

Annual Report 2011



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

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Board of Directors

Mr. Ahmed Kamran	- Chairman
Mr. Naveed Amin	- Chief Executive
Mr. Basheer A. Chowdry	- Director
Mr. Shaukat Ali	- Director
Mr. Muhammad Qasim	- Director
Mr. Muhammad Asif	- Director
Ms. Ayesha Zahid	- Director
Ms. Fiza Zahid	- Director

Audit Committee

Mr. Shaukat Ali	- Chairman
Mr. Ahmed Kamran	- Member
Ms. Fiza Zahid	- Member

Chief Financial Officer

Mr. Syed Abid Raza Zaidi

Company Secretary

Mr. Syed Shahid Owais

Auditors

Avais Hyder Liaquat Nauman
Chartered Accountants

Legal Advisors

Ahmed & Qazi

Share Registrar

CorpTec Associates (Private) Limited,
7/3-G, Mushtaq Ahmed Gurmani Road,
Gulberg - II, Lahore.
Tel: 042-35788097-98 / 042-35755216 (Direct)
Fax: 042-35755215
Email: mimran.esbm@gmail.com

Bankers

Allied Bank Limited
Askari Bank Limited
Summit Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Burj 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
State Bank of Pakistan
Silk Bank Limited
Standard Chartered Bank (Pakistan) Ltd
United Bank Limited

Registered Office

801-802, 8th Floor, Lakson Square Building
No. 3, Sarwar Shaheed Road, Karachi.
Tel: (92-21) 35205110 / 35661938,48,58
Fax: (92-21) 35658409 / 35661988
Website: www.icibl.com

Notice is hereby given that the 19th Annual General Meeting of the shareholders of INVEST CAPITAL INVESTMENT BANK LIMITED will be held at 11:30 a.m. on Friday, 27th April 2012 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 18th Annual General Meeting of the Shareholders held on Friday, 24th June 2011.
2. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' reports for the year ended 30th June 2011.
3. To appoint auditors and fix their remuneration for the year ending 30th June 2012. The present auditors M/s Avais Hyder Liaquat Nauman, Chartered Accountants, retire and being eligible, offer themselves for the re-appointment.
4. To elect Seven Directors of the Company as fixed by the Board, for a period of three years commencing from July 31, 2011 in accordance with the provisions of the Section 178(1) of the Companies Ordinance, 1984. The following are the retiring Directors:

1. **Mr. Ahmed Kamran**
2. **Mr. Basheer A. Chowdry**
3. **Mr. Shaukat Ali**
4. **Mr. Muhammad Qasim**
5. **Mr. Muhammad Asif**
6. **Miss. Ayesha Zahid**
7. **Miss. Fiza Zahid**

SPECIAL BUSINESS

5. To consider and if thought fit to pass the following resolution as Special Resolution with and without modification(s):

"Resolved that the new location of the registered office of the company be and is hereby approved on the following location, subject to the approval of Regulatory Authorities:-

701-A, City Tower, 6-K, Main Boulevard, Gulberg-II, Lahore

"Resolved further that the word " Sindh" be replaced with " Punjab" in clause # II of the Memorandum of Association of the Company. The revised clause II will be as under:-

"The Registered Office of the Company will be situated in the Province of Punjab."

"Resolved further that the Chief Executive Officer and the Company Secretary be and are hereby authorized to take all necessary steps in this respect."

6. To approve the remuneration of non Executive Directors for attending meetings of the Board and Committees of the Board.
7. To consider any other business with the permission of the Chair.

Karachi
March 20, 2012

By Order of the Board

Syed Shahid Owais
Company Secretary

EXPLANATORY STATEMENT REQUIRED UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984 IN RESPECT OF THE SPECIAL BUSINESS AND DRAFT RESOLUTIONS

Change of Registered Office

The Company's registered office is presently located at Karachi while the Company's Head office is moving to Lahore. The major shareholders and Directors of the bank are located in Lahore and Faisalabad. To save the expenses related to the registered office at Karachi and to improve the flow of work., the Board of Director's has approved the proposed change of Registered Office from Karachi to Lahore. It is proposed to change the location of the registered office of the Company on the following location, subject to the approval of the Members and regulatory Authorities. :-

701-A, City Tower, 6-K, Main Boulevard, Gulberg-II, Lahore.

Remuneration of Directors for attending meeting of Board and Committees of Board

In accordance with the Articles of Association of the Company, it is proposed to consider and determine remuneration of non Executive Directors for attending meetings of the Board and Committees of the Board.

NOTES:

1. The Members' Register will remain closed from **21st April, 2012 to 27th April 2012** (both days inclusive). Transfers received in order at the office of the Share Registrar of the Company by the close of business on **20th April 2012** will be treated in time.
2. Any person who seeks to contest the election of Directors shall file with the Company at its registered office, B-801, 802 Lakson Square Building No: 3, Sarwar Shaheed Road, Karachi, not later than fourteen days before the date of the Meeting, (i) notice of intention to offer him/herself for Election of Directors in terms of Section 178 (3) of the Companies Ordinance, 1984 (ii) a declaration on the matters required by the Code of Corporate Governance, (iii) a consent on Form-28 and (iv) a copy of CNIC or passport in case of non resident.
3. 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.
4. The instrument appointing 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, **M/S CorpTec Associates (Private) Limited, 7 / 3 - G, Mushtaq Ahmed Gurmani Road, Gulberg - II, LAHORE** at least 48 hours before the meeting.
5. 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.
6. Members are requested to notify any change in their addresses immediately.

The Board of Directors of Invest Capital Investment Bank Limited (the 'Bank') is pleased to present before members the following audited financial statements and Auditor's report thereon for the year ended June 30, 2011:

01. Financial statements of the Bank on stand-alone basis; and
02. Consolidated financial statements including the financial statements of subsidiary - Invest Capital Markets Limited.

Economic and Operational Review

While still recovering from the financial crisis transpired during the second-half of 2008, the year 2011 began with high hopes for economic recovery through higher agricultural output, higher exports, sustained foreign exchange reserves, tapering off of high inflation period, reduction of discount rates by the central bank, reduced borrowing for budgetary support and consequently better liquidity leading to more space for growth in private sector investment. However, continued political uncertainties of a coalition government, acute energy crisis, law and order situation / terrorism, and unprecedented floods primarily affecting the province of Sindh, gave another major jolt to the already fragile economy. Resultantly, in year 2011 Pakistan's economy managed to grow by 2.4% only as against 3.8% growth posted in year 2010. Fiscal position also remained under stress with a budget deficit of 6.6% of GDP, as well as, inflationary pressures remained active throughout the year with CPI above 13.0%.

During the year under review overall NBFC sector performance remained under pressure due to toughest business environment arising out of factors including liquidity squeeze, mismatching of resources, increasing NPL's due to economic meltdown and depletion of earning assets, these factors not only impaired the profitability of the sector but also adversely affected the repayment capacity. The commercial banks also experienced asset deterioration and liquidity squeeze, and they seized taking exposure on NBFCs; whereas, NBFC sector, heavily dependent on commercial banks for liquidity, was further put into problems causing serious disruption of their business cycles.

Dear shareholder, your Bank being one of the sufferer of financial meltdown, not only experienced mismatch of resources, surge in non-performing loans and liquidity crunch etc., like other competitors, but the non-achievement of strategic objectives of merger of three entities into the Bank (like broadening of capital base, diversity of products and services, multiple income streams and synergies of professional management etc. - detail discussed in previous year's Directors' Report), coupled with lack of governance, unforeseen hurdles and internal / external impediments resulted in the Bank to report a net loss of Rupees 749 million in the year ended June 30, 2010; the same scenario prevailed during the year 2011 and Bank again suffered a net loss of Rupees 525 million, as well as, registered a decline of around 29% in its total asset base.

The loss for the year is the outcome of operating expenses of Rupees 229 million, financial charges of Rupees 326 million, provisioning on classified loans and advances Rupees 106 million, and reduction in income from the lease and loan portfolio by approx. 53%. The loss for the year also includes loss amounting to Rupees 89 million pertaining to the brokerage business segment shown as loss from discontinued operations in accordance with International Financial Reporting Standard (IFRS) 5 'Non-Current Assets Held For Sale and Discontinued Operations' in Note 22.1 of the enclosed financial statements.

Financial Highlights

Summary of the comparative financial results is given below:

 Rs. in million	
	2011	2010
Gross revenue	215.46	644.67
Operating expenses	228.67	612.79
Financial charges	325.59	561.07
Provision on non-performing loans and advances	106.17	227.86
Other income	18.42	52.43
Profit / (loss) for the year before taxation	(435.90)	(704.62)
Taxation - net	(0.71)	(44.25)
Profit / (loss) from discontinued operations	(88.92)	-
Profit / (loss) for the year after taxation	(525.54)	(748.87)
Total assets	3,390.98	4,880.53
Earnings / (loss) per share - basic	(1.53)	(2.69)
Equity - as per NBFC Rules, 2003	(100.45)	392.74

Change of Management

The Board of Directors in their last year report (published and circulated to members along with the audited financial statements for the year ended June 30, 2010) updated the members regarding the consolidation of majority shareholding and change of management. It was approved by SECP in September 2010 that majority shareholding shall be acquired by one sponsor group Zahidjee Group, and the outgoing group Invest Cap Group shall acquire the brokerage business of the Bank with the consideration received from sale of their shares to the acquitting group. However, due to the default by the Bank in payments to lending banks / financial institutions the SECP cancelled its earlier approval in January 2011.

The consistent and strenuous efforts of Zahidjee Group to resolve the operational problems and safeguard the interests of all stakeholders vis-à-vis depositors, lender institutions and shareholders, have resulted in SECP according permission to them vide its letter No. SC/NBFC-1/ICIBL/2011/383 dated June 03, 2011. The main factors of the permission granted by SECP are as under:

- i. Sale and transfer of 26% shares of ICIBL held by Invest Cap Group to Zahidjee Group.
- ii. Sale of ICML, a wholly owned subsidiary of ICIBL, along with all brokerage related assets and liabilities appearing on the books of ICIBL as on June 30, 2010 to Invest Cap Group.
- iii. Injection of Rupees 150 million into ICIBL by Zahidjee Group comprising of direct injection of Rupees 126 million through subordinated loan and indirect injection of Rupees 24 million. The amount of Rupees 24 million will be paid to Invest Cap Group by Zahidjee Group as purchase consideration against their 26% shareholding in ICIBL. The Invest Cap Group will repay this amount to ICIBL as a purchase consideration for ICML.
- iv. Appointment of fit and proper management of ICIBL including its Chief Executive and Board of Directors.

Formal applications for the above proposal were approved by SECP vide its letter No. SC/NBFC-1/ICIBL/2011/394 dated July 06, 2011, and accordingly your Bank followed the instructions contained in the said approval.

On July 11, 2011 the transactions for the transfer of 26% shares from Invest Cap Group, injection of Rupees 126 million by Zahidjee Group and sale of ICML shares to Invest Cap Group were executed. The shareholders had already approved the sale of ICML in the EOGM held on August 09, 2010.

Further, SECP approved the appointment of the following persons as Chief Executive Officer and Directors of the Bank in place of the existing Chief Executive Officer and Directors, who resigned on July 07, 2011 from their respective positions in terms of clause 3 of the Memorandum of Understanding dated June 27, 2011 signed between two groups with regard to change of management:

New Appointments

Mr. Ahmad Kamran, Chairman
Mr. Naveed Amin, Chief Executive Officer
Mr. Bashir A. Chowdry, Director
Mr. Shaukat Ali, Director
Mr. Muhammad Qasim, Director
Mr. Muhammad Asif, Director
Ms. Ayesha Zahid, Director
Ms. Fiza Zahid, Director

Outgoing Directors

Mr. Aamer Saeed
Mr. Rehman Ghani
Mr. Firasat Ali
Mr. Mohammad Zahid
Mr. Najib Amanullah
Mr. Saeed Iqbal Chaudhry
Mr. Nusrat Yar Ahmad
-

Future Outlook

Accordingly the new management has taken charge of the Bank w.e.f. July 2011 and the first meeting of new Board of Directors was held on July 11, 2011. The Board and management has carried out a detailed review of the financial position of the Bank and gave extensive guidelines to streamline the bank's operations and improve its financial health.

Subsequent to the balance sheet date management started efforts to keep afloat the Bank; the brief of management plan / developments made are as under:

- Management is making hectic efforts for the settlement of liabilities amounting to Rupees 1,267 million (as at June 30, 2011) availed from various banks / financial institutions in the form of deposits, term loans, Murabaha/Musharaka finances and TFCs. A combination of Bank's lease / loan portfolio, immovable properties and partially cash has been offered against settlement of the principal outstanding amounts, whereas, mark-up has been requested and in principal agreed by majority of institutions to be waived with effect from February / October 2010.

Liabilities amounting to Rupees 463.57 million (36.59%) have been settled / rescheduled, whereas, liabilities amounting to Rupees 406.08 million (32.05%) have been principally agreed for settlement / rescheduling by the respective bank / financial institution and negotiations are in advance stage for the remaining amounts. Best efforts are being made to conclude all the outstanding settlements as early as possible.

- Bank has recommenced leasing business after a after a considerable gap of well above two years. Leases disbursed so far amount to Gross Rupees 78 million and Net Rupees 58 million. Presently the new business is mainly being made in car leasing segment only at an IRR ranging between 18 - 22% with deposit margin of 20 - 35%. Management is confident that by the end of June 2012 it shall achieve a total business target of Rupees 250 million. This shall improve the Bank's asset book and also add to its profitability.
- Recovery from lease and loan portfolio was 55% of billing raised during the year ended on June 30, 2011, whereas, it has been substantially improved in year 2012 and it is now more than 80% of the billing raised during the seven months ending on January 31, 2012. Net recovery made to date is Rupees 180 million. This amount is being ploughed back in new leasing business, as well as, in meeting of obligations towards depositors as well as lending institutions.
- New management of the Bank has substantially curtailed its administrative and other operating expenses. Last two years comparison of administrative expenses is as follows: (For the purpose of this comparison the brokerage business expenses have been excluded)

Year	Administrative Expenses (Rupees in millions)
FY 2010	261
FY 2011	141
FY 2012 - Projected for the year	120

- As a result of constant follow-up facilities worth Rupees 593 million have been settled and the total outstanding liabilities have been brought down to Rupees 567 million from the position of Rupees 1,160 million as of July 2011. It is a commitment of outgoing group that all the outstanding liabilities shall be cleared by end March 2012.

Management of the Bank is confident that as soon as the process of settlements with banks / financial institutions is concluded the rating of the Bank would be up-graded to at least minimum investment grade and also its business licenses would be renewed by SECP.

The Bank has projected that the year ending on June 30, 2012 shall be closed with profit. The factors taken into consideration in this regard are as under:

- New leasing business of Rupees 250 million will be achieved. Source for this segment would be recovery from the toxic portfolio, where all-out focused and well directed efforts are being made.
- Reduction in financial charges on TFCs and COMs / COIs.
- Financial charges on bank borrowings shall be reversed upon conclusion of settlements.
- The transaction with Invest Cap Group shall be completed.
- The performance of CNG / fuel stations, generators fleet and Telenor franchise has been improved and management plans to continue these businesses as long as they add to our profitability and an exit is accomplished at a price suitable for the Bank.

In addition to the above-mentioned management efforts, the SECP is also in the phase of restructuring the Rules and Regulations to keep afloat the NBFC sector, softening some of the critical conditionalities. In this regard the announcement is expected before the end of financial year 2012.

Management is very much confident on the aforementioned lines that Bank shall improve its progress year by year.

Delay in Presentation of Financial Statements

The financial statements for the year ended June 30, 2010 were presented with delay of approx. seven months in May 2011 and accordingly AGM held on June 24, 2011. New management taking charge in July 2011 made efforts to finalize the pending financial statements, and regularize the timely dissemination of financial information to shareholders, regulators and all concerned. However, the enclosed financial statements were mainly delayed due to detailed disclosures in accordance with IFRS 5 pertaining to the brokerage business segment sold to Invest Cap Group, change of auditors and change of management. The Board expresses its gratitude to the regulators and shareholders for their forbearance in this regard.

Auditors' Report on the Financial Statements

The post balance sheet events including comprehensive business plan, injection of cash equity by sponsors, and status of settlement of liabilities with financial institutions and depositors helped the management to convince the auditors to reassess the former auditors' adverse opinion. We are thankful to our auditors M/s Avais Hyder Liaquat Nauman, Chartered Accountants who after their due diligence of our business plan (briefly entailed in Note 1.3 of the enclosed financial statements) and till date progress achieved are convinced to modify their opinion and expressed an unqualified opinion on our enclosed financial statements. However, the auditors have included an 'emphasis of matter' paragraph highlighting their doubts on Bank's ability to continue as a going concern. Management is confident that these doubts shall be removed by the consistent implementation of its business plan in the coming years.

Dividend

In view of the foregoing discussion, the Bank is not in a position to declare any payout to the shareholders.

Compliance with the Code of Corporate Governance

The Board of Directors and the Bank remain committed to the principles of good corporate governance practices with emphasis on transparency and disclosures. The Board and management are fully cognizant of their responsibilities and monitoring Bank's operation and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information. The Bank is compliant with the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan. The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance:

- a) These financial statements, prepared by the management of the Bank, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Bank have been maintained as required by the Companies Ordinance, 1984.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented by the management and monitored by internal and external auditor as well as Audit Committee. The Board reviews the effectiveness of established internal control through Audit Committee and further improvement is made in the internal control systems, wherever required.
- f) There are no significant doubts upon the Bank's ability to continue as a going concern. The Bank has adequate resources to continue its operation for the foreseeable future.
- g) There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing Regulations.
- h) Information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- i) During the year under review, Four (4) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Name of Director	Designation	Meetings Attended
Mr. Basheer A. Chowdry	Director	Two (2)
Mr. Nusrat Yar Ahmad	Chief Executive Officer	Four (4)
Mr. Saeed Iqbal Chaudhry	Director	Two (2)
Mr. Muhammad Zahid	Director	Three (3)
Mr. Aamer Saeed	Director	Four (4)
Mr. Firasat Ali	Director	Two (2)
Mr. Muhammad Asif	Director	One (1)

- Leave(s) of absence were granted to the directors who could not attend the Board of Directors' meetings.
- j) The Statement of Code of Ethics and Business Practices has been developed and acknowledged by the directors and employees of the Bank.
- k) The Audit Committee continued to exist in compliance with the Code of Corporate Governance and it comprises the following members as of date. All members are non-executive directors out of which one is independent director.

Name of Director	Designation
Mr. Shaukat Ali	Chairman
Mr. Ahmed Kamran	Member
Ms. Fiza Zahid	Member

- Term of reference of the Audit Committee has been formulated by the Board of Directors in accordance with the Code of Corporate Governance.
- l) No trading in shares of the Bank were carried out by the Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children during the year under review.

Credit Rating

JCR-VIS Credit Rating Company Limited has placed the entity rating of the Bank in 'D' category since August 2010. Management is confident that the rating shall be up-graded to at least minimum investment grade as soon as the process of settlements of liabilities will conclude.

Auditors

The present auditors, M/s Avais Hyder Liaquat Nauman, Chartered Accountants retire, and being eligible, offer themselves for re-appointment.

Pattern of Shareholding

The pattern of shareholding as of 30 June 2011 is enclosed herewith.

Acknowledgments

The Board of Directors appreciates truly Securities and Exchange Commission of Pakistan, and other regulatory bodies for the kind guidance, persistent support and co-operation extended to our institution during the past testing times. The Board is most grateful to all its depositors, lending institutions, clients and shareholders for their continued support and trust in the Bank's ability to provide best possible services. In the end, the Board appreciates the employees for their efforts, loyalty and significant contribution for the betterment of the Bank.

For and on behalf of the Board of Directors



Naveed Amin
Chief Executive Officer

Karachi
March 20, 2012

Pattern of Shareholding

As at June 30, 2011



No. of Shareholders	Shareholdings ¹ Slab		Total Shares Held	No. of Shareholders	Shareholdings ¹ Slab		Total Shares Held
1,105	1	to 100	43,704	2	295,001	to 300,000	600,000
3,657	101	to 500	816,173	2	300,001	to 305,000	602,186
585	501	to 1,000	418,771	1	305,001	to 310,000	305,422
2,908	1,001	to 5,000	5,886,538	1	310,001	to 315,000	311,700
452	5,001	to 10,000	3,223,941	1	330,001	to 335,000	333,714
156	10,001	to 15,000	1,958,071	1	360,001	to 365,000	363,475
96	15,001	to 20,000	1,709,179	1	375,001	to 380,000	378,800
59	20,001	to 25,000	1,336,317	1	395,001	to 400,000	396,901
51	25,001	to 30,000	1,412,723	1	445,001	to 450,000	447,284
25	30,001	to 35,000	831,868	1	460,001	to 465,000	462,571
20	35,001	to 40,000	746,849	1	465,001	to 470,000	467,532
22	40,001	to 45,000	942,198	1	480,001	to 485,000	481,260
22	45,001	to 50,000	1,075,768	1	490,001	to 495,000	493,822
12	50,001	to 55,000	624,206	1	555,001	to 560,000	557,223
12	55,001	to 60,000	708,752	1	580,001	to 585,000	583,080
11	60,001	to 65,000	689,692	1	640,001	to 645,000	641,930
8	65,001	to 70,000	545,025	1	650,001	to 655,000	652,147
4	70,001	to 75,000	288,728	3	690,001	to 695,000	2,079,703
5	75,001	to 80,000	383,884	1	900,001	to 905,000	901,965
3	80,001	to 85,000	249,400	1	1,085,001	to 1,090,000	1,085,500
4	85,001	to 90,000	354,913	1	1,095,001	to 1,100,000	1,095,158
4	90,001	to 95,000	370,140	1	1,115,001	to 1,120,000	1,117,876
18	95,001	to 100,000	1,773,141	1	1,195,001	to 1,200,000	1,200,000
3	100,001	to 105,000	305,412	1	1,405,001	to 1,410,000	1,405,537
1	105,001	to 110,000	106,600	1	1,555,001	to 1,560,000	1,555,914
3	110,001	to 115,000	339,222	1	1,850,001	to 1,855,000	1,852,721
3	115,001	to 120,000	357,500	1	2,420,001	to 2,425,000	2,424,076
3	120,001	to 125,000	365,205	1	2,595,001	to 2,600,000	2,600,000
3	125,001	to 130,000	386,100	3	3,050,001	to 3,055,000	9,162,291
7	130,001	to 135,000	927,174	1	3,350,001	to 3,355,000	3,354,135
3	140,001	to 145,000	425,716	1	3,705,001	to 3,710,000	3,705,680
2	145,001	to 150,000	300,000	1	3,895,001	to 3,900,000	3,900,000
2	155,001	to 160,000	318,500	1	3,910,001	to 3,915,000	3,914,892
2	160,001	to 165,000	328,708	1	3,915,001	to 3,920,000	3,919,643
2	165,001	to 170,000	335,552	1	4,005,001	to 4,010,000	4,008,903
1	175,001	to 180,000	175,137	1	4,245,001	to 4,250,000	4,246,917
2	180,001	to 185,000	369,219	1	4,625,001	to 4,630,000	4,626,246
1	185,001	to 190,000	187,251	1	5,540,001	to 5,545,000	5,544,059
1	190,001	to 195,000	194,617	1	6,185,001	to 6,190,000	6,185,260
4	195,001	to 200,000	791,422	2	6,560,001	to 6,565,000	13,123,933
2	215,001	to 220,000	433,993	1	7,840,001	to 7,845,000	7,840,349
3	225,001	to 230,000	681,157	1	7,855,001	to 7,860,000	7,856,766
1	230,001	to 235,000	230,222	1	9,390,001	to 9,395,000	9,394,982
1	235,001	to 240,000	240,000	1	14,590,001	to 14,595,000	14,593,692
1	240,001	to 245,000	242,340	1	23,995,001	to 24,000,000	24,000,000
2	245,001	to 250,000	495,971	1	35,125,001	to 35,130,000	35,125,286
3	255,001	to 260,000	773,255	1	58,985,001	to 58,990,000	58,985,311
1	280,001	to 285,000	280,800				
				9,350			284,866,896

Pattern of Shareholding

As at June 30, 2011



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			
NUSRAT YAR AHMAD	2	7,856,899	2.76
SAEED IQBAL CHAUDHRY	2	633	0.00
MOHAMMAD ZAHID	2	62,339,446	21.88
AAMER SAEED	1	500	0.00
FIRASAT ALI	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
TALAL AHMAD CHAUDHRY	1	4,008,903	1.41
AMEENA SAEED CHAUDHRY	1	3,054,097	1.07
Associated Companies, undertakings and related parties			
SC ASSOCIATES (PVT) LTD	1	6,563,337	2.30
N.Y ASSOCIATES (PVT) LTD	1	6,185,260	2.17
ZAHIDJEE TEXTILE MILLS LIMITED	1	24,000,000	8.42
NIT & ICP			
NIT	1	14,593,692	5.12
ICP	6	105,913	0.04
Public Sector Companies and Corporations	15	9,689,296	3.40
Banks, Development Financial Institutions, Non Banking Financial Institutions	19	5,284,239	1.85
Insurance Companies	2	122,512	0.04
Modarabas & Mutual Funds	14	1,615,851	0.57
General Public			
a. Local	9,167	68,466,141	24.03
b. Foreign	4	35,140,295	12.34
Others			
a) Joint Stock Companies	90	8,344,328	2.93
b) Charitable Trusts	3	2,018,519	0.71
c) Modaraba Management Companies	2	7,912,349	2.78
d) All others	11	4,895,396	1.72
Total	9,350	284,866,896	100.00

Share holders holding 10% or more

MUHAMMAD 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 2011, the Board includes one executive director and others non- executive directors.
- 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, three casual vacancies occurred in the Board on 19 August 2010 and 13th December 2010, the candidates nominated by the Board were not approved by the Securities and Exchange Commission of Pakistan. During current year 2011-12, the SECP approved the appointment of seven Directors, the new Board was formed on 07th July, 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.
- 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 four 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 2011 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. The financial statements of the Quarter ended September 30, 2010 and half year ended 31st December, 2010 were published on 14th October, 2011 and the financial statements of third quarter ended 31st March, 2011 and year ended 30th June, 2011 have been approved by the Board on 20th March, 2012.
- 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 was not filled till 30th June, 2011. The Three members Audit Committee was formed by the Board on 11th July, 2011
- 17) During the year a meeting of the Audit Committee was held prior to the approval of annual accounts of June, 2010. 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



Naveed Amin
Chief Executive Officer

We have reviewed the statement of compliance with best practices ("the statement") 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 # 35 of the 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 provision 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 system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's Statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's governance procedures and risks. Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 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 prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternative price 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.

With reference to clause (xx) "The quarterly unaudited financial statements of listed companies shall be published and circulated along with directors' review on the affairs of the listed company for the quarter within one month. However, the company has not circulated the quarterly unaudited financial statement for the quarter ended March 31, 2011.

With reference to clause (xxx) "The Board of Directors of every listed company shall establish an Audit Committee, which shall comprise not less than three members, including the Chairman. However, Audit Committee of the company consists of two members only.

Based on our review, with the exception of the matters described in the preceding paragraphs, 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 June 30, 2011.



Avais Hyder Liaquat Nauman
Chartered Accountants

Engagement Partner:-Syed Ali Adnan Tirmizey

Dated: March 20, 2012

Place: Faisalabad

We have audited the annexed unconsolidated balance sheet of Invest Capital Investment bank Limited (the company) as at June 30, 2011 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 for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to Note 1.3 to the financial statement which indicates that the company has suffered net loss of Rs. 525.54 million for the year and as at the balance sheet date, the accumulated loss is Rs. 1,125.62 million and current liabilities of the company exceed its current assets by Rs. 467.12 million. These conditions, along with other matters, as set forth in Note 1.3 indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

The financial statements of the company as at June 30, 2010 and for the year then ended were audited by another firm of chartered accountants who have expressed adverse opinion on those financial statements in their report dated May 14, 2011.



Avais Hyder Liaquat Nauman
Chartered Accountants

Engagement Partner:-Syed Ali Adnan Tirmizey

Dated: March 20, 2012

Place: Faisalabad

Unconsolidated Balance Sheet

As at June 30, 2011



	Note	2011 Rupees	2010 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	4	310,816,667	393,888,558
Intangible assets	5	5,635,000	10,103,476
Long term investments	6	115,406,103	247,911,966
Net investment in Ijarah finance / assets under Ijarah arrangements	7	340,100,486	624,346,931
Long term musharakah finances	8	54,783,657	78,113,465
Long term loans	9	18,783,959	22,209,833
Long term security deposits	10	12,958,295	19,963,990
Deferred taxation	11	-	-
		858,484,167	1,396,538,219
Current assets			
Short-term investments	12	20,304,487	293,533,508
Short term musharakah finances	13	95,068,952	131,604,675
Short term finances	14	25,769,312	55,166,913
Trade debts	15	-	1,005,106,155
Assets acquired in satisfaction of finances	16	49,500,000	49,500,000
Ijarah rentals receivables	17	91,622	9,562,433
Current maturity of non-current assets	18	633,152,862	1,250,030,542
Advances, deposits, prepayments and other receivables	19	100,496,222	129,908,807
Stock in trade	20	620,245	728,520
Cash and bank balances	21	15,340,619	75,317,696
Assets classified as held for sale	22	1,592,155,293	483,533,306
		2,532,499,614	3,483,992,555
		3,390,983,781	4,880,530,774
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital		4,850,000,000	4,850,000,000
485,000,000 (2010: 485,000,000) ordinary shares of Rs.10/- each			
Issued, subscribed and paid-up capital	23	2,848,668,960	2,848,668,652
Capital reserve on amalgamation		(2,022,075,992)	(2,022,075,684)
Gain / loss on remeasurement	24	1,032,628	(1,797,735)
Accumulated loss		(1,125,620,886)	(600,072,526)
		(297,995,290)	224,722,707
Surplus on revaluation of assets	25	9,257,925	9,257,925
Non-current liabilities			
Liability against assets subject to finance lease	26	-	9,992,392
Deferred liability for staff gratuity	27	-	12,661,719
Security deposits from lessees	28	154,582,208	276,136,679
Long term certificates of musharakah / deposits	29	112,085,000	90,525,000
Long term certificates of investments and deposits	30	7,345,000	6,445,000
Long term musharakah and murabaha borrowings	31	30,830,711	127,456,249
Musharakah Term Finance Certificates	32	245,774,486	420,013,476
Redeemable capital - Term Finance Certificates	33	128,380,000	-
Long-term loan	34	-	-
Deferred revenue	35	1,102,062	2,574,934
		680,099,467	945,805,449
Current liabilities			
Current portion of long term liabilities	36	774,250,980	1,120,273,848
Short term certificates of musharakah /deposits	37	359,519,146	648,099,646
Short term certificates of investments and deposits	38	85,225,638	118,519,671
Short term borrowings	39	93,301,015	1,392,453,169
Short term musharakah borrowings	40	2,700,000	5,000,000
Loan from a Director	41	197,542,473	168,022,126
Creditors, accrued and other liabilities	42	236,266,820	248,376,233
Liabilities directly associated with the assets classified as held for sale	22	1,250,815,607	-
		2,999,621,679	3,700,744,693
		3,390,983,781	4,880,530,774
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	43	-	-

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.

