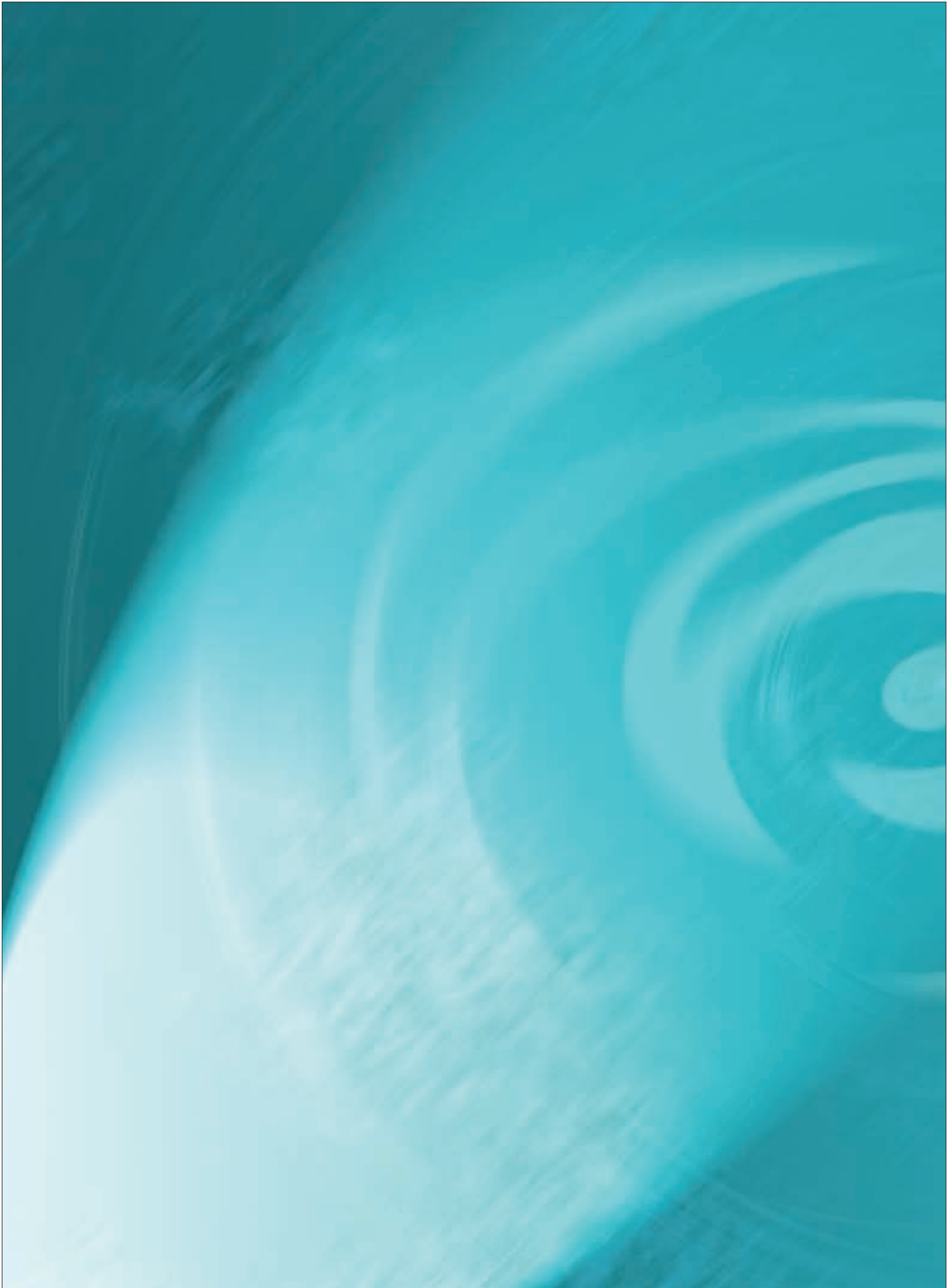


Annual  
Report

08



**Al-Zamin Leasing Corporation Limited**  
(Formerly Crescent Leasing Corporation Limited)



In The Name Of

**Allah**

The Most

**Gracious**

The Most

**Merciful**



## Vision Statement

To participate prominently in the economic and social development of the country through a well - established and competitive credit delivery system managed by a motivated and efficient human resource.

## Mission Statement

Al - Zamin lease is committed to pursuing the improvement in shareholders value through development of a dedicated human resource and efficient systems base capable of effectively participating in a competitive business environment. Al - Zamin lease would endeavour to extend the reach of credit delivery system to stimulate the economic development.

## Corporate Objectives

- Improve relative positioning in top tier companies.
- Transformation from a single product to multi-products company.
- Offer a diversity of products tailored to customer in various segments with a special focus on SMEs and consumer financing.
- Extend market reach sectorally and geographically with quality of service and portfolio.
- Operate within the regulatory framework for NBFCs.

## Strategic Planning

The Company intends to continue with its strategic planning of extending its market reach through geographical diversification and market niche development.

## Risk Management

The governing principles for the risk management policies shall be the:

- Prudence in Approach
- Security of Investment
- Addition to Shareholders Value

The risk management policies of the Company cover the following areas:

- a. Credit Risk
- b. Exposure Risk
- c. Interest Rate Risk
- d. Liquidity Risk
- e. Market Risk
- f. Currency Risk

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## Board of Directors



Mr. Zafar Iqbal



Mr. Basheer Ahmed Chowdry



Mr. Muhammad Zahid



Mr. Javed A. Callea



Mr. Muhammad Moiz ul Haque



Mr. Firasat Ali



Mr. Syed Shahnawaz A. Rizvi

### Mr. Zafar Iqbal - Chairman

Co-opted as Director on April 25, 2007.

### Mr. Syed Shahnawaz A. Rizvi - Chief Executive

Appointed as Chief Executive on March 14, 2007 and Co-opted as Director on April 25, 2007.

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### Mr. Basheer Ahmed Chowdry

Co-opted as Director on April 25, 2007.

### Mr. Muhammad Moiz ul Haque

Co-opted as Director on April 25, 2007.

### Mr. Javed A. Callea

Co-opted as Director on October 12, 2006.

### Mr. Muhammad Zahid

Co-opted as Director on April 25, 2007.

### Mr. Firasat Ali

Re-elected as Director on July 1, 2006.



# Committees

## The Audit Committee

Terms of Reference as defined under Code of Corporate Governance

Mr. Javed A. Callea	Non-Executive Director	Chairman
Mr. Basheer A. Chowdry	Non-Executive Director	Member
Mr. Firasat Ali	Non-Executive Director	Member
Mr. Syed Shahid Owais		Committee Secretary

## The Executive Committee

Review and approve all operational matters of the Company.

Mr. Muhammad Zahid	Chairman
Mr. Muhammad Moizul Haque	Member
Mr. S. Shahnawaz A. Rizvi	Member

## The Executive Management Committee

Review and approve the leasing proposals and deliberate on operational performance and new business initiatives.

Mr. S. Shahnawaz A. Rizvi	CEO
Mr. Mahboob ur Rehman	EVP
Mr. M. Naeem Baig	SVP
Mr. Razi Aziz Syed	SVP

## Assets Liabilities Committee

Review the overall liquidity, assets & liabilities mismatch position, interest rate sensitivity analysis and to take required corrective measures.

Mr. S. Shahnawaz A. Rizvi	CEO
Mr. Mahboob ur Rehman	EVP
Mr. Mr. Syed Abid Raza Zaidi	SVP
Mr. Syed Shahid Owais	SVP

## The IT Committee

Review the progress on system development and technological initiatives, in process.

