranging between 12.97% to 27.49% per annum (2009: 13.21% to 27.49% per annum).

8.2.1 Ijarah rentals receivable in respect of above assets

		2010	2009
Ijarah rentals receivable		**25,683,311**	18,977,230
Provision against Ijarah rentals receivable	*8.2.2*	**(16,120,878)**	(1,666,845)
	Rupees	**9,562,433**	17,310,385

8.2.2 Provision against Ijarah rentals receivable

Category of classification		2010			2009		
		Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
Other assets especially mentioned		9,802,873	9,802,873	9,802,873	1,666,845	1,666,845	1,666,845
Substandard		6,318,005	6,318,005	6,318,005	-	-	-
	Rupees	16,120,878	16,120,878	16,120,878	1,666,845	1,666,845	1,666,845

8.2.3 Contractual rentals receivable

		2010			2009		
		Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
Total future rentals receivable	*Rupees*	156,500,428	158,922,092	315,422,520	112,652,880	199,126,660	311,779,540

9. LONG TERM MUSHARAKAH FINANCE - secured

		2010	2009
Companies (non- financial institutions)		120,690,143	125,944,282
Individuals		114,602,694	138,932,400
		235,292,837	264,876,682
Receivable within one year shown under current assets	*20*	(125,684,465)	(64,827,218)
		109,608,372	200,049,464
Provision against impaired balances	*9.2*	(31,494,907)	(884,413)
	Rupees	78,113,465	199,165,051

9.1 This represents investments under musharakah basis for working capital and project financing . These are secured against mortgage of properties, musharakah finance (borrowing), demand promissory note and personal guarantee of sponsor directors. Profit rates range between 13.5% to 27% per annum (2009: 12.01% to 42.42% per annum). These are payable in monthly / quarterly instalments.

9.2 This represents provision against non-performing receivables amounting to Rs. 34.506 million.

10. LONG TERM LOANS

		2010	2009
Considered good			
Executives	*10.1, 10.2 & 10.4*	20,234,283	27,162,274
Other employees	*10.1 & 10.2*	10,110,940	9,028,032
Customers	*10.3*	16,826,089	25,020,283
		47,171,312	61,210,589
Considered doubtful			
Customers	*10.3*	74,820,640	86,780,053
Less: Provision		(27,144,097)	-
		47,676,543	86,780,053
		94,847,855	147,990,642
Current maturity	*20*	(72,638,022)	(70,314,240)
	Rupees	22,209,833	77,676,402

10.1 This respectively includes Rs. 15.766 million and Rs. 8.278 million unsecured loans (considered good) to the executives and employees of the Company disbursed in accordance with the Company's policy and terms of employment. These are repayable in monthly instalments over the period ranging from 1 to 10 years and do not carry any interest.

10.2 This respectively includes Rs. 4.468 million and Rs. 1.833 million loans to the executives and employees of the Company representing house and car loans provided as per the entity's policy. The house loans are repayable in 240 monthly instalments and carry a variable mark-up rate based on State Bank of Pakistan discount rate prevailing on 1 January and 1 July of a calendar year minus 400 bps with a minimum of 5% per annum. The loans are secured by equitable mortgage on the property through the title documents of the property. Car loans are repayable in 60 monthly instalments and carry a variable mark-up rate based on Company's cost of funds.

10.3 These carry mark-up at the rate ranging from 10.49% to 25% per annum (2009: 9.88% to 21.97% per annum). These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

10.4 Reconciliation of the carrying amount of loans to executives

		2010	2009
Balance at the beginning of the year		**27,162,274**	21,616,614
Employees promoted to executive category		**-**	56,483
Disbursements during the year		**4,275,000**	10,863,000
Transfer due to merger		**-**	4,805,878
		31,437,274	37,341,975
Repayments during the year		**(11,202,991)**	(10,179,701)
Closing Balance	*Rupees*	**20,234,283**	27,162,274

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

Security Deposits

		2010	2009
For assets acquired on leases		**4,585,820**	6,134,090
Deposit with Karachi Stock Exchange (Guarantee) Limited		**3,210,000**	3,010,000
Deposit with National Commodity Exchange Limited		**7,002,000**	3,502,000
Others	*11.1*	**20,065,928**	19,209,932
		34,863,748	31,856,022
Current maturity	*20*	**-**	(688,400)
	Rupees	**34,863,748**	31,167,622

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

12. DEFERRED TAX ASSET - net

12.1 Deferred tax on items recognised in the surplus on revaluation of assets

		2010	2009
Taxable temporary differences arising in respect of:			
- surplus on revaluation of fixed assets	*12.2*	**(829,329)**	(1,194,350)
- accelerated tax depreciation		**(167,627,324)**	(298,866,994)
- surplus on revaluation of available for sale investments		**-**	(1,589,998)
		(168,456,653)	(301,651,342)
Deductible temporary differences arising in respect of:			
- provision against doubtful finance lease and other receivable		**109,839,748**	109,839,748
- carry forward of income tax losses	*12.1*	**52,811,074**	199,298,314
- liabilities against asset subject to finance lease		**4,649,245**	9,908,553
- deficit on revaluation of available for sale investments	*12.2*	**1,156,586**	-
		168,456,653	319,046,615
	Rupees	**-**	17,395,273

12.1 At 30 June 2010, net deferred tax asset amounting to Rs. 459 million (2009: Rs. 146 million) has not been recognised as a matter of prudence.

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

13. SHORT-TERM INVESTMENTS

		2010	2009
Investments at fair value through profit or loss			
Quoted securities			
- Ordinary shares	*13.1*	**30,117,716**	49,236,754
- Preference shares - cumulative	*13.2*	**611,402**	461,872
- Mutual Funds	*13.3*	**67,273,873**	76,276,116
Available-for-sale			
Government securities	*13.4*	**182,560,744**	777,597,394
Other quoted securities			
- Term finance certificates	*13.5*	**83,996**	84,000
- Ordinary shares	*13.6*	**1,185,193**	25,616,584
- Mutual Funds	*13.8*	**10,700,584**	-
Un - quoted securities			
Dawood Family Takaful Limited (100,000 ordinary shares)	*13.7*	**1,000,000**	1,000,000
	Rupees	**293,533,508**	930,272,720

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

2010	2009		2010	2009
No of shares / certificates		Name of company	Market value	
137,900	78,437	Bank Alfalah Limited	**1,304,534**	827,510
-	10,600	Habib Bank Limited	**-**	912,236
80,000	195,500	NIB Bank Limited	**239,200**	928,625
17,046	21,600	United Bank Limited	**924,064**	827,064
-	41,000	Meezan Bank Limited	**-**	451,000
-	15,000	Attock Cement Limited	**-**	1,053,300
34,995	21,000	Hub Power Company Limited	**1,118,440**	568,890
8,423	6,000	Pakistan State Oil Limited	**2,191,665**	1,281,900
1,972	2,000	Shell Pakistan Limited	**452,791**	447,800
-	46,950	Sui Northern Gas Pipeline Limited	**-**	1,500,053
-	40,000	Sui Southern Gas Company Limited	**-**	560,000
-	10,000	Oil & Gas Development Company Limited	**-**	786,400
6,500	19,000	Pakistan Oilfields Limited	**1,403,350**	2,772,100
69,999	50,000	Pakistan Telecommunications Limited	**1,245,982**	862,000
8,450	35,055	Fauji Fertilizer Company Limited	**870,942**	3,047,686
97,150	102,500	Fauji Fertilizer Bin Qasim Limited	**2,529,786**	1,813,225
-	83,500	Pakistan PTA Limited	**-**	238,810
14,000	38,025	Packages Limited	**1,659,000**	5,971,446
-	23,500	ICI Pakistan Limited	**-**	3,295,874
7,500	33,620	Engro Chemical Pakistan Limited	**1,301,850**	4,317,816
5,000	11,500	Mari Gas Company Limited	**646,900**	1,711,545
11,500	16,000	Tri-Pack Film Limited	**1,121,595**	1,598,240
10,000	18,800	Arif Habib Limited	**440,000**	1,257,532
-	20,000	D.G Khan Cement Company Limited	**-**	593,000
-	22,000	Eye Television Network Limited	**-**	632,500
-	10,000	Pakistan International Container Terminal	**-**	534,300
30,000	23,400	Azgard Nine Limited	**334,800**	518,076
19,400	26,880	Netsole Technologies Limited	**485,194**	480,077
60,000	27,000	JS Investment Limited	**447,600**	457,380
-	11,495	Central Insurance Company Limited	**-**	425,200
98,000	17,189	Jahangir Siddiqui & Company Limited	**1,238,720**	398,613
-	150,000	Karachi Electric Supply Company Limited	**-**	397,500

2010	2009		2010	2009
No of shares / certificates		Name of company	Market value	
-	24,420	Javed Omer Vohra & Company Limited	**-**	328,938
110,000	35,000	Fauji Cement Company Limited	**500,500**	230,650
-	12,500	Sitara Peroxide Limited	**-**	230,500
7,000	2,000	Pakistan Refinery Limited	**549,990**	179,600
18,275	2,500	Lucky Cement Limited	**1,135,609**	146,325
-	22,500	Invest & Finance Securities Limited	**-**	135,000
-	107,500	TRG Pakistan Limited	**-**	145,125
10,600	1,000	Adamjee Insurance Company Limited	**846,728**	83,990
-	1,650	Bestway Cement Limited	**-**	42,141
-	58,500	AMZ Ventures Limited	**-**	31,005
-	11,250	Dewan Cement Limited	**-**	30,938
-	6,500	Maple Leaf Cement Factory Limited	**-**	27,690
-	2,000	Ahmed Hassan Textile Mills Limited	**-**	56,000
-	6,166	Arif Habib Bank Limited	**-**	43,100
-	445	Askari Bank Limited	**-**	6,800
-	22,500	Atlas Bank Limited	**-**	76,275
17,500	10,000	Attock Refinery Limited	**1,409,800**	1,247,900
-	2,000	Century Paper & Board Mills Limited	**-**	26,380
-	4,114	Crescent Steel & Allied Products Limited	**-**	73,929
-	1,000	Dost Steel Limited	**-**	5,340
5,000	-	Allied Bank Limited	**284,750**	-
30,300	-	My Bank Limited	**87,567**	-
24,185	-	Nishat Mills Limited	**1,042,857**	-
20,000	-	Kohinoor Textile Mills Limited	**112,400**	-
10,000	-	Kohat Cement Limited	**66,000**	-
230,000	-	Telecard Limited	**611,800**	-
115,000	-	PACE Pakistan Limited	**410,550**	-
-	24,500	First Habib Modaraba	**-**	141,365
-	4,000	Ghandara Nissan Limited	**-**	21,400
-	3,000	Honda Atlas Cars Pakistan Limited	**-**	38,550
-	7,500	IGI Investment Bank Limited	**-**	31,350
-	10,000	KASB Bank Limited	**-**	103,200
-	500	Kohinoor Energy Limited	**-**	14,500
-	315	Kohinoor Power Company Limited	**-**	2,356
50	15,000	Kot Addu Power Company Limited	**2,087**	633,900
-	2,000	MCB Bank Limited	**-**	310,060
5,000	20,020	National Bank of Pakistan	**320,500**	1,341,941
-	13,800	Orix Leasing Pakistan Limited	**-**	110,400
-	3,000	Pak Suzuki Motor Company Limited	**-**	203,700
-	15,000	Lafarge Pakistan Cement Limited	**-**	40,500
10,075	5,000	Pakistan Petroleum Limited	**1,853,577**	947,700
-	74,000	Samba Bank Limited	**-**	220,520
-	10,000	Saudi Pak Leasing Company Limited	**-**	19,900
-	10,000	Shakarganj Mills Limited	**-**	51,000
145,000	20,000	Silk Bank Limited	**392,950**	108,200
-	6,344	Soneri Bank Limited	**-**	69,530
-	34,850	Southern Electric Power Company Limited	**-**	111,869
-	10,000	Standard Chartered Bank Limited	**-**	84,900
50,000	88	The Bank of Punjab	**504,000**	966
10,185	5,449	World Call Telecommunication Limited	**29,638**	13,623
		Rupees	**30,117,716**	49,236,754