Naveed Amin

Chief Executive Officer

Ahmed Kamran
Chairman

Unconsolidated Profit and Loss Account

For the year ended June 30, 2011




	Note	2011 Rupees	2010 Rupees
Continuing operations			
Income			
Brokerage, commission and fees	44	-	148,186,281
Income from leasing operations		65,130,328	173,383,449
Operating lease rentals		109,880,522	133,763,714
Profit on musharakah investments		11,491,404	35,533,261
Income from investment and placement		1,454,433	55,265,402
Income from finances		7,882,989	19,653,139
Income on deposits with banks		1,617,595	10,081,956
Dividend income from joint ventures		7,856,705	8,284,102
Dividend income		4,575,066	12,645,531
Net gain on sale of marketable securities		3,717,553	53,447,791
Unrealised gain / (loss) on investment in marketable securities - net		1,033,046	(8,627,285)
Income from Diesel / CNG filling stations - net		827,494	3,057,839
		215,467,135	644,675,180
Expenses			
Administrative and operating expenses	45	(228,675,549)	(612,798,023)
Financial charges	46	(325,595,276)	(561,067,234)
Loss on disposal of CNG station		(9,348,538)	-
		(563,619,363)	(1,173,865,257)
		(348,152,228)	(529,190,077)
Other income	47	18,419,091	52,426,919
		(329,733,137)	(476,763,158)
Reversal / provision of Impairment losses and write offs			
Reversal / (provision) against other receivables		1,928,037	(50,074,826)
(Provision) for impairment in the value of available for sale investments		-	(11,123,157)
Doubtful lease receivables written off		(2,170,033)	(2,674,759)
Provision against doubtful finance lease receivable and lease rentals-net		(92,281,497)	(49,313,448)
Provision against long term / short term musharakah finances		(10,224,403)	(41,355,646)
Musharakah finances written off		-	(609,507)
Doubtful debtors written off		-	(30,228,557)
Reversal / (provision) against long term loan / short term loan		6,447,154	(39,813,650)
Other receivables written off		(9,875,958)	(2,668,178)
		(106,176,700)	(227,861,728)
		(435,909,837)	(704,624,886)
Loss before taxation			
Provision for taxation	48	(711,117)	(44,248,742)
Loss after taxation from continuing operations		(436,620,954)	(748,873,628)
Discontinued operation			
Loss for the year from discontinued operation	22	(88,927,406)	-
Loss for the year		(525,548,360)	(748,873,628)
Loss per share related to continuing operations			
- Basic	49	(1.533)	(2.696)
- Diluted	49	(1.533)	(2.629)
Loss per share related to discontinued operation			
- Basic and diluted	49	(0.312)	-

Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2011

Loss for the year	(525,548,360)	(748,873,628)
Other comprehensive income / (loss)		
Transfer of loss / (gain) in the value of investment classified as available-for-sale taken to profit and loss account	1,734,955	(4,249,557)
Incremental depreciation charged for the year - released from surplus on revaluation of asset	-	677,897
Unrealised loss / (gain) on remeasurement of available for sale investments	1,095,408	(1,755,566)
	2,830,363	(5,327,226)
Total comprehensive loss for the year	(522,717,997)	(754,200,854)

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.


Naveed Amin
Chief Executive Officer


Ahmed Kamran
Chairman


Unconsolidated Cash Flow Statement

For the year ended June 30, 2011



	Note	2011 Rupees	2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(435,909,837)	(704,624,886)
Adjustments for non cash charges and other items:			
Depreciation of property and equipment		17,906,405	61,013,516
Amortization of intangibles		2,415,000	4,479,471
Depreciation on assets leased out		84,300,199	77,036,743
(Reversal) / provision against other receivable		(1,928,037)	50,074,826
Provision for impairment in the value of investments classified as available-for-sale		-	11,123,157
Doubtful lease receivables written off		2,170,033	2,674,759
Provision against doubtful finance lease receivable and lease rentals-net		92,281,497	49,313,448
Provision against long term / short term musharakah finances		10,224,403	41,355,646
Musharakah finances written off		-	609,507
Doubtful debtors written off		-	30,228,557
Reversal / (provision) against long term loan / short term loan		(6,447,154)	39,813,650
Other receivables written off		9,875,958	2,668,178
Financial charges - net		325,595,276	561,067,234
Gain on disposal of operating assets		(5,080,226)	(11,705,804)
Unrealised (gain) / loss on investments in marketable securities		(1,033,046)	8,627,285
		530,280,308	928,380,173
Cash flow from operating activities before working capital changes		94,370,471	223,755,287
(Increase) / decrease in current assets			
Short-term investments		42,646,702	636,739,212
Short term musharakah finances		32,575,729	111,101,820
Short term finances		34,967,394	12,092,089
Trade debts		-	440,419,714
Assets acquired in satisfaction of finances		-	50,000,000
Ijarah rentals receivables		9,470,812	7,747,952
Advances, deposits, prepayments and other receivables		36,949,385	110,819,611
Stock in trade		108,275	313,800
Assets classified as held for sale		(4,577,638)	(483,533,306)
Takaful reserve fund investments		-	28,743,840
		152,140,659	914,444,732
Increase / (decrease) in current liabilities			
Short term certificates of musharakah / deposits		(288,580,500)	364,819,646
Short term certificates of investments and deposits		(33,294,033)	46,869,671
Creditors, accrued and other liabilities		(23,001,013)	(464,646,936)
		(344,875,546)	(52,957,619)
Cash flow from operating activities after working capital changes		(98,364,416)	1,085,242,400
Financial charges paid		(196,181,375)	(472,023,014)
Income tax paid		(5,698,154)	(26,878,909)
		(201,879,529)	(498,901,923)
Change in cash flow from operating activities		(300,243,945)	586,340,477
Operating cash flows from discontinued operation	22.4	401,262,933	-
Net cash flow from operating activities		101,018,988	586,340,477
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,266,862)	(47,666,474)
Investments		692,518,799	1,075,903,855
Long term musharakah finances		22,654,355	60,194,339
Long term loans		12,297,164	53,142,787
Long term deposit		6,312,946	11,892,032
Sale proceeds from disposal of tangible fixed assets		36,617,952	22,731,755
Change in cash flow from investing activities		764,134,354	1,176,198,294
Investing cash flows from discontinued operation	22.4	23,552,920	-
Net cash flow from investing activities		787,687,274	1,176,198,294
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of			
Liability against assets subject to finance lease		(10,799,279)	(17,734,377)
Deferred liability for staff gratuity		(12,661,719)	5,634,053
Security deposits from lessees		(352,542,623)	(433,295,403)
Long term certificates of musharakah / deposits		(59,615,000)	(50,705,000)
Certificates of investments and deposits		110,000	3,010,600
Long term musharakah and murabaha borrowings		(27,458,934)	(171,873,302)
Musharakah Term Finance Certificates		(53,747,122)	(148,791,531)
Redeemable capital - Term Finance Certificates		-	(110,872,769)
Long-term loan		(22,018,383)	(285,548,733)
Deferred liabilities		(1,472,872)	665,486
Short term borrowings		(3,300,000)	(885,619,048)
Receivable under reverse repurchase transaction		-	186,000,000
Loan from a Director - unsecured		29,520,347	(26,422,989)
Change in cash flow from financing activities		(513,985,585)	(1,935,553,013)
Financing cash flows from discontinued operation	22.4	(433,519,234)	-
Net cash flow from financing activities		(947,504,819)	(1,935,553,013)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(58,798,557)	(173,014,242)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		75,317,696	248,331,938
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	50	16,519,139	75,317,696

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.


Naveed Amin
 Chief Executive Officer


Ahmed Kamran
 Chairman


Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2011



	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	Gain on remeasurement of available for sale investments	Unappropriated profit/ (accumulated loss)	Share deposit money	Total
	----- Rupees -----					
Balance as at July 01, 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)
Unrealised loss on remeasurement of available for sale investments	-	-	(1,755,566)	-	-	(1,755,566)
Transfer of gain 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 year - released from surplus on revaluation of fixed asset	-	-	-	677,897	-	677,897
	-	-	(6,005,123)	(748,195,731)	-	(754,200,854)
Transaction with owners recorded directly in equity						
Shares issued during the year	121,000,000	-	-	-	(121,000,000)	-
Balance as at June 30, 2010	<u>2,848,668,652</u>	<u>(2,022,075,684)</u>	<u>(1,797,735)</u>	<u>(600,072,526)</u>	<u>-</u>	<u>224,722,707</u>
Correction of error	308	(308)	-	-	-	-
Total Comprehensive income for the year						
Loss for the year	-	-	-	(525,548,360)	-	(525,548,360)
Unrealised gain on remeasurement of available for sale investments	-	-	1,095,408	-	-	1,095,408
Transfer of loss in the value of investment classified as available-for-sale taken to profit and loss account	-	-	1,734,955	-	-	1,734,955
	-	-	2,830,363	(525,548,360)	-	(522,717,997)
Balance as at June 30, 2011	<u>2,848,668,960</u>	<u>(2,022,075,992)</u>	<u>1,032,628</u>	<u>(1,125,620,886)</u>	<u>-</u>	<u>(297,995,290)</u>

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.


Naveed Amin
Chief Executive Officer


Ahmed Kamran
Chairman

1. LEGAL STATUS AND OPERATIONS

- 1.1** 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 (NBFC). The Company is listed on all the stock exchanges. The registered office of the Company is situated at Karachi in the province of Sindh.
- 1.2** In 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 Mudaraba (AZLM) with and into Invest Capital Investment Bank Limited ("Invest Bank"). All the assets and liabilities and reserves of the AZLCL and AZLM were vested with and assumed by the Company. The Honourable High Court of Sindh approved the amalgamation by way of merger through order dated December 08, 2009 effective from June 30, 2009 (close of business).
- 1.3 Challenges / problems and mitigation plan / actions**

Challenges / problems

The company started facing financial and operational difficulties in the year 2009 owing to global financial and economic meltdown that brought in problems of mismatch of resources, surge in non-performing loans and liquidity crunch, non-achievement of post-merger strategic objectives and internal and external impediments. These financial and operational difficulties have resulted as under:

- the Company has suffered net loss of Rs. 525.55 million during the year and as at balance sheet date, the accumulated loss is Rs. 1,125.62 million and the current liabilities of the Company exceed its current assets by Rs. 467.12 million.
- net shareholders equity of the Company as at June 30, 2011 is negative by Rs. 298.00 million and is less than the minimum equity level of Rs. 850 million required under NBFC Regulations, 2008. The Company is unable to comply with per party exposure limit and other relevant limits as stipulated under NBFC Regulations, 2008.
- the Company has been unable to comply with the terms of certain loan agreements as explained in detail in the relevant notes to the financial statements.
- the Company is facing difficulty in recovery of its non-performing leases and loans portfolio.
- the leasing and investment finance services' licenses of the Company have expired on December 08, 2010 and February 29, 2011 respectively and renewal is pending.

There is material uncertainty related to events or conditions which may cast significant doubt about the Company's ability to continue as going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The management has formulated a plan and is taking measures to address the financial and operational problems being faced by the Company. The plan and efforts are discussed below:

Mitigation plan / actions

(a) Substantial reduction in administrative and other expenses

The management of the Company has substantially curtailed its administrative and other operating expenses as reflected in the profit and loss account. The management is taking steps to further reduce these expenses to minimum possible level without affecting the operational efficiency of the Company. This will result in improving the profitability and equity position of the Company.

(b) Commencement of new leasing business

The Company has subsequently recommenced leasing business after a considerable gap of above two years. The Company is mainly carrying out car leasing business at a very attractive IRR with reasonable deposit margin. Leasing business will result in profits in the ensuing years thereby improving the profitability and equity position of the Company.

(c) Injection of funds amounting to Rs. 150 million

The new management of the company have acquired major shareholding and management control of the Company from the outgoing management (outgoing group) effective from July 2011. Subsequently, a total of Rs. 150 million has been injected by the new management, Rs. 126 million directly as subordinated loan and Rs. 24 million indirectly through outgoing group as consideration of disposal of Invest Capital Markets Limited (ICML) - a wholly owned subsidiary of the Company. The injection of funds by new management has been very vital and of timely support for the Company which has been solely utilized for payments to depositors. Further, the subordinated loan will also help enable the Company to meet the minimum equity requirement in ensuing years.

(d) Settlement / rescheduling of loans / deposits with lending banks / financial institutions

The management is making strenuous efforts for the settlement / rescheduling of outstanding loans amounting to Rs. 1,266.98 million with various banks / financial institutions through transfer of Company's lease / loan portfolio and immovable properties / shares / memberships of DHA Golf Club with waiver of mark-up. Subsequently, loans amounting to Rs. 239.35 million have been settled, loans amounting to Rs. 224.22 million have been rescheduled and mark up of Rs. 14.27 million has been waived off. Some other banks / financial institutions have also agreed in principle for settlement / rescheduling of loans amounting to Rs. 406.08 million. The management is putting their best efforts to settle / reschedule these loans as early as possible and expects waiver of mark up of around Rs. 200 million in the ensuing years.

(e) Disposal of non-core assets

Management is also focusing on disposal of other non-core assets / businesses like CNG / fuel stations and generators fleet in addition to disposal of properties / assets through settlement against liabilities as discussed in para (d) above. The Company has subsequently disposed off five earth moving machines and a proposal for the disposal of one of the CNG station is under consideration. Disposal of non-core assets at profit will result in improvement in the liquidity and equity position of the Company.

(f) Disposal / transfer of brokerage related assets and liabilities

ICML has been sold to the outgoing group (Refer para (c) above) and other assets related to brokerage business will be transferred to them after repayment of brokerage business related liabilities by the outgoing group. Outgoing group has committed to pay off all the outstanding liabilities related to the brokerage business within due course of time. This transaction will result in net saving of approximately Rs. 137.46 million for the Company and, therefore, result in improvement in results and equity of the Company.

(g) Improved recovery of non-performing leases and loans portfolio

Recovery from lease and loan portfolio was 55% of billing raised during the year ended on June 30, 2011, whereas, it has been substantially improved in the subsequent period and is more than 80% of the billing raised during the seven months period ended on January 31, 2012. Net recovery till January 31, 2012 is Rs. 180 million. This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors.

(h) Renewal of leasing and investment finance services' licenses

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 management expects a favorable response from SECP enabling the Company to recover from this adverse situation.

Management is hopeful that the above mentioned plans / measures will help overcome the financial and operational problems and will result in the improvement of financial position and financial results of the Company. Considering management's plans and the results of mitigating actions as discussed in detail in paragraphs (a) to (h) above, Management is confident that the Company will be able to continue as a going concern.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These 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 and International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 for Non-Banking Finance Companies (NBFCs) providing 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 following:

- Staff retirement gratuity which is carried at present value.
- Non - current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.
- Investments available for sale are stated at fair value.

2.3 Functional and presentation currency

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

2.4 Accounting estimates and judgments

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 recognized in the period in which the estimates are revised.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant affect 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 finances (Note 3.23)
- Trade debts (Note 3.9)
- Deferred taxation (Note 3.10)
- Long term loans (Note 3.5)

2.5 Standards, amendment to standards and interpretations becoming effective in current year

The following new and revised standards are effective and mandatory for financial statements for the periods beginning on or after July 01, 2010 and therefore have been applied in preparing these financial statements.

- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The amendment 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. The application of this amendment does not have any impact on the Company's financial statements.
- Amendments to IFRS 8 Operating Segments. The amendment 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 application of this amendment does not have any impact on the Company's financial statements.
- Amendments to IAS 1 Presentation of Financial Statements. The amendment provides clarification that the potential settlement of a liability by the issuer of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of this amendment does not have any impact on the Company's financial statements.

- Amendments to IAS 7 Statement of Cash Flows. The amendments provides clarification that only expenditures that result in the recognition of an asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognized assets in the balance sheet. The application of this amendment does not have any impact on the Company's financial statements.
- Amendments to IAS 17 Leases. 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 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 application of this amendment does not have any impact on the Company's financial statements.

2.6 Standards, amendment to standards and interpretations becoming effective in current year but not relevant

There are certain new standards, amendments and interpretations that are mandatory for accounting periods of the Company beginning on or after July 1, 2010 but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

2.7 Standards, amendment to standards and interpretations becoming effective in future periods

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after their respective effective dates:

- 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 as an expense. These amendments are unlikely to have an impact on the Company's financial statements.
- 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.

- 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 context 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.
- 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 disclosures.
- 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 disclosures.

2.8 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are other amendments to the standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

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.

3.2 Property, plant and equipment

Owned

Property, plant and equipment, except land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Land is carried at cost less impairment in value, if any.

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. Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

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

Gains and losses on disposal of property, plant and equipment are included in current income.

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

Intangible assets are recognized as assets if it is probable that future economic benefits will flow to the company and the cost of such assets can be measured reliably. These are stated at cost less any accumulated amortization and accumulated impairment losses, if any.

The intangible assets of the Company comprise of Computer softwares which are being amortized applying the reducing balance method over the estimated useful life of related assets at the rate specified in Note 6 to these unconsolidated financial statements. Amortization on additions during the year is charged from the month in which an asset is acquired or capitalised, while no amortization is charged for the month in which the asset is disposed off.

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 investments except in case of held for trading investments, in which case these are charged to the profit and loss account. All purchases and sales 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 company'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 the 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. 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). Any resultant gain or loss is taken directly to equity, until the investments are sold or until the investments are determined to be impaired, at which time the cumulative 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 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 adopted Islamic Financial Accounting Standard 2-Ijarah for all Ijarah agreements commencing from July 01, 2008 to June 30, 2010. 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 term and short term loans and finances are stated net of impairment provisions, if any.

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 NBFC's 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 loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when these 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 current income.

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

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

3.10 Provision for 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 account.

3.11 Revenue recognition

3.11.1 Finance lease / Ijarah income

- The Company follows the finance method for recognising income on Ijarah contracts 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 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 is 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, murabaha 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 Unrealised income on non-performing assets

Unrealized income is suspended, where necessary (on non-performing assets including the non-performing lease / Ijarah portfolio, musharakah, murabaha 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.

3.11.5 Sale of CNG / Diesel

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

3.11.6 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 directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss account in the period in which 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

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

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

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, musharakah, murabaha and all other functions not included in other segments.

Geographical segments

The Company operates in Pakistan only.

3.18 Fiduciary assets

Asset, 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 Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupee 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 from 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 amounts of the Company's non financial 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 Murabaha borrowings and financing

In accordance with the requirements of Islamic Financial Accounting Standards 1 - murabaha, issued by the Institute of Chartered Accountants of Pakistan, the Company accounts for murabaha as follows:

- Funds disbursed for purchase of goods are recorded as 'Advance for murabaha'. On the culmination of murabaha i.e. on sale of goods to the customers, murabaha 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 murabaha is recognised on accrual basis. However, profit for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately at the time of culmination.
- Funds received against sale of goods are recorded as 'murabaha payable'. On the culmination of murabaha i.e. on purchase of goods from the counter party, murabaha payables are recorded at the deferred purchase price net of expenses.
- Expenses on murabaha are recognised on accrual basis. However, expenses for the period from the date of receipt to the date of culmination of murabaha are recognised immediately at the time of culmination.

	Note	2011 Rupees	2010 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	296,601,433	382,032,768
Capital work in progress	4.3	14,215,234	11,855,790
		<u>310,816,667</u>	<u>393,888,558</u>

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2011



4.1 Operating assets

	COST			As at June 30, 2011	2011 Rate (%)	DEPRECIATION/ IMPAIRMENT				Written down value as at June 30, 2011	
	As at July 1, 2010	Additions / (disposals)	Transfers (Note 4.1.3)			As at July 1, 2010	Depreciation for the year / (on disposals)	Impairment for the year	Transfers (Note 4.1.3)		As at June 30, 2011
R u p e e s					R u p e e s						
OWNED ASSETS											
Land	135,698,000	-	-	135,698,000	1.03	163,264	161,598	-	-	324,862	135,373,138
Building	46,396,761	-	-	31,925,306	5	1,852,366	2,057,435	-	-	2,339,876	29,585,430
		(14,471,455)					(1,569,925)				
Office premises	48,700	-	-	48,700	5	2,029	2,322	-	-	4,351	44,349
Office renovation	585,000	-	(585,000)	-	33.33	268,501	104,445	-	(372,946)	-	-
Furniture and fixture	27,197,252	-	(3,913,993)	22,604,737	10	10,672,127	1,689,971	-	(2,053,741)	9,997,142	12,607,595
		(678,522)					(311,215)				
Office equipment	33,314,248	899,025	(13,320,618)	20,861,155	10	17,162,893	1,777,860	-	(7,948,801)	10,976,582	9,884,573
		(31,500)					(15,370)				
Motor vehicles	82,109,275	5,376,037	(42,256,209)	25,926,032	20	28,186,727	9,929,046	-	(20,487,780)	9,882,226	16,043,806
		(19,303,071)					(7,745,767)				
Plant and machinery	17,934,748	-	12,610,887	14,395,635	10	2,754,196	2,266,445	-	1,674,919	3,318,187	11,077,448
		(16,150,000)					(3,377,373)				
	343,283,984	6,275,062	12,610,887	251,459,565		61,062,103	17,989,122	-	1,674,919	36,843,226	214,616,339
		(50,634,548)	(60,075,820)				(13,019,650)		(30,863,268)		
LEASED ASSETS held for own use											
Motor vehicles	2,707,775	-	-	2,707,775	20	1,704,538	185,846	-	-	1,890,384	817,391
Plant and machinery	12,610,887	-	(12,610,887)	-	10	1,674,919	-	-	-	-	-
									(1,674,919)		
Office equipment	20,926,378	-	-	20,926,378	10	14,337,856	1,053,442	-	-	15,391,298	5,535,080
	36,245,040	-	-	23,634,153		17,717,313	1,239,288	-	-	17,281,682	6,352,471
			(12,610,887)						(1,674,919)		
OWNED ASSETS HELD FOR OPERATING LEASE ARRANGEMENTS											
Generator	86,931,340	-	-	86,931,340	10	5,648,180	5,650,537	-	-	11,298,717	75,632,623
	466,460,364	6,275,062	12,610,887	362,025,058		84,427,596	24,878,947	-	1,674,919	65,423,625	296,601,433
		(50,634,548)	(72,686,707)				(13,019,650)	-	(32,538,187)		

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2011



	COST			2010 Rate (%)	DEPRECIATION / IMPAIRMENT					Written down value as at June 30, 2010	
	As at July 1, 2009	Additions / (disposals)	Transfers		As at June 30, 2010	As at July 1, 2009	Depreciation for the year / (on disposals)	Impairment for the year	Transfers		As at June 30, 2010
	R u p e e s					R u p e e s					
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	-	-	-	5	600,000	570,000	-	-	-	-
		(12,000,000)					(1,170,000)				
Office renovation	32,727,241	286,073	-	585,000	33.33	8,767,596	7,968,014	-	-	268,501	316,499
		(32,428,314)					(16,467,109)				
Furniture and fixture	30,326,826	1,709,989	-	27,197,252	10	10,178,926	2,071,830	-	-	10,672,127	16,525,125
		(4,839,563)					(1,578,629)				
Office equipment	93,853,225	3,552,168	-	33,314,248	10	28,303,892	12,754,533	-	-	17,162,893	16,151,355
		(64,091,145)					(23,895,532)				
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	343,283,984		73,279,852	52,386,136	2,623,443	5,024,554	61,062,103	282,221,881
		(144,062,154)	(447,144,446)				(53,834,066)		(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
	1,013,958,671	44,673,293	9,978,000	466,460,364		93,536,508	61,013,516	2,623,443	5,024,554	84,427,596	382,032,768
		(145,027,154)	(457,122,446)				(54,328,055)		(23,442,370)		

4.1.1 Depreciation expense

	2011 Rupees	2010 Rupees
Depreciation expense	24,878,947	61,013,516
Less: Charged to Subsidiary	(3,460,230)	-
	21,418,717	61,013,516

4.1.2 Detail of CNG/Diesel related assets included in note 4.1 above is as follows:

	2011					
	Freehold land	Building	Plant and machinery	Furniture and fixture	Office equipment	Total
	R u p e e s					
Cost	45,198,000	7,707,900	14,395,635	38,300	45,000	67,384,835
Accumulated depreciation	-	862,444	3,318,187	10,152	7,538	4,198,321
Net book value	45,198,000	6,845,456	11,077,448	28,148	37,462	63,186,514
	2010					
	Freehold land	Building	Plant and machinery	Furniture and fixture	Office equipment	Total
	R u p e e s					
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	45,198,000	20,606,423	26,116,517	40,675	56,597	92,018,212

4.1.3 Transfers include assets having cost of Rs. 60.075 million and WDV of Rs. 29.213 million (2010: Cost Rs. 447.144 million and WDV Rs. 428.727 million) transferred to assets classified as held for sale (Refer Note 22.1).

4.2 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
R u p e e s							
Vehicles							
Haundai Santro	499,000	(403,073)	95,927	350,000	254,073	Tahir Gul	Through Negotiation
Honda Citi Vario	933,500	(503,343)	430,157	870,000	439,843	Muhammad Rizwan	Through Negotiation
Toyota Corolla Xli	925,000	(498,760)	426,240	1,100,000	673,760	Usman Saeed	Through Negotiation
Suzuki Cultus	797,150	(327,717)	469,433	700,000	230,567	Waqas Ahmed	Through Negotiation
Toyota Vitz	685,000	(482,985)	202,015	450,000	247,985	Adeel ur Rehman	Through Negotiation
Honda Civic Vti - Oriol	1,934,580	(488,804)	1,445,776	1,750,000	304,224	New Jubilee Insurance Co.	Insurance Claim
Honda Citi	860,000	(572,324)	287,676	508,480	220,804	Kashif Shabbir	Through Negotiation
Daihatsu Storia	525,000	(327,880)	197,120	300,000	102,880	Azeem	Through Negotiation
Toyota Premio	2,235,595	(558,899)	1,676,696	1,500,000	(176,696)	M. Rizwan Siddiqui	Through Negotiation
Suzuki Liana	1,106,055	(259,923)	846,132	800,000	(46,132)	Muhammad Rizwan (Employee)	As per Company policy
Toyota Altis	861,733	-	861,733	1,465,000	603,267	Mr. Shakeel Aziz (Employee)	As per Company policy
Honda Civic	699,792	-	699,792	1,535,000	835,208	Mr. Shakeel Aziz (Employee)	As per Company policy
Toyota Altis	1,844,480	(590,234)	1,254,246	1,250,000	(4,246)	Mr. Ansar Husain (Employee)	As per Company policy
Toyota Altis	573,534	-	573,534	1,210,000	636,466	Mr. Ansar Husain (Employee)	As per Company policy
Toyota Corolla	1,066,321	(1,066,321)	-	525,000	525,000	Raja Rizwan Ashfaq (Employee)	As per Company policy
Suzuki Cultus	677,215	(374,124)	303,091	700,000	396,909	Syed Nadeem Anwar (Employee)	As per Company policy
Diahatsu Couré	474,000	(309,048)	164,952	500,000	335,048	Saleem (Employee)	As per Company policy
Suzuki Mehran Vxr	395,000	(243,320)	151,680	365,000	213,320	Muzammil (Employee)	As per Company policy
Suzuki Mehran Vxr	395,000	(240,511)	154,489	355,000	200,511	Babar (Employee)	As per Company policy
Honda Cd-70 M/Cycle	58,500	(58,500)	-	15,000	15,000	Naim Ahmed (Employee)	As per Company policy
Suzuki M/Cycle	54,800	(35,730)	19,070	21,600	2,530	Sued Zaheer Abbas Zaidi (Employee)	As per Company policy
Honda Cd-70	54,000	(46,872)	7,128	30,000	22,872	Ajmal (Employee)	As per Company policy
Pak Hero Motorcycle	38,500	(20,911)	17,589	19,507	1,918	Shokat Ali (Employee)	As per Company policy
Unique Motorcycle	37,500	(15,450)	22,050	25,000	2,950	Asim (Employee)	As per Company policy
Suzuki Cultus NE-680	321,622	(5,360)	316,262	490,000	173,738	Muhammad Kamal (Employee)	As per Company policy
Honda City	342,171	(81,955)	260,216	750,000	489,784	Shahnawaz Rizvi	Through Negotiation
Star	54,407	(13,757)	40,650	28,200	(12,450)	Saif Ullah	Through Negotiation
Star	13,630	(3,446)	10,184	16,500	6,316	Asim Hussain Khan	Bidding
Honda City	439,139	(105,180)	333,959	800,000	466,041	Razi Aziz	Through Negotiation
Baleno	252,628	(63,643)	188,985	317,087	128,102	Khalid Mehmood	Through Negotiation
Honda	9,198	(3,185)	6,013	25,500	19,487	Tariq Ali	Bidding
Honda	13,727	(4,387)	9,340	25,000	15,660	Sajid Mehmood	Bidding
Honda	10,022	(2,534)	7,488	25,000	17,512	Nadeem Ashraf	Through Negotiation
Honda	23,581	(8,165)	15,416	27,000	11,584	Yasir Iqbal	Through Negotiation
Honda	13,727	(3,471)	10,256	18,000	7,744	Muhammad Farman	Through Negotiation
Suzuki	14,422	(4,801)	9,621	18,000	8,379	Muhammad Asif	Bidding
Hero	15,860	(5,280)	10,580	18,000	7,420	Muhammad Asif	Bidding
Star	22,892	(7,621)	15,271	18,000	2,729	Muhammad Asif	Bidding
Sohrab	24,790	(8,253)	16,537	18,000	1,463	Muhammad Asif	Bidding
	19,303,071	(7,745,767)	11,557,304	18,938,874	7,381,570		
Office equipment	22,000	(9,274)	12,726	12,726	-	Chulam Rasool Gondal	As per agreement
Fax machine	9,500	(6,096)	3,404	743	(2,661)	Qasim Mehmood	As per Company policy
	31,500	(15,370)	16,130	13,469	(2,661)		
Miscellaneous furniture and fixtures	678,522	(311,215)	367,307	319,932	(47,375)	Various	As per Company policy
	678,522	(311,215)	367,307	319,932	(47,375)		
Building	14,471,455	(1,569,925)	12,901,530	12,901,530	-	Chulam Rasool Gondal	As per agreement
	14,471,455	(1,569,925)	12,901,530	12,901,530	-		
Plant and machinery	16,150,000	(3,377,373)	12,772,627	12,772,627	-	Chulam Rasool Gondal	As per agreement
	16,150,000	(3,377,373)	12,772,627	12,772,627	-		
2011	50,634,548	(13,019,650)	37,614,898	44,946,432	7,331,534		
2010	145,027,154	54,328,055	90,699,099	22,731,755	1,552,679		

4.2.1 Disposals include assets having cost of Rs.10.500 million (WDV: 6.077 million) which relates to discontinued operation. Gain of Rs. 2.251 million on sale of these assets is transferred to income of discontinued operation.