Mr. Mahboob ur Rehman	EVP
Mr. Mr. Syed Abid Raza Zaidi	SVP
Mr. Muhammad Tayyab Baig	VP

## HR Committee

Review the HR policies of the Company for updation in line with existing market prices. Also review staff performance for promotions and pay revisions.

Mr. Mahboob ur Rehman	EVP
Mr. Razi Aziz Syed	SVP
Mr. Syed Shahid Owais	SVP





## Corporate Sector

Our corporate clients come up with their sophisticated and structured requirements for leases. These are offered for huge and small machinery, generating equipments and transportation vehicles. Al - Zamin Lease arranges and also participates in various syndicated lease financing to prestigious corporate clients.

# Notice of 21<sup>st</sup> Annual General Meeting

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the Company will be held on October 27, 2008 at 8:00 pm at registered office B- 801-802, 8<sup>th</sup> Floor, Lakson Square Building # 3, Sarwar Shaheed Road, Karachi, to transact the following business:

## ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting (EOGM) of the Company held on April 25, 2008.
2. To receive, consider and adopt the audited Financial Statements of the Company for the year ended June 30, 2008 together with the Directors' and Auditors' Reports thereon.
3. To appoint the Auditors for the year 2008 – 2009 and to fix their remuneration. The retiring Auditors, Messrs Ford Rhodes Sidat Hyder & Company, Chartered Accountants, being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the Chair

By and on behalf of the Board

KARACHI  
October 04 , 2008

Syed Shahid Owais  
Company Secretary

## Notes:

### 1. Closure of share transfer books

The members register will remain closed from October 20, 2008 to October 27, 2008 (both days inclusive). Transfer received in order at the Registered Office by the close of business hours on October 18, 2008 will be treated in time.

### 2. Participation in the Annual General Meeting

A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the Company at the registered office B- 801-802, 8<sup>th</sup> Floor, Lakson Square Building # 3, Sarwar Shaheed Road, Karachi, not later than 48 hours before the time of holding the meeting.

CDC account holder will future have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan for attending the meeting.

### For attending the meeting:

In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per regulations, shall authenticate higher identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting. The shareholders registered on CDS are also required to present their participant I.D. Numbers and the account numbers in CDS.

In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

### **3. For Appointing Proxies**

- i. In case of individuals, the account holder or sub – account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) along with the proxy form for the meeting.

### **4. Change in Address**

Shareholders are requested to notify the change of their addresses, if any, at our registered office.

### **5. Minutes of the Extra Ordinary General Meeting**

The minutes of the Extra Ordinary General Meeting of the Company held on April 25, 2008 are available at the Registered Office of the Company.





## SME Sector

Small and Medium Enterprises (SME) and Micro Sector play a key role in developing countries like Pakistan. Al - Zamin lease has emphasized on these sectors since last many years and feels pride in mentioning that SME and Micro financing has huge potential and our experience with them has been very successful.

We offer various productive assets to them, which includes machinery, technological equipment, transportation equipment, automobiles, etc. Micro Sectors are facilitated with very small equipments that earn their living and enhance their earning capacity.

# Directors' Report

The Board of Directors of Al-Zamin Leasing Corporation Limited (formerly Crescent Leasing Corporation Ltd.) is pleased to present their 21<sup>st</sup> annual report along with the Company's audited accounts for the year ended June 30 2008.

## The Economy

Pakistan's economy become volatile at the time when the growth rate of 7% plus in the GDP was taken to be sustainable. The flux in the geo-political situation coupled with the unpredicted oil price rises put the economic fundamentals under strain. Shorter fiscal space, inflation and weakening rupee held the growth which is expected to be less than 5 % this year. These challenges , however are regional nature, as well.

Tight monetary policy adversely affected the financial sector and left it with reduced margins and slower off takes.

## Performance by Al-Zamin Lease:

After a year of sustained efforts in post management change, we are glad to mention that the Company has been able to contain its losses and make use of avenues of earning to end up in the profit of Rs. 75 million against a loss of Rs. (115) million in 2007. The Company however had planned to turn to expansion phase in the last quarter of this financial year but it could not be achieved due to delayed merger process of Universal Leasing Corporation Ltd. into this Company. Besides this, the sudden changes in the interest scenario of the country restricted us from entering into business. This resulted in lesser gross income for the year.

As planned, we are moving for getting renewal of our investment-banking license. For this purpose, the sponsors of the Company to meet the equity requirement have injected subordinated loan of Rs.250 million. This fact has been fully disclosed in the accounts. The merger of Universal Leasing into this Company resulted in addition of certain assets which are simply added to the various balances of the Company and provision wherever stood in the merging company has been also disclosed properly.

During the year, the name of the Company was changed from Crescent Leasing Corporation Limited to Al - Zamin Leasing Corporation Ltd. The registered office was also approved by the board and the shareholders in EOGM for change from Lahore to Karachi. The formal approval of the same has been received from SECP in July 2008.

Al-Zamin extended a total facility of Rs. 574 million during the year. The recoveries despite of all odds have been contained and we expect that our legal processes on recoveries, which are at reasonably advance stages, may prove fruitful. The operational expenses have also been reduced reasonably and access to fund has duly improved over this last year. The TFC which Company intended to issue is at the concluding stage but it has been deferred due to lack of liquidity in the market and to avoid any negative spreads.

## Financial Accounts:

The Company incurred a net after tax profit of Rs. 75 million during the year under review. This resulted in EPS of 1.62 for the year. The highlights of the financial results are as follows:



Operating Results (PKR)	FY 2008	FY 2007
Revenue	431,427,901	424,588,932
Expenditure	357,230,219	480,142,568
Operating profit/(loss) before provision	74,197,682	(55,553,636)
Provision / unrealized gains ( loss)	50,973,002	49,498,337
Profit / (Loss) after taxation	74,812,054	(115,327,063)

Overall the Company performed reasonably as per expectation. With regard to the emphasis drawn by the auditors in their report in relation to the exclusive right of the memberships of DA Country and Golf club as referred in note 12, the management has taken due advice from the legal counsel and is confident that it has rights to these memberships and the amount would be recovered in due course. Moreover, the prime recourse of the Company is on as NBFC which assigned / sold these memberships. The auditors have also drawn attention to the fact that audited accounts of Universal Leasing Corporation Ltd as on the merger date 25 February 2008 had a qualification placed by their auditors about non-compliance of NBFC rules 2003 for non investing 70% in the leasing business and shortage of required equity to do leasing business. As stated by the auditors the company has now merged with AI - Zamin Leasing, the said qualification is no more relevant and is only for the purpose of record.

### Dividend

In view of the circumstances as explained in the preceding paras, the Directors do not propose the payment of any cash or bonus dividend for the year ending June 30, 2008.

### Human Resources

The Company kept its infrastructure intact despite of all challenges. This was as per plan first to keep control of the recovery status, which has been more challenging during the year due to economic situations. Secondly, it needs to go forward with its expansion plan along with expected investment banking license. The Company believes in transparent competitive recruitment and remuneration policies based solely on employee performance.

### Credit Rating:

The Company rating agency, JCR-VIS assigned the Company's medium to long-term entity rating of BBB+ and the short-term entity rating 'A-2'. The rating of TFC-2 and PP-TFC is A-. The rating has a stable outlook.

### Board of Directors

The Directors on the Board of the Company have been duly approved by the SECP:

Mr. Zafar Iqbal	Chairman
Mr. Basheer Ahmed Chowdry	
Mr. Muhammad Zahid	
Mr. Muhammad Moizul Haque	
Mr. Firasat Ali	
Mr. Javed A. Callea	
Mr. S.Shahnawaz A.Rizvi	Chief Executive.