13.1.1 Ordinary shares having market value of Rs. 24.316 million (2009: Rs. 47.629 million) are pledged with commercial banks against various financing facilities.

	2010 Number of shares pledged
Adamjee Insurance Company Limited	10,000
Allied Bank Limited	5,000
Arif Habib Limited	10,000
Attock Refinery Limited	17,500
Azgard Nine Limited	30,000
Bank Alfalah Limited	137,900
Fauji Cement Company Limited	29,000
Fauji Fertilizer Company Limited	7,400
Fauji Fertilizer Bin Qasim Limited	94,000
Jahangir Siddiqui & Company Limited	95,000
JS Investment Limited	60,000
Kot Addu Power Company Limited	50
Lucky Cement Limited	13,275
Mari Gas Company Limited	5,000
My Bank Limited	30,300
National Bank of Pakistan	5,000
Netsole Technologies Limited	19,000
NIB Bank Limited	80,000
Nishat Mills Limited	24,185
PACE Pakistan Limited	115,000
Packages Limited	14,000
Pakistan Oilfields Limited	5,500
Pakistan Petroleum Limited	9,975
Pakistan Refinery Limited	7,000
Pakistan State Oil Limited	1,000
Pakistan Telecommunication Company Limited	69,999
Shell Pakistan Limited	1,900
Silk Bank Limited	145,000
Telecard Limited	230,000
The Bank of Punjab	50,000
Tri-Pack Film Limited	11,500
United Bank Limited	16,000
World Call Telecommunication Limited	10,185

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

2010 No. of shares	2009 No. of shares			**2010** Market value	2009 Market value
57,734	57,734	Pakistan International Container Terminal Limited. Rate of preference dividend: 10% Face value of preference shares: Rs.10 each Terms of redemption: Redeemable within 7 years of issue	*Rupees*	**611,402**	461,872

13.3 At fair value through profit or loss
Mutual funds

2010	2009		2010	2009
No. of units			**Market value**	
		Open-end		
296,981	296,981	AKD Income Fund	**14,456,581**	13,262,061
-	10,451	Dawood Islamic Fund	**-**	1,067,243
-	10,429	HBL Multi Asset Fund	**-**	844,112
-	373,904	NAFA Stock Fund	**-**	2,269,039
252,250	288,374	Namco Income Fund	**25,176,977**	29,388,953
42,711	34,305	United Growth and Income Fund	**4,311,186**	3,360,488
-	6,764	United Stock Advantage Fund	**-**	437,870
			43,944,744	50,629,766
		Closed-end - listed		
1,855,273	1,920,400	Namco Balanced Fund	**6,456,350**	9,064,288
1,701,500	1,701,500	Pak Oman Advantage Fund	**16,844,850**	15,313,500
2,875	-	Asian Stock Fund	**16,963**	-
-	200	Atlas Fund of Funds	**-**	600
-	523	JS Growth Fund	**-**	1,998
-	779	JS Value Fund	**-**	3,466
-	307,575	Pakistan Premier Fund Limited	**-**	1,261,058
1,645	-	Safeway Mutual Fund	**10,966**	-
-	320	PICIC Energy Fund	**-**	1,440
			23,329,129	25,646,350
		Rupees	**67,273,873**	76,276,116

Following units having market value of Rs. 23.285 million are pledged with commercial banks against various financing facilities.

	2010
	Number of units pledged
NAMCO Balanced Fund	**1,855,000**
Pak Oman Advantage Fund	**1,700,000**

13.4 Government securities (available-for-sale)

		2010	2009
		Market value	
- Pakistan Investment Bond	*13.4.1*	**96,572,300**	49,498,850
- Market Treasury Bills	*13.4.2*	**85,988,444**	728,098,544
	Rupees	**182,560,744**	777,597,394

13.4.1 These Pakistan Investment Bonds have a tenor upto ten years with maturity upto 3 September 2019 (2009: 30 August 2013). These carry an effective coupon of 11.25% to 12% (2009: 11.50%) with amortised cost of Rs. 97.803 million (2009: Rs. 48.785 million).

13.4.2 These treasury bills have a tenor of one year with maturity on 5 May 2011. These carry an effective yield of 12.22% (2009: 12.15%) with amortised cost of Rs. 86.096 million (2009: Rs. 722.937 million).

13.5 Term finance certificates

This represents 20 unsecured subordinated term finance certificates (2009: 20) of United Bank Limited @ Rs. 4,000 each (2009: Rs. 4,000 each) and carry interest rate of six months KIBOR plus 1.5% with maturity on 4 February 2013. Average cost per term finance certificate is Rs. 3,500 (2009: Rs. 3,500).

13.6 Ordinary shares (available-for-sale)

2010	2009	Name of Company		2010	2009
No. of shares / certificates				Market value	
-	37,500	Arif Habib Securities Limited		-	1,036,500
-	100,000	Bank of Punjab Limited		-	1,098,000
-	50,000	National Bank of Pakistan Limited		-	3,353,509
-	700	MCB Bank Limited		-	108,521
-	100,000	BankIslami Pakistan Limited		-	637,000
59,700	67,500	My Bank Limited	*13.6.1*	**172,533**	247,050
-	3,500	Dandot Cement Limited		-	29,050
-	6,125	Shell Pakistan Limited		-	1,371,388
-	50,000	Fauji Fertilizer BinQasim Limited		-	884,500
-	13,500	Glaxo Smithkline Limited		-	1,617,435
-	10,000	Pakages Limited		-	1,570,400
-	150,000	P.T.C.L (A)		-	2,586,000
-	300,000	Silk Bank Limited		-	1,623,000
-	45,000	Oil and Gas Development Company Limited		-	3,538,800
452,000	452,000	National Asset Leasing Limited		-	45,200
-	51,453	First Dawood Investment Bank Limited		-	157,961
25,000	25,000	First Islamic Modaraba		-	8,250
-	700,000	Harum Textile Limited		-	-
-	10,000	KASB Securities Limited		-	115,100
-	1,000	United Bank Limited		-	38,290
-	4,000	Pak Oilfields Limited		-	583,600
5,500	5,000	Pakistan Petroleum Limited	*13.6.1*	**1,012,660**	947,700
-	21,700	Engro Chemicals Limited		-	2,786,931
-	7,900	Sitara Chemicals Limited		-	1,232,400
			Rupees	**1,185,193**	25,616,584
		Cost	*Rupees*	**1,099,317**	24,362,051

13.6.1 Investment in My Bank Limited and Pakistan Petroleum Limited are pledged with commercial banks against various financing facilities.

13.7 Based on the latest available audited financial statements as at 31 December 2009, break-up value of the investment in Dawood Family Takaful Limited is Rs.944,000.

13.8 Available-for-sale - Mutual funds

2010	2009			2010	2009
No. of units				Market value	
Open-end mutual funds					
56,721	-	KASB Balanced Fund		**2,446,398**	-
45,942	-	National Investment Trust		**1,294,186**	-
				3,740,584	-
Closed-end mutual funds					
2,000,000	-	NAMCO Balanced Fund	*13.8.1*	**6,960,000**	-
			Rupees	**10,700,584**	-
		Cost	*Rupees*	**13,098,387**	-

13.8.1 Investment in NAMCO Balanced Fund having market value of Rs. 6.96 million is pledged with commercial banks against various financing facilities.

14. TAKAFUL RESERVE FUND INVESTMENTS

Available-for-sale - listed

2010	2009			2010	2009
No. of units				Market value	
Open-end mutual funds					
-	94,021	Faysal Balanced Growth Fund		-	7,145,577
-	66,078	AKD Opportunity Fund		-	2,325,931
-	56,721	KASB Balanced Fund		-	2,424,844
-	45,942	National Investment Trust		-	1,233,543
-	174,998	Meezan Islamic Fund		-	6,173,945
				-	19,303,840
Closed-end mutual funds					
	2,000,000	NAMCO Balanced Fund		-	9,440,000
			Rupees	-	28,743,840
		Cost	*Rupees*	-	28,743,840

14.1 Under the scheme of Musharakah based Term Finance Certificates (MTFCs), a Takaful Reserve Fund (Takaful) is required to be maintained for the purpose of mitigating the risk of loss attributable to the MTFCs investors.

Consequent to the redemption of these MTFCs, the investments included in Takaful were either disposed off by the Company or transferred to available-for-sale investments (refer note 13.8)

15. SHORT TERM MUSHARAKAH FINANCES - secured

		2010	2009
Musharakah - secured			
- Considered good		**37,500,000**	175,343,631
- Impaired balances		**152,561,660**	71,818,348
		190,061,660	247,161,979
Provision against impaired balances		**(58,456,985)**	(4,455,484)
	Rupees	**131,604,675**	242,706,495

This represents funds given (investments) for working capital purposes for the periods ranging between 92 to 365 days and are secured against mortgaged properties, demand promissory notes and personal guarantees of sponsor directors and carries profit rates ranging between 14.88% to 34.69 % per annum (2009: 12% to 34.69% per annum).