	Note	2011 Rupees	2010 Rupees
4.3 Capital work-in-progress			
Development charges relating to freehold land		6,247,000	6,247,000
Renovation and office equipment		7,968,234	5,608,790
		<u>14,215,234</u>	<u>11,855,790</u>
5. INTANGIBLE ASSETS			
Computer Softwares			
Opening balance - cost		16,396,016	14,338,236
Additions during the year		350,000	2,993,181
Transferred to Invest Capital Markets Limited (subsidiary)		-	(935,401)
		16,746,016	16,396,016
Accumulated amortization at the beginning of the year		6,292,540	1,813,069
Amortization for the year @ 30% per annum		3,127,293	4,479,471
		9,419,833	6,292,540
		7,326,183	10,103,476
Transferred to assets classified as held for sale	22.1	(1,691,183)	-
		<u>5,635,000</u>	<u>10,103,476</u>
6. LONG TERM INVESTMENTS			
Investment in subsidiary - at cost		116,850,002	116,850,002
Investment in related parties - at cost	6.1	82,862,771	82,862,771
Available for sale investments:			
- Ordinary shares & certificates of listed and unlisted entities	6.2	27,164,997	30,785,618
- Mutual Funds		-	10,588,028
- Term Finance Certificates	6.3	5,378,335	6,825,547
		232,256,105	247,911,966
Transferred to assets classified as held for sale	22.1	(116,850,002)	-
		<u>115,406,103</u>	<u>247,911,966</u>
6.1 Investments in related parties			
Joint ventures			
CNG / Diesel filling stations			
- Centre Gas (Private) Limited	6.1.1	34,535,703	34,535,703
- UMA Enterprises	6.1.2	27,705,053	27,705,053
- Ameen Enterprises	6.1.3	20,622,015	20,622,015
		<u>82,862,771</u>	<u>82,862,771</u>

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2011



6.1.1 The summarised financial information given below are based on the audited financial statements of Centre Gas (Private) Limited (CGL) as of June 30, 2011 audited by another firm of chartered accountants 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
Rupees	29,887,190	46,633,843	3,548,925	3,548,925	27,398,017	1,174,780

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 June 30, 2011 was Rs.43.084 million.

6.1.2 The summarised financial information given below are based on audited financial statements of UMA Enterprise as of June 30, 2011 audited by another firm of chartered accountants 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
Rupees	3,412,467	38,622,833	10,408,428	10,408,428	54,538,030	9,349,495

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, installment, 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 UMA vests with the Company.

The profit and loss sharing ratio of the Company is 40%. The project commenced its operations in July 2007.

6.1.3 The summarised financial information given below are based on audited financial statements of Ameen Enterprises as of June 30, 2011 audited by another firm of chartered accountants 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
Rupees	6,345,586	46,135,344	4,643,743	4,643,743	49,496,420	7,048,484

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

The total cost of construction was borne by the Company and the other partner agreed to repay his share of 50% of the cost from the operations of the CNG station. Profit and loss is shared equally. The project commenced its operations in March 2010.

6.2 Available for sale investments - Ordinary shares / Certificates

<u>Number of shares / certificates (of Rs. 10 each)</u>			Note	<u>Fair Value / Carrying Value</u>	
2011	2010			2011 Rupees	2010 Rupees
Listed					
112,000	112,000	English Leasing Limited		-	67,200
-	519,920	First Equity Mudaraba		-	649,900
-	23,559	First Fidelity Leasing Mudaraba		-	35,338
-	107,500	NIB Bank Limited		-	321,425
-	680,340	Southern Electric Power Company Limited		-	1,911,755
135,000	135,000	Zeal Pak Cement Factory Limited		-	-
Un-Listed					
500,000	500,000	Central Depository Company of Pakistan Limited		16,125,000	15,640,000
1,333,333	1,333,333	Burj Bank Limited	6.2.1	11,039,997	12,160,000
1,140	1,140	Innovative Investment Bank Limited		-	-
<u>2,081,473</u>	<u>3,412,792</u>			<u>27,164,997</u>	<u>30,785,618</u>
Cost				<u>27,333,330</u>	<u>32,471,673</u>

6.2.1 This represents investment of Rs 13.33 million in 1,333,333 ordinary shares of Rs 10 each of Burj Bank Limited (formerly Dawood Islamic Bank Limited) an unlisted bank. The break-up value per share as at June 30, 2011 based on the reviewed financial statements is Rs. 8.28. Loss has been recorded on these investments based on break-up value per share as mentioned above.

6.3 Available for sale investments - Term Finance Certificates

<u>Number of certificates</u>			Note	2011	2010
2011	2010			Rupees	Rupees
Listed					
1,000	1,000	Saudi Pak Leasing Corporation Limited	6.3.1 & 6.3.2	2,331,266	2,182,608
1,551	1,551	Trust Investment Bank Limited	6.3.3	3,047,069	4,642,939
<u>2,551</u>	<u>2,551</u>			<u>5,378,335</u>	<u>6,825,547</u>

6.3.1 Terms and conditions of listed Term Finance Certificates (TFCs) are as follows:

Name of Company	Markup rate		Repayment terms of principal	
	Tenure	Rate	Tenure	Amount
Saudi Pak Leasing Corporation Limited	1-24 months	6% per annum	1-12 months	Rs. 21,760 per month
	25-48 months	8% per annum	13-79 months	Rs. 52,050 per month
	49-78 months	1 month KIBOR		
	79-108 months	Previously accrued markup will be repaid		

6.3.2 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 in the previous year.

6.3.3

Name of Company	Markup		Maturity date
	Frequency	Rate	
Trust Investment Bank Limited	Semi annually	6 months KIBOR+1.85%	July 4, 2013

	Note	2011 Rupees	2010 Rupees
7. NET INVESTMENT IN IJARAH FINANCE/ ASSETS UNDER IJARAH ARRANGEMENTS			
Ijarah contracts - accounted for as finance leases	7.1	608,952,856	1,358,715,045
Ijarah contracts - accounted for under IFAS 2	7.2	203,605,021	317,339,941
		812,557,877	1,676,054,986
Current portion of net investment in Ijarah finance	18	(472,457,391)	(1,051,708,055)
		340,100,486	624,346,931

7.1 Net investment in Ijarah finance

	2011			2010		
	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
	Rupees			Rupees		
Minimum lease payments receivable	921,146,842	134,427,531	1,055,574,373	1,169,539,557	271,621,768	1,441,161,325
Residual value of leased assets	94,048,469	64,642,956	158,691,425	343,414,432	154,532,275	497,946,707
Lease contracts receivable	1,015,195,311	199,070,487	1,214,265,798	1,512,953,989	426,154,043	1,939,108,032
Unearned lease income (including suspended income)	(176,618,864)	(27,093,166)	(203,712,030)	(204,362,579)	(56,953,055)	(261,315,634)
Provision for potential lease losses	(366,119,056)	(35,481,856)	(401,600,912)	(256,883,353)	(62,193,998)	(319,077,353)
	(542,737,920)	(62,575,022)	(605,312,942)	(461,245,934)	(119,147,053)	(580,392,987)
	472,457,391	136,495,465	608,952,856	1,051,708,055	307,006,990	1,358,715,045

7.1.1 These finances carry profit rates ranging from 9.97% to 26.8% per annum (2010: 9.4% 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.

7.1.2 The above net investment in finance lease includes non-performing lease portfolio of Rs. 735.582 million (2010: Rs. 804.958 million) . Detail of these leases is as follows:

Category of classification	2011			2010		
	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees			Rupees		
Other assets especially mentioned	50,677,628	-	-	230,817,710	-	6,402,418
Substandard	159,511,556	27,727,047	27,727,047	136,091,177	19,138,216	19,138,216
Doubtful	107,321,329	40,154,895	40,154,895	94,716,419	29,609,847	29,609,847
Loss	418,071,358	333,718,970	333,718,970	343,332,841	263,926,872	263,926,872
	735,581,871	401,600,912	401,600,912	804,958,147	312,674,935	319,077,353

7.2 Assets under Ijarah arrangements

The following is a statement of assets leased out:

	2011						Net carrying value as at June 30, 2011
	COST			DEPRECIATION			
	As at July 01, 2010	Additions / (disposals)	As at June 30, 2011	As at July 01, 2010	for the year / (adjustment on disposals)	As at June 30, 2011	
	----- Rupees -----						
Plant and machinery	59,609,500	-	59,609,500	15,980,550	12,111,840	28,092,390	31,517,110
Equipment	214,566,669	-	199,816,669	60,088,883	38,308,708	92,217,952	107,598,717
Vehicles	143,489,862	(14,750,000)	112,729,462	33,641,998	(6,179,639)	54,475,186	58,254,276
Livestock	14,588,380	(30,760,400)	13,088,380	5,203,039	(10,878,957)	6,853,462	6,234,918
	432,254,411	(1,500,000)	385,244,011	114,914,470	2,167,506	181,638,990	203,605,021
		(47,010,400)			(517,083)		
					(17,575,679)		

	2010						Net carrying value as at June 30, 2010
	COST			DEPRECIATION			
	As at July 01, 2009	Additions / (disposals)	As at June 30, 2010	As at July 01, 2009	for the year / (adjustment on disposals)	As at June 30, 2010	
	----- Rupees -----						
Plant and machinery	39,094,500	20,645,000	59,609,500	5,880,830	10,166,459	15,980,550	43,628,950
Equipment	198,991,424	(130,000)	214,566,669	27,261,948	(66,739)	60,088,883	154,477,786
Vehicles	63,477,832	44,124,715	143,489,862	11,309,265	(6,970,940)	33,641,998	109,847,864
Livestock	15,088,380	89,007,650	14,588,380	2,244,977	(1,614,947)	5,203,039	9,385,341
	316,652,136	(500,000)	432,254,411	46,697,020	3,124,729	114,914,470	317,339,941
		153,777,365			(166,667)		
		(38,175,090)			77,036,743		
					(8,819,293)		

7.2.1 Above Ijarah arrangements carry profit rates ranging between 9.55% to 28.00% per annum (2010: 12.97% to 27.49% per annum).

	Note	2011 Rupees	2010 Rupees
7.2.2 Ijarah rentals receivable in respect of above assets			
Ijarah rentals receivable		44,721,824	25,683,311
Provision against Ijarah rentals receivable	7.2.3	(44,630,202)	(16,120,878)
		<u>91,622</u>	<u>9,562,433</u>

7.2.3 Provision against Ijarah rentals receivable

Category of classification	2011			2010		
	Rental receivable	Rental suspension	Suspension held	Rental receivable	Rental suspension	Suspension held
	----- Rupees -----					
Other assets especially mentioned	9,720,330	9,720,330	9,720,330	9,802,873	9,802,873	9,802,873
Substandard	13,130,266	13,130,266	13,130,266	6,318,005	6,318,005	6,318,005
Doubtful	12,585,495	12,585,495	12,585,495	-	-	-
Loss	9,194,111	9,194,111	9,194,111	-	-	-
	<u>44,630,202</u>	<u>44,630,202</u>	<u>44,630,202</u>	<u>16,120,878</u>	<u>16,120,878</u>	<u>16,120,878</u>

7.2.4 Contractual rentals receivable

	2011			2010		
	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
	Rupees			Rupees		
Total future rentals receivable	86,446,854	62,698,425	149,145,279	156,500,428	158,922,092	315,422,520

	Note	2011 Rupees	2010 Rupees
8. LONG TERM MUSHARAKAH FINANCE			
Secured	8.1		
Companies (non- financial institutions)		107,171,412	120,690,143
Individuals		105,467,070	114,602,694
		<u>212,638,482</u>	<u>235,292,837</u>
Receivable within one year shown under current assets	18	(120,095,509)	(125,684,465)
		<u>92,542,973</u>	<u>109,608,372</u>
Provision against impaired balances	8.2	(37,759,316)	(31,494,907)
		<u>54,783,657</u>	<u>78,113,465</u>

8.1 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 30% per annum (2010: 13.5% to 27% per annum). These are payable in monthly/quarterly/semi-annually installments; and upon maturity.

8.2 This represents provision against non-performing receivables amounting to Rs. 108.03 million (2010: Rs. 34.506 million).

	Note	2011 Rupees	2010 Rupees
9. LONG TERM LOANS			
Considered good			
Executives	9.1 & 9.2	6,643,043	20,234,283
Other employees	9.1 & 9.2	3,440,262	10,110,940
Customers	9.3	939,937	16,826,089
		<u>11,023,242</u>	<u>47,171,312</u>
Transferred to assets classified as held for sale	22.1	(8,641,491)	-
		<u>2,381,751</u>	<u>47,171,312</u>
Considered doubtful			
Customers	9.3	83,268,906	74,820,640
Less: Provision		(26,266,736)	(27,144,097)
		<u>57,002,170</u>	<u>47,676,543</u>
Current maturity	18	(40,599,962)	(72,638,022)
		<u>18,783,959</u>	<u>22,209,833</u>

9.1 This includes Rs. 6.02 million and Rs. 2.62 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.

9.2 This includes Rs. 0.623 million and Rs. 0.818 million loans to the executives and employees of the Company representing house and car loans provided as per the Company'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.

9.3 These carry mark-up at the rate ranging from 10.49% to 25% per annum (2010: 10.49% to 25% per annum). These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2011



	Note	2011 Rupees	2010 Rupees
9.4 Reconciliation of the carrying amount of loans to executives			
Balance at the beginning of the year		20,234,283	27,162,274
Disbursements during the year		325,000	4,275,000
		<u>20,559,283</u>	<u>31,437,274</u>
Repayments during the year		(13,916,240)	(11,202,991)
Closing balance		<u>6,643,043</u>	<u>20,234,283</u>
10. LONG TERM SECURITY DEPOSITS			
Unsecured and considered good			
For assets acquired under leases		773,820	4,585,820
Others	10.1	<u>12,697,224</u>	<u>15,378,170</u>
		<u>13,471,044</u>	<u>19,963,990</u>
Transferred to assets classified as held for sale	22.1	<u>(512,749)</u>	<u>-</u>
		<u>12,958,295</u>	<u>19,963,990</u>
10.1 These represent deposits paid for utilities, office premises etc.			
11. DEFERRED TAX ASSET - net	11.1	<u>-</u>	<u>-</u>
11.1 At June 30, 2011, net deferred tax asset amounting to Rs. 958 million (2010: Rs. 459 million) has not been recognised as a matter of prudence. Deferred tax asset comprises of the followings:			
	Note	2011 Rupees	2010 Rupees
Taxable temporary differences arising in respect of:			
- surplus on revaluation of assets classified as held for sale	11.1.1	(404,393)	(404,393)
- accelerated tax depreciation		(81,244,385)	(167,627,324)
		<u>(81,648,778)</u>	<u>(168,031,717)</u>
Deductible temporary differences arising in respect of:			
- provision against doubtful finance lease and other receivable		254,520,778	109,839,748
- carry forward of income tax losses		782,831,532	52,386,138
- liabilities against asset subject to finance lease		2,652,695	4,649,245
- deficit on revaluation of available for sale investments	11.1.1	<u>36,336</u>	<u>1,156,586</u>
		<u>1,040,041,341</u>	<u>168,031,717</u>
		<u>958,392,563</u>	<u>-</u>
11.1.1 This charge has been respectively recognised in the surplus on revaluation of assets classified as held for sale and surplus on revaluation of assets and gain on remeasurement of available for sale investments.			
12. SHORT-TERM INVESTMENTS	Note	2011 Rupees	2010 Rupees
Investments at fair value through profit or loss			
Quoted securities			
- Ordinary shares	12.1	-	30,117,716
- Preference shares - cumulative		-	611,402
- Mutual Funds	12.2	10,585,128	67,273,873
Available-for-sale			
Government securities		-	182,560,744
Other quoted securities			
- Term finance certificates	12.3	-	83,996
- Ordinary shares	12.4	-	1,185,193
- Mutual Funds	12.5	8,862,359	10,700,584
Un - quoted securities			
Dawood Family Takaful Limited (100,000 ordinary shares)	12.6	857,000	1,000,000
		<u>20,304,487</u>	<u>293,533,508</u>

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2011



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

Number of shares / certificates		Name of company	Note	Market value	
2011	2010			2011 Rupees	2010 Rupees
75,000	-	Lafarge Pakistan Cement Limited		202,500	-
67,975	110,000	Fauji Cement Company Limited		280,057	500,500
-	137,900	Bank Alfalah Limited		-	1,304,534
-	80,000	NIB Bank Limited		-	239,200
-	17,046	United Bank Limited		-	924,064
-	34,995	Hub Power Company Limited		-	1,118,440
-	8,423	Pakistan State Oil Limited		-	2,191,665
-	1,972	Shell Pakistan Limited		-	452,791
-	6,500	Pakistan Oilfields Limited		-	1,403,350
-	69,999	Pakistan Telecommunications Limited		-	1,245,982
-	8,450	Fauji Fertilizer Company Limited		-	870,942
-	97,150	Fauji Fertilizer Bin Qasim Limited		-	2,529,786
-	14,000	Packages Limited		-	1,659,000
-	7,500	Engro Chemical Pakistan Limited		-	1,301,850
-	5,000	Mari Gas Company Limited		-	646,900
-	11,500	Tri-Pack Film Limited		-	1,121,595
-	10,000	Arif Habib Limited		-	440,000
-	30,000	Azgard Nine Limited		-	334,800
-	19,400	Netsol Technologies Limited		-	485,194
-	60,000	JS Investment Limited		-	447,600
-	98,000	Jahangir Siddiqui & Company Limited		-	1,238,720
-	7,000	Pakistan Refinery Limited		-	549,990
-	18,275	Lucky Cement Limited		-	1,135,609
-	10,600	Adamjee Insurance Company Limited		-	846,728
-	17,500	Attock Refinery Limited		-	1,409,800
-	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
-	50	Kot Addu Power Company Limited		-	2,087
-	5,000	National Bank of Pakistan Limited		-	320,500
-	10,075	Pakistan Petroleum Limited		-	1,853,577
-	145,000	Silk Bank Limited		-	392,950
-	50,000	The Bank of Punjab		-	504,000
-	10,185	World Call Telecommunication Limited		-	29,638
142,975	1,536,005			482,557	30,117,716
		Transferred to assets held for sale of discontinued operation	22.1	(482,557)	-
				-	30,117,716

12.1.1 104,000 (2010: 1,629,669) ordinary shares having market value of Rs. 0.321 million (2010: Rs. 24.316 million) are pledged with commercial banks against various financing facilities.

12.2 At fair value through profit or loss

Mutual funds

Number of units		Name of company	Note	Market value	
2011	2010			2011 Rupees	2010 Rupees
Open-end					
-	296,981	AKD Income Fund		-	14,456,581
102,785	252,250	NAMCO Income Fund		10,585,128	25,176,977
-	42,711	United Growth and Income Fund		-	4,311,186
				10,585,128	43,944,744
Closed-end - listed					
1,855,273	1,855,273	NAMCO Balanced Fund		8,942,416	6,456,350
1,701,500	1,701,500	Pak Oman Advantage Fund	12.2.1	15,602,755	16,844,850
2,875	2,875	Asian Stock Fund		14,806	16,963
-	1,645	Safeway Mutual Fund		-	10,966
				24,559,977	23,329,129
3,662,433	4,153,235			35,145,105	67,273,873
		Transferred to assets held for sale of discontinued operation	22.1	(24,559,977)	-
				10,585,128	67,273,873

12.2.1 1,700,000 units of Pak Oman Advantage Fund having market value of Rs. 15.58 million are pledged with commercial banks against financing facilities.

12.3 Available for sale - Term finance certificates

12.3.1 20 (2010: 20) unsecured subordinated term finance certificates of United Bank Limited of Rs. 4,000/- each amounting to Rs. 0.084 million have been transferred to assets held for sale. (Refer Note No. 22). These carry interest rate of six months KIBOR plus 1.5% with maturity on February 04, 2013. Average cost per term finance certificate is Rs. 3,500 (2010: Rs. 3,500).

12.4 Available for sale - Ordinary shares

Number of shares / certificates		Name of company	Note	Market value	
2011	2010			2011 Rupees	2010 Rupees
50,000	59,700	Summit Bank Ltd (My Bank Limited)	12.4.1	188,000	172,533
-	5,500	Pakistan Petroleum Limited		-	1,012,660
452,000	452,000	National Asset Leasing Limited		-	-
25,000	25,000	First Islamic Mudaraba		-	-
527,000	542,200			188,000	1,185,193
		Transferred to assets held for sale of discontinued operation	22.1	(188,000)	-
				-	1,185,193
		Cost		550,936	1,099,317

12.4.1 Investment in Summit Bank Limited (Formerly: My Bank Limited) is pledged with commercial banks against financing facilities.

12.5 Available-for-sale - Mutual funds

<u>Number of units</u>			<u>Market value</u>	
			<u>2011</u>	<u>2010</u>
<u>2011</u>	<u>2010</u>		<u>Rupees</u>	<u>Rupees</u>
Open-end mutual fund				
-	56,721	KASB Balanced Fund	-	2,446,398
-	45,942	National Investment Trust	-	1,294,186
Closed-end mutual funds				
<u>2,000,000</u>	<u>2,000,000</u>	NAMCO Balanced Fund	<u>8,862,359</u>	<u>6,960,000</u>
<u>2,000,000</u>	<u>2,102,663</u>		<u>8,862,359</u>	<u>10,700,584</u>
Cost			<u>6,960,000</u>	<u>13,098,387</u>

12.6 Based on the latest available audited financial statements as at December 31, 2010, break-up value of the investment in Dawood Family Takaful Limited is Rs. 8.57 per share.

13. SHORT TERM MUSHARAKAH FINANCES

Secured

Considered good

Impaired balances

Provision against impaired balances

	<u>2011</u>	<u>2010</u>
	<u>Rupees</u>	<u>Rupees</u>
	<u>47,739,863</u>	37,500,000
	<u>109,746,068</u>	152,561,660
	<u>(62,416,979)</u>	(58,456,985)
	<u>47,329,089</u>	94,104,675
	<u>95,068,952</u>	131,604,675

13.1 These represent 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 10% to 34.69 % per annum (2010: 14.88% to 34.69% per annum).

14. SHORT-TERM FINANCES

Secured

Considered good

Considered doubtful

Less: Provision against doubtful debts

	<u>2011</u>	<u>2010</u>
	<u>Rupees</u>	<u>Rupees</u>
	<u>15,000,000</u>	16,952,543
	<u>19,961,821</u>	52,976,672
	<u>(9,192,509)</u>	(14,762,302)
	<u>10,769,312</u>	38,214,370
	<u>25,769,312</u>	55,166,913

14.1 These represent short-term finances receivable within a year and carry mark-up ranging from 13.97% to 25% per annum (2010: 13.97% to 26% per annum). These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

15. TRADE DEBTS

Unsecured

Considered good

Transferred to assets classified as held for sale

Note	<u>2011</u>	<u>2010</u>
	<u>Rupees</u>	<u>Rupees</u>
	<u>872,077,491</u>	1,005,106,155
22.1	<u>(872,077,491)</u>	-
	<u>-</u>	<u>1,005,106,155</u>

16. ASSETS ACQUIRED IN SATISFACTION OF FINANCES PROVIDED

DA Country and Golf Club Membership Seats

Less: Provision for impairment

	<u>75,000,000</u>	75,000,000
	<u>(25,500,000)</u>	(25,500,000)
	<u>49,500,000</u>	<u>49,500,000</u>

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 June 30, 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.

IIBL and Sysmax entered into a Deed of Compromise and Final Settlement dated September 3, 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 December 05, 2009 which empowers IIBL to have full right of ownership over 250 Platinum Memberships.

By virtue of deed of assignment / conveyance dated December 07, 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 April 24, 2010.

By Order dated October 04, 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.

In the meanwhile dispute arises between Defence Housing Authority (DHA) and Sysmax and DHA filed suit against the said Order of 04.10.2010. However while the Company and other assignees of decree holder were preparing to proceed further, the DHA and the Sysmax settled their dispute outside the Court and a Deed of Compromise and full & final settlement was signed, in terms whereof, the Sysmax has agreed to withdraw its suit against the DHA.

The Deed of Compromise would allow approval and acceptance of transfer of a total - 250 Platinum Memberships of the Club, transferred, assigned and delegated by Sysmax to and in favor of IIBL. Since the Company is assignee of decree holder so the same benefit would pass on to the Company. The deed of compromise would also allow Acceptance of - 250 Platinum Membership Application Forms of Prospective Members.

As per the said Deed of Compromise, the DHA has assented to accepting and transferring the 45 memberships given to the AZLC (the Assignee of the Decree Holder), for which they had filed execution application. Moreover, in terms of relevant clauses of the said Deed of Compromise, the company has paid security deposit which has been duly acknowledged.

	Note	2011 Rupees	2010 Rupees
17. IJARAH RENTALS RECEIVABLE			
Ijarah rentals receivable	7.2.2	44,721,824	25,683,311
Provision against Ijarah rentals receivable	7.2.2	(44,630,202)	(16,120,878)
		91,622	9,562,433

	Note	2011 Rupees	2010 Rupees
18. CURRENT MATURITIES OF NON - CURRENT ASSETS			
Net investment in Ijarah finance / assets under Ijarah arrangements	7	472,457,391	1,051,708,055
Long term musharakah finances	8	120,095,509	125,684,465
Long term loans	9	40,599,962	72,638,022
		633,152,862	1,250,030,542
19. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Unsecured, considered good			
Advances			
- against purchases and expenses		610,853	5,476,981
- to staff		816,475	1,883,848
- Income tax - net	19.2	48,961,110	37,426,833
Prepayments		4,846,138	16,460,026
Other receivables	19.3	78,442,817	29,163,493
		133,677,393	90,411,181
Unsecured, considered doubtful			
- against purchases and expenses		5,680,564	4,603,602
- to staff		130,546	130,546
- Deposit with Privatisation Commission	19.1	10,000,000	10,000,000
Other receivables	19.3	164,039,324	191,157,293
		179,850,434	205,891,441
Provision against doubtful balances		(164,465,778)	(166,393,815)
		149,062,049	129,908,807
Transferred to assets classified as held for sale	22.1	(48,565,827)	-
		100,496,222	129,908,807

19.1 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.

19.2 It includes an amount of Rs. 2.537 million (2010: 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.

	Note	2011 Rupees	2010 Rupees
19.3 Other receivables			
Unsecured, considered good			
Accrued interest / mark-up		1,485,211	6,398,904
Accrued profit on murabaha and musharakah investment		208,965	1,313,271
Insurance claims receivable		5,178,521	17,540,282
Other terminated lease / musharakah receivables		10,490,159	-
Insurance premium recoverable		1,766,187	1,766,187
Operating lease rentals receivable		1,871,408	2,144,849
Others		57,442,366	-
		<u>78,442,817</u>	<u>29,163,493</u>
Unsecured, considered doubtful			
Insurance claims receivable		12,864,615	12,864,615
Other terminated lease / musharakah receivables		67,572,658	54,632,935
Repossessed assets (against terminated leases)		30,928,252	43,441,750
Operating lease rentals receivable		6,912,367	6,912,367
Others		45,761,432	73,305,626
		<u>164,039,324</u>	<u>191,157,293</u>
		<u>242,482,141</u>	<u>220,320,786</u>
20. STOCK IN TRADE			
Stock in trade	20.1	<u>620,245</u>	<u>728,520</u>
20.1	This represents stock of petrol and diesel as on June 30, 2011 held at Star filling station in Faisalabad.		
	Note	2011 Rupees	2010 Rupees
21. CASH AND BANK BALANCES			
Balance with banks in:			
Current accounts in local currency with:			
- State Bank of Pakistan		100,920	921,682
- Commercial banks		1,344,772	16,776,194
		<u>1,445,692</u>	<u>17,697,876</u>
Term deposit accounts - local currency		-	19,000,000
Deposit accounts - local currency	21.1	14,584,614	38,087,542
		<u>14,584,614</u>	<u>57,087,542</u>
		<u>16,030,306</u>	<u>74,785,418</u>
Cash in hand			
- Local currency		488,833	532,278
		<u>488,833</u>	<u>532,278</u>
Transferred to assets classified as held for sale	22.1	(1,178,520)	-
		<u>15,340,619</u>	<u>75,317,696</u>
21.1	These bank accounts carry mark-up ranging from 5% to 13% (2010: 5% to 10.5% per annum).		
22. ASSETS CLASSIFIED AS HELD FOR SALE AND RELATED LIABILITIES			
22.1 Assets classified as held for sale			

The assets classified as held for sale of discontinued operation and liabilities directly associated with such assets under IFRS 5 'Non Current Assets Held For Sale and Discontinued Operations' in their respective categories are summarized hereunder:

	Note	Carrying Value	
		2011 Rupees	2010 Rupees
Assets held for sale of discontinued operation			
Property, plant and equipment	4	29,212,552	-
Intangible assets	5	1,691,183	-
Investment in subsidiary - at cost	6	116,850,002	-
Long term loans	9	8,641,491	-
Long term security deposits and receivables	10	512,749	-
Short-term investments	12	25,314,534	-
Trade debts - unsecured	15	872,077,491	-
Advances, deposits, prepayments and other receivables	19	48,565,827	-
Cash and bank balances	21	1,178,520	-
Properties	22.5	96,488,476	-
Assets of discontinued operation		<u>1,200,532,825</u>	-
Non current assets held for sale	22.5	<u>391,622,468</u>	483,533,306
Total assets classified as held for sale		<u><u>1,592,155,293</u></u>	<u><u>483,533,306</u></u>
22.2 Liabilities directly associated with the assets held for sale			
Long-term loan	34	6,294,936	-
Short term borrowings	39	931,382,919	-
Creditors, accrued and other liabilities	42	313,137,752	-
		<u>1,250,815,607</u>	-

The Company has subsequently executed an agreement for transfer of assets (including investment in the subsidiary) and liabilities related to its brokerage business to the outgoing group. The outgoing group will be liable to pay Rs. 72,552,342 to the Company after transfer of assets and liabilities of the discontinued operation to the outgoing group.

	2011 Rupees	2010 Rupees
22.3 Analysis of the result of discontinued operation		
Revenue	7,192,713	-
Expenses	(27,202,074)	-
Operating loss	<u>(20,009,361)</u>	-
Other Income	134,757,654	-
	<u>114,748,293</u>	-
Finance Cost	<u>(200,289,851)</u>	-
Loss before taxation	(85,541,558)	-
Provision for taxation	(3,385,848)	-
Loss for the year	<u><u>(88,927,406)</u></u>	-
22.4 Analysis of cash flows from discontinued operation		
Operating cash flows	<u>401,262,933</u>	-
Investing cash flows	<u>23,552,920</u>	-
Financing cash flows	<u><u>(433,519,234)</u></u>	-
22.5 Non current assets classified as held for sale		

The Board of Directors had decided to dispose off the following properties. Active campaign is being undertaken in this respect to dispose of these properties at the earliest.