## Corporate Governance

The Board of Directors of the Company held eight meetings during the year to review operations and formulate policy matters. The Board reviewed the operational performance of the Company on a quarterly basis and considered the approved budget and business plans for the ensuing year.

The Company's Audit Committee comprises of three non-executive directors, and held five meetings during the year under review.

## Corporate Governance Compliance

Your Company has implemented provisions of the Code of Corporate Governance relevant for the year ended June 30, 2008. The external auditors review report on the statement of compliance with the Code of Corporate Governance is annexed with this report.

## Statements

- A) The Financial statements, prepared by the management of Al-Zamin Leasing Corporation Limited, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- B) Proper books of account of the Al-Zamin Leasing Corporation Limited have been maintained.
- C) Appropriate accounting policies has 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 and any departure there from has been adequately disclosed.
- E) Key operating and financial data for last six years in summarized form is shown below:

Highlights	2008	2007	2006	2005	2004	2003
1 Gross Revenue	431	425	706	408	209	266
2 Profit / (Loss) Before Tax	23	(105)	31	50	74	76
3 Profit /(Loss) After Tax	75	(115)	24	46	66	73
4 Total Assets	3,015	3,944	5,553	5,044	3,473	2,470
5 Earnings Per Share	1.62	(2.56)	0.53	1.14	2.4	2.31

- F) The system of internal control is sound in design and has been effectively implemented and monitored.
- G) There is no significant doubt upon the Company's ability to continue as a going concern
- H) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulation.
- I) During the year eight meetings of the Board of Directors were held and attended as follows. Directors not attending any of the meetings were duly granted leave of absence by the Board.

Directors	90th	91st	92nd	93rd	94th	95th	96th	97th
Mr. Zafar Iqbal	P	P	L	P	L	L	L	P
Mr. Basheer Ahmed Chowdry	L	P	P	P	P	P	P	P
Mr. Muhammad Zahid	L	L	L	L	P	L	L	L
Mr. Muhammad Moizul Haque	P	P	P	P	P	P	P	P
Mr. Firasat Ali	P	P	P	P	L	L	P	P
Mr. Javed Aslam Callea	P	P	P	P	P	P	P	P
Mr. S. Shahnawaz A. Rizvi	P	P	P	P	P	P	P	P

P - Present

L - Leave of Absences

- A) The value of investments of the Company's recognized Provident Fund and Gratuity Fund amounted to PKR 9.182 mn and PKR 3.266 mn respectively as at June 30th 2008. (Un-audited)
- B) The pattern of shareholding as required under the Code of Corporate Governance is shown on page 66.
- C) No trading in shares of the Company was carried out by the Directors, Chief Executive, Chief Financial Officer/ Company Secretary and their spouse and minor children during the year.

#### Auditors:

The present Auditors, M/s. Ford Rhodes Sidat Hyder, Chartered Accountants would retire at the forthcoming Annual General Meeting and offer themselves for reappointment at the terms to be agreed by the members.

#### The Future:

The Company is looking forward to proceed with its plan of starting the activities of investment banking just after the renewal of the license. The advantage of reduced cost of borrowing and more leverage with business avenues will increase the capacity of the Company to go forward and earn reasonable returns in near future.

#### Acknowledgment:

The Board is grateful to the Regulatory Agencies, Banks and Financial Institutions, as well as other Public Bodies and Corporations, who have extended their support and cooperation to the Company. The Board also extends its thanks to the Company's valued customers for their continued patronage. The dedication and commitment of the staff remains a unique strength of the Company of which the Board is very appreciative.

On behalf of the Board of Directors.



S. Syed Shahnawaz A. Rizvi  
Chief Executive Officer

Karachi –September 19, 2008



## Six Years Financial Summary

Financial Year	2008	2007	2006	2005	2004	2003
	(Rs. in million)					
<b>Balance Sheet</b>						
Shareholders funds	496	454	454	403	266	232
Reserves	149	84	180	219	217	191
Minority interest	-	75	-	-	-	-
Sub-ordinated loan	250	-	-	-	-	-
Networth	645	613	634	622	483	423
Surplus on revaluation of fixed assets	53	82	39	43	-	-
Certificates of investment	298	162	890	913	548	271
Borrowing from financial institutions & Other	1,239	1,915	2,501	2,385	1,754	1,243
lease disbursements	574	141	2,762	2,029	1,301	961
Net investment in leases	1,850	2,555	3,727	3,196	2,168	1,625
Investments/Placements/Term Deposits	207	641	810	1,090	1,149	769
Assets acquired in satisfaction of finances provided	164	125	230	-	-	-
Term Finances	188	222	327	396	-	-
Property plant and equipment	402	397	316	212	107	39
Total Assets	3,015	3,944	5,554	5,044	3,465	2,470
Total Liabilities	2,317	3,247	4,881	4,379	2,982	2,047
Total assets to networth (time)	4.67	6.43	8.76	8.11	7.19	5.84
<b>Profit &amp; Loss</b>						
Total income	431	425	706	408	290	266
Financial & other charges	214	305	452	201	119	119
Admin & operating expenses	106	127	135	84	54	45
Provisions & other charges	87	85	88	73	43	25
Total expenses	408	529	675	358	216	189
Profit before tax	23	(105)	31	50	74	76
Profit after tax	75	(115)	24	46	66	73
Break-up value (PKR)	14.07	15.34	14.82	16.50	18.16	18.23
<b>Key Ratios</b>						
Earnings per share - PKR	1.62	(2.56)	0.53	1.14	2.40	2.31
Revenue per share - PKR	8.69	9.36	15.55	10.12	10.90	11.47
Gross profit ratio	17.20%	(13.08)%	11.31%	23.52%	38.07%	37.69%
Profit before tax ratio	5.34%	(24.71)%	4.53%	12.25%	25.52%	28.57%
Price earning ratio (times)	2.28	(3.13)	15.56	13.05	7.08	2.81
Return on capital employed market value per share	40.87%	(31.66)%	6.41%	7.66%	14.60%	48.41%
Income/ Expense ratio (times)	1.06	0.80	1.05	1.14	1.34	1.41
Current ratio (times)	1.30	1.1	0.95	1.04	1.29	0.96
Debt equity ratio (times)	3.59	5.30	7.70	7.04	6.17	4.84
Return on average equity	11.92	(18.44)%	3.82%	8.33%	14.57%	18.11%
Return on average assets	2.16%	(2.42)%	0.45%	1.08%	2.22%	3.52%
Total Assets Turnover ratio	7.00	9.28	7.87	12.36	11.95	9.29
Dividend Per Share	-	-	-	1.25	2.50	2.43
Dividend Yield ratio	-	-	-	8.39	14.71	37.37
<b>Payout</b>						
Cash dividend	-	-	-	-	12.50%	10.00%
Stock dividend	-	-	-	12.50%	12.50%	14.29%
Total payout	-	-	-	12.50%	25.00%	24.29%

Note: Amounts of prior years have been adjusted for prior year errors





## Consumer Sector

With an objective of enhancing the purchasing capability of the consumers, Al-Zamin Lease has developed its expertise and expanded its geographical presence to extend lease and hire purchase facility to wide variety of customers. Our car financing by the name of "Al-Zamin Car" has taken a reasonably prominent position in the market.

# Statement of Code of Business Practices and Ethics

as at June 30, 2008

Al-Zamin Leasing Corporation Limited conducts its business in a responsible manner with honesty and integrity . The Company has the same expectations from all those with whom it has relationships. The Company insists that all transactions be open and transparent.