16. SHORT TERM FINANCES - SECURED

		2010	2009
Considered good		**16,952,543**	19,081,968
Considered doubtful		**52,976,672**	50,269,783
Provision thereagainst		**(14,762,302)**	(2,092,749)
		38,214,370	48,177,034
	Rupees	**55,166,913**	67,259,002

These represent short-term finances receivable within a year and carry mark-up ranging from 13.97% to 26% per annum(2009: 20.08% to 25.91% per annum). These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

17. TRADE DEBTS - unsecured

		2010	2009
Considered good		1,193,880,186	1,445,525,869
Considered doubtful		-	-
		1,193,880,186	1,445,525,869
Provision for doubtful debts		-	-
	Rupees	1,193,880,186	1,445,525,869

18. ASSETS ACQUIRED IN SATISFACTION OF FINANCES PROVIDED

DA Country and Golf Club Membership Seats		75,000,000	125,000,000
Provision held		(25,500,000)	(25,500,000)
	Rupees	49,500,000	99,500,000

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

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

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

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

IIBL and Sysmax executed an assignment deed dated 05 December 2009 which empowers IIBL to have full right of ownership over 250 Platinum Memberships.

By virtue of deed of assignment / conveyance dated 07 December 2009, IIBL assigned / transferred in favour of AZLC the aforementioned 45 Platinum Memberships of DA Country and Golf Club. Being assignee of the decree holder, the Company filed Execution Application for the execution of the Award Decree dated 24 April 2010.

By Order dated 04 October 2010, the learned single judge of the Sindh High Court has allowed the said execution application and has appointed Nazir of the High Court to assist the Decree Holder so that 45 Platinum Memberships may be transferred in their favour. In pursuance of the said order the Nazir is taking appropriate steps in this behalf.

19. IJARAH RENTALS RECEIVABLE

		2010	2009
Ijarah rentals receivable	8.2.1	25,683,311	18,977,230
Provision against Ijarah rentals receivable	8.2.1	(16,120,878)	(1,666,845)
	Rupees	9,562,433	17,310,385

20. CURRENT MATURITIES OF NON - CURRENT ASSETS

		2010	2009
Net investment in Ijarah finance / assets under Ijarah arrangements	*8*	**1,051,708,055**	1,419,271,317
Long term musharakah finance	*9*	**125,684,465**	64,827,218
Long term loans	*10*	**72,638,022**	70,314,240
Long term deposits and receivables	*11*	**-**	688,400
	Rupees	**1,250,030,542**	1,555,101,175

21. RECEIVABLE UNDER REVERSE REPURCHASE TRANSACTION

This carries profit rate at 20.53% per annum (2009: 13.9% per annum) and is due for maturity on 1 July 2010. It is secured against ordinary shares.

22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2010	2009
Advances - unsecured, considered good			
- against purchases and expenses		**10,080,583**	11,571,502
- to staff	*22.1*	**2,014,394**	2,257,963
- Advance against lease		**-**	3,154,500
- Deposit with Privatisation Commission	*22.2*	**10,000,000**	10,000,000
- Income tax - net	*22.3*	**37,426,833**	37,401,393
- Others		**-**	103,280
Receivable from Centre Gas (Private) Limited		**-**	10,000,000
Prepayments		**20,272,096**	22,374,847
Other receivables	*22.4*	**221,205,786**	262,640,067
		300,999,692	359,503,552
Provision against impaired balances		**(166,393,815)**	(116,318,989)
	Rupees	**134,605,877**	243,184,563

22.1 Aggregate amount due from the executives is Rs. 0.192 million. Maximum amount due from executives at the end of any month during the year aggregated to Rs. 0.325 million.

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

22.3 It includes an amount of Rs. 2.537 million (2009: Rs. 2.537 million) as tax recoverable. In the original assessments made by the Deputy Commissioner of Inland Revenue (DCIR), the rate used for assessments years 1993-94 to 1998-99 was that of the banking companies. However, in the appeals filed against the original assessments upto the assessment year 1997-98, the Commissioner of Inland Revenue (Appeals) [CIR (A)] directed the DCIR to apply the rate as applicable to a public company. The Tax department filed appeal against this order of CIR (A) to Appellate Tribunal Inland Revenue (ATIR). The ATIR, in its decision on the issue of the applicability of tax rate in respect of assessment years 1991-92 to 1997-98 held that investment banks are not banking companies and therefore the rate applicable to a public company should be applied. However, this case was taken to Lahore High Court by the tax authorities against the ATIR orders.

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

22.4 Other receivables

		2010	2009
Accrued interest / mark-up		**6,398,904**	6,796,936
Accrued profit on murabaha and musharakah investment		**1,313,271**	23,697,458
Receivable against sale of investment		**-**	2,315,533
Insurance rentals receivable		**-**	13,474,765
Insurance claims receivable		**30,404,897**	26,629,357
Other terminated lease / musharakah receivables		**54,632,935**	50,858,284
Repossessed assets (against terminated leases)		**43,441,750**	44,360,982
Insurance premium recoverable		**1,766,187**	2,243,861
Operating lease rentals receivable		**9,057,216**	5,296,500
Others		**74,190,626**	86,966,391
		221,205,786	262,640,067
Provision held against other receivables		**(151,163,269)**	(101,088,443)
	Rupees	**70,042,517**	161,551,624

23. STOCK IN TRADE

This represents stock of petrol and diesel as on 30 June 2010 held at Star filling station in Faisalabad.

24. CASH AND BANK BALANCES

		2010	2009
Balance with banks in:			
Current accounts in local currency with:			
- State Bank of Pakistan		**921,682**	6,490,033
- Commercial banks		**16,776,194**	15,494,557
		17,697,876	21,984,590
Term deposit accounts - local currency	*24.1*	**19,000,000**	60,000,000
Deposit accounts - local currency	*24.2*	**38,087,542**	165,420,326
		57,087,542	225,420,326
		74,785,418	247,404,916
Cash in hand			
- Local currency		**532,278**	927,022
	Rupees	**75,317,696**	248,331,938

24.1 This represents term deposit with a commercial bank and carry profit rate at 11.75% per annum (2009: 13.14% per annum).

24.2 These bank accounts carry mark-up ranging from 5% to 10.5% (2009 1% to 11% per annum).

25. ASSETS HELD FOR SALE

Considering the liquidity constraint being faced by the company, the Board of Directors in their meeting held on 27 April 2010 decided to dispose off the following properties. Active campaign is being undertaken in this respect to dispose of these properties at the earliest.

		Carrying Value	Market Value
Office premises			
Property no. 1		**18,591,667**	**19,824,000**
Property no. 2		**18,457,500**	**19,260,000**
Property no. 3		**18,457,500**	**19,260,000**
Property no. 4		**75,932,583**	**78,812,000**
Property no. 5		**7,187,500**	**7,500,000**
Property no. 6		**20,761,373**	**21,500,000**
Property no. 7		**12,290,623**	**13,956,300**
		171,678,746	**180,112,300**
Buildings			
Property no. 8		**36,531,596**	**47,232,000**
Property no. 9		**18,275,080**	**23,628,000**
Property no. 10		**26,253,547**	**35,000,000**
Property no. 11		**106,822,775**	**106,822,775**
Property no. 12		**4,226,359**	**5,496,000**
		192,109,357	**218,178,775**
Land			
Property no. 13		**28,500,000**	**29,400,000**
Property no. 14		**4,127,350**	**4,127,350**
Property no. 15		**60,000,000**	**60,000,000**
Property no. 16		**24,197,853**	**28,000,000**
Property no. 17		**2,920,000**	**2,920,000**
		119,745,203	**124,447,350**
	Rupees	**483,533,306**	**522,738,425**

26. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

		2010	2009
284,866,865 (2009: 272,766,865) Ordinary shares of Rs. 10 /-each issued for cash	*26.1 Rupees*	**2,848,668,652**	2,727,668,652

26.1 Reconciliation of ordinary shares

	Number of Ordinary shares of Rs. 10 each	
	2010	2009
Opening balance of ordinary shares of Rs. 10/- each	**272,766,865**	74,642,370
Ordinary shares issued on amalgamation/ merger	**-**	198,124,495
Ordinary shares issued on conversion of share deposit money	**12,100,000**	
Closing balance of ordinary shares of Rs. 10/- each	**284,866,865**	272,766,865

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

		2010	2009
Quoted securities			
- Ordinary Shares and certificates		**(1,191,819)**	1,254,534
- Government Securities		**(1,338,101)**	4,528,850
- Term finance certificates		**(500,166)**	14,002
- Units of open-end mutual funds		**75,765**	-
		(2,954,321)	5,797,386
Deferred tax asset / (liability)	*12.1*	**1,156,586**	(1,589,998)
	Rupees	**(1,797,735)**	4,207,388

28. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2010			2009		
	Office premises	**Lease hold premises**	**Total**	Office premises	Lease hold premises	Total
Opening balance	**10,170,861**	**10,687,500**	**20,858,361**	8,402,224	14,250,000	22,652,224
Revaluation during the year	**-**	**-**	**-**	2,303,946	(3,000,000)	(696,054)
Transfer to accumulated profit / loss in respect of incremental depreciation	**(330,553)**	**(347,344)**	**(677,897)**	(504,657)	(530,291)	(1,034,948)
Related deferred tax liability of incremental depreciation	**(177,990)**	**(187,031)**	**(365,021)**	(30,652)	(32,209)	(62,861)
	(508,543)	**(534,375)**	**(1,042,918)**	(535,309)	(562,500)	(1,097,809)
	(508,543)	**(534,375)**	**(1,042,918)**	1,768,637	(3,562,500)	(1,793,863)
	9,662,318	**10,153,125**	**19,815,443**	10,170,861	10,687,500	20,858,361
Less: Related deferred tax liability on:						
Revaluation as on 1 July	**582,384**	**611,966**	**1,194,350**	372,891	632,415	1,005,306
Incremental depreciation charged on related assets	**(177,990)**	**(187,031)**	**(365,021)**	(30,652)	(32,209)	(62,861)
Revaluation during the year	**-**	**-**	**-**	269,727	(17,823)	251,904
	404,394	**424,935**	**829,329**	611,966	582,383	1,194,349
Rupees	**9,257,924**	**9,728,190**	**18,986,114**	9,558,895	10,105,117	19,664,012

29. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

		2010		2009	
		Minimum lease payments	**Present value**	Minimum lease payments	Present value
Not later than one year		**11,173,445**	**8,386,015**	22,096,448	17,145,935
After one year but not more than five years		**10,747,710**	**9,992,392**	22,506,858	18,966,849
Total minimum lease payments		**21,921,155**	**18,378,407**	44,603,306	36,112,784
Amounts representing finance charges of future years		**(3,542,748)**	**-**	(8,490,522)	-
Present value of minimum lease payments		**18,378,407**	**18,378,407**	36,112,784	36,112,784
Current portion	*39*	**(8,386,015)**	**(8,386,015)**	(17,145,935)	(17,145,935)
	Rupees	**9,992,392**	**9,992,392**	18,966,849	18,966,849

These liabilities carry profit rates ranging from 12.98% to 15.90% per annum (2009: 12.98% to 18.72% per annum). The Company has an option to purchase the leased asset upon completion of the lease period by adjusting the security deposit and has intention to exercise the option.