	Note	Carrying Value	
		2011 Rupees	2010 Rupees
Office premises			
Property no. 1		18,591,667	18,591,667
Property no. 2		18,457,500	18,457,500
Property no. 3		18,457,500	18,457,500
Property no. 4		75,932,583	75,932,583
Property no. 5		7,187,500	7,187,500
Property no. 6		20,761,373	20,761,373
Property no. 7		12,290,623	12,290,623
		<u>171,678,746</u>	<u>171,678,746</u>
Buildings			
Property no. 8		36,531,596	36,531,596
Property no. 9		18,275,080	18,275,080
Property no. 10		-	26,253,547
Property no. 11		106,822,775	106,822,775
Property no. 12		4,226,359	4,226,359
Property no. 18		30,831,185	-
		<u>196,686,995</u>	<u>192,109,357</u>
Land			
Property no. 13		28,500,000	28,500,000
Property no. 14		4,127,350	4,127,350
Property no. 15		60,000,000	60,000,000
Property no. 16		24,197,853	24,197,853
Property no. 17		2,920,000	2,920,000
		<u>119,745,203</u>	<u>119,745,203</u>
Property No. 7, 15 and 16 transferred to assets held for sale of discontinued operation	22.1	<u>(96,488,476)</u>	<u>-</u>
		<u><u>391,622,468</u></u>	<u><u>483,533,306</u></u>
23. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	Note	2011 Rupees	2010 Rupees
86,742,370 (2010: 74,642,370) Ordinary shares of Rs. 10/-each fully paid in cash		867,423,700	746,423,700
198,124,526 (2010: 198,124,495) Ordinary shares of Rs. 10/-each issued as fully paid under scheme of arrangement for amalgamation		1,981,245,260	1,981,244,952
Nil (2010: 12,100,000) Ordinary shares of Rs. 10/- each fully paid in cash issued during the year		-	121,000,000
		<u><u>2,848,668,960</u></u>	<u><u>2,848,668,652</u></u>
24. GAIN / (LOSS) ON REMEASUREMENT OF AVAILABLE-FOR-SALE INVESTMENTS - net			
Quoted securities			
- Ordinary Shares and certificates		(1,140,414)	(1,191,819)
- Government Securities		-	(1,338,101)
- Term finance certificates		234,348	(500,166)
- Units of open-end mutual funds		1,902,358	75,765
		<u>996,292</u>	<u>(2,954,321)</u>
Deferred tax asset	11.1	<u>36,336</u>	<u>1,156,586</u>
		<u><u>1,032,628</u></u>	<u><u>(1,797,735)</u></u>

25. SURPLUS ON REVALUATION OF ASSETS

	2011			2010		
	Office premises	Lease hold premises	Total	Office premises	Lease hold premises	Total
	----- Rupees -----			----- Rupees -----		
Opening balance	9,662,318	-	9,662,318	10,170,861	10,687,500	20,858,361
Transfer to accumulated profit / loss in respect of incremental depreciation	-	-	-	(330,553)	(347,344)	(677,897)
Related deferred tax liability of incremental depreciation	-	-	-	(177,990)	(187,031)	(365,021)
	-	-	-	(508,543)	(534,375)	(1,042,918)
	9,662,318	-	9,662,318	9,662,318	10,153,125	19,815,443
Surplus realised on disposal of revalued properties during the year	-	-	-	-	(10,153,125)	(10,153,125)
Less: Related deferred tax liability on:						
Revaluation as on 1 July	404,393	-	404,393	582,383	611,966	1,194,349
Incremental depreciation charged on related assets	-	-	-	(177,990)	(187,031)	(365,021)
Surplus realised on disposal of revalued assets during the year	-	-	-	-	(424,935)	(424,935)
	404,393	-	404,393	404,393	-	404,393
	9,257,925	-	9,257,925	9,257,925	-	9,257,925

25.1 No incremental depreciation has been charged to surplus due to transfer of office premises to non current assets classified as held for sale.

26. 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:

	Note	2011		2010	
		Minimum lease payments	Their present value	Minimum lease payments	Their present value
		----- Rupees -----		----- Rupees -----	
Not later than one year		7,953,559	7,579,128	11,173,445	8,386,015
After one year but not more than five years		-	-	10,747,710	9,992,392
Total minimum lease payments		7,953,559	7,579,128	21,921,155	18,378,407
Amounts representing finance charges of future years		(374,431)	-	(3,542,748)	-
Present value of minimum lease payments		7,579,128	7,579,128	18,378,407	18,378,407
Current portion	36	(7,579,128)	(7,579,128)	(8,386,015)	(8,386,015)
		-	-	9,992,392	9,992,392

26.1 These liabilities carry profit rates ranging from 15.16% to 16.92% per annum (2010: 12.98% to 15.90% 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.

27. DEFERRED LIABILITY FOR STAFF GRATUITY

The gratuity scheme of the Company was ceased on October 31, 2010, all outstanding liability at the cessation of the scheme was either paid to employee or transferred to provident fund.

	Note	2011 Rupees	2010 Rupees
		-	12,661,719
28. SECURITY DEPOSITS FROM LESSEES			
Security deposits on lease contracts		266,497,607	619,040,230
Current portion	36	(111,915,399)	(342,903,551)
		154,582,208	276,136,679

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

	Note	2011 Rupees	2010 Rupees
29. LONG TERM CERTIFICATES OF MUSHARAKAH / DEPOSITS			
Unsecured			
Certificates of musharakah	29.1	6,580,000	6,580,000
Associated undertaking	29.2	143,335,000	202,950,000
Others		149,915,000	209,530,000
Current portion	36	(37,830,000)	(119,005,000)
		112,085,000	90,525,000

29.1 These represent the mobilization of funds under the scheme of certificates of musharakah. These carry profit rates ranging between 0% to 19.5% per annum (2010: 13% to 19.5% per annum) and are due for repayment between July 15, 2011 and January 10, 2016.

29.2 This carries profit rates ranging between 0% to 19.5% per annum (2010: 14.5% to 16% per annum) and are due for repayment between July 19, 2011 and February 07, 2012.

29.3 Refer note 37.2 for scheme of raising funds from general public.

	Note	2011 Rupees	2010 Rupees
30. LONG TERM CERTIFICATES OF INVESTMENTS AND DEPOSITS			
Unsecured			
For one year or more		7,345,000	7,235,000
Current portion	36	-	(790,000)
		7,345,000	6,445,000

30.1 The term of COIs / CODs ranges from three year to five years and return thereon ranges from 14.25% to 15% per annum (2010: 11.5% to 15% per annum).

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2011



	Note	2011 Rupees	2010 Rupees
31. LONG TERM MUSHARAKAH AND MURABAHAH BORROWINGS			
Secured			
Musharakah borrowings			
From commercial banks	31.1	33,333,336	33,333,336
Murabaha borrowings from:			
Commercial banks	31.3	150,524,850	169,907,008
Other financial institutions	31.4	61,139,124	69,215,900
	31.2	211,663,974	239,122,908
		244,997,310	272,456,244
Current portion	36	(214,166,599)	(144,999,995)
		30,830,711	127,456,249
31.1	These finances carry profit rate of 3 months KIBOR+1.5% per annum (2010: 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 September 12, 2009 on quarterly basis. The maturity date was April 7, 2011. These borrowings alongwith mark up of Rs. 5.08 million were due but not paid as at the balance sheet date. The Company's applications for the restructuring of the borrowings are pending with the lenders.		
31.2 Murabaha borrowings		2011 Rupees	2010 Rupees
Murabaha payable - gross		249,457,720	283,457,368
Deferred murabaha expense		(13,203,660)	(42,256,587)
Profit payable shown in creditors, accrued and other liabilities		(24,590,086)	(2,077,873)
Murabaha payable		211,663,974	239,122,908
31.3	These finances carry profit rates ranging from six months average KIBOR plus 3% per annum and three months KIBOR plus 2.5% to 2.75% per annum (2010: 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. These finances were payable from July 28, 2010 to June 28, 2012. Principal amount of Rs. 67 million alongwith mark up of Rs. 17.75 million were due but not paid as at the balance sheet date. However, after the balance sheet date principal amount of Rs. 25.52 million has been settled against lease portfolio and securities held by the Company, whereas, markup of Rs 10.76 million has been waived off by the lenders. The Company's applications for the restructuring of these borrowings are pending with the lenders.		
31.4	These finances carry profit rates ranging from six months average KIBOR plus 3% per annum (2010: 6 months average KIBOR plus 3% per annum) and are payable in monthly installments. These are secured against floating charge on all present and future lease assets and associated lease receivables. These finances are payable from July 28, 2010 to June 28, 2012. Principal amount of Rs. 20.90 million alongwith mark up of Rs. 7.24 million were due but not paid at the balance sheet date. However, after the balance sheet date principal amount of Rs 11.99 million has been restructured and Rs. 49.93 million has been settled against lease portfolio and immovable property held by the Company, whereas, markup of Rs 6.86 million has been waived off by the lenders. The Company's applications for the restructuring of the borrowings are pending with the lenders.		
32. MUSHARAKAH TERM FINANCE CERTIFICATES			
TFCs - privately placed secured			
Commercial banks	32.1	268,572,911	294,687,496
Other financial institutions	32.1	237,434,027	260,520,833
Other	32.1	38,923,611	42,708,333
		544,930,549	597,916,662
Current maturity	36	(297,013,886)	(175,000,000)
		247,916,663	422,916,662
Total initial transaction cost		7,400,000	7,400,000
Amortization to date		(5,257,823)	(4,496,814)
		2,142,177	2,903,186
		245,774,486	420,013,476

32.1 These finances carry profit rate of 6 months KIBOR plus 1.9% per annum (2010: 6 months KIBOR+1.9% per annum) and are payable in monthly installments. At the year end profit rate was 15.46% per annum. These are secured against first pari passu charge of specific leased assets and associated lease receivables of the Company. The principal repayment has commenced from December 12, 2009 on monthly basis in equal installments of Rs. 14.583 million. The maturity date is November 11, 2013. The Company's application for the restructuring of the borrowings are pending with the clients. As a result, borrowings of Rs. 122.013 million alongwith markup of Rs. 61.895 million were due but not paid as at balance sheet date. However, after the balance sheet date principal amount of Rs. 229.64 million has been settled against immovable property and securities held by the company, whereas, markup of Rs 24.25 Million has been waived off by the lenders. The Company's applications for the restructuring of the borrowings are pending with the lenders.

	Note	2011 Rupees	2010 Rupees
33. REDEEMABLE CAPITAL - TERM FINANCE CERTIFICATES			
Term Finance Certificates	33.1	128,380,000	128,380,000
		128,380,000	128,380,000
Current maturity	36	-	(128,380,000)
		128,380,000	-

33.1 Term Finance Certificates (TFCs) were issued by the Company on September 05, 2002. These are perpetual unless put / call option attached to these certificates is exercised. On September 05, 2010 none of the TFC holders sent the put option to the Company hence the same is continued for further 3 years.

	Note	2011 Rupees	2010 Rupees
34. LONG TERM LOANS			
Secured			
Facility I	34.1	37,806,575	44,855,260
Facility II, III, IV	34.2	67,939,393	82,909,091
Facility V	34.3	6,294,936	43,794,936
Facility VI		-	29,250,000
		112,040,904	200,809,287
Facility III transferred to liabilities directly associated with discontinued operation	22.2	(6,294,936)	-
Current maturity	36	(105,745,968)	(200,809,287)
		(112,040,904)	(200,809,287)
		-	-

34.1 This facility carries mark-up rate of 6 month KIBOR + 2% per annum (2010: 6 month KIBOR + 2% per annum) and is payable in monthly instalments from January 13, 2007. It is secured by joint pari-passu charge on all present and future leased assets and its related receivables. This loan has matured on January 13, 2011. Borrowings of Rs. 37.80 million alongwith mark up of Rs. 4.59 million were due but not paid as at the balance sheet date. The Company's applications for the restructuring of the borrowing are pending with the lenders

34.2 These finances carry mark-up rate of 6 month KIBOR + 2% per annum (2010: 6 month KIBOR + 2% per annum) and are payable in monthly instalments from June 30, 2007. These are secured by joint pari-passu charge on all present and future leased assets and its related receivables. This loan was due to mature on December 31, 2010. Borrowings of Rs. 67.94 million alongwith mark up of Rs. 7.76 million were due but not paid as at the balance sheet date. However, after the balance sheet date principal amount of Rs. 6.17 Million has been restructured and Rs. 49.41 Million has been settled against securities and immovable property held by the Company, whereas, markup of Rs. 6.34 Million has been waived off by the lenders. The Company's application for the restructuring of remaining amount is pending with the lenders.

34.3 This represents long term loan obtained from a commercial bank repayable in 24 monthly installments commencing from July 2009. The loan carries mark-up of 3 months KIBOR plus 3% per annum (2010: 1 month KIBOR plus 4.5% per annum) with no floor and cap. The facility is secured against the pledge of shares of listed companies. Principal amount of Rs. 6.294 million alongwith mark up of Rs.0.41 million were due but not paid as at balance sheet.

	Note	2011 Rupees	2010 Rupees
35. DEFERRED REVENUE			
Deferred revenue	35.1	1,102,062	2,574,934

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

	Note	2011 Rupees	2010 Rupees
36. CURRENT PORTION OF LONG TERM LIABILITIES			
Liabilities under finance lease arrangements	26	7,579,128	8,386,015
Security deposit from lessees	28	111,915,399	342,903,551
Certificates of musharakah	29	37,830,000	119,005,000
Certificates of investments and deposits	30	-	790,000
Long term musharakah and murabaha borrowings	31	214,166,599	144,999,995
Musharakah Term Finance Certificates	32	297,013,886	175,000,000
Redeemable Capital -Term Finance Certificates	33	-	128,380,000
Long term loans	34	105,745,968	200,809,287
		774,250,980	1,120,273,848

37. SHORT TERM CERTIFICATES OF MUSHARAKAH / DEPOSITS

Unsecured

Financial institutions

- associated undertakings

- others

Public and private companies

Individuals

- key management personnel

- others

Others

- associated undertakings

- others

37.3	2,500,000	2,500,000
	167,412,500	184,465,000
	6,500,000	8,500,000
	-	375,000
	46,625,000	156,430,000
	-	1,380,000
	136,481,646	294,449,646
	359,519,146	648,099,646

37.1 Above finances have been obtained for 90 to 365 days at profit rates ranging between 0% to 17% per annum (2010: 11% to 17.25% per annum).

37.2 Under the Non Banking Finance Companies and Notified Entities Regulations clause 14, a company can raise funds from general public under the scheme of certificates of deposits. The above funds were generated under an approved scheme of Al-Zamin Leasing Mudaraba (now merged with the Company). At present the Company is in default to invest 15% of the funds raised through issue of certificates of deposits excluding those raised from financial institutions in Government Securities.

37.3 Certificate of musharakah borrowings from associated undertakings carry profit rate of 13.5% per annum (2010: 12.75% to 15.25% per annum) and are due for repayment on July 15, 2011.

	2011 Rupees	2010 Rupees
38. SHORT TERM CERTIFICATES OF INVESTMENTS AND DEPOSITS unsecured		
	85,225,638	118,519,671

38.1 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 0% to 17% per annum (2010: 13% to 17% per annum).

	Note	2011 Rupees	2010 Rupees
39. SHORT TERM BORROWINGS			
Payable under repurchase transactions:			
- secured		-	182,803,295
- Clean borrowings	39.1	303,900,000	460,000,000
		303,900,000	642,803,295
Banks finance facilities - secured			
Facility II	39.2	66,187,565	118,666,078
Facility III	39.2	75,002,479	76,002,479
Facility IV	39.2	27,227,392	48,524,493
Facility V	39.2	167,876,286	147,588,836
Facility VI	39.2	225,000,000	225,000,000
Facility VII	39.2	66,189,197	39,566,973
Facility VIII	39.3	48,732,626	48,732,626
Facility IX	39.4	24,992,493	24,992,493
Facility X	39.5	16,775,896	16,775,896
		717,983,934	745,849,874
Unsecured			
From Non-Banking Finance Companies	39.6	2,800,000	3,800,000
		1,024,683,934	1,392,453,169
Transferred to liabilities directly associated with discontinued operation	39.1, 39.2 & 22.2	(931,382,919)	-
		93,301,015	1,392,453,169
39.1	Money at call and short notice carries mark-up ranging from 13.5 % to 15% per annum (2010: 13.5% to 14.5% per annum) for the periods ranging from 7 days to 91 days. These borrowings are related to discontinued operation and have been transferred to Note 22.2.		
39.2	Facilities amounting to Rs. 890 million (2010: Rs. 920 million) have been obtained from commercial banks which are secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate on these facilities ranges from 1 month KIBOR plus 3.00% per annum to 3 months KIBOR plus 2% to 3% per annum (2010: 1 month KIBOR plus 3.00% per annum to 3 months KIBOR plus 2% to 2.5% per annum) on outstanding balance. These borrowings are related to discontinued operation and have been transferred to Note 22.2.		
39.3	This running finance facility is available up to Rs.50 million (2010: Rs.50 million) on yearly renewal basis carrying mark-up at the rate ranging from 16.79% to 18.02% per annum (2010: 14.97% to 16.84% per annum). These finances are secured by way of first pari-passu hypothecation charge over rental/related receivables of the company. Principal amount of Rs. 48.73 million alongwith the markup of Rs. 6.4 million is due but not paid as at balance sheet date. However, after the balance sheet date principal amount of Rs. 48.73 million has been settled against the properties held by the company, whereas, the markup of Rs 6.4 million has been waived off by the lender.		
39.4	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 plus 3% per annum (2010: 3 months KIBOR plus 3% per annum). This facility is secured against floating charge on leased assets. Principl amount of Rs. 24.99 million alongwith the mark up of Rs. 3.09 million was due but not paid as at the balance sheet date. However, after the balance sheet date principal amount of Rs. 24.99 million has been settled with the bank against securities held by the company, whereas, the markup of Rs 3.09 million has been waived off by the lender.		
39.5	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% (2010: 3 months KIBOR+ 3%) with a floor rates ranging between 7.5% to 11% per annum). This facility is secured against floating charge on leased assets. Borrowings of Rs. 16.77 million alongwith the mark up of Rs. 2.05 million is due but not paid as at the balance sheet date. The Company's application for the restructuring of the borrowings is pending with the lender.		
39.6	This represents finance facilities carrying mark-up at the rate of 22%(2010: 22%) maturing latest by 31 December 2010. Principal amount of Rs. 2.8 million along with markup of Rs. 0.153 million is due but not paid at the balance sheet date. However, after the balance sheet date the facility has been restructured, whereas, the markup of Rs 0.153 million has been waived off by the lender.		

	Note	2011 Rupees	2010 Rupees
40. SHORT TERM MUSHARAKAH BORROWINGS - unsecured			
From Mudaraba	40.1	<u>2,700,000</u>	<u>5,000,000</u>
40.1	This finance has been obtained for 91 days at a profit rate of 13% per annum (2010: 13% per annum) and is due for repayment on July 14, 2011.		
41. LOAN FROM A DIRECTOR - unsecured			
Opening balance		168,022,126	194,445,115
Expense on amortisation		29,520,347	26,034,538
Paid during the year		-	(52,457,527)
		<u>197,542,473</u>	<u>168,022,126</u>
41.1	The Company was unable to pay the outstanding amount during the year and therefore interest at the rate of 13.5% has been charged on the outstanding balance.		
42. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors		44,902,761	42,614,543
Accrued expenses	42.1	35,445,038	32,021,478
Profit / mark-up payable on:			
- Long term musharakah and murabaha borrowings		30,088,005	2,316,460
- Long term loans		37,462,030	2,594,229
- Short term musharakah borrowings		7,363,301	53,425
- Loan from a Director		26,668,232	-
- Redeemable capital		6,560,648	6,294,073
- Repo borrowings		-	3,876,880
- Term Finance Certificates		61,895,908	4,394,668
- Certificates of musharakah borrowings		8,149,417	19,185,911
- Certificates of Investment / deposit		12,765,964	5,238,906
- Running finance		5,147,845	24,722,596
Provision for compensated absences		-	2,606,398
Advance lease rentals / security deposits	42.2	3,739,771	13,656,923
Auditors' remuneration payable		4,516,487	3,500,000
Advance against termination of leases		3,681,991	6,921,643
Unclaimed dividend		6,076,941	6,089,701
Provision against overhauling of generators		1,838,848	855,900
Payable to subsidiary		207,449,165	-
Other liabilities		45,652,220	71,432,499
		<u>549,404,572</u>	<u>248,376,233</u>
Transferred to liabilities directly associated with discontinued operation	22.2	<u>(313,137,752)</u>	-
		<u>236,266,820</u>	<u>248,376,233</u>
42.1	This includes an amount of Rs. 9.619 million (2010: 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.		
42.2	These represent lease rentals received in advance and security deposits received against the leases approved but not disbursed as of June 30, 2011.		

	Note	2011 Rupees	2010 Rupees
43. CONTINGENCIES AND COMMITMENTS			
43.1 Contingencies			
Guarantees issued on behalf of customers		5,237,547	5,237,547
Penalties imposed by SBP	43.1.1	8,990,000	8,990,000
Claim of return on deposits by a depositor not admitted by the Company	43.1.2	1,717,000	1,717,000
		<u>15,944,547</u>	<u>15,944,547</u>
43.1.1	Penalties 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 waiver of these penalties.		
43.1.2	This represents claim by House Building Finance Corporation which had not been recognized by the Company. The case is pending in the Honorable Sindh High Court, Karachi.		
43.2 Commitments			
Lease financing contracts committed but not executed at the balance sheet date amounted to Nil (2010: Rs. 0.664 million).			
	Note	2011 Rupees	2010 Rupees
44. BROKERAGE, COMMISSION AND FEES			
Money market and forex		-	61,295,638
Equity		-	82,422,918
Commodity		-	4,467,725
		<u>-</u>	<u>148,186,281</u>
45. ADMINISTRATIVE AND OPERATING EXPENSES			
Directors' remuneration	51	5,153,280	14,815,796
Staff salaries, allowances and other benefits	45.1	66,443,354	223,739,112
Travelling, conveyance and vehicle running expenses		11,735,823	22,951,233
Office rent		15,523,066	25,440,067
Utility charges		3,071,646	8,510,130
Postage, telephone and telegram		4,035,411	16,299,617
Repairs and maintenance		10,966,370	20,343,857
Insurance		4,302,703	8,632,463
Depreciation	4.1.1	21,418,717	61,013,516
Depreciation on assets leased out	7.2	84,300,199	77,036,743
Amortization	5	3,127,293	4,479,471
Impairment against land and building		-	2,623,443
Fees and subscription		7,271,189	34,463,384
Entertainment		1,055,982	3,856,865
Newspaper and periodicals		186,344	303,683
Printing and stationery		1,543,853	5,541,977
Legal and professional charges		1,560,188	5,856,901
Auditors' remuneration	45.2	3,850,000	4,300,000
Service charges		-	3,608,321
CDC charges		11,049	3,012,841
Consultancy fees		3,304,000	7,469,355

	Note	2011 Rupees	2010 Rupees
Office expenses		172,522	2,223,655
Diesel expense of generator		101,574	2,322,640
Advertisement		390,330	3,151,076
Medical expense		-	6,157
Donation		-	3,000
Brokerage and commission		1,456,560	25,414,681
Operating lease rentals		4,218,809	5,863,124
Staff training and seminars		21,100	679,814
Zakat		24,534	24,187
Arrangement fee		-	7,750,000
Other		631,727	11,060,914
		255,877,623	612,798,023
Transferred to expenses of discontinued operation	22.3	(27,202,074)	-
		228,675,549	612,798,023
45.1	This includes retirement benefits of Rs. 1.91 million (2010: Rs. 9.193 million) in respect of the provident fund of the employees.		
	Note	2011 Rupees	2010 Rupees
45.2 Auditors' remuneration			
Annual audit fee		3,000,000	3,000,000
Half yearly review fee		850,000	750,000
Other certification		-	75,000
Out of pocket expenses		-	475,000
		3,850,000	4,300,000
46. FINANCIAL CHARGES			
Profit on long term musharakah and murabaha borrowings		39,110,134	56,746,252
Mark-up on long term loans		16,143,079	52,871,978
Mark-up on clean borrowings		64,523,809	63,607,832
Mark-up on repo borrowings		31,191,599	62,805,000
Profit on short term musharakah borrowings		7,316,194	1,193,463
Profit on redeemable capital - musharakah term finance certificates		19,796,575	30,727,414
Profit on - musharakah term finance certificates		79,597,512	101,758,850
Profit on assets subject to finance lease		1,084,944	5,075,234
Profit on certificates of musharakah		79,815,980	87,871,001
Mark-up on running finance		113,904,742	51,321,607
Mark-up on long term certificate of investments		1,042,869	1,061,715
Mark-up on short term certificate of investments		15,490,537	17,465,783
Amortization on loan from director		29,520,347	26,034,538
Interest on loan from director		26,668,232	-
		525,206,553	558,540,667
Bank charges		678,574	2,526,567
		525,885,127	561,067,234
Transferred to finance cost of discontinued operation	22.3	(200,289,851)	-
		325,595,276	561,067,234

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For the year ended June 30, 2011



	Note	2011 Rupees	2010 Rupees
47. OTHER INCOME			
Gain on sale of operating assets	4.2	7,331,534	1,552,679
Underwriting & distribution commission		-	6,606,449
Arrangement fee		-	18,775,000
Commission and fee	47.1	7,500,363	9,812,508
Revaluation surplus realised on disposal of leasehold premises		-	10,153,125
Others		138,344,848	5,527,158
		<u>153,176,745</u>	<u>52,426,919</u>
Transferred to other income of discontinued operation	22.3	<u>(134,757,654)</u>	<u>-</u>
		<u>18,419,091</u>	<u>52,426,919</u>
47.1	This pertains to income from Telenor Franchise and commission income received from insurance companies.		
48. PROVISION FOR TAXATION	Note	2011 Rupees	2010 Rupees
Current			
For the year		447,169	17,682,361
For prior year		-	5,634,567
Deferred		263,948	20,931,814
		<u>711,117</u>	<u>44,248,742</u>
48.1 Reconciliation of tax charge for the year			
(Loss) before taxation		<u>(435,909,837)</u>	<u>(704,624,886)</u>
Tax at the applicable tax rate of 35% (2010: 35%)		(152,568,443)	(246,618,710)
Reversal due to final tax regime		152,568,443	246,618,710
Tax effect under final tax regime		3,833,017	17,682,361
Tax effect of amount relating to prior year		-	5,634,567
Amount related to deferred tax		263,948	20,931,814
Transferred to taxation of discontinued operation	22.3	<u>(3,385,848)</u>	<u>-</u>
		<u>711,117</u>	<u>44,248,742</u>

48.2 Taxation

Invest Capital Investment Bank Limited

The return for the tax year 2008 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 First Professionals Mudaraba (merged with Al-Zamin Leasing Mudaraba in 2003)

Assessment of former First Professionals Mudaraba (the Mudaraba) have been finalized upto the assessment year 2002-2003 for which the Mudaraba had filed the last return of income in an independent capacity and, thereafter, it was merged with Al-Zamin Leasing Mudaraba. 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 Mudaraba . 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 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 Mudaraba. 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 Mudaraba 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 November 04, 2009.

Former International Multi Leasing Corporation Limited (IMLCL - merged with Al-Zamin Leasing Mudaraba 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.

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.

49. BASIC & DILUTED EARNINGS / (LOSS) PER SHARE	2011	2010
From continuing operations		
(Loss) after taxation (both for the purpose of basic & diluted (loss) per share	Rupees <u>(436,620,954)</u>	<u>(748,873,628)</u>
Weighted average number of ordinary shares for the purpose of basic (loss) per share	Number 284,866,896	277,805,769
Effect of diluted potential ordinary shares	Number <u>-</u>	<u>7,061,096</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) per share	Number <u>284,866,896</u>	<u>284,866,865</u>
(Loss) per share - basic	Rupees <u>(1.533)</u>	<u>(2.696)</u>
(Loss) per share - diluted	Rupees <u>(1.533)</u>	<u>(2.629)</u>
From discontinued operation		
(Loss) after taxation (both for the purpose of basic & diluted (loss) per share	Rupees <u>(88,927,406)</u>	<u>-</u>
Weighted average number of ordinary shares for the purpose of basic (loss) per share	Number 284,866,896	-
Effect of diluted potential ordinary shares	Number <u>-</u>	<u>-</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) per share	Number <u>284,866,896</u>	<u>-</u>
(Loss) per share - basic and diluted	Rupees <u>(0.312)</u>	<u>-</u>

	Note	2011 Rupees	2010 Rupees
50. CASH AND CASH EQUIVALENTS			
Continuing operations	21	15,340,619	75,317,696
Discontinued operation	22.1	1,178,520	-
		<u>16,519,139</u>	<u>75,317,696</u>

51. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2011			2010		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	4,831,200	-	18,580,163	8,052,000	4,865,000	115,714,175
Bonus	-	-	-	1,342,000	-	6,270,591
Retirement benefits	322,080	-	1,326,549	536,796	-	6,315,135
Meeting fees	-	-	-	-	20,000	-
Rupees	<u>5,153,280</u>	<u>-</u>	<u>19,906,712</u>	<u>9,930,796</u>	<u>4,885,000</u>	<u>128,299,901</u>
Number of persons	Number <u>1</u>	<u>-</u>	<u>20</u>	<u>1</u>	<u>8</u>	<u>61</u>

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

52. 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. 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:

	Note	2011 Rupees	2010 Rupees
Transactions during the year			
Brokerage and advisory income earned from related parties		<u>-</u>	<u>2,713,350</u>
Contribution to staff retirement fund		<u>5,338,177</u>	<u>9,193,309</u>
Key management compensation	51	<u>25,059,992</u>	<u>143,115,697</u>
Interest received on loan to executives		<u>90,620</u>	<u>420,578</u>
Dividend received for Investment in shares of Centre Gas (Pvt) Ltd		<u>-</u>	<u>2,592,590</u>
Expense against Certificate of Musharakah borrowing from institution under common directorship		<u>303,750</u>	<u>184,599</u>
Expense against Certificate of Musharakah borrowings from institution under common directorship/trusteeship		<u>703,700</u>	<u>830,511</u>
Expense against Certificate of Musharakah borrowings from UMA Enterprises		<u>63,750</u>	<u>-</u>
Drawing from Investment in UMA Enterprises		<u>3,620,733</u>	<u>5,691,512</u>

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For the year ended June 30, 2011



	Note	2011 Rupees	2010 Rupees
Drawing from Investment in Ameen Enterprises		<u>4,235,972</u>	<u>-</u>
Paid to Al-Zamin Mudaraba management Company		<u>-</u>	<u>34,210,500</u>
Repayment of loan from director	41	<u>-</u>	<u>52,457,527</u>
Balances			
Loans to executives	9	<u>6,643,043</u>	<u>20,234,283</u>
Certificate of Musharakah borrowing from financial institution under common directorship		<u>2,500,000</u>	<u>2,500,000</u>
Payable against Certificate of Musharakah borrowing from financial institution under common directorship		<u>164,774</u>	<u>183,082</u>
Certificates of Musharakah borrowing from trust under common directorship / trusteeship		<u>6,580,000</u>	<u>6,960,000</u>
Payable against Certificates of Musharakah borrowing from trust under common directorship / trusteeship		<u>1,806,289</u>	<u>830,511</u>
Investment in shares of Invest Capital Markets Limited	6	<u>116,850,002</u>	<u>116,850,002</u>
Investment in shares of Centre Gas (Private) Limited	6.1.1	<u>34,535,703</u>	<u>34,535,703</u>
Investment in UMA Enterprises	6.1.2	<u>27,705,053</u>	<u>27,705,053</u>
Investment in Ameen Enterprises	6.1.3	<u>20,622,015</u>	<u>20,622,015</u>
Certificate of Musharakah borrowing from UMA Enterprises		<u>-</u>	<u>1,000,000</u>
Payable against Certificate of Musharakah borrowing from UMA Enterprises		<u>-</u>	<u>34,582</u>
Loan from a director	41	<u>197,542,473</u>	<u>168,022,126</u>
Receivable from Ameen Enterprises		<u>2,568,631</u>	<u>4,368,631</u>
Net liability to defined benefit plans	27	<u>-</u>	<u>12,661,719</u>

53. FINANCIAL RISK MANAGEMENT

53.1 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.

53.2 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. 3,463 million (2010: Rs. 4,622 million) the assets which were subject \ to credit risk amounted to Rs. 1,083 million (2010: Rs. 2,752 million).