Al-Zamin Leasing Corporation Limited ,s primary objective is to run its business efficiently and profitably to enhance shareholders value which it does with responsibility towards all stakeholders.

As the Company does not operate in isolation with its environment, it defines the stakeholders and its responsibilities towards them as follows:-

- **Shareholders**  
To protect shareholders investment and provide an acceptable return.
- **Customers**  
To win and maintain clients by developing and providing products and services which offer value in terms of pricing services, etc.
- **Employees**  
To respect the human rights of its employees with good and safe conditions of work and competitive terms of services.
- **Business Partners**  
To seek mutually beneficial relationships with contractors and suppliers of goods and services.
- **Society**  
To conduct business as a responsible of the society to observe laws, express support for basic human rights and proper regard to health, safety and environment.

## **Integrity**

Al-Zamin Leasing Corporation Limited does not use bribes as an instrument of business for financial gain and employees are not authorized to give or receive any gift or payment which may be construed as such.

Employees are required to avoid personal activities or financial interests which conflict with their responsibility to the Company.

All transactions must comply with the prevailing laws and must fairly and accurately reflected in the financial statements.



# Statement of Compliance with Code of Corporate Governance

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

Al-Zamin Lease has applied the principles contained in the Code in the following manner:

- 1) The Company encourages representation of independent non-executive directors and directors representing minority interest on its board. At present the Board includes five non-executive Directors including Chairman of the Board and one NIT nominee Director, and one Executive Director who is also CEO.
- 2) The resident 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 as tax payers and none of them has defaulted in payment of any loan to a banking Company, a DFI or any NBFC or being a member of stock exchange, has been declared as a defaulter by that Stock Exchange.
- 4) During the year, no casual vacancies were occurred in the Board.
- 5) The Company has adopted a 'Statement of Ethics and Business Practices', which has been signed by all 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 decisions 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 Board held eight meetings during the year, at-least one in each quarter. The meeting of the Board of Director were presided over by the elected Chairman and in his absence by the director elected by the board for this purpose. Written notices of the Board meetings along with the agenda were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and were timely circulated to all concerned. The Company Secretary and CFO attended the meetings of the Board of Directors.
- 9) The Directors were regularly apprised regarding significant matters relating to Code of Corporate Governance through presentations in the board meetings.
- 10) The Board has approved appointment of CFO, the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the CEO.
- 11) The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

- 12) All financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 13) The Directors, CEO and the executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
- 14) The Company has complied with all the corporate and financial reporting requirements of the Code except non submission of one form-7, required under section 94 of the Companies Ordinance, 1984 which is in the process of submission.
- 15) The Board has formed an Audit Committee which comprises of three members, who are non-executive Directors including the Chairman of the Committee.
- 16) The Company has arranged a course on Code of the Corporate Governance for the Directors of the Company during the year 2007-08.
- 17) The meetings of the Audit committee were held at least once in every quarter prior to the approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been framed and approved by the Board and has been advised to the committee for compliance. The Audit committee members also met with External Auditors without CFO and Head of Internal Audit and other members of Internal Audit as required under the Code.
- 18) The Board has set up an effective audit function which comprises of qualified and experienced staff that is conversant with the policies and procedures of the Company and are involved in the internal audit function on a full-time basis.
- 19) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of The Institute of Chartered Accountants of Pakistan, that they or any partners of the firm, their spouses and minor children do not hold the shares of the Company and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the 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 expect for statement of responsibilities of the Chairman which is in process of being drafted and will be approved by the Board of Directors in due course.



S. Shahnawaz A. Rizvi  
Chief Executive

Karachi September 19, 2008

# Review Report to the Members on the Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Al-Zamin Leasing Corporation Limited (formerly Crescent Leasing Corporation Limited) (the Company) to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange, Chapter XIII of the Listing Regulations of the Lahore Stock Exchange and Section 36 (Chapter XI) of the Listing Regulations of Islamabad Stock Exchange where the Company is listed.

The responsibility for compliance with the Code 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code for the year ended June 30, 2008.

*Ford Rhodes Sidat Hyder & Co.*

Karachi- September 19, 2008

CHARTERED ACCOUNTANTS

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Al-Zamin Leasing Corporation Limited [formerly Crescent Leasing Corporation Limited] (the Company) as at 30 June 2008 and the related profit and loss account, cash flow statement and 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. The financial statements of Universal Leasing Corporation Limited (ULCL), a former subsidiary of the Company, as at 25 February 2008, were audited by another firm of auditors whose report has been furnished to us and, our opinion, in so far as it relates to the amounts included for ULCL is solely based on the report of such other auditors.

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 account and are further in accordance with 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 and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without qualifying our opinion, we draw attention to following matters:

- (i) note 12.1 to the financial statements, relating to receivables of Rs.125 million. The ultimate outcome of the matter stated therein cannot presently be determined and no provision for any loss that may result has been made in the financial statements for the reasons discussed in the aforesaid note; and

- (ii) the financial statements of ULCL as of 25 February 2008 were audited by another firm of auditors whose report dated 12 August 2008 expressed a qualified opinion in respect of non-investment of seventy percent of its assets in leasing business as required under Rule 13(a)(i) of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and also included an emphasis of matter paragraph to the effect that its license to operate as a leasing company had been granted subject to the condition that ULCL would increase its equity to Rs.200 million by 31 December 2003. These observations are no longer relevant as ULCL has been merged into the Company effective 25 February 2008.

As stated in note 1.2 to the financial statements, the corresponding figures include the consolidated balances of the Company and ULCL. The financial statements of ULCL as at 30 June 2007 were audited by another firm of auditors whose report dated 29 September 2007 included the same observations as reproduced in (ii) above.

Karachi- September 19, 2008

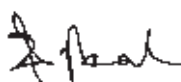
*Ford Rhodes Sidat Hyder & Co.*  
CHARTERED ACCOUNTANTS

# Balance Sheet

as at June 30, 2008

ASSETS	Note	2008 Rupees	2007 Rupees
<b>Current Assets</b>			
Cash and bank balances	5	244,873,704	107,146,905
Placements with financial institutions	6	50,000,000	307,579,165
Finances under musharika arrangements	7	-	60,000,000
Advances, prepayments and other receivables	8	78,680,383	83,591,769
Accrued interest / mark-up	9	5,462,129	11,325,617
Taxation - net		3,229,499	740,931
Short-term investments	10	72,764,482	120,066,315
Short-term finances	11	55,834,837	91,913,706
Assets acquired in satisfaction of finances provided	12	163,946,836	125,000,000
Current maturity of non-current assets	15	703,861,851	1,186,396,596
		<u>1,378,653,721</u>	<u>2,093,761,004</u>
<b>Non-Current Assets</b>			
Long-term finances and loans	13	88,280,206	101,773,636
Net investment in finance leases	14	1,049,992,155	1,267,553,429
Long-term investments	16	84,358,923	73,332,287
Long-term deposits		12,501,674	10,212,766
Property, plant and equipment	17	309,608,496	373,200,575
Intangible assets	18	1,195,971	23,826,698
Investment property	19	90,500,000	-
		<u>1,636,437,425</u>	<u>1,849,899,391</u>
		<u>3,015,091,146</u>	<u>3,943,660,395</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Creditors, accrued and other liabilities	20	66,462,020	93,983,517
Accrued interest / mark-up	21	36,028,346	53,219,432
Short-term borrowings	22	203,480,681	561,073,703
Certificates of investment and deposits	27	255,000,000	140,500,000
Current maturity of non-current liabilities	29	791,222,283	961,202,279
		<u>1,352,193,330</u>	<u>1,809,978,931</u>
<b>Non-Current Liabilities</b>			
Sub-ordinated loan	23	250,000,000	-
Long-term borrowings	24	185,416,665	445,249,999
Liabilities against assets subject to finance lease	25	-	28,102,522
Redeemable capital	26	173,380,000	263,380,000
Certificates of investment and deposit	27	5,139,009	14,360,148
Long-term deposits	28	327,424,852	610,428,478
Deferred liabilities	30	23,446,391	75,845,301
		<u>964,806,917</u>	<u>1,437,366,448</u>
		<u>2,317,000,247</u>	<u>3,247,345,379</u>
		<u>698,090,899</u>	<u>696,315,016</u>
<b>NET ASSETS</b>			
<b>REPRESENTED BY:</b>			
Share capital	31	496,070,980	453,900,900
Reserves		149,176,007	84,424,304
		<u>645,246,987</u>	<u>538,325,204</u>
Minority interest		-	75,492,459
		<u>645,246,987</u>	<u>613,817,663</u>
Surplus on revaluation of fixed assets - net of deferred tax	32	52,843,912	82,497,353
		<u>698,090,899</u>	<u>696,315,016</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	33	-	-