30. DEFERRED LIABILITY FOR STAFF GRATUITY

30.1 Un-funded gratuity scheme for employees of Al-Zamin Leasing Modaraba (merged into the Company during last year)

30.1.1 General description

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

30.1.2 Principal actuarial assumptions

The latest actuarial valuation was carried out as at 30 June 2010 using the Project Unit Credit Method. The main assumptions used for the actuarial valuations were as follows:

	2010	2009
Discount rate	**12%**	12%
Estimated salary increase-per annum	**11%**	11%
Estimated service length of the employees	**13 years**	12 years

30.1.3 Reconciliation of payable to defined benefit plan

Present value of defined benefit obligations	*30.1.4*	**8,262,997**	6,267,461
Unrecognized actuarial losses	*30.1.6*	**(326,982)**	(206,958)
Total Liability	*Rupees*	**7,936,015**	6,060,503

30.1.4 Changes in present value of defined benefit obligations

Obligation at the beginning of the year		**6,267,461**	4,438,122
Effect of actuarial valuation for the first time		**-**	(452,837)
Current service cost		**2,044,204**	1,763,115
Interest cost		**752,095**	478,234
Benefits paid during the year		**(920,787)**	(166,131)
Unrecognized actuarial losses on obligation		**120,024**	206,958
Obligation at the end of the year	*Rupees*	**8,262,997**	6,267,461

30.1.5 Charge for defined benefit plan

Current service cost		**2,044,204**	1,763,115
Interest cost		**752,095**	478,234
Effect of actuarial valuation for the first time		**-**	(452,837)
	Rupees	**2,796,299**	1,788,512

30.1.6 Changes in actuarial losses

Unrecognised actuarial losses		**206,958**	-
Actuarial losses arising during the year		**120,024**	206,958
	Rupees	**326,982**	206,958

30.2 Funded gratuity scheme for employees of Al-Zamin Leasing Corporation Limited (merged into the Company during last year)

30.2.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at 30 June 2010 using the Project Unit Credit Method. The main assumptions used for the actuarial valuations were as follows:

	2010	2009
Discount rate	**12%**	12%
Estimated salary increase-per annum	**11%**	11%
Estimated service length of the employees	**13 years**	12 years

30.2.2 The actuarial valuation carried out resulted in:

		2010	2009
Present value of defined benefit obligation	*30.2.3*	**8,220,178**	5,332,581
Fair value of plan assets	*30.2.4*	**(3,440,300)**	(2,620,946)
Unrecognised actuarial losses	*30.2.5*	**(54,174)**	(1,744,472)
Total Liability	*Rupees*	**4,725,704**	967,163

30.2.3 Changes in present value of defined benefit obligations

		2010	2009
Present value of defined benefit obligation		**5,332,581**	4,589,078
Interest cost for the year		**639,910**	550,689
Current service cost for the year		**890,275**	868,310
Benefits paid during the year		**(465,508)**	-
Past service cost - vested		**2,921,873**	-
Unrecognized actuarial gains on present value of defined benefit obligations		**(1,098,953)**	(675,496)
Obligation at the end of the year	*Rupees*	**8,220,178**	5,332,581

30.2.4 Changes in fair value of plan assets

		2010	2009
Fair value of plan assets		**2,620,946**	3,895,611
Expected return on plan assets		**314,514**	467,473
Contributions made during the year		**465,508**	-
Benefits paid during the year		**(465,508)**	-
Actuarial losses on plan assets		**504,840**	(1,742,138)
	Rupees	**3,440,300**	2,620,946

30.2.5 Changes in actuarial gains / (losses)

		2010	2009
Unrecognised actuarial (losses)		**(1,744,472)**	(693,467)
Actuarial gains / (losses) arising during the year		**1,603,793**	(1,066,642)
Actuarial gains arising during the year		**86,505**	15,637
	Rupees	**(54,174)**	(1,744,472)

30.2.6 Charge for defined benefit plan

		2010	2009
Current service cost		**890,275**	868,310
Interest cost		**639,910**	550,689
Expected return on plan assets		**(314,514)**	(467,473)
Actuarial losses		**86,505**	15,637
	Rupees	**1,302,176**	967,163

31. SECURITY DEPOSITS FROM LESSEES

	Note	2010	2009
Security deposits on lease contracts		**619,040,230**	1,052,335,633
Current portion	39	**(342,903,551)**	(379,539,146)
	Rupees	**276,136,679**	672,796,487

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

32. LONG TERM CERTIFICATES OF MUSHARAKAH -unsecured

	Note	2010	2009
Certificates of musharakah - associated undertaking	32.2	**6,580,000**	12,420,000
- others	32.3	**202,950,000**	247,815,000
		209,530,000	260,235,000
Payable within one year shown under current liabilities	39	**(119,005,000)**	(83,140,000)
	Rupees	**90,525,000**	177,095,000

32.1 These represent the mobilization of funds under the scheme of certificates of musharakah. These carry profit rates ranging between 13% to 19.5% per annum (2009: 13.25% to 19% per annum) and are due for repayment between 28 July 2010 and 30 June 2015 representing initial maturities of original borrowings in respective acquiree entities.

32.2 This carries profit rates ranging between 14.5% to 16% per annum (2009: 13.75% to 15% per annum) and are due for repayment between 19 July 2011 and 7 February 2012.

32.3 Refer note 40.2 also for the details of Redemption Reserve Fund.

33. CERTIFICATES OF INVESTMENTS AND DEPOSITS - unsecured

	Note	2010	2009
Long-term			
For one year or more		**7,235,000**	4,224,400
Payable within one year shown under current liabilities	39	**(790,000)**	(589,400)
	Rupees	**6,445,000**	3,635,000

The term of COIs / CODs ranges from one year to five years and return thereon ranges from 11.5% to 15% per annum (2009: 7.3% to 17.89% per annum).

34. LONG TERM MUSHARAKAH AND MURABAHAH BORROWINGS -secured

	Note	2010	2009
Musharakah borrowings			
From commercial banks	34.1	**33,333,336**	66,666,668
Murabahah borrowings from:			
Commercial Banks	34.3	**169,907,008**	222,916,661
Other financial institutions	34.4	**69,215,900**	154,746,217
	34.2	**239,122,908**	377,662,878
		272,456,244	444,329,546
Payable within one year shown under current maturity	39	**(144,999,995)**	(242,499,981)
	Rupees	**127,456,249**	201,829,565

34.1 These finances carry profit rate of 3 months KIBOR+1.5% per annum and are payable in quarterly instalments. These are secured against first pari passu floating charge over all present and future leased assets and associated lease receivables. The principal repayment commenced from 12 September 2009 on quarterly basis. The maturity date is 11 June 2011.

34.2 Murabahah borrowings

		2010	2009
Murabahah payable - gross		**283,457,368**	448,298,880
Deferred murabahah expense		**(42,256,587)**	(66,232,474)
Profit payable shown in creditors, accrued and other liabilities		**(2,077,873)**	(4,403,528)
Murabahah payable	*Rupees*	**239,122,908**	377,662,878

34.3 These finances carry profit rates ranging from six months average KIBOR plus 3% per annum and three months KIBOR plus 1.9% to 2.75% per annum payable in monthly and quarterly instalments. These are secured against floating charge on all present and future leased assets and associated lease receivables and corporate guarantee by the management company of AZLM. These finances are payable from 28 July 2010 to 28 June 2012.

34.4 These finances carry profit rates ranging from six months average KIBOR plus 3% per annum payable in monthly instalments. These are secured against floating charge on all present and future leased assets and associated lease receivables and corporate guarantee by the management Company of AZLM. These finances are payable from 28 July 2010 to 28 June 2012.

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

		2010	2009
Commercial banks	*35.1*	**294,687,496**	345,000,000
Other financial institutions	*35.1*	**260,520,833**	305,000,000
Other	*35.1*	**42,708,333**	50,000,000
Privately placed term finance certificates - 2		**-**	45,000,000
		597,916,662	745,000,000
Current maturity	*39*	**(175,000,000)**	278,333,334)
		422,916,662	466,666,666
Total initial transaction cost		**7,400,000**	7,400,000
Amortization to date		**(4,496,814)**	(2,788,621)
		2,903,186	4,611,379
	Rupees	**420,013,476**	462,055,287

35.1 These finances carry profit rate @ 6 months KIBOR+1.9% per annum and are payable in half yearly instalments. At the year-end profit rate was 14.12% per annum. These are secured against first pari passu charge of specific leased assets and associated lease receivables. The principal repayment has started from 12 November 2009 on monthly basis in equal instalments of Rs. 14.833 million. The maturity date is 11 December 2013.

36. REDEEMABLE CAPITAL - TERM FINANCE CERTIFICATES

	Note	2010	2009
Transfer due to merger of:			
- Al-Zamin Leasing Modaraba (merged into the Company during last year) (Musharakah Term finance Certificates - MTFCs)		**-**	110,500,000
- Al-Zamin Leasing Corporation Limited (merged into the Company during last year)	*36.1*	**128,380,000**	128,380,000
		128,380,000	238,880,000
Current maturity	*39*	**(128,380,000)**	(110,127,231)
		-	128,752,769
Total initial transaction cost		**10,383,663**	10,383,663
Amortization to date		**(10,383,663)**	(10,010,894)
		-	372,769
	Rupees	**-**	128,380,000

36.1 Term Finance Certificates (TFCs) were issued on 5 September 2002. These are perpetual unless put / call option attached to these is exercised. On 5 September 2010 none of the TFC holders sent the put option to the Company hence the same is continued for further 3 years.

37. LONG TERM LOANS -secured

	Note	2010	2009
Facility I	*37.1*	**44,855,260**	121,750,000
Facility II	*37.2*	**60,297,522**	160,793,388
Facility III	*37.2*	**15,074,377**	40,198,345
Facility IV	*37.2*	**7,537,192**	20,099,176
Facility V	*37.3*	**43,794,936**	85,017,111
Facility VI	*37.4*	**29,250,000**	58,500,000
		200,809,287	486,358,020
Current maturity	*39*	**(200,809,287)**	(284,343,673)
	Rupees	**-**	202,014,347

37.1 This facility carries mark-up rate of 14.35% and is payable in monthly instalments from 13 January 2007. It is secured by joint pari-passu charge on all present and future leased assets and its related receivables. This loan is due to mature on 13 January 2011.