	Note	2011 Rupees	2010 Rupees
The maximum exposure to credit risk at the reporting date is:			
Long term investments		5,378,335	6,825,547
Net investment in Ijarah / assets under Ijarah arrangements	53.2.1	546,060,270	1,057,014,756
Long term musharakah finance		174,879,166	203,797,930
Loans to employees		59,383,921	94,847,855
Deposits		12,697,224	15,378,170
Short term investments		9,719,359	44,640,142
Short term musharakah finances		95,068,952	131,604,675
Short term finances - secured		25,769,312	55,166,913
Trade debts - unsecured		-	1,005,106,155
Ijarah rentals receivable		91,622	9,562,433
Advances and other receivables		(86,022,961)	53,926,971
Bank balances		15,340,619	73,863,736
		858,365,819	2,751,735,283
53.2.1 Net investment in Ijarah finance / assets under Ijarah arrangements		812,557,877	1,676,054,986
Security deposits held	28	(266,497,607)	(619,040,230)
		546,060,270	1,057,014,756

53.2.2 Past due balances and impairment losses

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

	2011		2010	
	Gross	Impairment loss recognised	Gross	Impairment loss recognised
	Rupees		Rupees	
Past due 1-90 days	92,945,599	-	217,668,902	20,913,627
Past due 91 days - 180 days	62,253,444	-	97,938,326	14,532,004
Past due 181 days to one year	87,580,166	3,340,000	177,035,819	18,966,514
Past due one year to two years	197,610,429	34,772,144	335,714,903	87,484,643
More than two years	1,193,754,155	640,081,034	709,500,213	476,323,003
	1,634,143,793	678,193,178	1,537,858,163	618,219,791
Not past due	463,364,087	-	1,003,213,996	-
Total	2,097,507,880	678,193,178	2,541,072,159	618,219,791

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.

	2011 Rupees	2010 Rupees
Long term investments	110,027,768	241,086,419
Net investment in Ijarah / assets under Ijarah arrangements	266,497,607	619,040,230
Deposits	261,071	4,585,820
Short term investments	10,585,128	248,893,366
Other receivables	186,519,183	75,981,836
Bank balances	-	1,453,960
	573,890,757	1,191,041,631

53.3 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).

	Carrying amount	Contractual cash flows	2011		
			Up to three months	Over three months to one year	Over one year
	Rupees				
Liability against assets subject to finance lease	7,579,128	7,953,559	2,653,431	5,300,128	-
Certificates of Musharakah	509,434,146	517,583,563	328,393,563	76,205,000	112,985,000
Certificates of investments and deposit	92,570,638	105,336,602	88,243,933	5,365,469	11,727,200
Musharakah and murabaha borrowings	244,997,310	275,085,315	130,140,078	109,945,237	35,000,000
Musharakah Term Finance Certificates	544,930,549	606,826,457	227,659,789	131,250,000	247,916,668
Redeemable capital-Musharakah Term Finance Certificates	128,380,000	134,940,648	6,560,648	-	128,380,000
Loan from a director	197,542,473	224,210,705	224,210,705	-	-
Long term loans	105,745,968	118,094,416	118,094,416	-	-
Short term borrowings	93,301,015	98,448,860	98,448,860	-	-
Creditors, accrued and other liabilities	234,341,820	234,341,820	234,341,820	-	-
	2,158,823,047	2,322,821,945	1,458,747,243	328,065,834	536,008,868

	2010				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
----- Rupees -----					
Liability against assets 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 murabaha 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	-	-
Creditors, accrued and other liabilities	248,376,233	248,376,233	248,376,233	-	-
	4,015,176,445	4,273,178,421	2,722,376,451	800,317,965	750,484,006

53.4 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.

53.4.1 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 Mudaraba's interest bearing financial instruments and the periods in which these will mature were as follows:

	2011					Total
	Upto three months	Profit / mark-up bearing three months to one year	More than one year	Sub-total	Non-profit / mark-up bearing	
----- Rupees -----						
Financial Assets						
Long term investments	1,063,987	1,437,987	2,876,361	5,378,335	110,027,768	115,406,103
Net investment in Ijarah/ assets under Ijarah arrangements	362,698,092	87,668,141	362,191,644	812,557,877	-	812,557,877
Long term musharakah	59,676,330	16,642,869	43,776,309	120,095,508	-	120,095,508
Long term loan	31,815,892	8,784,070	18,783,954	59,383,916	-	59,383,916
Deposits	-	-	-	-	12,958,295	12,958,295
Short term investments	-	-	-	-	20,304,487	20,304,487
Short term musharakah and murabaha	157,485,391	-	-	157,485,391	-	157,485,391
Short term finances	25,769,312	-	-	25,769,312	-	25,769,312
Ijarah rentals receivables	-	-	-	-	91,621	91,621
Advances, deposits and other receivables	-	-	-	-	335,058,197	335,058,197
Cash and bank balances	14,584,614	-	-	14,584,614	756,005	15,340,619
	653,093,618	114,533,067	427,628,268	1,195,254,953	479,196,373	1,674,451,326
Financial Liabilities						
Liability against assets subject to finance lease	2,279,000	5,300,128	-	7,579,128	-	7,579,128
Certificates of Musharakah	321,979,146	78,205,000	112,085,000	512,269,146	-	512,269,146
Certificates of investments and deposits	64,982,055	15,861,393	7,345,000	88,188,448	4,382,190	92,570,638
Long term Musharakah and Murabaha borrowings	115,833,294	98,333,305	30,830,711	244,997,310	-	244,997,310
Term Finance Certificates	165,763,885	131,249,997	247,916,676	544,930,558	-	544,930,558
Redeemable capital-Musharakah Term Finance Certificates	-	-	128,380,000	128,380,000	-	128,380,000
Loan from a director	197,542,470	-	-	197,542,470	-	197,542,470
Long term loans	105,745,969	-	-	105,745,969	-	105,745,969
Short term borrowings	41,768,398	-	-	41,768,398	-	41,768,398
Trade creditors, accrued and other liabilities	-	-	-	-	236,266,820	236,266,820
	1,015,894,217	328,949,823	526,557,387	1,871,401,427	240,649,010	2,112,050,437
On balance sheet gap 2011 (a)	(362,800,599)	(214,416,756)	(98,929,119)	(676,146,474)	238,547,363	(437,599,111)

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2011



	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		
Rupees						
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	31,421,116	94,263,349	108,594,529	234,278,994	-	234,278,994
Loans to employees	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 murabaha	9,500,000	131,599,515	-	141,099,515	-	141,099,515
Short term finances	16,860,602	43,587,496	-	60,448,098	-	60,448,098
Trade debts	-	-	-	-	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 assets 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)	(1,946,843,981)	611,109,808	189,798,033	(1,145,936,140)	1,195,102,954	49,166,814

(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:

	2011 %	2010 %
Long term investments	8.00 - 14.20	14.00 - 15.00
Net investment in Ijarah/ assets under Ijarah arrangements	9.97 - 26.8	7.67 - 38.03
Long term musharakah	13.50 - 30.00	11.50 - 42.42
Long term loans to employees	10.49 - 24.82	10.49 - 24.82
Short-term investments	-	14.00 - 15.00
Short term musharakah and murabaha	10.00 - 34.69	10.00 - 43.35
Receivable under reverse repurchase transaction	-	13.2 - 16.00
Bank balances	5.00 - 13.00	1.00 - 13.00
Liabilities against assets subject to Ijarah finance	15.16 - 16.92	12.98 - 18.72
Long term certificates of musharakah	0.00 - 19.5	10.25 - 14.25
Certificates of investments and deposits	14.25 - 15.00	5.84 - 21.90
Long term musharakah and murabaha borrowings	13.75 - 16.37	7.00 - 17.15
Musharakah term finance certificates	14.12 - 15.47	8.00 - 17.00
Redeemable capital - musharakah term finance certificates	15.57	12.43 - 17.00
Long-term loan	15.00 - 17.00	15.00 - 17.00
Short term certificates of musharakah	0.00 - 17.00	8.25 - 12.25
Short term certificates of investments and deposits	0.00 - 17.00	5.84 - 21.90
Short term borrowings	7.50 - 22.00	14.74 - 16.77
Short term Musharakah borrowings	13.00	10.25 - 12.75
Payable under repo transactions	-	13.2 - 16.00
Loan from directors	13.5	-

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 2011, financial assets of Rs. 1,108 million and financial liabilities of Rs. 1,216 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 2010.

	Effect on loss before tax Rupees	Carrying value Rupees
As at 30 June 2011		
Cash flow sensitivity-Variable rate financial liabilities	<u>146,018,185</u>	<u>1,460,181,847</u>
Cash flow sensitivity-Variable rate financial assets	<u>8,725,556</u>	<u>87,255,561</u>
As at 30 June 2010		
Cash flow sensitivity-Variable rate financial liabilities	<u>196,379,047</u>	<u>1,963,790,474</u>
Cash flow sensitivity-Variable rate financial assets	<u>17,946,087</u>	<u>179,460,869</u>

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

53.4.2 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 June 30, 2011, the fair value of equity securities (including the units of mutual funds) exposed to price risk was Rs. 47.469 million (2010: Rs. 123.463 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.

	2011 Rupees	2010 Rupees
Profit and loss account		
Investments at fair value through profit and loss account	<u>1,058,513</u>	<u>9,800,299</u>
Company's equity as at the year end	<u>886,236</u>	<u>2,545,942</u>

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 perspective.

53.5 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.

53.6 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 September 02, 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 2011	850
Minimum equity requirement	30 June 2012	1,200
Minimum equity requirement	30 June 2013	1,700

54. SEGMENT INFORMATION


The Company's activities are broadly categorized in two primary business segments namely investment and financing and leasing/ljarah 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:

	2011				2010				
	Investment/ financing activities	Leasing / Ijarah activities	Other operations	Total	Investment/ financing activities	Brokerage activities	Leasing / Ijarah activities	Other operations	Total
	(Rupees)				(Rupees)				
Information about reportable segment									
profit or loss, assets and liabilities									
Revenues from external customers	30,128,207	182,893,839	2,445,089	215,467,135	156,548,802	148,186,281	326,800,302	13,139,795	644,675,180
Interest expense	(36,336,433)	(289,258,843)	-	(325,595,276)	(80,706,052)	(90,944,584)	(389,416,598)	-	(561,067,234)
Depreciation and amortisation	(2,294,287)	(102,327,317)	-	(104,621,604)	(14,197,679)	(16,010,148)	(108,382,971)	-	(138,590,798)
Impairment of assets	(10,224,403)	(95,952,297)	-	(106,176,700)	(53,088,310)	(30,228,557)	(141,876,683)	(2,668,178)	(227,861,728)
Reportable segment profit	(18,726,916)	(304,644,618)	2,445,089	(320,926,445)	8,556,761	11,002,992	(312,875,950)	10,471,617	(282,844,580)
Reportable segment assets	799,094,823	999,733,665	1,592,155,293	3,390,983,781	834,500,224	1,330,008,152	2,206,342,519	509,679,879	4,880,530,774
Reportable segment liabilities	(2,151,146,813)	(277,758,726)	(1,250,815,607)	(3,679,721,146)	(618,694,095)	(1,489,685,088)	(2,525,509,239)	(12,661,720)	(4,646,550,142)
Profit or loss									
Total profit or loss for reportable segments				(323,371,534)					(293,316,197)
Other profit or loss				2,445,089					10,471,617
Unallocated amounts:									
Other administrative and operating expenses				(124,053,945)					(474,207,225)
Revaluation surplus realises on transfer of leasehold premises				-					10,153,125
Other income				9,070,553					42,273,794
(Loss) before tax from continuing operations				(435,909,837)					(704,624,886)
(Loss) before tax from discontinued operation				(85,541,558)					-
Assets									
Total assets for reportable segments				1,798,828,488					4,370,850,895
Other assets				1,592,155,293					509,679,879
Company's assets				3,390,983,781					4,880,530,774
Liabilities									
Total liabilities for reportable segments				(2,428,905,539)					(4,633,888,422)
Other liabilities				(1,250,815,607)					(12,661,720)
Company's liabilities				(3,679,721,146)					(4,646,550,142)

55. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on March 20, 2012 by the Board of Directors of the Company.



Naveed Amin
Chief Executive Officer



Ahmed Kamran
Chairman

Consolidated Financial Statements
of
Invest Capital Investment Bank Limited
and
Invest Capital Markets Limited
(Subsidiary of ICIBL)

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 June 30, 2011 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. Our firm has also expressed separate opinions on the financial statements of Invest Capital Investment Bank Limited and its subsidiary company with an emphasis of matter paragraph on the financial statements of Invest Capital Investment Bank Limited drawing attention towards factors disclosed in the notes to those financial statements that cast significant doubt about the company's ability to continue as a going concern. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these statements based on our audit.

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

In our opinion the consolidated financial statements present fairly the financial position of Invest Capital Investment Bank Limited and its subsidiary company as at June 30, 2011 and the results of their operations, their comprehensive loss, cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we draw attention to Note 1.3 to the consolidated financial statements which indicates that the group has suffered net loss of Rs. 586.25 million for the year and as at the balance sheet date, the accumulated loss is Rs. 1,198.58 million and current liabilities of the group exceed its current assets by Rs. 527.82 million. These conditions, along with other matters, as set forth in Note 1.3 indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern.

The consolidated financial statements of the group as at June 30, 2010 and for the year then ended were audited by another firm of chartered accountants who have expressed adverse opinion on those consolidated financial statements in their report dated May 14, 2011.



AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Engagement Partner:- Syed Ali Adnan Tirmizey

Dated: March 20, 2012

Place: Faisalabad


Consolidated Balance Sheet

As at June 30, 2011



ASSETS	Note	2011 Rupees	2010 Rupees
Non-current assets			
Property, plant and equipment	5	310,816,667	463,408,581
Intangible assets	6	5,635,000	35,388,877
Long term investments	7	112,881,835	128,542,971
Net investment in Ijarah finance / assets under Ijarah arrangements	8	340,100,486	624,346,931
Long term musharakah finance	9	54,783,657	78,113,465
Long term loans	10	18,783,959	22,209,833
Long term security deposits	11	12,958,295	34,863,748
Deferred taxation	12	-	-
		855,959,899	1,386,874,406
Current assets			
Short-term investments	13	20,304,487	293,533,508
Short term musharakah finances	14	95,068,952	131,604,675
Short term finances	15	25,769,312	55,166,913
Trade debts	16	-	1,193,880,186
Assets acquired in satisfaction of finances	17	49,500,000	49,500,000
Ijarah rentals receivables	18	91,622	9,562,433
Current maturity of non-current assets	19	633,152,862	1,250,030,542
Receivable under reverse repurchase transaction		-	9,000,000
Advances, deposits, prepayments and other receivables	20	100,496,222	134,605,877
Stock in trade	21	620,245	728,520
Cash and bank balances	22	15,340,619	75,317,696
Assets classified as held for sale	23	1,787,677,511	483,533,306
		2,728,021,832	3,686,463,656
		3,583,981,731	5,073,338,062
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital		4,850,000,000	4,850,000,000
485,000,000 (2010: 485,000,000) ordinary shares of Rs.10/- each			
Issued, subscribed and paid-up capital	24	2,848,668,960	2,848,668,652
Capital reserve on amalgamation		(2,022,075,992)	(2,022,075,684)
Gain / loss on remeasurement	25	1,032,628	(1,797,735)
Accumulated loss		(1,198,575,016)	(612,319,708)
		(370,949,420)	212,475,525
Surplus on revaluation of assets	26	18,986,114	18,986,114
Non-current liabilities			
Liability against assets subject to finance lease	27	-	9,992,392
Deferred liability for staff gratuity	28	-	12,661,719
Security deposits from lessees	29	154,582,208	276,136,679
Long term certificates of musharakah / deposits	30	112,085,000	90,525,000
Long term certificates of investments and deposits	31	7,345,000	6,445,000
Long term musharakah and murabaha borrowings	32	30,830,711	127,456,249
Musharakah Term Finance Certificates	33	245,774,486	420,013,476
Redeemable capital - Term Finance Certificates	34	128,380,000	-
Long-term loan	35	-	-
Deferred revenue	36	1,102,062	2,574,934
		680,099,467	945,805,449
Current liabilities			
Current portion of long term liabilities	37	774,250,980	1,120,273,848
Short term certificates of musharakah / deposits	38	359,519,146	648,099,646
Short term certificates of investments and deposits	39	85,225,638	118,519,671
Short term borrowings	40	93,301,015	1,423,949,979
Short term musharakah borrowings	41	2,700,000	5,000,000
Loan from a Director	42	197,542,473	168,022,126
Creditors, accrued and other liabilities	43	237,940,142	412,205,704
Liabilities directly associated with the assets classified as held for sale	23	1,505,366,176	-
		3,255,845,570	3,896,070,974
		3,583,981,731	5,073,338,062
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	44	-	-

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.


Naveed Amin
Chief Executive Officer


Ahmed Kamran
Chairman

Consolidated Profit and Loss Account

For the year ended June 30, 2011



Continuing operations

Income

Note	2011 Rupees	2010 Rupees
45	-	148,186,281
	65,130,328	173,383,449
	109,880,522	133,763,714
	11,491,404	35,533,261
	1,454,433	55,265,402
	7,882,989	19,653,139
	1,617,595	10,081,956
	4,575,066	12,645,531
	3,717,553	53,447,791
	1,033,046	(8,627,285)
	827,494	3,057,839
	207,610,430	636,391,078

Expenses

46	(228,675,549)	(612,798,023)
47	(325,595,276)	(561,067,234)
	(9,348,538)	-
	(563,619,363)	(1,173,865,257)
	(356,008,933)	(537,474,179)

Other income

48	23,751,527	48,038,903
	(332,257,406)	(489,435,276)

Reversal / provision of Impairment losses and write offs

	1,928,037	(50,074,826)
	-	(11,123,157)
	(2,170,033)	(2,674,759)
	(92,281,497)	(49,313,448)
	(10,224,403)	(41,355,646)
	-	(609,507)
	-	(30,228,557)
	6,447,154	(39,813,650)
	(9,875,958)	(2,668,178)
	(106,176,700)	(227,861,728)
	(438,434,106)	(717,297,004)

Loss before taxation

49	(711,117)	(43,823,806)
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Loss after taxation from continuing operations

	(439,145,223)	(761,120,810)
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Discontinued operation

23	(147,110,085)	-
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Loss for the year

	(586,255,308)	(761,120,810)
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Loss per share from continuing operations

50	(1.542)	(2.740)
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50	(1.542)	(2.672)
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Loss per share from discontinued operation

50	(2.058)	-
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Consolidated Statement of Comprehensive Income

For the year ended June 30, 2011

	2011 Rupees	2010 Rupees
Loss for the year	(586,255,308)	(761,120,810)

Other comprehensive income / (loss)


Transfer of loss / (gain) in the value of investment classified as available-for-sale taken to profit and loss account	1,734,955	(4,249,557)
--	-----------	-------------

Incremental depreciation charged for the year - released from surplus on revaluation of assets	-	677,897
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Unrealised loss / (gain) on remeasurement of available for sale investments	1,095,408	(1,755,566)
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Total comprehensive loss for the year	(583,424,945)	(766,448,036)
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The annexed notes 1 to 56 form an integral part of these consolidated financial statements.


Naveed Amin
Chief Executive Officer


Ahmed Kamran
Chairman

Consolidated Cash Flow Statement


For the year ended June 30, 2011



Note	2011 Rupees	2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(438,434,106)	(717,297,004)
Adjustments for non cash charges and other items:		
Depreciation of property and equipment	17,906,405	61,013,516
Amortization of intangibles	2,415,000	4,479,471
Depreciation on assets leased out	84,300,199	77,036,743
(Reversal) / provision against other receivable	(1,928,037)	50,074,826
Provision for impairment in the value of investments classified as available-for-sale	-	11,123,157
Doubtful lease receivables written off	2,170,033	2,674,759
Provision against doubtful finance lease receivable and lease rentals-net	92,281,497	49,313,448
Provision against long term / short term musharakah finances	10,224,403	41,355,646
Musharakah finances written off	-	609,507
Doubtful debtors written off	-	30,228,557
Reversal / (provision) against long term loan / short term loan	(6,447,154)	39,813,650
Other receivables written off	9,875,958	2,668,178
Financial charges - net	325,595,276	561,067,234
Gain on disposal of operating assets	(5,080,226)	(1,552,679)
Unrealised (gain) / loss on remeasurement of investments in marketable securities	(1,033,046)	8,627,285
	<u>530,280,308</u>	<u>938,533,298</u>
Cash flow from operating activities before working capital changes	91,846,202	221,236,294
(Increase) / decrease in current assets		
Short-term investments	42,646,702	636,739,212
Short term musharakah finances	32,575,729	111,101,820
Short term finances	34,967,394	12,092,089
Trade debts	-	251,645,683
Assets acquired in satisfaction of finances	-	50,000,000
Ijarah rentals receivables	9,470,812	7,747,952
Advances, deposits, prepayments and other receivables	36,949,385	106,122,541
Stock in trade	108,275	313,800
Assets classified as held for sale	(4,577,638)	(483,533,306)
Takaful reserve fund investments	-	28,743,840
	<u>152,140,659</u>	<u>720,973,631</u>
Increase / (decrease) in current liabilities		
Short term certificates of musharakah / deposits	(288,580,500)	364,819,646
Short term certificates of investments and deposits	(33,294,033)	46,869,671
Trade creditors, accrued and other liabilities	(21,412,023)	(300,817,465)
	<u>(343,286,556)</u>	<u>110,871,852</u>
Cash flow from operating activities after working capital changes	(99,299,695)	1,053,081,777
Financial charges paid	(196,181,375)	(472,023,014)
Income tax paid	(5,698,154)	(26,453,973)
	<u>(201,879,529)</u>	<u>(498,476,987)</u>
Change in cash flow from operating activities	(301,179,224)	554,604,790
Operating cash flows from discontinued operation	463,857,288	-
Net cash flow from operating activities	162,678,064	554,604,790
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(6,266,862)	(47,666,474)
Investments	693,454,108	1,122,539,300
Long term musharakah finances	22,654,355	60,194,339
Long term loans	12,297,164	53,142,787
Long term deposit	6,312,946	(3,007,726)
Sale proceeds from disposal of tangible fixed assets	36,617,952	22,731,755
	<u>765,069,663</u>	<u>1,207,933,981</u>
Change in cash flow from investing activities	25,178,023	-
Investing cash flows of discontinued operation	790,247,686	1,207,933,981
Net cash flow from investing activities	790,247,686	1,207,933,981
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of		
Liability against assets subject to finance lease	(10,799,279)	(17,734,377)
Deferred liability for staff gratuity	(12,661,719)	5,634,053
Security deposits from lessees	(352,542,623)	(433,295,403)
Long term certificates of musharakah / deposits	(59,615,000)	(50,705,000)
Certificates of investments and deposits	110,000	3,010,600
Long term musharakah and murabaha borrowings	(27,458,934)	(171,873,302)
Musharakah Term Finance Certificates	(53,747,122)	(148,791,531)
Redeemable capital - Term Finance Certificates	-	(110,872,769)
Long-term loan	(22,018,383)	(285,548,733)
Deferred liabilities	(1,472,872)	665,486
Short term borrowings	(3,300,000)	(885,619,048)
Receivable under reverse repurchase transaction	-	186,000,000
Loan from a Director - unsecured	29,520,347	(26,422,989)
	<u>(513,985,585)</u>	<u>(1,935,553,013)</u>
Change in cash flow from financing activities	(433,519,234)	-
Financing cash flows from discontinued operation	(947,504,819)	(1,935,553,013)
Net cash flow from financing activities	(947,504,819)	(1,935,553,013)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	5,420,931	(173,014,242)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	75,317,696	248,331,938
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	80,738,627	75,317,696

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The annexed notes 1 to 56 form an integral part of these consolidated financial statements.


Naveed Amin
 Chief Executive Officer


Ahmed Kamran
 Chairman


Consolidated Statement of Changes in Equity

For the year ended June 30, 2011



	Issued, subscribed and paid-up capital	Capital reserve on amalgamation	Gain on remeasurement of available for sale investment	Unappropriated profit / (accumulated loss)	Share deposit money	Total
----- Rupees -----						
Balance as at 1 July 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)
Unrealised loss on remeasurement of investments classified as available-for-sale	-	-	(1,755,566)	-	-	(1,755,566)
Transfer of gain 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
	-	-	(6,005,123)	(760,442,913)	-	(766,448,036)
Transaction with owners recorded directly in equity						
Shares issued during the year	121,000,000	-	-	-	(121,000,000)	-
Balance as at 30 June 2010	<u>2,848,668,652</u>	<u>(2,022,075,684)</u>	<u>(1,797,735)</u>	<u>(612,319,708)</u>	<u>-</u>	<u>212,475,525</u>
Correction of error	308	(308)	-	-	-	-
Total Comprehensive income for the year						
Loss for the year	-	-	-	(586,255,308)	-	(586,255,308)
Unrealised gain on remeasurement of available for sale investments	-	-	1,095,408	-	-	1,095,408
Transfer of loss in the value of investment classified as available-for-sale taken to profit and loss account	-	-	1,734,955	-	-	1,734,955
	-	-	2,830,363	(586,255,308)	-	(583,424,945)
Balance as at 30 June 2011	<u><u>2,848,668,960</u></u>	<u><u>(2,022,075,992)</u></u>	<u><u>1,032,628</u></u>	<u><u>(1,198,575,016)</u></u>	<u><u>-</u></u>	<u><u>(370,949,420)</u></u>

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.


Naveed Amin
Chief Executive Officer


Ahmed Kamran
Chairman

1. LEGAL STATUS AND OPERATIONS

The "Group" consists of:

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

Invest Capital Investment Bank Limited ('the Company') is a public limited 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 (NBFC). The Company is listed on all the stock exchanges. The registered office of the Company is situated at Karachi in the province of Sindh.

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 and asset management services.

Subsequent to the year end, under an agreement duly approved by the SECP, ICML has been sold to the Invest Cap group. Details given in note 1.3 below.

1.3 Challenges / problems and mitigation plan / actions

Challenges / problems

The Group started facing financial and operational difficulties in the year 2009 owing to global financial and economic meltdown that brought in problems of mismatch of resources, surge in non-performing loans and liquidity crunch, non-achievement of post-merger strategic objectives and internal and external impediments. These financial and operational difficulties have resulted as under:

- the Group has suffered net loss of Rs. 586.25 million during the year and as at balance sheet date, the accumulated loss is Rs. 1,198.58 million and the current liabilities of the `Group exceed its current assets by Rs. 527.82 million.
- net shareholders equity of the Group as at June 30, 2011 is negative by Rs. 370.94 million and is less than the minimum equity level of Rs. 850 million required under NBFC Regulations, 2008. The Group is unable to comply with per party exposure limit and other relevant limits as stipulated under NBFC Regulations, 2008.
- the Group has been unable to comply with the terms of certain loan agreements as explained in detail in the relevant notes to the financial statements.
- the Group is facing difficulty in recovery of its non-performing leases and loans portfolio.
- the leasing and investment finance services' licenses of the Group have expired on December 08, 2010 and February 29, 2011 respectively and renewal is pending.

There is material uncertainty related to events or conditions which may cast significant doubt about the Group's ability to continue as going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The management has formulated a plan and is taking measures to address the financial and operational problems being faced by the Group. The plan and efforts are discussed below:

Mitigation plan / actions

(a) Substantial reduction in administrative and other expenses

The management of the Group has substantially curtailed its administrative and other operating expenses as reflected in the profit and loss account. The management is taking steps to further reduce these expenses to minimum possible level without affecting the operational efficiency of the Group. This will result in improving the profitability and equity position of the Group.

(b) Commencement of new leasing business

The Group has subsequently recommenced leasing business after a considerable gap of above two years. The Group is mainly carrying out car leasing business at a very attractive IRR with reasonable deposit margin. Leasing business will result in profits in the ensuing years thereby improving the profitability and equity position of the Group.

(c) Injection of funds amounting to Rs. 150 million

The new management of the Group have acquired major shareholding and management control of the Group from the outgoing management (outgoing group) effective from July 2011. Subsequently, a total of Rs. 150 million has been injected by the new management, Rs. 126 million directly as subordinated loan and Rs. 24 million indirectly through outgoing group as consideration of disposal of Invest Capital Markets Limited (ICML) - a wholly owned subsidiary of the Group. The injection of funds by new management has been very vital and of timely support for the Group which has been solely utilized for payments to depositors. Further, the subordinated loan will also help enable the Group to meet the minimum equity requirement in ensuing years.

(d) Settlement / rescheduling of loans / deposits with lending banks / financial institutions

The management is making strenuous efforts for the settlement / rescheduling of outstanding loans amounting to Rs. 1,266.98 million with various banks / financial institutions through transfer of Group's lease / loan portfolio and immovable properties / shares / memberships of DHA Golf Club with waiver of mark-up. Subsequently, loans amounting to Rs. 239.35 million have been settled, loans amounting to Rs. 224.22 million have been rescheduled and mark up of Rs. 14.27 million has been waived off. Some other banks / financial institutions have also agreed in principle for settlement / rescheduling of loans amounting to Rs. 406.08 million. The management is putting their best efforts to settle / reschedule these loans as early as possible and expects waiver of mark up of around Rs. 200 million in the ensuing years.

(e) Disposal of non-core assets

Management is also focusing on disposal of other non-core assets / businesses like CNG / fuel stations and generators fleet in addition to disposal of properties / assets through settlement against liabilities as discussed in para (d) above. The Group has subsequently disposed off five earth moving machines and a proposal for the disposal of one of the CNG station is under consideration. Disposal of non-core assets at profit will result in improvement in the liquidity and equity position of the Group.

(f) Disposal / transfer of brokerage related assets and liabilities

ICML has been sold to the outgoing group (Refer para (c) above) and other assets related to brokerage business will be transferred to them after repayment of brokerage business related liabilities by the outgoing group. Outgoing group has committed to pay off all the outstanding liabilities related to the brokerage business within due course of time. This transaction will result in net saving of approximately Rs. 137.46 million for the Group and, therefore, result in improvement in results and equity of the Group.

(g) Improved recovery of non-performing leases and loans portfolio

Recovery from lease and loan portfolio was 55% of billing raised during the year ended on June 30, 2011, whereas, it has been substantially improved in the subsequent period and is more than 80% of the billing raised during the seven months period ended on January 31, 2012. Net recovery till January 31, 2012 is Rs. 180 million. This amount has been utilized in the new leasing business, as well as, in meeting the obligations towards depositors.

(h) Renewal of leasing and investment finance services' licenses

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 management expects a favorable response from SECP enabling the Group to recover from this adverse situation.

Management is hopeful that the above mentioned plans / measures will help overcome the financial and operational problems and will result in the improvement of financial position and financial results of the Group. Considering management's plans and the results of mitigating actions as discussed in detail in paragraphs (a) to (h) above, Management is confident that the Group will be able to continue as a going concern.

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 and International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 for NBFCs providing investment finance services and housing finance services.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the "historical cost convention" except following:

- Staff retirement gratuity which is carried at present value
- Non - current assets held for sale are stated at the lower of carrying amount and fair value less costs to sale.
- Investment in associate "available for sale" is stated at fair value.

2.3 Functional and presentation currency

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

2.4 Accounting estimates and judgments

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 recognized in the period in which the estimates are revised.