The annexed notes 1 to 51 form an integral part of these financial statements.



Zafar Iqbal  
Chairman



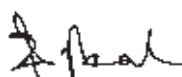
S. Shahnawaz A. Kizvi  
Chief Executive Officer

# Profit And Loss Account

for the year ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
<b>Revenue</b>			
Income from finance leases		190,562,350	291,869,635
Income from operating leases		37,934,768	34,254,227
Income from investments	34	39,175,084	45,036,684
Income from finances		27,156,420	44,424,318
Negative goodwill arising on amalgamation	1.2	65,354,320	-
Other income	35	71,244,959	9,004,068
		<u>431,427,901</u>	<u>424,588,932</u>
<b>Expenditure</b>			
<b>Direct cost of leases:</b>			
Finance		8,860,905	9,997,867
Operating		27,387,298	26,242,509
Administrative and operating expenses	36	106,434,960	127,255,779
Finance cost	37	214,547,056	304,778,514
Loss on settlement of short-term finances obtained		-	11,867,899
		<u>357,230,219</u>	<u>480,142,568</u>
<b>Operating profit / (loss) before provisions</b>		<u>74,197,682</u>	<u>(55,553,636)</u>
Allowances / (reversal) of potential lease losses and term finances:			
General	14.1	(43,973,308)	-
Specific	14.2	60,092,512	25,613,639
		<u>16,119,204</u>	<u>25,613,639</u>
Provision against advances, deposits and other receivables - net		19,013,257	19,235,619
Net loss / (gain) on investments at fair value through profit or loss		11,509,193	(8,317,409)
Provision / reversal for impairment in the value of investments		4,331,348	8,843,128
Amortisation of goodwill		-	4,123,360
		<u>34,853,798</u>	<u>23,884,698</u>
<b>Profit / (loss) before taxation</b>		<u>50,973,002</u>	<u>49,498,337</u>
		<u>23,224,680</u>	<u>(105,051,973)</u>
<b>Taxation</b>			
Current	38	6,286,277	7,142,963
Deferred		(57,873,651)	3,132,127
		<u>(51,587,374)</u>	<u>10,275,090</u>
<b>Profit / (loss) after taxation</b>		<u>74,812,054</u>	<u>(115,327,063)</u>
<b>Attributable to:</b>			
Equity holders of the parent		75,719,984	(116,294,885)
Minority interest		(907,930)	967,822
		<u>74,812,054</u>	<u>(115,327,063)</u>
<b>Earnings / (loss) per share - basic and diluted</b>	39	<u>1.62</u>	<u>(2.56)</u>

The annexed notes 1 to 51 form an integral part of these financial statements.



Zafar Iqbal  
Chairman



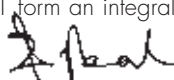
S. Shahnawaz A. Rizvi  
Chief Executive Officer

# Cash Flow Statement

for the year ended June 30, 2008

	Note	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		23,224,680	(105,051,973)
Dividend income		(7,668,306)	(6,266,393)
		<u>15,556,374</u>	<u>(111,318,366)</u>
<b>Adjustments for non cash and other items:</b>			
Depreciation		31,319,153	32,938,595
Amortisation of intangible assets		361,774	1,299,095
Finance cost		214,547,056	296,850,840
Allowances for potential lease losses and term finance		16,119,204	25,613,639
Reversal of provision against musharika arrangement		(27,362,500)	-
Provision against advances, deposits and other receivables		19,013,257	19,235,619
Unrealised loss / (gain) on revaluation of investments at fair value through profit or loss		11,509,193	(8,317,409)
Provision for impairment on available for sale investments		4,331,348	8,843,128
Amortisation of goodwill		-	4,123,360
Negative goodwill arising on amalgamation		(65,354,320)	-
Amortisation of deferred revenue		(5,884,920)	(5,884,920)
Profit on sale of assets acquired in satisfaction of finances provided		-	(3,850,000)
Reversal of specific provision against leases		(2,299,632)	-
Provision for gratuity		95,923	-
Surplus realised on disposal of fixed assets		(13,291,317)	-
(Gain) / loss on sale of property, plant and equipment		(20,802,632)	3,013,601
<b>Cash generated from operating activities before working capital changes</b>		<u>177,857,961</u>	<u>262,547,182</u>
(Increase) / decrease in current assets			
Advances, prepayments and other receivables		(8,158,950)	691,393
<b>Decrease in current liabilities</b>			
Creditors, accrued and other liabilities		(28,007,667)	(52,415,870)
<b>Net cash generated from operations</b>		<u>141,691,344</u>	<u>210,822,705</u>
Income tax paid		(8,774,845)	(1,793,736)
Finance cost paid		(231,738,142)	(329,023,604)
<b>Net cash used in operating activities</b>		<u>(98,821,643)</u>	<u>(119,994,635)</u>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
Net investment in finance leases		704,753,891	1,216,375,332
Capital expenditure incurred		(26,813,157)	(20,086,156)
Proceeds from sale of property, plant and equipment		116,490,748	10,073,598
Dividend received		7,588,873	11,490,803
Payment of development charges with respect to investment property		(3,137,500)	-
Proceeds from disposal of asset acquired in satisfaction of finances provided		-	108,850,000
Proceeds from sale of investments - net		26,109,277	209,544,256
Short-term / long-term finances - net		(10,499,092)	103,686,744
Long-term deposits - net		(2,288,908)	936,010
<b>Net cash generated from / (used in) investing activities</b>		<u>812,204,132</u>	<u>1,640,870,587</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of redeemable capital		(271,620,000)	(150,000,000)
Borrowings repaid		(625,093,024)	(409,401,168)
Deposits on finance leases - net		(294,888,041)	(245,567,190)
Certificates of investment and deposits issued / (redeemed)		136,935,146	(727,831,411)
Subordinated loan obtained		250,000,000	-
Dividend paid		(1,216)	-
Liabilities against assets subject to finance lease (repaid) / obtained		(28,567,720)	(26,634,036)
<b>Net cash used in financing activities</b>		<u>(833,234,855)</u>	<u>(1,559,433,805)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(119,852,366)</u>	<u>(38,557,853)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		414,726,070	453,283,923
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	40	<u>294,873,704</u>	<u>414,726,070</u>

The annexed notes 1 to 51 form an integral part of these financial statements.