37.2 These finances carry mark-up rate of 14.43% and are payable in monthly instalments from 29 June 2007. These are secured by joint pari-passu charge on all present and future leased assets and its related receivables.

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

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

37.5 Subsequent to year end, the Company has defaulted on payments of these facilities and has started negotiations for restructuring/rescheduling of above facilities of which approval is yet to come from banks. Restructuring/rescheduling terms will be repayment of principal in 5 years and waiver of mark-up.

38. DEFERRED LIABILITY

	Note	2010	2009
Deferred revenue	*Rupees*	**2,574,934**	1,909,448

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

39. CURRENT MATURITY OF LONG TERM LIABILITIES

	Note	2010	2009
Security deposit from lessees	*31*	**342,903,551**	379,539,146
Certificates of musharakah	*32*	**119,005,000**	83,140,000
Liabilities under finance lease arrangements	*29*	**8,386,015**	17,145,935
Long term musharakah and murabaha borrowings	*34*	**144,999,995**	242,499,981
Musharakah Term Finance Certificates	*35*	**175,000,000**	278,333,334
Redeemable Capital -Term Finance Certificates	*36*	**128,380,000**	110,127,231
Long term loans	*37*	**200,809,287**	284,343,673
Certificates of investments and deposits	*33*	**790,000**	589,400
	Rupees	**1,120,273,848**	1,395,718,700

40. SHORT TERM CERTIFICATES OF MUSHARAKAH - unsecured

	Note	2010	2009
Financial institutions			
- associated undertakings	*40.4*	**2,500,000**	2,500,000
- others		**184,465,000**	140,365,000
Public and private companies		**8,500,000**	18,755,000
Individuals			
- key management personnel	*40.3*	**375,000**	805,000
- others		**156,430,000**	109,515,000
Others			
- associated undertakings	*40.4*	**1,380,000**	10,455,000
- others		**294,449,646**	885,000
	Rupees	**648,099,646**	283,280,000

40.1 Above finances have been obtained for 90 to 365 days at a profit rates ranging between 11% to 17.25% per annum.

40.2 Redemption reserve fund

Under the terms and conditions for the issuance of certificates of musharakah, both long term (note 32) and short term, the Company is required to maintain a Redemption Reserve Fund equal to at least 5% of the contribution received, which may be utilised for redemption purposes. The amount so set aside in the Redemption Reserve Fund can be invested in a manner considered prudent by the Company. Accordingly, at 30 June 2010, Rs. 60.433 million had been invested in Musharakah agreements and Mutual Fund and TDR.

40.3 Certificates of musharakah borrowings from key management personnel carry profit rates ranging from 12.75% (2009: 12.75% per annum) and was due for repayment on 4 August 2010.

40.4 Certificate of musharakah borrowings from associated undertakings carry profit rates ranging between 12.75% to 15.25% per annum (2009: 12.75% to 15.25% per annum) and are due for repayment on 27 March 2011.

		2010	2009
41. SHORT TERM CERTIFICATES OF INVESTMENTS AND DEPOSITS - unsecured	*Rupees*	**118,519,671**	71,650,000

This represents the scheme of registered Certificates of Investment (COIs) and Certificates of Deposit (CODs) for resource mobilisation. The term of CO Is / CODs ranges from one month to one year and return thereon ranges from 13% to 17% per annum (2009: 7.3% to 17.98% per annum).

42. SHORT TERM BORROWINGS

		2010	2009
Payable under repurchase transactions:			
- secured	*42.1*	**214,300,105**	965,944,450
- Clean borrowings	*42.2*	**460,000,000**	400,000,000
		674,300,105	1,365,944,450
Banks finance facilities - secured			
Facility I		**-**	49,907,324
Facility II	*42.3*	**118,666,078**	340,595,896
Facility III	*42.4*	**76,002,479**	211,989,879
Facility IV	*42.5*	**48,524,493**	29,945,294
Facility V	*42.6*	**147,588,836**	-
Facility VI	*42.7*	**225,000,000**	-
Facility VII	*42.8*	**39,566,973**	-
Facility VIII	*42.9*	**48,732,626**	90,458,666
Facility IX	*42.1*	**24,992,493**	24,885,692
Facility X	*42.11*	**16,775,896**	19,962,895
		745,849,874	767,745,645
Unsecured			
From Non-Banking Finance Companies	*42.12*	**3,800,000**	126,378,932
From Others		**-**	6,500,000
		3,800,000	132,878,932
	Rupees	**1,423,949,979**	2,266,569,027

42.1 These are funds borrowed in the local inter bank market against pledge of securities at rates ranging from 12% to 12.45% per annum (2009: 13.2% to 13.6% per annum) for the periods ranging from 14 days to 30 days.

42.2 Money at call and short notice carries mark-up ranging from 13.5 % to 14.5% per annum (2009: 16% per annum) for the periods ranging from 7 days to 91 days.

42.3 The aggregate facility amounting to Rs. 130 million (2009: Rs. 350 million) has been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate on facility is 3 months KIBOR+ 2% per annum (2009: 3 months KIBOR+ 3% per annum) on outstanding balance.

42.4 The aggregate facility amounting to Rs. 215 million (2009: Rs. 215 million) has been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate is 1 month KIBOR+ 3.00% per annum (2009: 1 month KIBOR+ 3% per annum) on outstanding balance.

42.5 The aggregate facility amounting to Rs. 50 million (2009: Rs. 50 million) has been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate is 3 months KIBOR+ 2.25% per annum (2009: 3 month KIBOR + 2.25% per annum) on outstanding balance.

42.6 The aggregate facility amounting to Rs. 150 million has been obtained from a commercial bank which is secured against pledge of shares of First Capital Securities Limited. The mark up rate is 3 months KIBOR+ 2.50% per annum on outstanding balance.

42.7 The aggregate facility amounting to Rs. 225 million has been obtained from a commercial bank which is secured against a charge of receivables amounting to Rs. 350 million. The mark up rate is 3 months KIBOR+ 2.50% per annum on outstanding balance.

42.8 The aggregate facility amounting to Rs. 150 million has been obtained from a commercial bank which is secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate is 3 months KIBOR+ 2.50% per annum on outstanding balance.

42.9 These running finance facilities are available up to Rs.50 million (2009: Rs.50 million) on yearly renewal basis carrying mark-up at the rate ranging from 14.97% to 16.84% per annum. These finances are secured by way of joint pari-passu charge on all present and future leased assets and its related receivables.

42.10 The Company has arranged finance facility from commercial bank amounting to Rs. 25 million. The facility carries mark-up rate of 3 months KIBOR+ 3% (2009: 6 months KIBOR+ 3%). This facility is secured against floating charge on leased assets.

42.11 The Company has arranged finance facility from commercial bank amounting to Rs. 20 million. The facility carries mark-up rate of 3 months KIBOR+ 3% (2009: 3 months KIBOR+ 3.1% with floor rates ranging between 7.5% to 11% per annum). This facility is secured against floating charge on leased assets.

42.12 This represents finance facilities carrying mark-up at the rate of 22% maturing latest by 15 July 2010.

43. SHORT TERM MUSHARAKAH BORROWINGS - unsecured

		2010	2009
Financial institutions		**-**	40,000,000
Leasing Companies and Modarabas	*43.1*	**5,000,000**	8,000,000
	Rupees	**5,000,000**	48,000,000

43.1 This finance has been obtained for 92 days at a profit rate 13% per annum (2009: 13% per annum and is due for repayment on 31 July 2010.

44. LOAN FROM A DIRECTOR - unsecured

		2010	2009
Opening balance		**194,445,115**	250,000,000
Expense/ (income) on amortisation		**26,034,538**	(55,554,885)
Paid during the year		**(52,457,527)**	-
	Rupees	**168,022,126**	194,445,115

44.1 This represents the present value of interest free loan amounting to Rs. 197.542 million as at 30 June 2010 (2009: Rs .250 million) received from a director and repayable by the Company during the year ending 30 June 2011.

45. CREDITORS, ACCRUED AND OTHER LIABILITIES

		2010	2009
Trade creditors	*45.1*	**210,429,898**	489,022,717
Accrued expenses	*45.2*	**36,149,614**	40,822,760
Profit / mark-up payable on:			
- Long term musharakah and murabahah borrowings		**2,316,460**	4,914,015
- Long term loans		**2,594,229**	13,846,834
- Short term musharakah borrowings		**53,425**	2,147,132
- Musharakah term finance certificates borrowings		-	976,441
- Redeemable capital		**6,294,073**	8,860,547
- Repo borrowings		**3,876,880**	12,222,815
- Term Finance Certificates (privately placed) borrowings		**4,394,668**	14,623,287
- Certificates of musharakah borrowings		**19,185,911**	19,736,333
- Certificates of Investment / deposit		**5,238,906**	2,842,585
- Running finance		**24,722,596**	21,558,205
Provision for compensated absences		**2,606,398**	1,380,847
Advance lease rent / security deposits	*45.3*	**13,656,923**	8,521,094
Auditors' remuneration payable		**3,500,000**	3,000,000
Advance against termination of leases		**6,921,643**	854,359
Unclaimed dividend		**6,089,701**	6,103,621
Provision against overhauling of generators		**855,900**	3,059,230
Other liabilities		**63,318,479**	58,530,347
	Rupees	**412,205,704**	713,023,169

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

45.2 This includes an amount of Rs. 9.619 million (2009: Rs. 9.619 million) recognized as a liability in respect of guarantees issued by the Company, on the basis of decrees passed by the Honourable Banking Court against the company for the principal amount of Rs. 8.5 million and mark-up up to the date of decrees.

45.3 This represents the amount of lease rentals received in advance and security deposits received against the leases approved but not disbursed as of 30 June 2010.

46. CONTINGENCIES AND COMMITMENTS

46.1 Contingencies

		2010	2009
Guarantees issued on behalf of customers		**5,237,547**	5,237,547
Penalties imposed by SBP	*46.1.1*	**8,990,000**	8,990,000
Claim of return on deposits by a depositor not admitted by the company	*46.1.2*	**1,717,000**	1,717,000
	Rupees	**15,944,547**	15,944,547

46.1.1 Penalties of Rs. 8.99 million (2009: Rs. 8.99 million) have been imposed on the Company by State Bank of Pakistan (SBP), but the same have not been accounted for as the management has taken up the case with SBP for the wavier of these penalties.