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 consolidated 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 finances (note 3.23)
- Trade debts (note 3.9)
- Deferred taxation (note 3.10)
- Long term loans (note 3.5)

2.5 Standards, amendment to standards and interpretations becoming effective in current year

The following new and revised standards are effective and mandatory for financial statements for the periods beginning on or after July 01, 2010 and therefore have been applied in preparing these financial statements.

- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The amendment 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. The application of this amendment does not have any impact on the Group's financial statements.
- Amendments to IFRS 8 Operating Segments. The amendment 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 application of this amendment does not have any impact on the Group's financial statements.

- Amendments to IAS 1 Presentation of Financial Statements. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of this amendment does not have any impact on the Group's financial statements.
- Amendments to IAS 7 Statement of Cash Flows. The amendments provides clarification that only expenditures that result in the recognition of an asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognized assets in the balance sheet. The application of this amendment does not have any impact on the Group's financial statements.
- Amendments to IAS 17 Leases. 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 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 application of this amendment does not have any impact on the Group's financial statements.

Standards, amendment to standards and interpretations and becoming effective in current period but not relevant

There are certain new standards, amendments and interpretations that are mandatory for accounting periods of the Group beginning on or after July 1, 2010 but are considered not to be relevant to the Group's operations, therefore, not disclosed in the financial statements.

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 their respective effective dates:

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 January 01, 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.

IFRS 1 First-time Adoption of IFRSs (effective for accounting periods beginning on or after January 01, 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.

IFRS 7 Financial Instruments: Disclosures (effective for accounting periods beginning on or after January 01, 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.

IAS 1 Presentation of Financial Statements (effective for accounting periods beginning on or after January 01, 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.

IAS 34 Interim Financial Reporting (effective for accounting periods beginning on or after January 01, 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.

Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are other amendments to the standards and interpretations that are effective from different future periods but are considered not to be relevant to the Group's operations, therefore, not disclosed in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

Defined contribution plan

The Group 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 Group and the employees.

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 consolidated financial statements.

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 consolidated financial statements.

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

Intangible asset are recognized as assets 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 amortization 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 reducing balance method 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 is 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

These investments are accounted for using equity method of accounting. Under the equity method, an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post-acquisition change in the venturer's share of net assets of the jointly controlled entity. The profit or loss of the venturer includes the venturer's share of the profit or loss of the joint controlled entity.

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

Ijarah agreements 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 adopted Islamic Financial Accounting Standard 2-Ijarah for all Ijarah agreements commencing from July 01, 2008 to June 30, 2010. The assets subject to Ijarah commencing on or after July 01, 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 term 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 loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when these 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 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 Provision for 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 account.

3.11 Revenue recognition

3.11.1 Finance lease / Ijarah income

- The Group follows the finance method for recognising income on Ijarah contracts 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, 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 is 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, murabaha 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 suspended, where necessary (on non-performing assets including the non-performing lease / Ijarah portfolio, musharakah, murabaha 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 is 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 continues 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, musharakah, murabaha and all other functions not included in other segments.

Geographical segments

The Group operates in Pakistan only.

3.18 Fiduciary assets

Asset, 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 amounts 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 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 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 Murabaha borrowings and financing

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

- Funds disbursed for purchase of goods are recorded as 'Advance for murabaha'. On the culmination of murabaha i.e. on sale of goods to the customers, murabaha 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 murabaha is recognised on accrual basis. However, profit for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately upon the later date.
- Funds received against sale of goods are recorded as 'murabaha payable'. On the culmination of murabaha i.e. on purchase of goods from the counter party, murabaha payables are recorded at the deferred purchase price net of expenses.
- Expenses on murabaha are recognised on accrual basis. However, expenses for the period from the date of receipt to the date of culmination of murabaha are recognised immediately upon the later date.

4. BASIS OF CONSOLIDATION

The assets and liabilities of subsidiary Group have been consolidated in accordance with IFRS 5 'Non Current Assets Held For Sale and Discontinued Operations' and the carrying value of investment in subsidiary held by the holding Group is eliminated against the shareholder's equity in the consolidated financial statements.

Material intra-group balances and transactions have been eliminated.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2011



5. PROPERTY, PLANT AND EQUIPMENT

	Note	2011 Rupees	2010 Rupees
Operating assets	5.1	296,601,433	451,552,791
Capital work in progress	5.3	14,215,234	11,855,790
		310,816,667	463,408,581

5.1 Operating assets

	COST			2011 Rate (%)	DEPRECIATION/ IMPAIRMENT				Written down value as at June 30, 2011		
	As at July 01, 2010	Additions / (disposals)	Transfers 5.1.3		As at June 30, 2011	As at July 01, 2010	Depreciation for the year / (on disposals)	Impairment for the year		Transfers 5.1.3	As at June 30, 2011
	Rupees				Rupees						
OWNED ASSETS											
Land	135,698,000	-	-	135,698,000	1.03	163,264	161,598	-	-	324,862	135,373,138
Building	46,396,761	-	-	31,925,306	5	1,852,366	2,057,435	-	-	2,339,876	29,585,430
		(14,471,455)					(1,569,925)				
Office premises	48,700	-	-	48,700	5	2,029	2,322	-	-	4,351	44,349
Office renovation	585,000	-	-	-	33.33	268,501	104,445	-	-	-	-
			(585,000)						(372,946)		
Furniture and fixture	27,197,252	-	-	22,604,737	10	10,672,127	1,689,971	-	-	9,997,142	12,607,595
		(678,522)	(3,913,993)				(311,215)		(2,053,741)		
Office equipment	33,314,248	899,025	-	20,861,155	10	17,162,893	1,777,860	-	-	10,976,582	9,884,573
		(31,500)	(13,320,618)				(15,370)		(7,948,801)		
Motor vehicles	82,109,275	5,376,037	-	25,926,032	20	28,186,727	9,929,046	-	-	9,882,226	16,043,806
		(19,303,071)	(42,256,209)				(7,745,767)		(20,487,780)		
Plant and machinery	17,934,748	-	12,610,887	14,395,635	10	2,754,196	2,266,445	-	1,674,919	3,318,187	11,077,448
		(16,150,000)					(3,377,373)				
	343,283,984	6,275,062	12,610,887	251,459,565		61,062,103	17,989,122	-	1,674,919	36,843,226	214,616,339
		(50,634,548)	(60,075,820)				(13,019,650)		(30,863,268)		
LEASED ASSETS held for own use											
Motor vehicles	2,707,775	-	-	2,707,775	20	1,704,538	185,846	-	-	1,890,384	817,391
Plant and machinery	12,610,887	-	-	-	10	1,674,919	-	-	-	-	-
			(12,610,887)						(1,674,919)		
Office equipment	20,926,378	-	-	20,926,378	10	14,337,856	1,053,442	-	-	15,391,298	5,535,080
	36,245,040	-	-	23,634,153		17,717,313	1,239,288	-	-	17,281,682	6,352,471
			(12,610,887)						(1,674,919)		
OWNED ASSETS HELD FOR OPERATING LEASE ARRANGEMENTS											
Generator	86,931,340	-	-	86,931,340	10	5,648,180	5,650,537	-	-	11,298,717	75,632,623
	466,460,364	6,275,062	12,610,887	362,025,058		84,427,596	24,878,947	-	1,674,919	65,423,625	296,601,433
		(50,634,548)	(72,686,707)				(13,019,650)	-	(32,538,187)		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2011



	COST				2010 Rate (%)	DEPRECIATION / IMPAIRMENT					Written down value as at June 30, 2010
	As at July 01, 2009	Additions / (disposals)	Transfers	As at June 30, 2010		As at July 01, 2009	Depreciation for the year / (on disposals)	Impairment for the year	Transfers	As at June 30, 2010	
	Rupees					Rupees					
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
	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 Depreciation expense

	2011	2010
Depreciation expense	24,878,947	61,013,516
Less: Charged to Subsidiary	(3,460,230)	-
	21,418,717	61,013,516

5.1.2 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
	Rupees					
Cost	45,198,000	7,707,900	14,395,635	38,300	45,000	67,384,835
Accumulated depreciation	-	862,444	3,318,187	10,152	7,538	4,198,321
Net book value as at 30 June 2011	45,198,000	6,845,456	11,077,448	28,148	37,462	63,186,514
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	45,198,000	20,606,423	26,116,517	40,675	56,597	92,018,212

5.1.3 Transfers include assets having cost of Rs. 60.075 Million and WDV of Rs. 29.213 Million (2010: Cost Rs 447.144 million and WDV Rs. 428.727 million) transferred to assets classified as held for sale (Refer Note 23.1).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2011



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							
Haundai Santro	499,000	(403,073)	95,927	350,000	254,073	Tahir Gul	Through Negotiation
Honda Citi Vario	933,500	(503,343)	430,157	870,000	439,843	Muhammad Rizwan	Through Negotiation
Toyota Corolla Xli	925,000	(498,760)	426,240	1,100,000	673,760	Usman Saeed	Through Negotiation
Suzuki Cultus	797,150	(327,717)	469,433	700,000	230,567	Waqas Ahmed	Through Negotiation
Toyota Vitz	685,000	(482,985)	202,015	450,000	247,985	Adeel ur Rehman	Through Negotiation
Honda Civic Vti - Oriel	1,934,580	(488,804)	1,445,776	1,750,000	304,224	New Jubilee Insurance Co.	Insurance Claim
Honda Citi	860,000	(572,324)	287,676	508,480	220,804	Kashif Shabbir	Through Negotiation
Daihatsu Storia	525,000	(327,880)	197,120	300,000	102,880	Azeem	Through Negotiation
Toyota Premio	2,235,595	(558,899)	1,676,696	1,500,000	(176,696)	M. Rizwan Siddiqui	Through Negotiation
Suzuki Liana	1,106,055	(259,923)	846,132	800,000	(46,132)	Muhammad Rizwan	As per policy
Toyota Altis	861,733	-	861,733	1,465,000	603,267	Mr. Shakeel Aziz	As per policy
Honda Civic	699,792	-	699,792	1,535,000	835,208	Mr. Shakeel Aziz	As per policy
Toyota Altis	1,844,480	(590,234)	1,254,246	1,250,000	(4,246)	Mr. Ansar Husain	As per policy
Toyota Altis	573,534	-	573,534	1,210,000	636,466	Mr. Ansar Husain	As per policy
Toyota Corolla	1,066,321	(1,066,321)	-	525,000	525,000	Raja Rizwan Ashfaq	As per policy
Suzuki Cultus	677,215	(374,124)	303,091	700,000	396,909	Syed Nadeem Anwar	As per policy
Diahatsu Coure	474,000	(309,048)	164,952	500,000	335,048	Saleem	As per policy
Suzuki Mehran Vxr	395,000	(243,320)	151,680	365,000	213,320	Muzammil S/O Nadir Ali	As per policy
Suzuki Mehran Vxr	395,000	(240,511)	154,489	355,000	200,511	Babar	As per policy
Honda Cd-70 M/Cycle	58,500	(58,500)	-	15,000	15,000	Naim Ahmed	As per policy
Suzuki M/Cycle	54,800	(35,730)	19,070	21,600	2,530	Sued Zaheer Abbas Zaidi	As per policy
Honda Cd-70	54,000	(46,872)	7,128	30,000	22,872	Ajmal	As per policy
Pak Hero Motorcycle	38,500	(20,911)	17,589	19,507	1,918	Shokat Ali	As per policy
Unique Motorcycle	37,500	(15,450)	22,050	25,000	2,950	Asim	As per policy
Suzuki Cultus NE-680	321,622	(5,360)	316,262	490,000	173,738	Muhammad Kamal	As per policy
Honda City	342,171	(81,955)	260,216	750,000	489,784	Shahnawaz Rizvi	Through Negotiation
Star	54,407	(13,757)	40,650	28,200	(12,450)	Saif Ullah	Through Negotiation
Star	13,630	(3,446)	10,184	16,500	6,316	Asim Hussain Khan	Bidding
Honda City	439,139	(105,180)	333,959	800,000	466,041	Razi Aziz	Through Negotiation
Baleno	252,628	(63,643)	188,985	317,087	128,102	Khalid Mehmood	Through Negotiation
Honda	9,198	(3,185)	6,013	25,500	19,487	Tariq Ali	Bidding
Honda	13,727	(4,387)	9,340	25,000	15,660	Sajid Mehmood	Bidding
Honda	10,022	(2,534)	7,488	25,000	17,512	Nadeem Ashraf	Through Negotiation
Honda	23,581	(8,165)	15,416	27,000	11,584	Yasir Iqbal	Through Negotiation
Honda	13,727	(3,471)	10,256	18,000	7,744	Muhammad Farman	Through Negotiation
Suzuki	14,422	(4,801)	9,621	18,000	8,379	Muhammad Asif	Bidding
Hero	15,860	(5,280)	10,580	18,000	7,420	Muhammad Asif	Bidding
Star	22,892	(7,621)	15,271	18,000	2,729	Muhammad Asif	Bidding
Sohrab	24,790	(8,253)	16,537	18,000	1,463	Muhammad Asif	Bidding
	19,303,071	(7,745,767)	11,557,304	18,938,874	7,381,570		
Office equipment	22,000	(9,274)	12,726	12,726	-	Ghulam Rasool Gondal	As per agreement
Fax machine	9,500	(6,096)	3,404	743	(2,661)	Qasim Mehmood	As per policy
	31,500	(15,370)	16,130	13,469	(2,661)		
Miscellaneous furniture and fixtures	678,522	(311,215)	367,307	319,932	(47,375)	Various	As per policy
	678,522	(311,215)	367,307	319,932	(47,375)		
Building	14,471,455	(1,569,925)	12,901,530	12,901,530	-	Ghulam Rasool Gondal	As per agreement
	14,471,455	(1,569,925)	12,901,530	12,901,530	-		
Plant & machinery	16,150,000	(3,377,373)	12,772,627	12,772,627	-	Ghulam Rasool Gondal	As per agreement
	16,150,000	(3,377,373)	12,772,627	12,772,627	-		
2011	50,634,548	(13,019,650)	37,614,898	44,946,432	7,331,534		
2010	32,605,024	(11,425,948)	21,179,076	22,731,755	1,552,679		

5.2.1 Disposals include assets having cost of Rs.10.500 Million (WDV: 6.077 Million) which relates to discontinued operation. Gain of Rs. 2.251 Million on sale of scuh assets is transferred to income of discontinued operation.

Notes to the Consolidated Financial Statements

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	Note	2011 Rupees	2010 Rupees
5.3 Capital work-in-progress			
Development charges relating to freehold land		6,247,000	6,247,000
Renovation and office equipment		7,968,234	5,608,790
		<u>14,215,234</u>	<u>11,855,790</u>
6. INTANGIBLE ASSETS			
Membership cards		-	24,350,000
Computer software	6.1	5,635,000	11,038,877
		<u>5,635,000</u>	<u>35,388,877</u>
6.1 Computer Software			
Opening balance - cost		16,396,016	14,338,236
Additions during the year		350,000	2,993,181
Transferred to Invest Capital Markets Limited (subsidiary)		-	-
		<u>16,746,016</u>	<u>17,331,417</u>
Accumulated amortization at the beginning of the year		6,292,540	1,813,069
Amortization for the year @ 30% per annum		3,127,293	4,479,471
		<u>9,419,833</u>	<u>6,292,540</u>
		<u>7,326,183</u>	<u>11,038,877</u>
Transferred to assets classified as held for sale	23.1	(1,691,183)	-
		<u>5,635,000</u>	<u>11,038,877</u>
7. LONG TERM INVESTMENTS			
Investment in related parties - at cost	7.1	80,338,503	80,343,778
Available for sale investments:			
- Ordinary shares & certificates of listed and unlisted entities	7.2	27,164,997	30,785,618
- Mutual Funds		-	10,588,028
- Term Finance Certificates	7.3	5,378,335	6,825,547
		<u>112,881,835</u>	<u>128,542,971</u>
7.1 Investments in related parties			
Joint ventures			
CNG / Diesel filling stations			
- Centre Gas (Private) Limited	7.1.1	32,698,086	32,110,696
- UMA Enterprises	7.1.2	26,894,616	26,775,551
- Ameen Enterprises	7.1.3	20,745,801	21,457,531
		<u>80,338,503</u>	<u>80,343,778</u>

7.1.1 The summarised financial information given below are based on the audited financial statements of Centre Gas (Private) Limited (CGL) as of June 30, 2011 audited by another firm of auditors who have expressed an unqualified opinion on those financial statements.

Centre Gas (Private) Ltd	Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
Rupees	<u>29,887,190</u>	<u>46,633,843</u>	<u>3,548,925</u>	<u>3,548,925</u>	<u>27,398,017</u>	<u>1,174,780</u>

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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 June 30, 2011 was Rs.43.084 million.

	2011 Rupees	2010 Rupees
Detail of the investment is as follows:		
Opening balance	32,110,696	34,535,703
Share of profit for the year	587,390	167,583
Dividend received	-	(2,592,590)
	<u>32,698,086</u>	<u>32,110,696</u>

7.1.2 The summarised financial information given below are based on audited financial statements of UMA Enterprise as of June 30, 2011 audited by another firm of auditors who expressed an unqualified opinion on those financial statements.

UMA Enterprises	Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
Rupees	<u>3,412,467</u>	<u>38,622,833</u>	<u>10,408,428</u>	<u>10,408,428</u>	<u>54,538,030</u>	<u>9,349,495</u>

The Group 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, installment, 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 Group 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 Group.

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

	2011 Rupees	2010 Rupees
Detail of the investment is as follows:		
Opening balance	26,775,551	27,705,053
Share of profit for the year	3,739,798	4,762,010
Dividend received	(3,620,733)	(5,691,512)
	<u>26,894,616</u>	<u>26,775,551</u>

7.1.3 The summarised financial information given below are based on audited financial statements of Ameen Enterprises as of 30 June 2011 audited by another firm of auditors who expressed an unqualified opinion on those financial statements.

Ameen Enterprises	Total current assets	Total assets	Total current liabilities	Total liabilities	Revenue for the year	Net profit for the year
Rupees	<u>6,345,586</u>	<u>46,135,344</u>	<u>4,643,743</u>	<u>4,643,743</u>	<u>49,496,420</u>	<u>7,048,484</u>

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

The total cost of construction was borne by the Group and the other partner agreed to repay his share of 50% of the cost from the operations of the CNG station. Profit is shared equally. The project commenced its operations in March 2010.

Detail of the investment is as follows:

	2011 Rupees	2010 Rupees
Opening balance	21,457,531	-
Transferred from CWIP	-	21,453,760
Advance refunded	-	(831,745)
Share of profit for the year	3,524,242	835,516
Dividend received	(4,235,972)	-
	<u>20,745,801</u>	<u>21,457,531</u>

7.2 Available for sale investments - Ordinary shares / Certificates

<u>Number of shares / certificates (of Rs. 10 each)</u>			<u>Fair Value / Carrying Value</u>	
2011	2010		2011 Rupees	2010 Rupees
		Listed		
112,000	112,000	English Leasing Limited	-	67,200
-	519,920	First Equity Mudarabah	-	649,900
-	23,559	First Fidelity Leasing Mudarabah	-	35,338
-	107,500	NIB Bank Limited	-	321,425
-	680,340	Southern Electric Power Company Limited	-	1,911,755
135,000	135,000	Zeal Pak Cement Factory Limited	-	-
		Un-Listed		
500,000	500,000	Central Depository Company of Pakistan Limited	16,125,000	15,640,000
1,333,333	1,333,333	Burj Bank Limited (Note 7.2.1)	11,039,997	12,160,000
1,140	1,140	Innovative Investment Bank Limited	-	-
<u>2,081,473</u>	<u>3,412,792</u>		<u>27,164,997</u>	<u>30,785,618</u>
		Cost	<u>27,333,330</u>	<u>32,471,673</u>

7.2.1 This represents investment of Rs 13.33 million in 1,333,333 ordinary shares of Rs 10 each of Burj Bank Limited (formerly Dawood Islamic Bank Limited) an unlisted bank. The break-up value per share as at June 30, 2011 based on the reviewed financial statements is Rs. 8.28. Loss has been recorded on these investments based on break-up value per share as mentioned above.

7.3 Available for sale investments - Term Finance Certificates

<u>Number of certificates</u>			Note	2011 Rupees	2010 Rupees
2011	2010				
		Listed			
1,000	1,000	Saudi Pak Leasing Corporation Limited	7.3.1 & 7.3.2	2,331,266	2,182,608
1,551	1,551	Trust Investment Bank Limited	7.3.3	3,047,069	4,642,939
<u>2,551</u>	<u>2,551</u>			<u>5,378,335</u>	<u>6,825,547</u>

Notes to the Consolidated Financial Statements

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

Name of Company	Markup rate		Repayment terms of principal	
	Tenure	Rate	Tenure	Amount
Saudi Pak Leasing Corporation Limited	1-24 months	6% per annum	1-12 months	Rs. 21,760 per month
	25-48 months	8% per annum	13-79 months	Rs. 52,050 per month
	49-78 months	1 month KIBOR		
	79-108 months	Previously accrued markup will be repaid		

7.3.2 Considering the financial difficulties being faced by Saudi Pak Leasing Corporation Limited the Group has made a provision of Rs. 1.566 million against these TFCs in the previous year.

Name of Company	Markup		Maturity date
	Frequency	Rate	
Trust Investment Bank Limited	Semi annually	6 months KIBOR+1.85%	July 4, 2013

	Note	2011 Rupees	2010 Rupees
8. NET INVESTMENT IN IJARAH FINANCE/ ASSETS UNDER IJARAH ARRANGEMENTS			
Ijarah contracts - accounted for as finance leases	8.1	608,952,856	1,358,715,045
Ijarah contracts - accounted for under IFAS 2	8.2	203,605,021	317,339,941
Current portion of net investment in Ijarah finance	19	(472,457,391)	(1,051,708,055)
		340,100,486	624,346,931

8.1 Net investment in Ijarah finance

	2011			2010		
	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
	Rupees			Rupees		
Minimum lease payments receivable	921,146,842	134,427,531	1,055,574,373	1,169,539,557	271,621,768	1,441,161,325
Residual value of leased assets	94,048,469	64,642,956	158,691,425	343,414,432	154,532,275	497,946,707
Lease contracts receivable	1,015,195,311	199,070,487	1,214,265,798	1,512,953,989	426,154,043	1,939,108,032
Unearned lease income (including suspended income)	(176,618,864)	(27,093,166)	(203,712,030)	(204,362,579)	(56,953,055)	(261,315,634)
Provision for potential lease losses	(366,119,056)	(35,481,856)	(401,600,912)	(256,883,355)	(62,193,998)	(319,077,353)
	(542,737,920)	(62,575,022)	(605,312,942)	(461,245,934)	(119,147,053)	(580,392,987)
	472,457,391	136,495,465	608,952,856	1,051,708,055	307,006,990	1,358,715,045

8.1.1 These finances carry profit rates ranging from 9.97% to 26.8% per annum (2010: 9.4% 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. 735.582 million (2010: Rs. 804.958 million). Details of these leases are as follows:

Category of classification	2011			2010		
	Principal outstanding	Provision required	Provision held	Principal outstanding	Provision required	Provision held
	Rupees			Rupees		
Other assets especially mentioned	50,677,628	-	-	230,817,710	-	6,402,418
Standard	159,511,556	27,727,047	27,727,047	136,091,177	19,138,216	19,138,216
Doubtful	107,321,329	40,154,895	40,154,895	94,716,419	29,609,847	29,609,847
Loss	418,071,358	333,718,970	333,718,970	343,332,841	263,926,872	263,926,872
	735,581,871	401,600,912	401,600,912	804,958,147	312,674,935	319,077,353

Notes to the Consolidated Financial Statements

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8.2 Assets under Ijarah arrangements

The following is a statement of assets leased out:

	2011						
	COST			DEPRECIATION			Net carrying value as at June 30, 2011
	As at July 01, 2010	Additions / (disposals)	As at June 30, 2011	As at July 01, 2010	for the year/(on disposals)	As at June 30, 2011	
----- Rupees -----							
Plant and machinery	59,609,500	-	59,609,500	15,980,550	12,111,840	28,092,390	31,517,110
Equipment	214,566,669	-	199,816,669	60,088,883	38,308,708	92,217,952	107,598,717
		(14,750,000)			(6,179,639)		
Vehicles	143,489,862	-	112,729,462	33,641,998	31,712,145	54,475,186	58,254,276
		(30,760,400)			(10,878,957)		
Livestock	14,588,380	-	13,088,380	5,203,039	2,167,506	6,853,462	6,234,918
		(1,500,000)			(517,083)		
	432,254,411	-	385,244,011	114,914,470	84,300,199	181,638,990	203,605,021
		(47,010,400)			(17,575,679)		

	2010						
	COST			DEPRECIATION			Net carrying value as at June 30, 2010
	As at July 01, 2009	Additions/ (disposals)	As at June 30, 2010	As at July 01, 2009	for the year/ (on disposals)	As at June 30, 2010	
----- Rupees -----							
Plant and machinery	39,094,500	20,645,000	59,609,500	5,880,830	10,166,459	15,980,550	43,628,950
		(130,000)			(66,739)		
Equipment	198,991,424	44,124,715	214,566,669	27,261,948	39,797,875	60,088,883	154,477,786
		(28,549,470)			(6,970,940)		
Vehicles	63,477,832	89,007,650	143,489,862	11,309,265	23,947,680	33,641,998	109,847,864
		(8,995,620)			(1,614,947)		
Livestock	15,088,380	-	14,588,380	2,244,977	3,124,729	5,203,039	9,385,341
		(500,000)			(166,667)		
	316,652,136	153,777,365	432,254,411	46,697,020	77,036,743	114,914,470	317,339,941
		(38,175,090)			(8,819,293)		

8.2.1 Above Ijarah arrangements carry profit rates ranging between 9.55% to 28.00% per annum (2010: 12.97% to 27.49% per annum).

	Note	2011 Rupees	2010 Rupees
8.2.2 Ijarah rentals receivable in respect of above assets			
Ijarah rentals receivable		44,721,824	25,683,311
Provision against Ijarah rentals receivable	8.2.3	(44,630,202)	(16,120,878)
		91,622	9,562,433

8.2.3 Provision against Ijarah rentals receivable

Category of classification	2011			2010		
	Rental receivable	Rental suspension	Suspension held	Rental receivable	Rental Suspension	Suspension held
	----- Rupees -----			----- Rupees -----		
Other assets especially mentioned	9,720,330	9,720,330	9,720,330	9,802,873	9,802,873	9,802,873
Substandard	13,130,266	13,130,266	13,130,266	6,318,005	6,318,005	6,318,005
Doubtful	12,585,495	12,585,495	12,585,495	-	-	-
Loss	9,194,111	9,194,111	9,194,111	-	-	-
	44,630,202	44,630,202	44,630,202	16,120,878	16,120,878	16,120,878

8.2.4 Contractual rentals receivable

	2011			2010		
	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
	Rupees			Rupees		
Total future rentals receivable	86,446,854	62,698,425	149,145,279	156,500,428	158,922,092	315,422,520

9. LONG TERM MUSHARAKAH FINANCE - secured

	Note	2011 Rupees	2010 Rupees
Secured	9.1		
Companies (non- financial institutions)		107,171,412	120,690,143
Individuals		105,467,070	114,602,694
Receivable within one year shown under current assets	19	212,638,482	235,292,837
		(120,095,509)	(125,684,465)
		92,542,973	109,608,372
Provision against impaired balances	9.2	(37,759,316)	(31,494,907)
		54,783,657	78,113,465

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 30% per annum (2010: 13.5% to 27% per annum). These are payable in monthly/quarterly/semi-annually installments; and upon maturity.

9.2 This represents provision against non-performing receivables amounting to Rs. 108.03 million (2010: Rs. 34.506 million)

10. LONG TERM LOANS

Considered good

	Note	2011 Rupees	2010 Rupees
Executives	10.1 & 10.2	6,643,043	20,234,283
Other employees	10.1 & 10.2	3,440,262	10,110,940
Customers	10.3	939,937	16,826,089
		11,023,242	47,171,312
Transferred to assets classified as held for sale	23.1	(8,641,491)	-
		2,381,751	47,171,312

Considered doubtful

	Note	2011 Rupees	2010 Rupees
Customers	10.3	83,268,906	74,820,640
Less: Provision		(26,266,736)	(27,144,097)
		57,002,170	47,676,543
		59,383,921	94,847,855
Current maturity	19	(40,599,962)	(72,638,022)
		18,783,959	22,209,833

10.1 This respectively includes Rs. 6.02 million and Rs. 2.62 million unsecured loans (considered good) to the executives and employees of the Group disbursed in accordance with the Group'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. 0.622 million and Rs. 0.818 million loans to the executives and employees of the Group representing house and car loans provided as per the Group'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 Group's cost of funds.

10.3 These carry mark-up at the rate ranging from 10.49% to 25% per annum (2010: 10.49% to 25% per annum). These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

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	Note	2011 Rupees	2010 Rupees
10.4 Reconciliation of the carrying amount of loans to executives			
Balance at the beginning of the year		20,234,283	27,162,274
Disbursements during the year		325,000	4,275,000
		<u>20,559,283</u>	<u>31,437,274</u>
Repayments during the year		(13,916,240)	(11,202,991)
Closing Balance		<u>6,643,043</u>	<u>20,234,283</u>
11. LONG TERM SECURITY DEPOSITS			
Unsecured and considered good			
For assets acquired under leases		773,820	4,585,820
Deposit with Karachi Stock Exchange (Guarantee) Limited		-	3,210,000
Deposit with National Commodity Exchange Limited		-	7,002,000
Others	11.1	12,697,224	20,065,928
		<u>13,471,044</u>	<u>34,863,748</u>
Transferred to assets classified as held for sale	23.1	(512,749)	-
		<u>12,958,295</u>	<u>34,863,748</u>
11.1 This represents security deposits paid for utility services, office premises etc.			
12. DEFERRED TAX ASSET - net			
Deferred tax asset	12.1	-	-
12.1 At June 30, 2011, net deferred tax asset amounting to Rs. 958 million (2010: Rs 459 million) has not been recognised a matter of prudence. Deferred tax asset comprises of the followings:			
Taxable temporary differences arising in respect of:			
- surplus on revaluation of fixed assets	12.1.1	(829,329)	(829,329)
- accelerated tax depreciation		(81,244,385)	(167,627,324)
		<u>(82,073,714)</u>	<u>(168,456,653)</u>
Deductible temporary differences arising in respect of:			
- provision against doubtful finance lease and other receivable		254,520,778	109,839,748
- carry forward of income tax losses		782,849,032	52,811,074
- liabilities against asset subject to finance lease		2,652,695	4,649,245
- deficit on revaluation of available for sale investments	12.1.1	36,336	1,156,586
		<u>1,040,058,841</u>	<u>168,456,653</u>
		<u>957,985,127</u>	<u>-</u>
12.1.1 This change has been respectively recognised in the surplus on revaluation of assets and gain on remeasurement of available for sale investments.			
13. SHORT-TERM INVESTMENTS	Note	2011 Rupees	2010 Rupees
Investments at fair value through profit or loss			
Quoted securities			
- Ordinary shares	13.1	-	30,117,716
- Preference shares - cumulative		-	611,402
- Mutual Funds	13.2	10,585,128	67,273,873
Available-for-sale			
Government securities		-	182,560,744
Other quoted securities			
- Term finance certificates	13.3	-	83,996
- Ordinary shares	13.4	-	1,185,193
- Mutual Funds	13.5	8,862,359	10,700,584
Un - quoted securities			
Dawood Family Takaful Limited (100,000 ordinary shares)	13.6	857,000	1,000,000
		<u>20,304,487</u>	<u>293,533,508</u>

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

Number of shares / certificates		Name of company	Note	Market Value	
2011	2010			2011 Rupees	2010 Rupees
75,000	-	Lafarge Pakistan Cement Limited		202,500	-
67,975	110,000	Fauji Cement Company Limited		280,057	500,500
-	137,900	Bank Alfalah Limited		-	1,304,534
-	80,000	NIB Bank Limited		-	239,200
-	17,046	United Bank Limited		-	924,064
-	34,995	Hub Power Company Limited		-	1,118,440
-	8,423	Pakistan State Oil Limited		-	2,191,665
-	1,972	Shell Pakistan Limited		-	452,791
-	6,500	Pakistan Oilfields Limited		-	1,403,350
-	69,999	Pakistan Telecommunications Limited		-	1,245,982
-	8,450	Fauji Fertilizer Company Limited		-	870,942
-	97,150	Fauji Fertilizer Bin Qasim Limited		-	2,529,786
-	14,000	Packages Limited		-	1,659,000
-	7,500	Engro Chemical Pakistan Limited		-	1,301,850
-	5,000	Mari Gas Company Limited		-	646,900
-	11,500	Tri-Pack Film Limited		-	1,121,595
-	10,000	Arif Habib Limited		-	440,000
-	30,000	Azgard Nine Limited		-	334,800
-	19,400	Netsol Technologies Limited		-	485,194
-	60,000	JS Investment Limited		-	447,600
-	98,000	Jahangir Siddiqui & Company Limited		-	1,238,720
-	7,000	Pakistan Refinery Limited		-	549,990
-	18,275	Lucky Cement Limited		-	1,135,609
-	10,600	Adamjee Insurance Company Limited		-	846,728
-	17,500	Attock Refinery Limited		-	1,409,800
-	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
-	50	Kot Addu Power Company Limited		-	2,087
-	5,000	National Bank of Pakistan Limited		-	320,500
-	10,075	Pakistan Petroleum Limited		-	1,853,577
-	145,000	Silk Bank Limited		-	392,950
-	50,000	The Bank of Punjab		-	504,000
-	10,185	World Call Telecommunication Limited		-	29,638
142,975	1,536,005			482,557	30,117,716
		Transferred to assets held for sale of discontinued operation	23.1	(482,557)	-
				-	30,117,716

13.1.1 104,000 (2010: 1,629,669) ordinary shares having market value of Rs. 0.321 million (2010: Rs. 24.316 million) are pledged with commercial banks against various financing facilities.