Zafar Iqbal  
Chairman



S. Shahnawaz A. Rizvi  
Chief Executive Officer



# Statement of Changes In Equity

for the year ended June 30, 2008

Attributable to the equity holders' of the parent

	Capital		Reserves				Unrealised (loss) / gain on revaluation of investments of investments [Note 41]	Total reserves	Minority Interest	Total	
	Issued, Deficit arising on amalgamation	Reserve under NBFC Rules	General reserve	Reserve for contingencies	Revenue						
					Unappropriated profit / (accumulated loss)	Share in associate's reserve					
	Rupees										
<b>Balance as at June 30, 2006 - restated</b>	453,900,900	-	110,581,460	43,800,000	10,236,562	50,552,282	(9,018,269)	(33,073,686)	173,078,349	113,694,783	740,674,032
Net loss for the year ended June 30, 2007	-	-	-	-	-	(116,294,885)	-	-	(116,294,885)	967,822	(115,327,063)
Further acquisition of 27% share holding in the Subsidiary Company	-	-	-	-	-	-	-	-	-	(40,391,567)	(40,391,567)
Unrealised gain on revaluation of available for sale investments	-	-	-	-	-	-	-	10,428,882	10,428,882	-	10,428,882
Derecognition on disposal	-	-	-	-	-	-	9,018,269	-	9,018,269	-	9,018,269
Reclassification to profit and loss account on impairment of available for sale investments	-	-	-	-	-	-	-	5,657,116	5,657,116	-	5,657,116
Adjustment of incremental depreciation on revalued assets - net of deferred tax	-	-	-	-	-	2,536,573	-	-	2,536,573	1,221,421	3,757,994
<b>Balance as at June 30, 2007</b>	453,900,900	-	110,581,460	43,800,000	10,236,562	(63,206,030)	-	(16,987,688)	84,424,304	75,492,459	613,817,663
<b>Balance as at June 30, 2007</b>	453,900,900	-	110,581,460	43,800,000	10,236,562	(63,206,030)	-	(16,987,688)	84,424,304	75,492,459	613,817,663
Issue of shares of Rs.10 each on acquisition of minority interest	42,170,080	-	-	-	-	-	-	-	-	-	42,170,080
Deficit arising on issue of shares due to amalgamation [note 31.1]	-	(15,181,229)	-	-	-	-	-	-	(15,181,229)	-	(15,181,229)
Net profit for the year ended June 30, 2008	-	-	-	-	-	75,719,984	-	-	75,719,984	(907,930)	74,812,054
Unrealised loss on revaluation of available for sale investments	-	-	-	-	-	-	-	(5,596,593)	(5,596,593)	-	(5,596,593)
Transfer to statutory reserve	-	-	15,143,997	-	-	(15,143,997)	-	-	-	-	-
Reclassification to profit and loss account on impairment of available for sale investments	-	-	-	-	-	-	-	8,232,640	8,232,640	-	8,232,640
Adjustment of incremental depreciation on revalued assets - net of deferred tax	-	-	-	-	-	1,821,901	-	-	1,821,901	806,687	2,628,588
Acquisition of minority interest [note 1.2]	-	-	-	-	-	(245,000)	-	-	(245,000)	(75,391,216)	(75,636,216)
<b>Balance as at June 30, 2008</b>	496,070,980	(15,181,229)	125,725,457	43,800,000	10,236,562	(1,053,142)	-	(14,351,641)	149,176,007	-	645,246,987

The annexed notes 1 to 51 form an integral part of these financial statements.



Zafar Iqbal  
Chairman



S. Shahnawaz A. Rizvi  
Chief Executive Officer

# Notes to the Financial Statements

for the year ended June 30, 2008

## 1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Al-Zamin Leasing Corporation Limited [formerly Crescent Leasing Corporation Limited] (the Company) is a Non-Banking Finance Company (NBFC) and regulated by the Securities and Exchange Commission of Pakistan (SECP), under the Non Banking Finance Companies (Establishment and Regulation) Rules 2003 (NBFC Rules, 2003) and the Non Banking Finance Companies and Notified Entities Regulations 2007 (NBFC Regulations, 2007). The Company was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984, on April 07, 1987. The registered office of the Company is situated in B-801, 802, 8th Floor, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi. The Company commenced commercial operations in August 1989, and is listed on all the Stock Exchanges in Pakistan. Its prime business comprises of Leasing and Investment activities. The change of name of the Company was effective from February 06, 2008

1.2 During the year, the shareholders of the Company and its subsidiary, Universal Leasing Company Limited (ULCL) in their respective extra ordinary general meeting held on August 27, 2007 approved a Scheme of Amalgamation (the Scheme) under Section 282L of the Companies Ordinance, 1984. Accordingly, after receiving approval from SECP vide its letter No. SEC/NBFC-1/DD/CLCL/2008-84 dated February 25, 2008, ULCL merged with the Company. The effective date of the merger was fixed at February 25, 2008.

The key terms of the Scheme of Amalgamation are as follows:

- i) the entire undertaking of ULCL including all the properties, assets, receivables, liabilities and all the rights and obligations have been transferred into and vested in the Company as on the effective date;
- ii) in consideration for the amalgamation under the Scheme, the Company is required to issue and allot 4,217,008 ordinary shares of Rs.10 each, as fully paid, to registered ordinary shareholders of ULCL in the ratio of 1 ordinary shares of the Company for 2.44 shares, of Rs.10 each of ULCL;
- iii) all licenses issued by the SECP to ULCL stand cancelled from the effective date; and
- iv) ULCL has been dissolved without winding up.

The above amalgamation has been accounted for as an acquisition of minority's net assets and is transaction between two entities under common control. Accordingly, these financial statements reflect the assets, liabilities and results of operations of ULCL and the Company. The corresponding figures in the financial statements also comprise the consolidated balances of both the entities for the purpose of comparison.

The book values of assets and liabilities of ULCL as per its financial statements as of February 25, 2008 duly audited by their auditors have been reproduced below. Further, the fair value of the net assets of ULCL, as certified by its auditors on for the purpose of incorporating the assets and liabilities of ULCL in the books of the Company, were as follows:

	Note	Rupees
Total assets as per audited financial statements		244,644,247
Total liabilities as per audited financial statements		10,198,197
Net assets at book value (audited)		234,446,050
Adjustment to carrying amount of a vehicle		500,000
Fair value of net assets (certified)		234,946,050

As a result of above treatment, negative goodwill arose in the books as under:

Percentage of minority interest held at the effective date		49%
Minority interest		75,391,216
Share of adjustment to carrying amount of a vehicle		245,000
Surplus on revaluation of fixed assets attributable to minority interest	32	39,487,348
Share of net assets acquired		115,123,564
Cost of acquisition i.e. fair value of Ordinary shares issued by the Company		26,988,851
Negative goodwill before adjustment	31.1	88,134,713
Less: Goodwill already recorded in the books of account	18	(28,206,466)
Accumulated amortisation on goodwill	18	5,426,073
Goodwill derecognised		(22,780,393)
Negative Goodwill recognised in the profit and loss account		65,354,320

# Notes to the Financial Statements

for the year ended June 30, 2008

## 2. STATEMENT OF COMPLIANCE

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

## 3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except lease hold land and office premises which are stated at revalued amounts (note 4.9) and investments which are stated at their fair values (note 4.7).