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

46.2 Commitments

47. Lease financing contracts committed but not executed at the balance sheet date amounted to Rs. 0.664 million (2009: Rs. 8.870 million).

47. BROKERAGE, COMMISSION AND FEES

		2010	2009
Money market and forex		**61,295,638**	53,684,888
Equity		**82,422,918**	61,867,581
Commodity		**4,467,725**	1,158,291
	Rupees	**148,186,281**	116,710,760

48. ADMINISTRATIVE AND OPERATING EXPENSES

Directors' remuneration	*54*	**14,795,796**	8,610,876
Salaries, allowances and other benefits of other staff members	*48.1*	**223,759,112**	109,279,816
Travelling, conveyance and vehicle running expenses		**22,951,233**	9,592,913
Office rent		**25,440,067**	14,219,221
Utility charges		**8,510,130**	4,326,741
Postage, telephone and telegram		**16,299,617**	7,996,177
Repair and maintenance		**20,343,857**	3,739,879
Insurance		**8,632,463**	3,223,230
Depreciation	*5*	**61,013,516**	29,223,241
Depreciation on assets leased out	*8.2*	**77,036,743**	-
Amortization	*6.1*	**4,479,471**	420,507
Impairment against land and building		**2,623,443**	-
Fees and subscription		**34,463,384**	12,314,799
Entertainment		**3,856,865**	1,303,610
Newspaper and periodicals		**303,683**	141,576
Printing and stationery		**5,541,977**	2,757,129
Legal and professional charges		**5,856,901**	1,967,880
Auditors' remuneration	*48.2*	**4,300,000**	3,550,000
Service charges		**3,608,321**	3,047,306
CDC charges		**3,012,841**	2,588,070
Consultancy fees		**7,469,355**	11,421,136
Office expenses		**2,223,655**	2,379,942
Diesel expense of generator		**2,322,640**	1,757,762
Advertisement		**3,151,076**	1,934,782

	Note	2010	2009
Medical expense		**6,157**	48,650
Donations	*48.3*	**3,000**	-
Brokerage and commission	*48.4*	**25,414,681**	-
Operating lease rentals		**5,863,124**	-
Staff training and seminars		**679,814**	-
Zakat		**24,187**	-
Arrangement fee		**7,750,000**	-
Others		**11,060,914**	288,954
	Rupees	**612,798,023**	236,134,197

48.1 This includes retirement benefits of Rs. 9.193 million (2009: Rs. 4.788 million) in respect of the provident fund of the employees.

48.2 Auditors' remuneration

		2010	2009
Annual audit fee		**3,000,000**	350,000
Audit fee for merged financial statements		**-**	3,000,000
Half yearly review fee		**750,000**	150,000
Other certification		**75,000**	50,000
Out of pocket expenses		**475,000**	-
	Rupees	**4,300,000**	3,550,000

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

48.4 This includes Rs. 25 million paid to Al-Zamin Modaraba Management (Private) Limited (AMMPL) in accordance with the agreement entered by the Company with AMMPL to provide consultancy and advisory services to the Company.

49. FINANCIAL CHARGES

		2010	2009
Profit on long term musharakah and murabahah borrowings		**56,746,252**	-
Mark-up on long term loans		**52,871,978**	-
Mark-up on clean borrowings		**63,607,832**	-
Mark-up on repo borrowings		**62,805,000**	-
Profit on short term musharakah borrowings		**1,193,463**	-
Profit on redeemable capital - musharakah term finance certificates		**30,727,414**	-
Profit on - musharakah term finance certificates		**101,758,850**	-
Profit on assets subject to finance lease		**5,075,234**	297,694
Profit on certificates of musharakah		**87,871,001**	-
Mark-up on running finance		**51,321,607**	-
Mark-up on long term certificate of investments		**1,061,715**	-
Mark-up on short term certificate of investments		**17,465,783**	60,021,073
Amortization on loan from director		**26,034,538**	-
		558,540,667	60,318,767
Bank charges		**2,526,567**	530,056
	Rupees	**561,067,234**	60,848,823

50. OTHER INCOME

	Note	2010	2009
Gain / (loss) on sale of fixed assets	*5.2*	**1,552,679**	(3,703,771)
Underwriting and distribution commission		**6,606,449**	5,561,351
Liabilities no longer payable written back		**-**	2,902,236
Arrangement fee		**18,775,000**	-
Gain on bargain purchase		**-**	482,172,079
Brokerage, commission and fee	*50.1*	**9,812,508**	-
Share of profit of joint ventures		**5,765,109**	-
Others		**5,527,158**	4,710,193
	Rupees	**48,038,903**	491,642,088

50.1 This pertains to income from telenor franchise and commission income received from insurance companies.

51. TAXATION

		2010	2009
Current		**17,682,361**	8,213,768
Prior year		**5,634,567**	2,468,581
Deferred		**20,506,878**	(62,861)
	Rupees	**43,823,806**	10,619,487

51.1 Reconciliation of tax charge for the year

		2010	2009
(Loss) / profit before taxation	*Rupees*	**(717,297,004)**	175,969,634
Tax at the applicable tax rate of 35% (2009: 35%)		**(251,053,951)**	61,589,372
Reversal due to final tax regime / presumptive tax regime		**251,053,951**	(61,589,372)
Tax effect under final tax regime / presumptive tax regime		**17,682,361**	8,213,768
Tax effect of amount relating to prior year		**5,634,567**	2,468,581
Amount related to deferred tax		**20,506,878**	(62,861)
	Rupees	**43,823,806**	10,619,487

51.2 Taxation

Invest Capital Investment Bank Limited

The return has been selected for audit proceedings u/s 177 of the Income Tax Ordinance, 2001 by the Regional Tax Officer. However, the Company has filed an application for withdrawal of the audit proceedings being out of jurisdiction. The department has not made any correspondence in this regard since then and the case is still pending.

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

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

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

Assessment of former First Professionals Modaraba (the Modaraba) have been finalized upto the assessment year 2002-2003 for which the Modaraba had filed the last return of income in an independent capacity and, thereafter, it was merged with Al-Zamin Leasing Modaraba. Appeals for assessment years 1998-1999, 1999-2000, 2000-2001, 2001-2002 and 2002-2003 were filed with the Commissioner of Inland Revenue -Appeals (CIR -Appeals) by the Modaraba. Appeal for assessment year 1998-1 999 has been set-aside. The Income Tax Department (the Department) has filed an appeal against the set-aside order issued by CIR-Appeals for assessment year 1998-1999 before Appellate Tribunal Inland Revenue (ATIR) which was dismissed. Pursuant to the appellate order passed by the CIR - A, the set-aside proceedings for have not been initiated yet. CIR-A decided the appeals collectively through a consolidated order for assessment years 1999-2000, 2000-2001, 2001- 2002 and 2002-2003. in favour of the Modaraba. Pursuant to the appellate order passed by the CIR-A, the department had passed the appeal-effect orders under section 124 of the Income Tax Ordinance, 2001. However, in doing so, proper credit for tax deducted / paid was not allowed for the aforesaid assessment years. Accordingly, the rectification had been applied but the rectified orders have not been passed as yet. The Department has also contested the order of the CIR-A before the ATIR in respect of the assessment years 1999-2000 and 2000-2001 were decided whereby the claim of exemption of the Modaraba was allowed. Later on, appeals filed before the ATIR by the department in respect of assessment years 1999-2000 through 2002-2003 have been dismissed through a consolidated order dated 4 November 2009.

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

Assessments of IMLCL (the Company) are deemed to be assessed up to and including the tax year 2009.

Assessments for assessment year 2002-2003 and tax year 2003 have been finalized and demand of Rs. 1.185 million (net of provision held) and Rs. 4.55 million respectively has been made. The Company had filed appeals before Appellate Tribunal Inland Revenue (ATIR) against the appeal orders issued by Commissioner Inland Revenue (Appeals) (CIR - A), the above mentioned pending cases have been remanded back to CIR -A by ATIR with the directions to make a detailed as well as speaking order in accordance with law and factual position. However, the management and its tax consultant are confident that cases will be decided in favour of the Company.

Al-Zamin Leasing Modaraba

The assessments of the Modaraba have been finalized up to and including assessment year 2002-2003. Returns of income up to the tax year 2009 have been filed under the provisions of section 120 of the Income Tax Ordinance, 2001 which are deemed to be assessed unless selected for audit by the taxation authorities.

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

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

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

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

		2010	2009
(Loss) / earnings after taxation (both for the purpose of basic & diluted (loss) / earnings per share	*Rupees*	**(761,120,810)**	165,350,147
Weighted average number of ordinary shares for the purpose of basic (loss) / earnings per share	*Number*	**277,805,769**	74,642,370
Effect of diluted potential ordinary shares	*Number*	**7,061,096**	12,100,000
Weighted average number of ordinary shares for the purpose of diluted (loss) / earnings per share	*Number*	**284,866,865**	86,742,370
(Loss) / earnings per share - basic	*Rupees*	**(2.740)**	2.215
(Loss) / earnings per share - diluted	*Rupees*	**(2.672)**	1.906

53. CASH AND CASH EQUIVALENTS

Cash and bank balances	*Rupees*	**75,317,696**	248,331,938

54. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2010			2009		
	Chief Executive	**Directors**	**Executives**	Chief Executive	Directors	Executives
Managerial remuneration	**8,052,000**	**4,865,000**	**115,714,175**	7,443,632	-	54,450,749
Bonus	**1,342,000**	-	**6,270,591**	671,000	-	10,570,933
Retirement benefits	**536,796**	-	**6,315,135**	496,244	-	3,142,716
Meeting fees	**-**	**20,000**	**-**	-	-	-
Rupees	**9,930,796**	**4,885,000**	**128,299,901**	8,610,876	-	68,164,398
Number of persons *Number*	**1**	**8**	**61**	1	7	34

The Chief Executive and certain Executives are provided with free use of company maintained cars.