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13.2 At fair value through profit or loss Mutual funds

Number of units			Note	Market value		
2011	2010			2011 Rupees	2010 Rupees	
Open-end						
-	296,981	AKD Income Fund		-	14,456,581	
102,785	252,250	NAMCO Income Fund		10,585,128	25,176,977	
-	42,711	United Growth and Income Fund		-	4,311,186	
				10,585,128	43,944,744	
Closed-end - listed						
1,855,273	1,855,273	NAMCO Balanced Fund		8,942,416	6,456,350	
1,701,500	1,701,500	Pak Oman Advantage Fund	13.2.1	15,602,755	16,844,850	
2,875	2,875	Asian Stock Fund		14,806	16,963	
-	1,645	Safeway Mutual Fund		-	10,966	
				24,559,977	23,329,129	
				35,145,105	67,273,873	
Transferred to assets held for sale of discontinued operation				23.1	(24,559,977)	-
				10,585,128	67,273,873	

13.2.1 1,700,000 units of Pak Oman Advantage Fund having market value of Rs. 15.58 million are pledged with commercial banks against financing facilities.

13.3 Available for sale - Term finance certificates

13.3.1 20 (2010: 20) unsecured subordinated term finance certificates of United Bank Limited of Rs. 4,000/- each amounting to Rs. 0.084 million have been transferred to assets held for sale (Refer Note No. 23). These carry interest rate of six months KIBOR plus 1.5% with maturity on February 04, 2013. Average cost per term finance certificate is Rs. 3,500 (2010: Rs. 3,500).

13.4 Available for sale - Ordinary shares

Number of shares / certificates		Name of company	Note	Market value		
2011	2010			2011 Rupees	2010 Rupees	
50,000	59,700	Summit Bank Ltd (My Bank Limited)	13.4.1	188,000	172,533	
-	5,500	Pakistan Petroleum Limited		-	1,012,660	
452,000	452,000	National Asset Leasing Limited		-	-	
25,000	25,000	First Islamic Modarba		-	-	
				188,000	1,185,193	
Transferred to assets held for sale of discontinued operation				23.1	(188,000)	-
				-	1,185,193	
Cost				550,936	1,099,317	

13.4.1 Investment in Summit Bank Limited (Formerly: My Bank Limited) is pledged with commercial banks against financing facilities.

13.5 Available for sale - Mutual fund

Number of units			(Market value)		
2011	2010		2011 Rupees	2010 Rupees	
Open-end mutual fund					
-	56,721	KASB Balanced Fund	-	2,446,398	
-	45,942	National Investment Trust	-	1,294,186	
				-	3,740,584
Closed-end mutual fund:					
2,000,000	2,000,000	NAMCO Balanced Fund	8,862,359	6,960,000	
2,000,000	2,102,663		8,862,359	10,700,584	
Cost				6,960,000	13,098,387

Notes to the Consolidated Financial Statements

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13.6 Based on the latest available audited financial statements as at December 31, 2010, break-up of the investment in Dawood Family Takaful Limited is Rs.8.57 per share.

14. SHORT TERM MUSHARAKAH FINANCES

Secured

Considered good

Impaired balances

Provision against impaired balances

	2011 Rupees	2010 Rupees
	47,739,863	37,500,000
	109,746,068	152,561,660
	(62,416,979)	(58,456,985)
	<u>47,329,089</u>	<u>94,104,675</u>
	<u>95,068,952</u>	<u>131,604,675</u>

14.1 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 10% to 34.69 % per annum (2010: 14.88% to 34.69% per annum).

15. SHORT-TERM FINANCES

Secured

Considered good

Considered doubtful

Less: Provision against doubtful debts

	2011 Rupees	2010 Rupees
	15,000,000	16,952,543
	19,961,821	52,976,672
	(9,192,509)	(14,762,302)
	<u>10,769,312</u>	<u>38,214,370</u>
	<u>25,769,312</u>	<u>55,166,913</u>

15.1 These represent short-term finances receivable within a year and carry mark-up ranging from 13.97% to 25% per annum (2010: 13.97% to 26% per annum). These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

16. TRADE DEBTS

Unsecured

Considered good

Transferred to assets classified as held for sale

Note	2011 Rupees	2010 Rupees
	872,077,491	1,193,880,186
23.1	(872,077,491)	-
	<u>-</u>	<u>1,193,880,186</u>

17. ASSETS ACQUIRED IN SATISFACTION OF FINANCES PROVIDED

DA Country and Golf Club Membership Seats

Less: Provision for impairment

	75,000,000	75,000,000
	(25,500,000)	(25,500,000)
	<u>49,500,000</u>	<u>49,500,000</u>

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 June 30, 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.

IIBL and Sysmax entered into a Deed of Compromise and Final Settlement dated September 03, 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 Group for settlement. Under the Settlement Agreement between IIBL and the Group 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 December 05, 2009 which empowers IIBL to have full right of ownership over 250 Platinum Memberships.

By virtue of deed of assignment / conveyance dated December 07, 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 Group filed Execution Application for the execution of the Award Decree dated April 24, 2010.

By Order dated October 04, 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.

In the meanwhile dispute arises between Defence Housing Authority (DHA) and Sysmax and DHA filed suit against the said Order of 04.10.2010. However while the Company and other assignees of decree holder were preparing to proceed further, the DHA and the Sysmax settled their dispute outside the Court and a Deed of Compromise and full & final settlement was signed, in terms whereof, the Sysmax has agreed to withdrawn its against the DHA.

The Deed of Compromise would allow approval and acceptance of transfer of a total - 250 Platinum Memberships of the Club, transferred, assigned and delegated by Sysmax to and in favor of IIBL. Since the Company is assignee of decree holder so the same benefit would pass on to the Company. The deed of compromise would also allow Acceptance of - 250 Platinum Membership Application Forms of Prospective Members.

As per the said Deed of Compromise, the DHA has assented to accepting and transferring the 45 memberships given to the AZLC (the Assignee of the Decree Holder), for which they had filed execution application. Moreover, in terms of relevant clauses of the said Deed of Compromise, the Group has paid security deposit which has been duly acknowledged.

	Note	2011 Rupees	2010 Rupees
18. IJARAH RENTALS RECEIVABLE			
Ijarah rentals receivable	8.2.2	44,721,824	25,683,311
Provision against Ijarah rentals receivable	8.2.2	(44,630,202)	(16,120,878)
		91,622	9,562,433
19. CURRENT MATURITIES OF NON - CURRENT ASSETS			
Net investment in Ijarah finance / assets under			
Ijarah arrangements	8	472,457,391	1,051,708,055
Long term musharakah finances	9	120,095,509	125,684,465
Long term loans	10	40,599,962	72,638,022
		633,152,862	1,250,030,542
20. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Unsecured, considered good			
Advances			
- against purchases and expenses		610,853	5,476,981
- to staff		816,475	1,883,848
- Income tax - net	20.2	48,961,110	37,426,833
Prepayments		4,846,138	20,272,096
Other receivables	20.3	78,442,817	30,048,493
		133,677,393	95,108,251

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	Note	2011 Rupees	2010 Rupees
Unsecured, considered doubtful			
- against purchases and expenses		5,680,564	4,603,602
- to staff		130,546	130,546
- Deposit with Privatisation Commission	20.1	10,000,000	10,000,000
Other receivables	20.3	164,039,324	191,157,293
		179,850,434	205,891,441
Provision against doubtful balances		(164,465,778)	(166,393,815)
		149,062,049	134,605,877
Transferred to assets classified as held for sale	23.1	(48,565,827)	-
		100,496,222	134,605,877

20.1 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 Group 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.

20.2 It includes an amount of Rs. 2.537 million (2010: 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.

	Note	2011 Rupees	2010 Rupees
20.3 Other receivables			
Unsecured, considered good			
Accrued interest / mark-up		1,485,211	6,398,904
Accrued profit on murabaha and musharakah investment		208,965	1,313,271
Commission		-	885,000
Insurance claims receivable		5,178,521	17,540,282
Other terminated lease / musharakah receivables		10,490,159	-
Repossessed assets (against terminated leases)		-	-
Insurance premium recoverable		1,766,187	1,766,187
Operating lease rentals receivable		1,871,408	2,144,849
Others		57,442,366	-
		78,442,817	30,048,493
Unsecured, considered doubtful			
Insurance claims receivable		12,864,615	12,864,615
Other terminated lease / musharakah receivables		67,572,658	54,632,935
Repossessed assets (against terminated leases)		30,928,252	43,441,750
Operating lease rentals receivable		6,912,367	6,912,367
Others		45,761,432	73,305,626
		164,039,324	191,157,293
		242,482,141	221,205,786

21. STOCK IN TRADE

Stock in trade	21.1	620,245	728,520
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21.1 This represents stock of petrol and diesel as on June 30, 2011 held at Star filling station in Faisalabad.

	Note	2011 Rupees	2010 Rupees
22. CASH AND BANK BALANCES			
Balance with banks in:			
Current accounts in local currency with:			
- State Bank of Pakistan		100,920	921,682
- Commercial banks		1,344,772	16,776,194
		<u>1,445,692</u>	<u>17,697,876</u>
Term deposit accounts - local currency		-	19,000,000
Deposit accounts - local currency	22.1	14,584,614	38,087,542
		<u>14,584,614</u>	<u>57,087,542</u>
		<u>16,030,306</u>	<u>74,785,418</u>
Cash in hand			
- Local currency		488,833	532,278
		<u>16,519,139</u>	<u>75,317,696</u>
Transferred to assets classified as held for sale	23.1	(1,178,520)	-
		<u>15,340,619</u>	<u>75,317,696</u>

22.1 These bank accounts carry mark-up ranging from 5% to 13% (2010: 5% to 10.5% per annum).

23. ASSETS CLASSIFIED AS HELD FOR SALE AND RELATED LIABILITIES

23.1 Assets classified as held for sale

The assets classified as held for sale of discontinued operation and liabilities directly associated with such assets under IFRS 5 'Non Current Assets Held For Sale and Discontinued Operation' in their respective categories are summarized hereunder:

	Note	BROKERAGE BUSINESS 2011	ICML 2011	Total	
				2011	2010
-----Rupees-----					
Assets held for sale of discontinued operation					
Property, plant and equipment	5	29,212,552	54,211,324	83,423,876	-
Intangible assets	6	1,691,183	25,004,781	26,695,964	-
Long term loans	10	8,641,491	-	8,641,491	-
Long term security deposits and receivables					
- unsecured and considered good	11	512,749	13,287,758	13,800,507	-
Short-term investments	13	25,314,534	-	25,314,534	-
Trade debts - unsecured	16	872,077,491	151,140,372	1,023,217,863	-
Advances, deposits, prepayments and other receivables	20	48,565,827	4,508,497	53,074,324	-
Cash and bank balances	22	1,178,520	64,219,488	65,398,008	-
Properties transferred from non current assets held for sale	23.2	96,488,476	-	96,488,476	-
		<u>1,083,682,823</u>	<u>312,372,220</u>	<u>1,396,055,043</u>	<u>-</u>
Total assets classified as held for sale		1,083,682,823	312,372,220	1,396,055,043	-
Assets of discontinued operation		1,083,682,823	312,372,220	1,396,055,043	-
Non current assets held for sale	23.5	391,622,468	-	391,622,468	483,533,306
		<u>1,475,305,291</u>	<u>312,372,220</u>	<u>1,787,677,511</u>	<u>483,533,306</u>
23.2 Liabilities directly associated with the assets classified as held for sale					
Long-term loan	35	6,294,936	-	6,294,936	-
Deferred tax liability			517,578	517,578	-
Short term borrowings	40	931,382,919	199,990,357	1,131,373,276	-
Creditors, accrued and other liabilities	43	105,688,587	261,491,799	367,180,386	-
		<u>1,043,366,442</u>	<u>461,999,734</u>	<u>1,505,366,176</u>	<u>-</u>

The Group has subsequently executed an agreement for transfer of assets and liabilities related to its brokerage business to the outgoing group. The outgoing group will be liable to pay Rs. 72,552,342 to the Group after transfer of assets and liabilities of the discontinued operation to the outgoing group.

Notes to the Consolidated Financial Statements
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	BROKERAGE	ICML	Total	
	BUSINESS			
	2011	2011	2011	2010
-----Rupees-----				
23.3 Analysis of the result of discontinued operation				
Revenue	7,192,713	129,188,897	136,381,610	-
Expenses	(27,202,074)	(174,594,191)	(201,796,265)	-
Results from operating activities	(20,009,361)	(45,405,294)	(65,414,655)	-
Other Income	134,757,654	903,946	135,661,600	-
Finance Cost	(200,289,851)	(11,803,327)	(212,093,178)	-
Taxation	(3,385,848)	(1,878,004)	(5,263,852)	-
	<u>(88,927,406)</u>	<u>(58,182,679)</u>	<u>(147,110,085)</u>	<u>-</u>

23.4 Analysis of cash flows from discontinued operation

Operating cash flows	<u>401,262,933</u>	<u>62,594,355</u>	<u>463,857,288</u>	-
Investing cash flows	<u>23,552,920</u>	<u>1,625,103</u>	<u>25,178,023</u>	-
Financing cash flows	<u>(433,519,234)</u>	-	<u>(433,519,234)</u>	-

23.5 Non current assets classified as held for sale

The Board of Directors had decided to dispose off the following properties. Active campaign is being undertaken in this respect to dispose of these properties at the earliest.

	Note	Carrying Value	
		2011 Rupees	2010 Rupees
Office premises			
Property no. 1		18,591,667	18,591,667
Property no. 2		18,457,500	18,457,500
Property no. 3		18,457,500	18,457,500
Property no. 4		75,932,583	75,932,583
Property no. 5		7,187,500	7,187,500
Property no. 6		20,761,373	20,761,373
Property no. 7		12,290,623	12,290,623
		171,678,746	171,678,746
Buildings			
Property no. 8		36,531,596	36,531,596
Property no. 9		18,275,080	18,275,080
Property no. 10		-	26,253,547
Property no. 11		106,822,775	106,822,775
Property no. 12		4,226,359	4,226,359
Property no. 13		30,831,185	-
		196,686,995	192,109,357
Land			
Property no. 14		28,500,000	28,500,000
Property no. 15		4,127,350	4,127,350
Property no. 16		60,000,000	60,000,000
Property no. 17		24,197,853	24,197,853
Property no. 18		2,920,000	2,920,000
		119,745,203	119,745,203
Property No. 7, 15, and 16 transferred to assets held for sale of discontinued operation	23.1	(96,488,476)	-
		<u>391,622,468</u>	<u>483,533,306</u>

24. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2011 Rupees	2010 Rupees
86,742,370 (2010: 74,642,370) Ordinary shares of Rs. 10 /-each fully paid in cash	86,742,370	74,642,370
198,124,526 (2010: 198,124,495) Ordinary shares of Rs. 10 /-each issued as fully paid under scheme of arrangement for amalgamation	1,981,245,260	1,981,244,952
Nil (2010: 12,100,000) Ordinary shares of Rs. 10/- each fully paid in cash issued during the year	-	121,000,000
	<u>2,848,668,960</u>	<u>2,848,668,652</u>

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25. GAIN / (LOSS) ON REMEASUREMENT OF AVAILABLE FOR SALE INVESTMENTS - net	Note	2011 Rupees	2010 Rupees
Quoted securities			
- Ordinary Shares and certificates		(1,140,414)	(1,191,819)
- Government Securities		-	(1,338,101)
- Term finance certificates		234,348	(500,166)
- Units of open-end mutual funds		1,902,358	75,765
		996,292	(2,954,321)
Deferred tax asset / (liability)	12.1	36,336	1,156,586
		1,032,628	(1,797,735)

26. SURPLUS ON REVALUATION OF ASSETS

	2011			2010		
	Office premises	Lease hold premises	Total	Office premises	Lease hold premises	Total
	----- Rupees -----			----- Rupees -----		
Opening balance	9,662,318	10,153,125	19,815,443	10,170,861	10,687,500	20,858,361
Transfer to accumulated profit / loss in respect of incremental depreciation	-	-	-	(330,553)	(347,344)	(677,897)
Related deferred tax liability of incremental depreciation	-	-	-	(177,990)	(187,031)	(365,021)
	-	-	-	(508,543)	(534,375)	(1,042,918)
	9,662,318	10,153,125	19,815,443	9,662,318	10,153,125	19,815,443
Surplus realised on disposal of revalued properties during the year	-	-	-	-	-	-
Less: Related deferred tax liability on:						
Revaluation as on 1 July	404,394	424,935	829,329	582,384	611,966	1,194,350
Incremental depreciation charged on related assets	-	-	-	(177,990)	(187,031)	(365,021)
Surplus realised on disposal of revalued properties during the year	-	-	-	-	-	-
	404,394	424,935	829,329	404,394	424,935	829,329
	9,257,924	9,728,190	18,986,114	9,257,924	9,728,190	18,986,114

26.1 No incremental depreciation has been charged to surplus due to transfer of office premises to non-current assets classified as held for sale.

27. 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:

	Note	2011		2010	
		Minimum lease payments ----- Rupees -----	Present value	Minimum lease payments ----- Rupees -----	Present value
Not later than one year		7,953,559	7,579,128	11,173,445	8,386,015
After one year but not more than five years		-	-	10,747,710	9,992,392
Total minimum lease payments		7,953,559	7,579,128	21,921,155	18,378,407
Amounts representing finance charges of future years		(374,431)	-	(3,542,748)	-
Present value of minimum lease payments		7,579,128	7,579,128	18,378,407	18,378,407
Current portion	37	(7,579,128)	(7,579,128)	(8,386,015)	(8,386,015)
		-	-	9,992,392	9,992,392

27.1 These liabilities carry profit rates ranging from 15.16% to 16.92% per annum (2010: 12.98% to 15.90% per annum). The Group 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.

28. DEFERRED LIABILITY FOR STAFF GRATUITY

The gratuity scheme of the Group was ceased on October 31, 2010, all outstanding liability at the cessation of the scheme was either paid to employee / transferred to provident fund.

	Note	2011 Rupees	2010 Rupees
		-	12,661,719
29. SECURITY DEPOSITS FROM LESSEES			
Security deposits on lease contracts		266,497,607	619,040,230
Current portion	37	(111,915,399)	(342,903,551)
		154,582,208	276,136,679

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

	Note	2011 Rupees	2010 Rupees
30. LONG TERM CERTIFICATES OF MUSHARAKAH / DEPOSITS			
Unsecured			
Certificate of musharakah			
Associated undertaking	30.1	6,580,000	6,580,000
Others	30.2	143,335,000	202,950,000
		149,915,000	209,530,000
Current portion	37	(37,830,000)	(119,005,000)
		112,085,000	90,525,000

30.1 These represent the mobilization of funds under the scheme of certificates of musharakah. These carry profit rates ranging between 0% to 19.5% per annum (2010: 13% to 19.5% per annum) and are due for repayment between July 15, 2011 and January 10, 2016.

30.2 This carries profit rates ranging between 0% to 19.5% per annum (2010: 14.5% to 16% per annum) and are due for repayment between July 19, 2011 and February 07, 2012.

30.3 Refer note 38.2 from scheme of raising funds from general public.

	Note	2011 Rupees	2010 Rupees
31. LONG TERM CERTIFICATES OF INVESTMENTS AND DEPOSITS			
Unsecured			
For one year or more		7,345,000	7,235,000
Current portion	37	-	(790,000)
		<u>7,345,000</u>	<u>6,445,000</u>

31.1 The term of COIs / CODs ranges from three year to five years and return thereon ranges from 14.25% to 15% per annum (2010: 11.5% to 15% per annum).

	Note	2011 Rupees	2010 Rupees
32. LONG TERM MUSHARAKAH AND MURABAHA BORROWINGS			
Secured			
Musharakah borrowings			
From commercial banks	32.1	33,333,336	33,333,336
Murabaha borrowings from:			
Commercial Banks	32.3	150,524,850	169,907,008
Other financial institutions	32.4	61,139,124	69,215,900
	32.2	<u>211,663,974</u>	<u>239,122,908</u>
		<u>244,997,310</u>	<u>272,456,244</u>
Current portion	37	(214,166,599)	(144,999,995)
		<u>30,830,711</u>	<u>127,456,249</u>

32.1 These finances carry profit rate of 3 months KIBOR+1.5% per annum (2010: 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 September 12, 2009 on quarterly basis. The maturity date was April 7, 2011. These borrowings alongwith mark up of Rs. 5.08 million were due but not paid as at the balance sheet date. The Group's applications for the restructuring of the borrowings are pending with the lenders.

	2011 Rupees	2010 Rupees
32.2 Murabaha borrowings		
Murabaha payable - gross	249,457,720	283,457,368
Deferred murabaha expense	(13,203,660)	(42,256,587)
Profit payable shown in creditors, accrued and other liabilities	(24,590,086)	(2,077,873)
Murabaha payable	<u>211,663,974</u>	<u>239,122,908</u>

32.3 These finances carry profit rates ranging from six months average KIBOR plus 3% per annum and three months KIBOR plus 2.5% to 2.75% per annum (2010: 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. These finances were payable from July 28, 2010 to June 28, 2012. Principal amount of Rs. 67 million alongwith mark up of Rs. 17.75 million were due but not paid as at the balance sheet date. However, after the balance sheet date principal amount of Rs. 25.52 million has been settled against lease portfolio and securities held by the Group, whereas, markup of Rs 10.76 million has been waived off by the lenders. The Group's applications for the restructuring of these borrowings are pending with the lenders.

32.4 These finances carry profit rates ranging from six months average KIBOR plus 3% per annum (2010: 6 months average KIBOR plus 3% per annum) and are payable in monthly installments. These are secured against floating charge on all present and future lease assets and associated lease receivables. These finances are payable from July 28, 2010 to June 28, 2012. Principal amount of Rs. 20.90 million alongwith mark up of Rs. 7.24 million were due but not paid at the balance sheet date. However, after the balance sheet date principal amount of Rs 11.99 million has been restructured and Rs. 49.93 million has been settled against lease portfolio and immovable property held by the Group, whereas, markup of Rs 6.86 million has been waived off by the lenders. The Group's applications for the restructuring of the borrowings are pending with the lenders.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2011



	Note	2011 Rupees	2010 Rupees
33. MUSHARAKAH TERM FINANCE CERTIFICATES			
TFCs - privately placed secured			
Commercial banks	33.1	268,572,911	294,687,496
Other financial institutions	33.1	237,434,027	260,520,833
Other	33.1	38,923,611	42,708,333
		544,930,549	597,916,662
Current maturity	37	(297,013,886)	(175,000,000)
		247,916,663	422,916,662
Total initial transaction cost		7,400,000	7,400,000
Amortization to date		(5,257,823)	(4,496,814)
		2,142,177	2,903,186
		245,774,486	420,013,476

33.1 These finances carry profit rate of 6 months KIBOR plus 1.9% per annum (2010: 6 months KIBOR+1.9% per annum) and are payable in monthly installments. At the year end profit rate was 15.46% per annum. These are secured against first pari passu charge of specific leased assets and associated lease receivables of the Group. The principal repayment has commenced from December 12, 2009 on monthly basis in equal installments of Rs. 14.583 million. The maturity date is November 11, 2013. The Group's application for the restructuring of the borrowings are pending with the clients. As a result, borrowings of Rs. 122.013 million alongwith markup of Rs. 61.895 million were due but not paid as at balance sheet date. However, after the balance sheet date principal amount of Rs. 229.64 million has been settled against immovable property and securities held by the Group, whereas, markup of Rs 24.25 Million has been waived off by the lenders. The Group's applications for the restructuring of the borrowings are pending with the lenders.

	Note	2011 Rupees	2010 Rupees
34. REDEEMABLE CAPITAL - TERM FINANCE CERTIFICATES			
Term Finance Certificates	34.1	128,380,000	128,380,000
Current maturity	37	-	(128,380,000)
Total initial transaction cost		-	10,383,663
Amortization to date		-	(10,383,663)
		128,380,000	-

34.1 Term Finance Certificates (TFCs) were issued by the Group on September 05, 2002. These are perpetual unless put / call option attached to these certificates is exercised. On September 05, 2010 none of the TFC holders sent the put option to the Group hence the same is continued for further 3 years.

	Note	2011 Rupees	2010 Rupees
35. LONG TERM LOANS			
Secured			
Facility I	35.1	37,806,575	44,855,260
Facility II,III,IV	35.2	67,939,393	82,909,091
Facility V	35.3	6,294,936	43,794,936
Facility VI		-	29,250,000
		112,040,904	200,809,287
Facility III transferred to liabilities directly associated with discontinued operations	23.2	(6,294,936)	-
Current maturity	37	(105,745,968)	(200,809,287)
		(112,040,904)	(200,809,287)
		-	-

- 35.1** This facility carries mark-up rate of 6 month KIBOR + 2% per annum (2010: 6 month KIBOR + 2% per annum) and is payable in monthly instalments from January 13, 2007. It is secured by joint pari-passu charge on all present and future leased assets and its related receivables. This loan has matured on January 13, 2011. Borrowings of Rs. 37.80 million alongwith mark up of Rs. 4.59 million were due but not paid as at the balance sheet date. The Group's applications for the restructuring of the borrowing are pending with the lenders.
- 35.2** These finances carry mark-up rate of 6 month KIBOR + 2% per annum (2010: 6 month KIBOR + 2% per annum) and are payable in monthly instalments from June 30, 2007. These are secured by joint pari-passu charge on all present and future leased assets and its related receivables. This loan was due to mature on December 31, 2010. Borrowings of Rs. 67.94 million alongwith mark up of Rs. 7.76 million were due but not paid as at the balance sheet date. However, after the balance sheet date principal amount of Rs. 6.17 Million has been restructured and Rs. 49.41 Million has been settled against securities and immovable property held by the Group, whereas, markup of Rs. 6.34 Million has been waived off by the lenders. The Group's application for the restructuring of remaining amount is pending with the lenders.
- 35.3** This represents long term loan obtained from a commercial bank repayable in 24 monthly installments commencing from July 2009. The loan carries mark-up of 3 months KIBOR plus 3% per annum (2010: 1 month KIBOR plus 4.5% per annum) with no floor and cap. The facility is secured against the pledge of shares of listed companies. Principal amount of Rs. 6.294 million alongwith mark up of Rs.0.41 million were due but not paid as at balance sheet.

	Note	2011 Rupees	2010 Rupees
36. DEFERRED REVENUE			
Deferred revenue	36.1	<u>1,102,062</u>	<u>2,574,934</u>

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

	Note	2011 Rupees	2010 Rupees
37. CURRENT PORTION OF LONG TERM LIABILITIES			
Liabilities under finance lease arrangements	27	7,579,128	8,386,015
Security deposit from lessees	29	111,915,399	342,903,551
Certificates of musharakah	30	37,830,000	119,005,000
Certificates of investments and deposits	31	-	790,000
Long term musharakah and murabaha borrowings	32	214,166,599	144,999,995
Musharakah Term Finance Certificates	33	297,013,886	175,000,000
Redeemable Capital -Term Finance Certificates	34	-	128,380,000
Long term loans	35	105,745,968	200,809,287
		<u>774,250,980</u>	<u>1,120,273,848</u>

38. SHORT TERM CERTIFICATES OF MUSHARAKAH / DEPOSITS

Unsecured

Financial institutions

- associated undertakings

- others

Public and private companies

Individuals

- key management personnel

- others

Others

- associated undertakings

- others

38.3	2,500,000	2,500,000
	167,412,500	184,465,000
	6,500,000	8,500,000
	-	375,000
	46,625,000	156,430,000
	-	1,380,000
	136,481,646	294,449,646
	<u>359,519,146</u>	<u>648,099,646</u>

- 38.1** Above finances have been obtained for 90 to 365 days at profit rates ranging from 0% to 17% per annum (2010: 11% to 17.25% per annum).
- 38.2** Under the Non Banking Finance Companies and Notified Entities Regulations clause 14, a company can raise funds from general public under the scheme of certificates of deposits. The above funds were generated under an approved scheme of Al-Zamin Leasing Mudarabah (now merged with the Group). At present the Group is in default to invest 15% of the funds raised through issue of certificates of deposits excluding those raised from financial institutions in Government Securities.

- 38.3 Certificate of musharakah borrowings from associated undertakings carry profit rate of 13.5% per annum (2010: 12.75% to 15.25% per annum) and are due for repayment on July 15, 2011.

	2011 Rupees	2010 Rupees
39. SHORT TERM CERTIFICATES OF INVESTMENTS AND DEPOSITS - unsecured	<u>85,225,638</u>	<u>118,519,671</u>

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 0% to 17% per annum (2010: 13% to 17% per annum).