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

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

#### Standards or Interpretations

#### Effective date (accounting periods beginning on or after)

i) IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
ii) IAS 23 - Borrowings Costs (Revised)	January 01, 2009
iii) IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
iv) IFRS 3 - Business Combinations (Revised)	January 01, 2009
v) IFRS 7 - Financial Instruments: Disclosure	July 01, 2008
vi) IFRS 8 - Operating Segments	January 01, 2009
vii) IFRIC 12 - Service Concession Arrangements	January 01, 2009
viii) IFRIC 13 - Customer Loyalty Programs	July 01, 2008
ix) IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 01, 2008

The adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosure in the financial statements.

### 4.2 Significant accounting judgments and estimates

The preparation of financial statements requires the use of certain critical accounting judgments and estimates, that effect the reported amount of revenue, expenses, assets and liabilities. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, estimated results may differ from actual. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- accounting for post employment benefits (Note 4.3);
- recognition of taxation and deferred tax (Note 4.4);
- classification of investments (Note 4.7);
- determining the residual values and useful lives of property and equipment (Note 4.9);
- allowance for doubtful balances and potential lease loss (Note 4.13); and
- impairment of financial assets (Note 4.20)

# Notes to the Financial Statements

for the year ended June 30, 2008

## 4.3 Staff Retirement Benefits

### Gratuity Fund

The Company operates Funded Gratuity Fund (Defined Benefit Plan) for its permanent employees whose period of service is five years or more. Provision is made annually to cover obligations under the fund. Gratuity Fund is based on final salary.

The most recent actuarial valuation was carried out as on June 30, 2008 using Projected Unit Credit Method. Following assumptions were used:

	2008	2007
Discount rate	12.00%	10.00%
Expected rate of salary increase in future	11.00%	9.00%
Expected rate of return on plan assets	10.00%	10.00%

### Pension Fund

The Company has constituted a Funded Pension Fund (Defined Benefit Plan) for its permanent employees whose period of service is ten years or more. Provision is made annually to cover obligations under the Plan. Pension Plan is based on final salary.

### Recognition of actuarial gains and losses

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

### Provident Fund

The Company operates a Provident Fund (Defined Contribution Plan) for its permanent employees. Equal monthly contributions at the rate of 10% of the basic salary are made to the Fund both by the Company and the employees.

## 4.4 Taxation

### Current

Current tax is the expected tax payable on the taxable income for the year using tax rates prescribed by the tax law and after considering tax credits or adjustments available, if any.

### Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of the deferred tax is provided at the tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

## 4.5 Financial Instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

# Notes to the Financial Statements

for the year ended June 30, 2008

## 4.6 Net investment in finance leases

Leases in which the Company transfers substantially all the risk and rewards incidental to the ownership of the asset to the lessee are classified as finance lease. A receivable is recognised at an amount equal to the present value of the lease payments, including any guaranteed residual value and unamortised initial direct costs which are included in the financial statements as 'net investment in finance leases'.

Provision for non-performing leases is made in accordance with the requirements of Prudential Regulations for NBFCs and is charged to the profit and loss account.

## 4.7 Investments

### Initial Measurement

Investments in securities are recognised on a trade-date basis and are initially measured at fair value plus transaction costs directly attributable to acquisition, except for investments at fair value through profit or loss.

### Subsequent Measurement

#### (a) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss includes financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss. These securities are either acquired for generating a profit from short-term fluctuation in prices or are securities included in a portfolio in which a pattern of short-term profit taking exists. These investments are measured at subsequent reporting dates at fair value and resulting gains and losses are included in the net profit or loss for the period.

#### (b) Available for Sale

These represent investments that do not fall under "financial assets at fair value through profit or loss" or "held to maturity" categories. These investments are measured at subsequent reporting dates at fair value. Unrealised gains and losses are recognised directly in equity, until the security is disposed off or is determined to be impaired.

#### (c) Held to Maturity

These are securities with fixed or determinable payments and fixed maturity where the Company has the positive intent and ability to hold to maturity. These are measured at amortised cost using effective interest rate less any impairment loss recognised to reflect irrecoverable amounts.

### Sale and Repurchase Agreements (Repo / Reverse Repo)

The securities sold subject to repurchase agreements (repo) are retained in the financial statements as investment and the counter party liability is included in borrowings from financial and other institutions. Similarly, the securities purchased under agreement to resell (reverse repo) are included in short-term placements.

### Investment in Associates

Investments in associates, where the Company can exercise significant influence, it has intention and ability to hold the investment for more than twelve months of acquisition and are not held for sale are accounted for using the equity method of accounting. Impairment in value, if any, is provided for.

## 4.8 Term Finances

Term finances originated by the Company are stated at cost less provision, if any, determined on the basis of Prudential Regulations for NBFCs issued by SECP.

# Notes to the Financial Statements

for the year ended June 30, 2008

## 4.9 Property, Plant and Equipment

### Property, Plant and Equipment - Tangible

#### (a) Owned Assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Land and office premises are stated at fair value less depreciation on office premises and impairment charged subsequent to the date of the revaluation.

Depreciation is charged to income applying reducing balance method using the rates specified in Note 17.1.

In respect of acquisition and disposal of an asset during the year, depreciation is charged from date of acquisition and up to the date of disposal respectively.

In respect of fixed assets kept by the employees, depreciation is charged to income applying the straight-line method from the month in which the asset is put to use up to the month in which disposal is made.

Maintenance and normal repairs are charged to profit and loss account as incurred. Subsequent to initial recognition, major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of fixed assets, if any, are included in income currently. However, gains on sale and leaseback transactions that result in a finance lease, are deferred and amortised over the lease term.

#### (b) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their erection, installation and acquisition.

#### (c) Assets subject to Finance Leases

These are stated at the lower of present value of minimum lease payments and fair value of assets acquired on lease. Assets so acquired are depreciated over the shorter of their estimated useful lives and the lease term. Financial charges are allocated to accounting periods in a manner so as to produce a constant periodic rate of charge on the outstanding liability. Depreciation is charged on the basis similar to the owned assets.

#### (d) Assets let out on Operating Leases

Operating lease assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to income applying straight line method over their estimated useful lives. In respect of acquisition and disposal of an asset during the year, depreciation is charged from date of acquisition and up to the date of disposal respectively.

### Intangible

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. These are amortized using the straight line method at rates indicated in note 18 to these financial statements.

## 4.10 Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time cost is incurred if the recognition criteria are met, and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment loss, if any. Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

# Notes to the Financial Statements

for the year ended June 30, 2008

## 4.11 Surplus on revaluation of fixed assets

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

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to Profit and Loss Account;
- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to accumulated profit through Statement of Changes in Equity to record realisation of surplus to the extent of incremental depreciation charge for the year.

## 4.12 Assets acquired in satisfaction of finances provided

These are stated at lower of the original cost of the related asset, exposure to the Company and net realisable value of the asset repossessed. Gains or losses on disposal of such assets are recognised in the profit and loss account.

## 4.13 Revenue Recognition

### Income from Finance leases

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

Lease income is suspended, where necessary, in accordance with the requirements of Prudential Regulation for NBFC undertaking business of leasing, issued by Securities and Exchange Commission of Pakistan.

Other lease related income is recognised as income when realised.

### Income from operating leases

Rental income from assets given on operating lease is recognised on accrual basis over the lease period.

### Income from securities and other sources

Return on deposits, short-term placements and other money market securities is recognised on a time proportion basis.

Mark-up on short-term and long-term finances is recognised on a time proportion basis taking into account the principal outstanding and applicable rates of profit. Mark-up on non-performing finances is suspended, where necessary and recognised on receipt basis.

Dividend income from Ordinary shares is recognised when the right to receive dividend has been established.

The difference between sale and repurchase price of securities in case of repo / reverse repo transactions is treated as mark-up / return earned and expensed over the period of repo and reverse repo transaction.