55. RELATED PARTY TRANSACTIONS

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

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

	Note		**2010**	2009
Transactions during the year				
Brokerage and advisory income earned from related parties		*Rupees*	**2,713,350**	3,619,320
Contribution to staff retirement fund		*Rupees*	**9,193,309**	5,284,584
Key management compensation	*54*	*Rupees*	**143,115,697**	76,775,274
Interest received on loans to executives		*Rupees*	**420,578**	-
Dividend received for Investment in shares of Centre Gas (Pvt) Ltd	*7.1.1*	*Rupees*	**2,592,590**	-
Expense against Certificate of Musharakah borrowing from institution under common directorship		*Rupees*	**184,599**	-
Expense against Certificate of Musharakah borrowings from institution under common directorship / trusteeshi		*Rupees*	**830,511**	-
Drawing from Investment in UMA Enterprises	*7.1.2*	*Rupees*	**5,691,512**	-
Paid to Al-Zamin Modaraba management Company		*Rupees*	**34,210,500**	-
Repayment of loan from director	*44*	*Rupees*	**52,457,527**	-
Balances				
Loans to executives	*10*	*Rupees*	**20,234,283**	22,907,025

	Note		2010	2009
Certificate of Musharakah borrowing from financial institution under common directorship		*Rupees*	**2,500,000**	2,500,000
Payable against Certificate of Musharakah borrowing from financial institution under common directorship		*Rupees*	**183,082**	-
Certificates of Musharakah borrowing from trust under common directorship / trusteeship		*Rupees*	**6,960,000**	17,920,000
Payable against Certificates of Musharakah borrowing from trust under common directorship / trusteeship		*Rupees*	**830,511**	-
Musharakah Term Finance Certificate borrowings from financial institution under common directorship		*Rupees*	**-**	647,700
Musharakah Term Finance Certificate borrowings from trust under common directorship / trusteeship		*Rupees*	**-**	336,600
Payable to Al-Zamin Modaraba management Company		*Rupees*	**-**	9,210,500
Investment in shares of Centre Gas (Private) Limited	*7.1.1*	*Rupees*	**32,110,696**	34,535,703
Investment in UMA Enterprises	*7.1.2*	*Rupees*	**26,775,551**	27,705,053
Investment in Ameen Enterprises	*7.1.3*	*Rupees*	**21,457,531**	-
Certificate of Musharakah borrowing from UMA Enterprises		*Rupees*	**1,000,000**	4,500,000
Payable against Certificate of Musharakah borrowing from UMA Enterprises		*Rupees*	**34,582**	-
Guarantee given to SNGPL in favour of Centre Gas (Private) Limited - off balance sheet item		*Rupees*	**-**	4,200,000
Musharakah Term Finance Certificate borrowing from key management personnel		*Rupees*	**-**	1,492,600
Loan from a director	*44*	*Rupees*	**168,022,126**	194,445,115
Receivable from Centre Gas (Private) Limited	*22*	*Rupees*	**-**	10,000,000
Receivable from Ameen Enterprises		*Rupees*	**4,368,631**	-
Net liability to defined benefit plans	*30*	*Rupees*	**12,661,719**	7,027,666

56. FINANCIAL RISK MANAGEMENT

56.1 Financial risk factors

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

- Credit risk
- Liquidity risk
- Market risk

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

56.2 Credit risk

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

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

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. Out of the total assets of Rs. 5,073 million (2009: Rs. 7,847 million) the assets which were subject \ to credit risk amounted to Rs. 2,955 million (2009: Rs. 4,538 million).

The maximum exposure to credit risk at the reporting date is:		**2010**	2009
Long term investments		**6,825,547**	11,098,970
Net investment in Ijarah / assets under Ijarah arrangements	*56.2.1*	**1,057,014,756**	1,655,245,726
Long term Musharakah finance - secured		**203,797,930**	263,992,269
Long term Loans - considered good		**94,847,855**	147,990,642
Deposits		**20,065,928**	24,655,622
Short term investments		**44,640,142**	51,175,638
Takaful reserve fund investment		**-**	19,303,840
Short term musharakah finances - secured		**131,604,675**	242,706,495
Short term finances - secured		**55,166,913**	67,259,002
Trade debts - unsecured		**1,193,880,186**	1,445,525,869
Ijarah rentals receivable		**9,562,433**	17,310,385
Receivable under reverse repurchase transactions		**9,000,000**	195,000,000
Advances and other receivables		**54,811,971**	156,321,078
Bank balances		**73,863,736**	240,914,883
	Rupees	**2,955,082,072**	4,538,500,419

56.2.1	Net investment in Ijarah finance / assets under Ijarah arrangements		**1,676,054,986**	2,707,581,359
	Security deposits held	*31*	**(619,040,230)**	(1,052,335,633)
		Rupees	**1,057,014,756**	1,655,245,726

56.2.2 Impairment losses and past due balances

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

		2010		2009	
		Gross	**Impairment loss recognised**	Gross	Impairment loss recognised
Past due 1-90 days		**218,553,902**	**20,913,627**	85,897,654	32,145,245
Past due 91 days - 180 days		**97,938,326**	**14,532,004**	198,789,789	63,054,647
Past due 181 days to one year		**177,035,819**	**18,966,514**	289,456,789	53,075,731
Past due one year to two years		**335,714,903**	**87,484,643**	178,796,907	51,867,771
More than two years		**709,500,213**	**476,323,003**	1,197,951,849	228,649,743
		1,538,743,163	**618,219,791**	1,950,892,988	428,793,137
Not past due		**1,003,213,996**	**-**	1,767,455,064	-
Total	*Rupees*	**2,541,957,159**	**618,219,791**	3,718,348,052	428,793,137

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

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

		2010	2009
Long term investments		**121,717,424**	164,340,476
Net investment in Ijarah / assets under Ijarah arrangements		**619,040,230**	**1,052,335,633**
Deposits		**14,797,820**	12,646,090
Short term investments		**248,893,366**	879,097,082
Takaful reserve fund investment		**-**	9,440,000
Other receivables		**79,793,906**	86,863,485
Bank balances		**1,453,960**	7,417,055
	Rupees	**1,085,696,706**	**2,212,139,821**

56.3 Liquidity risk

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

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

	2010				
	Carrying amount	**Contractual cash flows**	**Up to three months**	**Over three months to one year**	**Over one year**
Financial liabilities					
Liability against asset subject to finance lease	**18,378,408**	**21,921,154**	**2,885,118**	**8,288,326**	**10,747,710**
Certificates of Musharakah	**857,629,646**	**876,815,557**	**581,553,836**	**201,350,867**	**93,910,854**
Certificates of investments and deposit	**125,754,671**	**130,993,580**	**94,700,642**	**29,643,565**	**6,649,373**
Musharakah and murabahah borrowings	**277,456,244**	**324,820,692**	**53,538,753**	**129,835,165**	**141,446,775**
Musharakah Term Finance Certificates	**597,916,662**	**745,849,456**	**64,505,272**	**183,614,890**	**497,729,294**
Redeemable capital-Musharakah Term Finance Certificates	**128,380,000**	**131,847,075**	**131,847,075**	**-**	**-**

Loan from a director	**168,022,129**	**168,022,129**	**42,005,532**	**126,016,597**	
Long term loans	**200,809,286**	**203,403,514**	**81,834,959**	**121,568,555**	**-**
Short term borrowings	**1,423,949,978**	**1,452,625,881**	**1,452,625,881**	**-**	**-**
Trade creditors, accrued and other liabilities	**412,205,704**	**412,205,704**	**412,205,704**	**-**	**-**
Rupees	**4,210,502,728**	**4,468,504,742**	**2,917,702,772**	**800,317,965**	**750,484,006**

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

56.4 Market risk

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

56.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest rate profile of the Modaraba's interest bearing financial instruments and the periods in which these will mature were as follows:

	2010					
	Profit / mark-up bearing				**Non-profit / mark-up bearing**	**Total**
	Upto three months	**Three months to one year**	**More than one year**	**Sub-total**		
Financial Assets						
Long term investments	**1,329,231**	**1,329,231**	**4,167,086**	**6,825,548**	**121,717,424**	**128,542,972**
Net investment in Ijarah/ assets under Ijarah arrangements	**266,765,134**	**800,295,401**	**629,297,294**	**1,696,357,829**	**-**	**1,696,357,829**
Long term musharakah - secured	**31,421,116**	**94,263,349**	**108,594,529**	**234,278,994**	**-**	**234,278,994**
Loans to employees - unsecured and considered good	**16,420,518**	**49,261,555**	**8,417,608**	**74,099,681**	**24,044,131**	**98,143,812**
Deposits - unsecured and considered good	**-**	**-**	**-**	**-**	**34,863,748**	**34,863,748**
Short-term investments	**-**	**85,987,920**	**96,656,820**	**182,644,740**	**110,888,768**	**293,533,508**
Takaful reserve fund investment	**-**	**-**	**-**	**-**	**-**	**-**
Short term musharakah and murabahah	**9,500,000**	**131,599,515**	**-**	**141,099,515**	**-**	**141,099,515**
Short term finances - secured	**16,860,602**	**43,587,496**	**-**	**60,448,098**	**-**	**60,448,098**

Trade debts - unsecured	**-**	**-**	**-**	**-**	**1,193,880,186**	**1,193,880,186**
Ijarah rentals receivables	**-**	**-**	**-**	**-**	**10,837,902**	**10,837,902**
Receivable under reverse repurchase transaction	**9,000,000**	**-**	**-**	**9,000,000**	**-**	**9,000,000**
Advances, deposits and other receivables	**-**	**-**	**-**	**-**	**149,078,796**	**149,078,796**
Cash and bank balances	**57,087,542**	**-**	**-**	**57,087,542**	**18,230,154**	**75,317,696**
	408,384,143	**1,206,324,467**	**847,133,337**	**2,461,841,947**	**1,663,541,109**	**4,125,383,056**
Financial Liabilities						
Liability against asset subject to finance lease	**2,014,403**	**6,371,612**	**9,992,392**	**18,378,407**	**-**	**18,378,407**
Certificates of Musharakah	**568,269,646**	**198,835,000**	**90,525,000**	**857,629,646**	**-**	**857,629,646**
Certificates of investments and deposits	**90,732,055**	**28,577,616**	**6,445,000**	**125,754,671**	**-**	**125,754,671**
Musharakah and murabahah borrowings	**41,203,958**	**108,611,876**	**127,640,411**	**277,456,244**	**-**	**277,456,244**
Musharakah Term Finance Certificates	**43,750,000**	**131,250,000**	**422,916,662**	**597,916,662**	**-**	**597,916,662**
Redeemable capital -Term Finance Certificates	**128,380,000**	**-**	**-**	**128,380,000**	**-**	**128,380,000**
Loan from a director	**-**	**-**	**-**	**-**	**168,022,126**	**168,022,126**
Long term loans	**79,240,732**	**121,568,555**	**-**	**200,809,287**	**-**	**200,809,287**
Short term borrowings	**1,423,949,979**	**-**	**-**	**1,423,949,979**	**-**	**1,423,949,979**
Trade creditors, accrued and other liabilities	**-**	**-**	**-**	**-**	**412,205,704**	**412,205,704**
	2,377,540,773	**595,214,659**	**657,519,465**	**3,630,274,897**	**580,227,830**	**4,210,502,727**
On balance sheet gap 2010 (a) ***Rupees***	**(1,969,156,630)**	**611,109,808**	**189,613,872**	**(1,168,432,950)**	**1,083,313,279**	**(85,119,671)**