	Note	2011 Rupees	2010 Rupees
40. SHORT TERM BORROWINGS			
Payable under repurchase transactions:			
- secured		-	214,300,105
- Clean borrowings	40.1	<u>303,900,000</u>	<u>460,000,000</u>
		<u>303,900,000</u>	<u>674,300,105</u>
Banks finance facilities - secured			
Facility II	40.2	66,187,565	118,666,078
Facility III	40.2	75,002,479	76,002,479
Facility IV	40.2	27,227,392	48,524,493
Facility V	40.2	167,876,286	147,588,836
Facility VI	40.2	225,000,000	225,000,000
Facility VII	40.2	66,189,197	39,566,973
Facility VIII	40.3	48,732,626	48,732,626
Facility IX	40.4	24,992,493	24,992,493
Facility X	40.5	16,775,896	16,775,896
		<u>717,983,934</u>	<u>745,849,874</u>
Unsecured			
From Non-Banking Finance Companies	40.6	<u>2,800,000</u>	<u>3,800,000</u>
		<u>1,024,683,934</u>	<u>1,423,949,979</u>
Transferred to liabilities directly associated with discontinued operation	40.1, 40.2 & 23.2	<u>(931,382,919)</u>	<u>-</u>
		<u>93,301,015</u>	<u>1,423,949,979</u>

- 40.1 Money at call and short notice carries mark-up ranging from 13.5 % to 15% per annum (2010: 13.5% to 14.5% per annum) for the periods ranging from 7 days to 91 days. These borrowings are related to discontinued operation and have been transferred to Note 23.2.
- 40.2 Facilities amounting to Rs. 890 million (2010: Rs. 920 million) have been obtained from commercial banks which are secured against pledge of shares of companies quoted at Karachi Stock Exchange. The mark up rate on these facilities ranges from 1 month KIBOR plus 3.00% per annum to 3 months KIBOR plus 2% to 3% per annum (2010: 1 month KIBOR plus 3.00% per annum to 3 months KIBOR plus 2% to 2.5% per annum) on outstanding balance. These borrowings are related to discontinued operation and have been transferred to Note 23.2.
- 40.3 This running finance facility is available up to Rs.50 million (2010: Rs.50 million) on yearly renewal basis carrying mark-up at the rate ranging from 16.79% to 18.02% per annum (2010: 14.97% to 16.84% per annum). These finances are secured by way of first pari-passu hypothecation charge over rental/related receivables of the Group. Principal amount of Rs. 48.73 million alongwith the markup of Rs. 6.4 million is due but not paid as at balance sheet date. However, after the balance sheet date principal amount of Rs. 48.73 million has been settled against the properties held by the Group, whereas, the markup of Rs 6.4 million has been waived off by the lender.
- 40.4 The Group has arranged finance facility from a commercial bank amounting to Rs. 25 million. The facility carries mark-up rate of 3 months KIBOR plus 3% per annum (2010: 3 months KIBOR plus 3% per annum). This facility is secured against floating charge on leased assets. Principal amount of Rs. 24.99 million alongwith the mark up of Rs. 3.09 million was due but not paid as at the balance sheet date. However, after the balance sheet date principal amount of Rs. 24.99 million has been settled with the bank against securities held by the Group, whereas, the markup of Rs 3.09 million has been waived off by the lender.

40.5 The Group has arranged finance facility from a commercial bank amounting to Rs. 20 million. The facility carries mark-up rate of 3 months KIBOR+3% (2010: 3 months KIBOR+ 3%) with a floor rates ranging between 7.5% to 11% per annum). This facility is secured against floating charge on leased assets. Borrowing of Rs. 16.77 million alongwith the mark up of Rs. 2.05 million is due but not paid as at the balance sheet date. The Group's application for the restructuring of the borrowing is pending with the lender.

40.6 This represents finance facilities carrying mark-up at the rate of 22%(2010: 22%) maturing latest by 31 December 2010. Principal amount of Rs. 2.8 million along with markup of Rs. 0.153 million is due but not paid at the balance sheet date. However, after the balance sheet date the facility has been restructured, whereas, the markup of Rs 0.153 million has been waived off by the lender.

	Note	2011 Rupees	2010 Rupees
41. SHORT TERM MUSHARAKAH BORROWINGS - unsecured			
From Mudaraba	41.1	<u>2,700,000</u>	<u>5,000,000</u>
		<u>2,700,000</u>	<u>5,000,000</u>

41.1 This finance has been obtained for 91 days at a profit rate 13% per annum (2010: 13% per annum) and is due for repayment on July 14, 2011.

	Note	2011 Rupees	2010 Rupees
42. LOAN FROM A DIRECTOR - unsecured			
Opening balance		168,022,126	194,445,115
Expense on amortisation	42.1	29,520,347	26,034,538
Paid during the year		-	(52,457,527)
		<u>197,542,473</u>	<u>168,022,126</u>

42.1 The Group was unable to pay the outstanding amount during the year and therefore interest at the rate of 13.5% has been charged on the outstanding balance.

	Note	2011 Rupees	2010 Rupees
43. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors		44,902,761	210,429,898
Accrued expenses	43.1	35,445,038	36,149,614
Profit / mark-up payable on:			
- Long term musharakah and murabaha borrowings		30,088,005	2,316,460
- Long term loans		37,462,030	2,594,229
- Short term musharakah borrowings		7,363,301	53,425
- Sub-ordinated loan		26,668,232	-
- Redeemable capital		6,560,648	6,294,073
- Repo borrowings		-	3,876,880
- Term Finance Certificates (privately placed) borrowings		61,895,908	4,394,668
- Certificates of musharakah borrowings		8,149,417	19,185,911
- Certificates of Investment / deposit		12,765,964	5,238,906
- Running finance		5,147,845	24,722,596
Provision for compensated absences		-	2,606,398
Advance lease rent / security deposits	43.2	3,739,771	13,656,923
Auditors' remuneration payable		4,516,487	3,500,000
Advance against termination of leases		3,681,991	6,921,643
Unclaimed dividend		6,076,941	6,089,701
Provision against overhauling of generators		1,838,848	855,900
Other liabilities		<u>47,325,542</u>	<u>63,318,479</u>
		<u>343,628,729</u>	<u>412,205,704</u>
Transferred to liabilities directly associated with discontinued operation	23.2	<u>(105,688,587)</u>	-
		<u>237,940,142</u>	<u>412,205,704</u>

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43.1 This includes an amount of Rs. 9.619 million (2010: Rs. 9.619 million) recognized as a liability in respect of guarantees issued by the Group, on the basis of decrees passed by the Honourable Banking Court against the Group for the principal amount of Rs. 8.5 million and mark-up up to the date of decrees.

43.2 These represent lease rentals received in advance and security deposits received against the leases approved but not disbursed as of June 30, 2011.

	Note	2011 Rupees	2010 Rupees
44. CONTINGENCIES AND COMMITMENTS			
44.1 Contingencies			
Guarantees issued on behalf of customers		5,237,547	5,237,547
Penalties imposed by SBP	44.1.1	8,990,000	8,990,000
Claim of return on deposits by a depositor not admitted by the Group	44.1.2	1,717,000	1,717,000
		<u>15,944,547</u>	<u>15,944,547</u>

44.1.1 Penalties of Rs. 8.99 million (2010: Rs. 8.99 million) have been imposed on the Group 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.

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

44.2 Commitments

Lease financing contracts committed but not executed at the balance sheet date amounted to Nil (2010: Rs. 0.664 million).

	Note	2011 Rupees	2010 Rupees
45. BROKERAGE, COMMISSION AND FEES			
Money market and forex		-	61,295,638
Equity		-	82,422,918
Commodity		-	4,467,725
		<u>-</u>	<u>148,186,281</u>

46. ADMINISTRATIVE AND OPERATING EXPENSES

Directors' remuneration	52	5,153,280	14,815,796
Salaries, allowances and other benefits of other staff members	46.1	66,443,354	223,739,112
Travelling, conveyance and vehicle running expenses		11,735,823	22,951,233
Office rent		15,523,066	25,440,067
Utility charges		3,071,646	8,510,130
Postage, telephone and telegram		4,035,411	16,299,617
Repair and maintenance		10,966,370	20,343,857
Insurance		4,302,703	8,632,463
Depreciation	5	21,418,717	61,013,516
Depreciation on assets leased out	8.2	84,300,199	77,036,743
Amortization	6	3,127,293	4,479,471
Impairment against land and building		-	2,623,443
Fees and subscription		7,271,189	34,463,384
Entertainment		1,055,982	3,856,865
Newspaper and periodicals		186,344	303,683
Printing and stationery		1,543,853	5,541,977
Legal and professional charges		1,560,188	5,856,901
Auditors' remuneration	46.2	3,850,000	4,300,000
Service charges		-	3,608,321
CDC charges		11,049	3,012,841

	Note	2011 Rupees	2010 Rupees
Consultancy fees		3,304,000	7,469,355
Office expenses		172,522	2,223,655
Diesel expense of generator		101,574	2,322,640
Advertisement		390,330	3,151,076
Medical expense		-	6,157
Donations		-	3,000
Brokerage and commission		1,456,560	25,414,681
Operating lease rentals		4,218,809	5,863,124
Staff training and seminars		21,100	679,814
Zakat		24,534	24,187
Arrangement fee		-	7,750,000
Others		631,727	11,060,914
		255,877,623	612,798,023
Transferred to expenses of discontinued operation	23.3	(27,202,074)	-
		228,675,549	612,798,023
46.1 This includes retirement benefits of Rs. 1.91 million (2010: Rs. 9.193 million) in respect of the provident fund of the employees.			
	Note	2011 Rupees	2010 Rupees
46.2 Auditors' remuneration			
Annual audit fee		3,000,000	3,000,000
Half yearly review fee		850,000	750,000
Other certification		-	75,000
Out of pocket expenses		-	475,000
		3,850,000	4,300,000
47. FINANCIAL CHARGES			
Profit on long term musharakah and murabaha borrowings		39,110,134	56,746,252
Mark-up on long term loans		16,143,079	52,871,978
Mark-up on clean borrowings		64,523,809	63,607,832
Mark-up on repo borrowings		31,191,599	62,805,000
Profit on short term musharakah borrowings		7,316,194	1,193,463
Profit on redeemable capital - musharakah term finance certificates		19,796,575	30,727,414
Profit on - musharakah term finance certificates		79,597,512	101,758,850
Profit on assets subject to finance lease		1,084,944	5,075,234
Profit on certificates of musharakah		79,815,980	87,871,001
Mark-up on running finance		113,904,742	51,321,607
Mark-up on long term certificate of investments		1,042,869	1,061,715
Mark-up on short term certificate of investments		15,490,537	17,465,783
Amortization on loan from director		29,520,347	26,034,538
Interest on loan from director		26,668,232	-
		525,206,553	558,540,667
Bank charges		678,574	2,526,567
		525,885,127	561,067,234
Transferred to finance cost of discontinued operation	23.3	(200,289,851)	-
		325,595,276	561,067,234

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	Note	2011 Rupees	2010 Rupees
48. OTHER INCOME			
Gain on sale of operating assets	5.2	7,331,534	1,552,679
Underwriting & distribution commission		-	6,606,449
Arrangement fee		-	18,775,000
Commission and fee	48.1	7,500,363	9,812,508
Share of profit of joint ventures		7,851,430	5,765,109
Others		135,825,854	5,527,158
		<u>158,509,181</u>	<u>48,038,903</u>
Transferred to other income of discontinued operation	23.3	(134,757,654)	-
		<u>23,751,527</u>	<u>48,038,903</u>

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

	Note	2011 Rupees	2010 Rupees
49. PROVISION FOR TAXATION			
Current			
For the year		447,169	17,682,361
For Prior year		-	5,634,567
Deferred		263,948	20,506,878
		<u>711,117</u>	<u>43,823,806</u>

49.1 Reconciliation of tax charge for the year

(Loss) before taxation		<u>(438,434,106)</u>	<u>(717,297,004)</u>
Tax at the applicable tax rate of 35% (2010: 35%)		(153,451,937)	(251,053,951)
Reversal due to final tax regime		153,451,937	251,053,951
Tax effect under final tax regime		3,833,017	17,682,361
Tax effect of amount relating to prior year		-	5,634,567
Amount related to deferred tax		263,948	20,506,878
Transferred to taxation of discontinued operations	23.3	(3,385,848)	-
		<u>711,117</u>	<u>43,823,806</u>

49.2 Taxation

Invest Capital Investment Bank Limited

The return for the tax year 2008 has been selected for audit proceedings u/s 177 of the Income Tax Ordinance, 2001 by the Regional Tax Officer. However, the Group 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 First Professionals Mudarabah (merged with Al-Zamin Leasing Mudarabah in 2003)

Assessment of former First Professionals Mudarabah (the Mudarabah) have been finalized upto the assessment year 2002-2003 for which the Mudarabah had filed the last return of income in an independent capacity and, thereafter, it was merged with Al-Zamin Leasing Mudarabah. 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 Mudarabah . 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 Mudarabah. 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 Mudarabah 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 November 04, 2009.

Former International Multi Leasing Corporation Limited (IMLCL - merged with Al-Zamin Leasing Mudarabah 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 Group 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 Group.

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.

50. BASIC & DILUTED EARNINGS / (LOSS) PER SHARE	2011	2010
From continuing operations		
(Loss) after taxation (both for the purpose of basic & diluted (loss) per share	Rupees <u>(439,145,223)</u>	<u>(761,120,810)</u>
Weighted average number of ordinary shares for the purpose of basic (loss) per share	Number 284,866,865	277,805,769
Effect of diluted potential ordinary shares	Number <u>-</u>	<u>7,061,096</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) per share	Number <u>284,866,865</u>	<u>284,866,865</u>
(Loss) per share - basic	Rupees <u>(1.542)</u>	<u>(2.740)</u>
(Loss) per share - diluted	Rupees <u>(1.542)</u>	<u>(2.672)</u>
From discontinued operation		
(Loss) after taxation (both for the purpose of basic & diluted (loss) per share	Rupees <u>(586,255,308)</u>	<u>-</u>
Weighted average number of ordinary shares for the purpose of basic (loss) per share	Number 284,866,865	-
Effect of diluted potential ordinary shares	Number <u>-</u>	<u>-</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) per share	Number <u>284,866,865</u>	<u>-</u>
(Loss) per share - basic and diluted	Rupees <u>(2.058)</u>	<u>-</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2011



	Note	2011 Rupees	2010 Rupees
51. CASH AND CASH EQUIVALENTS			
Continuing operations	22	15,340,619	75,317,696
Discontinued operation	23.1	65,398,008	-
		80,738,627	75,317,696

52. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2011			2010		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	4,831,200	-	18,580,163	8,052,000	4,865,000	115,714,175
Bonus	-	-	-	1,342,000	-	6,270,591
Retirement benefits	322,080	-	1,326,549	536,796	-	6,315,135
Meeting fees	-	-	-	-	20,000	-
Rupees	5,153,280	-	19,906,712	9,930,796	4,885,000	128,299,901
Number of persons	Number 1	-	20	1	8	61

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

53. 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. 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:

	Note	2011 Rupees	2010 Rupees
Transactions during the year			
Brokerage and advisory income earned from related parties		-	2,713,350
Contribution to staff retirement fund		8,738,177	9,193,309
Key management compensation	52	25,059,992	143,115,697
Interest received on loan to executives		90,620	420,578
Dividend received for Investment in shares of Centre Gas (Pvt) Ltd		-	2,592,590
Expense against Certificate of Musharakah borrowing from institution under common directorship		303,750	184,599
Expense against Certificate of Musharakah borrowings from institution under common directorship/trusteeship		703,700	830,511
Expense against Certificate of Musharakah borrowings from UMA Enterprises		63,750	-

	Note	2011 Rupees	2010 Rupees
Drawing from Investment in UMA Enterprises		<u>3,620,733</u>	<u>5,691,512</u>
Drawing from Investment in Ameen Enterprises		<u>4,235,972</u>	<u>-</u>
Paid to Al-Zamin Mudarabah management Company		<u>-</u>	<u>34,210,500</u>
Repayment of loan from director	42	<u>-</u>	<u>52,457,527</u>
Balances			
Loans to executives	10	<u>622,946</u>	<u>20,234,283</u>
Certificate of Musharakah borrowing from financial institution under common directorship		<u>2,500,000</u>	<u>2,500,000</u>
Payable against Certificate of Musharakah borrowing from financial institution under common directorship		<u>164,774</u>	<u>183,082</u>
Certificates of Musharakah borrowing from trust under common directorship / trusteeship		<u>6,580,000</u>	<u>6,960,000</u>
Payable against Certificates of Musharakah borrowing from trust under common directorship / trusteeship		<u>1,806,289</u>	<u>830,511</u>
Investment in shares of Centre Gas (Private) Limited	7.1.1	<u>32,698,086</u>	<u>32,110,696</u>
Investment in UMA Enterprises	7.1.2	<u>26,894,616</u>	<u>26,775,551</u>
Investment in Ameen Enterprises	7.1.3	<u>20,745,801</u>	<u>21,457,531</u>
Certificate of Musharakah borrowing from UMA Enterprises		<u>-</u>	<u>1,000,000</u>
Payable against Certificate of Musharakah borrowing from UMA Enterprises		<u>-</u>	<u>34,582</u>
Loan from a director	42	<u>197,542,473</u>	<u>168,022,126</u>
Receivable from Ameen Enterprises		<u>2,568,631</u>	<u>4,368,631</u>
Net liability to defined benefit plans	28	<u>-</u>	<u>12,661,719</u>

54. FINANCIAL RISK MANAGEMENT

54.1 Financial risk factors

The Group'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 Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

54.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers and investment securities. The Group 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 Group 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 Group's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits. The credit quality of Group'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 Group's performance to developments affecting a particular industry or geographic location. Out of the total assets of Rs. 3,463 million (2010: Rs. 4,622 million) the assets which were subject to credit risk amounted to Rs. 1,083 million (2010: Rs. 2,752 million).

	Note	2011 Rupees	2010 Rupees
The maximum exposure to credit risk at the reporting date is:			
Long term investments		5,378,335	6,825,547
Net investment in Ijarah / assets under Ijarah arrangements	54.2.1	546,060,270	1,057,014,756
Long term musharakah finance - secured		174,879,166	203,797,930
Loans to employees - unsecured and considered good		59,383,921	94,847,855
Deposits		12,697,224	20,065,928
Short term investments		9,719,359	44,640,142
Short term musharakah finances - secured		95,068,952	131,604,675
Short term finances - secured		25,769,312	55,166,913
Trade debts - unsecured		-	1,193,880,186
Receivable under reverse repurchase transactions		-	9,000,000
Ijarah rentals receivable		91,622	9,562,433
Advances and other receivables		78,016,363	54,811,971
Bank balances		15,340,619	73,863,736
		<u>1,022,405,143</u>	<u>2,955,082,072</u>
54.2.1 Net investment in Ijarah finance / assets under Ijarah arrangements		812,557,877	1,676,054,986
Security deposits held	29	<u>(266,497,607)</u>	<u>(619,040,230)</u>
		<u>546,060,270</u>	<u>1,057,014,756</u>

54.2.2 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:

	2011		2010	
	Gross	Impairment loss recognised	Gross	Impairment loss recognised
	----- Rupees -----		----- Rupees -----	
Past due 1-90 days	92,945,599	-	218,553,902	20,913,627
Past due 91 days - 180 days	62,253,444	-	97,938,326	14,532,004
Past due 181 days to one year	87,580,166	3,340,000	177,035,819	18,966,514
Past due one year to two years	197,610,429	34,772,144	335,714,903	87,484,643
More than two years	1,193,754,155	640,081,034	709,500,213	476,323,003
	<u>1,634,143,793</u>	<u>678,193,178</u>	1,537,858,163	618,219,791
Not past due	463,364,087	-	1,003,213,996	-
Total	<u>2,097,507,880</u>	<u>678,193,178</u>	<u>2,541,072,159</u>	<u>618,219,791</u>

Impairment is recognized by the Group 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 Group 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 Group 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.

	2011 Rupees	2010 Rupees
Long term investments	107,503,500	121,717,424
Net investment in Ijarah / assets under Ijarah arrangements	266,497,607	619,040,230
Deposits	261,071	14,797,820
Short term investments	10,585,128	248,893,366
Other receivables	22,479,859	79,793,906
Bank balances	-	1,453,960
	<u>407,327,165</u>	<u>1,085,696,706</u>

54.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group reputation. To guard against the risk, the Group 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 Group'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).

	2011				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
----- Rupees -----					
Liability against asset subject to finance lease	7,579,128	7,953,559	2,653,431	5,300,128	-
Certificates of Musharakah	509,434,146	517,583,563	328,393,563	76,205,000	112,985,000
Certificates of investments and deposit	92,570,638	105,336,602	88,243,933	5,365,469	11,727,200
Musharakah and murabaha borrowings	244,997,310	275,085,315	130,140,078	109,945,237	35,000,000
Musharakah Term Finance Certificates	544,930,549	606,826,457	227,659,789	131,250,000	247,916,668
Redeemable capital-Musharakah Term Finance Certificates	128,380,000	134,940,648	6,560,648	-	128,380,000
Loan from a director	197,542,473	224,210,705	224,210,705	-	-
Long term loans	105,745,968	118,094,416	118,094,416	-	-
Short term borrowings	93,301,015	98,448,860	98,448,860	-	-
Trade creditors, accrued and other liabilities	234,341,820	234,341,820	234,341,820	-	-
	<u>2,158,823,047</u>	<u>2,322,821,945</u>	<u>1,458,747,243</u>	<u>328,065,834</u>	<u>536,008,868</u>
----- Rupees -----					
	2010				
	Carrying amount	Contractual cash flows	Up to three months	Over three months to one year	Over one year
----- Rupees -----					
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 murabaha 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	-	-
	<u>4,210,502,728</u>	<u>4,468,504,742</u>	<u>2,917,702,772</u>	<u>800,317,965</u>	<u>750,484,006</u>

54.4 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 Group'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 Group is exposed to interest rate risk and equity rate risk only.

54.4.1 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 Mudarabah's interest bearing financial instruments and the periods in which these will mature were as follows:

	2011				Non-profit / mark-up bearing	Total
	Profit / mark-up bearing			Sub-total		
	Upto three months	Three months to one year	More than one year			
----- Rupees -----						
Financial Assets						
Long term investments	1,063,987	1,437,987	2,876,361	5,378,335	110,027,768	115,406,103
Net investment in Ijarah/ assets under Ijarah arrangements	362,698,092	87,668,141	362,191,644	812,557,877	-	812,557,877
Long term musharakah - secured	59,676,330	16,642,869	43,776,309	120,095,508	-	120,095,508
Long term loan	31,815,892	8,784,070	18,783,954	59,383,916	-	59,383,916
Deposits - unsecured and considered good	-	-	-	-	12,958,295	12,958,295
Short term investments	-	-	-	-	20,304,487	20,304,487
Short term musharakah and murabaha	157,485,391	-	-	157,485,391	-	157,485,391
Short term finances - secured	25,769,312	-	-	25,769,312	-	25,769,312
Ijarah rentals receivables	-	-	-	-	91,621	91,621
Advances, deposits and other receivables	-	-	-	-	335,058,197	335,058,197
Cash and bank balances	14,584,614	-	-	14,584,614	756,005	15,340,619
	653,093,618	114,533,067	427,628,268	1,195,254,953	479,196,373	1,674,451,326
Financial Liabilities						
Liability against asset subject to finance lease	2,279,000	5,300,128	-	7,579,128	-	7,579,128
Certificates of Musharakah	321,979,146	78,205,000	112,085,000	512,269,146	-	512,269,146
Certificates of investments and deposits	64,982,055	15,861,393	7,345,000	88,188,448	4,382,190	92,570,638
Long term Musharakah and Murabaha borrowings	115,833,294	98,333,305	30,830,711	244,997,310	-	244,997,310
Term Finance Certificates	165,763,885	131,249,997	247,916,676	544,930,558	-	544,930,558
Redeemable capital-Musharakah Term Finance Certificates	-	-	128,380,000	128,380,000	-	128,380,000
Loan from a director	197,542,470	-	-	197,542,470	-	197,542,470
Long term loans	105,745,969	-	-	105,745,969	-	105,745,969
Short term borrowings	41,768,398	-	-	41,768,398	-	41,768,398
Trade creditors, accrued and other liabilities	-	-	-	-	237,940,142	237,940,142
	1,015,894,217	328,949,823	526,557,387	1,871,401,427	242,322,332	2,113,723,759
On balance sheet gap 2011 (a)	(362,800,599)	(214,416,756)	(98,929,119)	(676,146,474)	236,874,041	(439,272,433)
----- Rupees -----						
	2010				Non-profit / mark-up bearing	Total
	Profit / mark-up bearing			Sub-total		
	Upto three months	Three months to one year	More than one year			
----- Rupees -----						
Long term investments	1,329,231	1,329,231	4,167,085	6,825,547	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 murabaha	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	-	-
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	847,133,336	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
Short term investments	41,203,958	108,611,876	127,640,411	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	1,423,949,979	-	-	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)	(1,969,156,630)	611,109,808	189,613,872	(1,168,432,950)	1,083,313,279	(85,119,671)

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

	2011 %	2010 %
(b) Rates of profit / mark-up on financial assets and liabilities are as follows:		
Long term investments	8.00 - 14.20	14.00 - 15.00
Net investment in Ijarah/ assets under Ijarah arrangements	9.97 - 26.8	7.67 - 38.03
Long term musharakah - secured	13.50 - 30.00	11.50 - 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
Short term musharakah and murabaha	10.00 - 34.69	10.00 - 43.35
Receivable under reverse repurchase transaction	-	13.2 - 16.00
Bank balances	5.00 - 13.00	1.00 - 13.00
Liabilities against assets subject to Ijarah finance	15.16 - 16.92	12.98 - 18.72
Long term certificates of musharakah	0.00 - 19.5	10.25 - 14.25
Certificates of investments and deposits	14.25 - 15.00	5.84 - 21.90
Long term musharakah and murabaha borrowings	13.75 - 16.37	7.00 - 17.15
Musharakah term finance certificates	14.12 - 15.47	8.00 - 17.00
Redeemable capital - musharakah term finance certificates	15.57	12.43 - 17.00
Long-term loan	15.00 - 17.00	15.00 - 17.00
Short term certificates of musharakah	0.00 - 17.00	8.25 - 12.25
Short term certificates of investments and deposits	0.00 - 17.00	5.84 - 21.90
Short term borrowings	7.50 - 22.00	14.74 - 16.77
Short term Musharakah borrowings	13.00	10.25 - 12.75
Payable under repo transactions	-	13.2 - 16.00
Loan from directors	13.5	-

Fair value sensitivity analysis for fixed rate financial assets instruments

The Group 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 2011, financial assets of Rs. 1,108 million and financial liabilities of Rs. 1,216 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 2010.

	Effect on profit before tax Rupees	Carrying value Rupees
As at 30 June 2011		
Cash flow sensitivity-Variable rate financial liabilities	146,018,185	1,460,181,847
Cash flow sensitivity-Variable rate financial assets	8,725,556	87,255,561
As at 30 June 2010		
Cash flow sensitivity-Variable rate financial liabilities	196,379,047	1,963,790,474
Cash flow sensitivity-Variable rate financial assets	17,946,087	179,460,869

54.4.2 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 Group's investments in equity securities for which prices in the future are uncertain. The Group'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 2011, the fair value of equity securities (including the units of mutual funds) exposed to price risk was Rs. 47.469 million (2010: Rs. 123.463 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 Group'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 Group's equity securities at each balance sheet date, with all other variables held constant.

	2011 Rupees	2010 Rupees
Profit and loss account		
Investments at fair value through profit and loss account	<u>1,058,513</u>	<u>9,800,299</u>
Group's equity as at the year end	<u>886,236</u>	<u>2,545,942</u>

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

54.5 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 Group 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.

54.6 Capital risk management

The Group's objective when managing capital is to safeguard the Group'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 Group 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 Group 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 Group 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 2011	850
Minimum equity requirement	30 June 2012	1,200
Minimum equity requirement	30 June 2013	1,700

55. SEGMENT INFORMATION

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

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

Notes to the Consolidated Financial Statements


For the year ended June 30, 2011



	2011				2010				
	Investment activities	Leasing / Ijarah	Other operations	Total	Investment activities	Brokerage	Leasing / Ijarah	Other operations	Total
	(Rupees)				(Rupees)				
Information about reportable segment profit or loss, assets and liabilities									
Revenues from external customers	15,422,106	182,893,839	2,445,089	200,761,034	148,264,700	148,186,281	326,800,302	13,139,795	636,391,078
Interest expense	(36,336,433)	(289,258,843)	-	(325,595,276)	(80,706,052)	(90,944,584)	(389,416,598)	-	(561,067,234)
Depreciation and amortisation	(2,294,287)	(102,327,317)	-	(104,621,604)	(14,197,679)	(16,010,148)	(108,382,971)	-	(138,590,798)
Impairment of assets	(3,375,007)	(95,952,297)	-	(99,327,304)	(53,088,310)	(30,228,557)	(141,876,683)	(2,668,178)	(227,861,728)
Reportable segment profit	(26,583,621)	(304,644,618)	2,445,089	(328,783,150)	272,659	11,002,992	(312,875,950)	10,471,617	(291,128,682)
Reportable segment assets	871,647,166	999,733,665	2,145,127,256	4,016,508,087	867,650,222	1,358,854,613	2,206,342,519	640,490,708	5,073,338,062
Reportable segment liabilities	(2,148,848,995)	(277,758,726)	(1,836,792,152)	(4,263,399,873)	(618,694,095)	(1,685,011,369)	(2,525,509,239)	(12,661,720)	(4,841,876,423)
Profit or loss									
Total profit or loss for reportable segments				(331,228,239)					(301,600,299)
Other profit or loss				2,445,089					10,471,617
Unallocated amounts:									
Other administrative and operating expenses				(122,129,003)					(474,207,225)
Revaluation surplus realises on transfer of lease hold premises				-					-
Other income				9,070,553					48,038,903
(Loss) / profit before tax from continuing operations				(441,841,600)					(717,297,004)
(Loss) / profit before tax from discontinued operations				(143,770,121)					-
Assets									
Total assets for reportable segments				1,871,380,831					4,432,847,354
Other assets				2,145,127,256					640,490,708
Entity's assets				4,016,508,087					5,073,338,062
Liabilities									
Total liabilities for reportable segments				(2,426,607,721)					(4,829,214,703)
Other liabilities				(1,836,792,152)					(12,661,720)
Entity's liabilities				(4,263,399,873)					(4,841,876,423)

56. DATE OF AUTHORISATION

These unconsolidated financial statements were authorized for issue on March 20, 2012 by the Board of Directors of the Group.


Naveed Amin
Chief Executive Officer


Ahmed Kamran
Chairman

Proxy Form



INVEST CAPITAL INVESTMENT BANK LIMITED

B-801,802 , Lakson Square Building No: 3, Sarwar Shaheed Road, Karachi

I, _____ S/o / W/o / D/o _____ , 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 19th Annual General Meeting to be held at 11:30 a.m. on Friday, 27th April, 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012

Signature and or Seal of Member _____

Please affix
Rs.5/-
Revenue
Stamp

In the presence of

Signature : _____

Signature: _____

Name : _____

Name : _____

Address : _____

Address : _____

CNIC No _____

CNIC No: _____

Note:

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 CorpTec Associates (Private) Limited, 7 / 3 - G, Mushtaq Ahmed Gurmani Road, Gulberg - II, LAHORE 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

801-802, 8th Floor, Lakson Square Building No. 3,
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Karachi

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Faisalabad.

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Khawar Centre, Nusrat Road, Multan.

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