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

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

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

	2010 %	2009 %
Long term investments	**13.93 - 14.22**	14.00 - 15.00
Net investment in Ijarah/ assets under Ijarah arrangements	**9.40 - 34.81**	7.67 - 38.03
Long term musharakah - secured	**13.5 - 27.00**	11.5 - 42.42
Long term loans to employees - unsecured and considered good	**10.49 - 25.00**	10.49 - 24.82
Short-term investments	**11.25 - 12.00**	14.00 - 15.00
Short term musharakah and murabahah	**14.88 - 34.69**	10.00 - 43.35
Receivable under reverse repurchase transaction	**20.53**	13.2 - 16.00
Bank balances	**1.00 - 11.75**	1.00 - 13.00
Liabilities against assets subject to Ijarah finance	**12.41 - 15.90**	12.98 - 18.72
Long term certificates of musharakah	**13.00 - 19.50**	10.25 - 14.25
Long term certificates of investments and deposits	**11.50 - 15.00**	5.84 - 21.90
Long term musharakah and murabahah borrowings	**14.24 - 15.37**	7.00 - 17.15
Musharakah term finance certificates	**12.43 - 17.41**	8.00 - 17.00
Redeemable capital - musharakah term finance certificates	**15.16**	12.43 - 17.00
Long-term loan	**14.35 - 15.81**	15.00 - 17.00
Short term certificates of musharakah	**11.00 - 17.25**	8.25 - 12.25
Short term certificates of investments and deposits	**13.00 - 17.00**	5.84 - 21.90
Short term borrowings (running finance & clean borrowings)	**13.50 - 22.00**	14.74 - 16.77
Short term Musharakah borrowings	**13.00**	10.25 - 12.75
Payable under repo transactions	**12.00 - 20.00**	13.2 - 16.00

Fair value sensitivity analysis for fixed rate financial assets instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account. At 30 June 2010, financial assets of Rs. 2,282 million and financial liabilities of Rs. 1,666 million carried fixed interest.

Cash flow sensitivity analysis for variable rate financial liabilities instruments

A estimated change of 100 basis points in interest rates at the reporting date would have decreased / increased profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2009.

		Effect on profit before tax	Carrying value
As at 30 June 2010			
Cash flow sensitivity-Variable rate financial liabilities	*Rupees*	**196,379,047**	**1,963,790,475**
Cash flow sensitivity-Variable rate financial assets	*Rupees*	**17,946,087**	**179,460,869**
As at 30 June 2009			
Cash flow sensitivity-Variable rate financial liabilities	*Rupees*	41,067,494	4,106,749,377
Cash flow sensitivity-Variable rate financial assets	*Rupees*	13,580,098	1,358,009,763

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

56.4.2 Equity price risk

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

As at 30 June 2010, the fair value of equity securities (including the units of mutual funds) exposed to price risk was Rs. 123.463 million (2009: Rs. 159.357 million).

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

		2010	2009
Profit and loss account			
- Investments at fair value through profit and loss account	*Rupees*	**9,800,299**	452,885
Company's equity as at the year end	*Rupees*	**2,545,942**	578,338

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

56.5 Fair value of financial instruments

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

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

56.6 Capital risk management

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

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

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

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

57. SEGMENT INFORMATION

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

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

	2010					2009				
	Investment activities	**Brokerage**	**Leasing / Ijarah**	**Other operations**	**Total**	Investment activities	Brokerage	Leasing / Ijarah	Other operations	Total
Information about reportable segment profit or loss, assets and liabilities										
Revenues from external customers	**148,264,700**	**148,186,281**	**326,800,302**	**13,139,795**	**636,391,078**	5,943,009	120,406,420	-	-	126,349,429
Interest expense	**(80,706,052)**	**(90,944,584)**	**(389,416,598)**	**-**	**(561,067,234)**	(2,862,103)	(57,986,719)	-	-	(60,848,822)
Depreciation and amortisation	**(14,197,679)**	**(16,010,148)**	**(108,382,971)**	**-**	**(138,590,798)**	(1,394,332)	(28,249,415)	-	-	(29,643,747)
Impairment of assets	**(53,088,310)**	**(30,228,557)**	**(141,876,683)**	**(2,668,178)**	**(227,861,728)**	(67,608,700)	-	-	(92,238,600)	(159,847,300)
Reportable segment profit	**272,659**	**11,002,992**	**(312,875,950)**	**10,471,617**	**(291,128,682)**	(65,922,125)	34,170,285	-	(92,238,600)	(123,990,440)
Reportable segment assets	**867,650,222**	**1,358,854,613**	**2,206,342,519**	**640,490,708**	**5,073,338,062**	1,655,464,346	1,445,525,869	3,469,352,149	1,276,640,868	7,846,983,232
Reportable segment liabilities	**(618,694,095)**	**(1,685,011,369)**	**(2,525,509,239)**	**(12,661,720)**	**(4,841,876,423)**	(1,448,942,552)	(1,265,194,232)	(3,036,544,984)	(1,117,377,902)	(6,868,059,670)

		2010		2009
Profit or loss				
Total profit or loss for reportable segments		**(301,600,299)**		(31,751,840)
Other profit or loss		**10,471,617**		(92,238,600)
Unallocated amounts:				
Litigation settlement received		**-**		-
Other administrative and operating expenses		**(474,207,225)**		(210,278,179)
Other income		**48,038,903**		510,238,254
Loss before income tax expense	*Rupees*	**(717,297,004)**	*Rupees*	175,969,635
Assets				
Total assets for reportable segments		**4,432,847,354**		6,570,342,364
Other assets		**640,490,708**		1,276,640,868
Entity's assets	*Rupees*	**5,073,338,062**	*Rupees*	7,846,983,232
Liabilities				
Total liabilities for reportable segments		**(4,829,214,703)**		(5,750,681,768)
Other liabilities		**(12,661,720)**		(1,117,377,902)
Entity's liabilities	*Rupees*	**(4,841,876,423)**	*Rupees*	(6,868,059,670)

58. GENERAL

Reclassification

Following reclassifications to the corresponding figures have been made in the current financial year:

Reclassification from	Reclassification to	(Rupees)
Creditors, accrued and other liabilities	Deferred liability for staff gratuity	967,163
Other income	Income from investment and placement	12,520
Other income	Income on deposits with banks	4,825,214
Other income	Dividend income	4,792,525
Other income	Net gain on sale of marketable securities	8,965,907
Administrative and operating expenses	Doubtful debtors written off	3,787,729

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

59. DATE OF AUTHORISATION

These consolidated financial statements were authorized for issue on 14th May 2011 by the Board of Directors of the Company.

Aamir Saeed
Director

Nusrat Yar Ahmad
Chief Executive

Proxy Form

Al-Zaamin Invest Bank.

INVEST CAPITAL INVESTMENT BANK LIMITED

C3C, 12th Lane, Ittehad Commercial, Khayaban-e-Ittehad, Phase II, Ext. DHA, Karachi

I, ________________________________ S/o ________________________________ of

________________________________ a member of Invest Capital Investment

Bank Limited and holder of __________ shares as per Registered Folio No. ____________ and/or

CDC participant I.D. No. ______________ and Sub Account No. __________ do hereby appoint

________________________________ of ________________________________

________________________________ (full address) or failing him/her

________________________________ of

________________________________ (full address) as

my/our proxy to attend, act and vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Shareholders to be held at 11:30 a.m. on Friday, June 24, 2011 and at any adjournment thereof.

Signed this __________ day of __________ 2011.

Signature and or Seal of Member ______________

In the presence of

Please affix Rs.5/- Revenue Stamp

Signature :	______________	Signature :	______________
Name :	______________	Name :	______________
Address :	______________	Address :	______________
CNIC No :	______________	CNIC No :	______________

Notes:

1. A member entitled to attend and vote at the above meeting may appoint any other person as his/her proxy. The instrument appointing a proxy should be signed by the member or his/her attorney dully authorized in writing. If a member is a corporation, either its common seal be affixed to the proxy form or the Board of Director's resolution /power of attorney along with specimen signature of the nominee shall be submitted with the proxy form. The proxy shall have a right to attend, speak and vote in place of the member.

2. Proxies in order to be effective must be received at the office of Share Registrar of the Company, M/s Central Depository Company of Pakistan Limited, CDC House, 99 - B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi - 74400 at least 48 hours before the meeting and must be dully stamped, signed and witnessed.

3. A proxy need not be a Member of the Company.

4. Beneficial owner of the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies are required to produce their original Computerized National Identity Card (CNIC) or original passport, Account, Sub-Account number and Participant's number in Central Depository System for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the company with in stipulated time, duly witnessed by two persons whose name, address and NIC number must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy.

   In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be submitted along with proxy form to the company.

OUR NETWORK

Registered Office / Head Office
C3C, 12th Lane, Ittehad Commercial,
Khayaban-e-Ittehad, Phase-II, Ext. DHA, Karachi
Tel : (92-21) 111-111-097 / 35205520
Fax : (92-21) 3531 3887
Web : www.investcapital.com

Stock Exchange Office
Room No.704, 7th Floor,
Karachi Stock Exchange Building,
Stock Exchange Road, Karachi.
Tel : (92-21) 3244 6334-5
Fax : (92-21) 3244 6336

Karachi
101-103 Kassam Court, BC-9,
Block 5, Clifton, Karachi.
Tel : 111-111-303
Fax : (92-21) 3587 0408, 3583 8304

601-604, 6th Floor, Lakson Square Building No.3
Sarwar Shaheed Road, Karachi.
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Lahore
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Fax : (92-42) 35861338

Peshawar
Tehmas Center, Tekal Payan,
University Road, Peshawar.
Tel : (92-91) 571 1731-2-3
Fax : (92-91) 571 1734

Faisalabad
P-438 Nishtar Abad, Rajbah Road,
Outside Jang Bazar, Faisalabad.
Tel : (92-41) 261 3466
Fax : (92-41) 261 3467

Also at
Abbotabad, Gujranwala, Hyderabad, Kohat, Multan,
Sargodha, Sahiwal & Shiekhupura.

Al-Zaamin
InvestBank.

INVEST CAPITAL INVESTMENT BANK LIMITED

C3C, 12th Lane, Ittehad Commercial,
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