Fee, commission and income from advisory and other services is recorded when earned.

Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

# Notes to the Financial Statements

for the year ended June 30, 2008

## 4.14 Allowances for Doubtful Balances and Potential Lease Losses

The allowance for doubtful balances and potential lease losses is classified into specific and general provision categories and are maintained at a level, which in the judgment of the management is sufficient to provide and is reasonably anticipated. The adequacy of allowance is assessed through various factors such as regulatory requirements, nature and characteristics of the obligator, delinquencies and present value of future cash flows expected to be received, historical loss experience etc. The annual charge / income of such amount is taken to the profit and loss account.

## 4.15 Borrowing Costs

Borrowing costs are charged to income as and when incurred.

## 4.16 Foreign Exchange Transactions

Transactions in foreign currencies are accounted for in Pak rupees at the rate of exchange ruling on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rate of exchange prevailing on the balance sheet date. Exchange gain / loss is charged to current year's income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

## 4.17 Cash and Cash Equivalents

Cash and cash equivalents comprises of cash in hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdraft which are repayable on demand.

## 4.18 Off-Setting of Financial Assets and Financial Liabilities

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

## 4.19 Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets for indications of impairment loss. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

	Note	2008 Rupees	2007 Rupees
<b>5. CASH AND BANK BALANCES</b>			
Cash in hand		32,111	81
Balance with State Bank of Pakistan		1,109,079	1,570,291
Current accounts		17,724,575	8,099,476
Deposit accounts	5.1	226,007,939	17,477,057
Term deposit certificates		-	80,000,000
		<u>244,873,704</u>	<u>107,146,905</u>
5.1 These represent profit and loss sharing deposit accounts with commercial banks and carry mark-up at the rate from Re.0.14 to Re.0.22 (2007: Re.0.03 to Re.0.25) per Rs. 1,000 per day.			
<b>6. PLACEMENTS WITH FINANCIAL INSTITUTIONS</b>			
<b>Secured</b>			
With an Investment bank		-	100,000,000
<b>Un-Secured</b>			
With a Development Financial Institution (DFI)		-	75,000,000
With NBFCs	6.1	52,500,000	135,079,165
Less: Provision for doubtful placement		(2,500,000)	(2,500,000)
		<u>50,000,000</u>	<u>207,579,165</u>
		<u>50,000,000</u>	<u>307,579,165</u>
6.1 Included herein is a short-term placement of Rs.50 million at a mark-up rate of Re.0.31 (2007: Re.0.27 to Re.0.58) per Rs. 1,000 per day.			



# Notes to the Financial Statements

for the year ended June 30, 2008

	Note	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>7. FINANCES UNDER MUSHARIKA ARRANGEMENTS</b>			
Short-term musharika finance - considered doubtful	7.1	43,256,350	138,256,350
Less: Provision for doubtful musharika		(43,256,350)	(78,256,350)
		-	60,000,000

7.1 This represents un-secured financing on musharika basis. It was agreed that the Company would participate in the profit and loss in agreed proportions. The expected profit thereon was 22% per annum.

	Note	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>8. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Advances</b>			
To staff	8.1	2,476,123	1,451,621
Provision thereagainst		(130,546)	(134,032)
		2,345,577	1,317,589
Against expenses		2,028,238	617,212
Against purchase of assets		10,644,329	6,152,223
Provision thereagainst		(3,100,000)	(3,100,000)
		9,572,567	3,669,435
		11,918,144	4,987,024
<b>Deposits</b>			
Deposit with Privatisation Commission	8.2	10,000,000	10,000,000
Provision thereagainst		(10,000,000)	(10,000,000)
		-	-
<b>Prepayments</b>			
Prepaid insurance		1,938,720	1,513,333
Prepaid rent		2,520,000	1,391,580
Prepaid subscription		668,116	834,990
Others		739,520	417,410
		5,866,356	4,157,313
<b>Other receivables</b>			
Receivable against sale of investments		-	312,380
Insurance rentals receivable		18,182,275	20,171,158
Operating lease rentals receivable		8,982,105	6,532,915
Provision thereagainst		(1,474,144)	-
		7,507,961	6,532,915
Repossessed assets against lease receivable		29,887,214	29,214,583
Provision thereagainst		(18,254,940)	(4,046,653)
		11,632,274	25,167,930
Receivable against terminated leases		14,333,523	10,999,211
Provision thereagainst		(14,333,523)	(10,999,211)
		-	-
Other receivables		40,199,577	38,889,253
Provision thereagainst		(16,626,204)	(16,626,204)
		23,573,373	22,263,049
		78,680,383	83,591,769

# Notes to the Financial Statements

for the year ended June 30, 2008

- 8.1 Aggregate amount due from the executives is Rs.0.416 (2007: Rs.0.563) million. Maximum amount due from executives at the end of any month during the year aggregated to Rs.0.787 (2007: Rs.0.563) million.
- 8.2 This represents amount deposited with the Privatisation Commission, Government of Pakistan, on behalf of a consortium for 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.

	Note	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>9. ACCRUED INTEREST / MARK-UP</b>			
Term finances	9.1	3,976,705	5,808,650
Investments and placements		11,630,802	15,662,345
Provision thereagainst		(10,145,378)	(10,145,378)
		1,485,424	5,516,967
		<u>5,462,129</u>	<u>11,325,617</u>

9.1 This is stated net of suspended mark-up amounting to Rs.1.108 (2007: Rs.2.300) million.

## 10. SHORT-TERM INVESTMENTS

### At Fair Value through Profit or Loss

Ordinary shares	10.1	38,218,259	63,849,076
Preference shares	10.2	548,473	577,340
Mutual funds	10.3	33,997,750	54,155,399
		<u>72,764,482</u>	<u>118,581,815</u>
Available for Sale Investments			
Term finance certificates	10.4	-	1,122,000
Preference shares	10.5	-	362,500
		-	1,484,500
		<u>72,764,482</u>	<u>120,066,315</u>

# Notes to the Financial Statements

for the year ended June 30, 2008

## 10.1 At fair value through profit or loss Ordinary shares

Number of shares		Name of company	2 0 0 8	2 0 0 7
2 0 0 8	2 0 0 7		Rupees	Rupees
<b>Listed</b>				
2,000	-	Abbott Laboratories Pakistan Limited	354,800	-
2,000	-	Adamjee Insurance Company Limited	541,440	-
2,000	2,000	Ahmed Hassan Textile Mills Limited	82,000	90,000
-	5,000	Al-Abbas Cement Industries Limited	-	73,250
5,550	-	Arif Habib Bank Limited	106,449	-
2,000	2,000	Arif Habib Securities Limited	322,960	233,200
9,717	13,346	Askari Bank Limited	390,526	1,413,341
2,500	-	Atlas Bank Limited	26,200	-
-	303,000	Bank AlFalsh Limited	-	19,725,300
-	1,000	Bank AlHabib Limited	-	66,500
-	5,000	Bank Islami Pakistan Limited	-	74,750
5,000	5,000	Bosicor Pakistan Limited	67,000	88,750
2,000	-	Century Paper & Board Mills Limited.	100,000	-
74,000	25,000	Crescent Commercial Bank Limited	780,700	561,250
3,740	8,400	Crescent Steel & Allied Products Limited - a related party	230,870	596,400
8,600	13,600	D.G. Khan Cement Company Limited	577,404	1,584,400
-	5,000	Dewan Salman Fibre Limited	-	52,750
1,000	-	Dost Steel Limited	21,840	-
1,000	-	EFU General Insurance Limited	360,860	-
-	1,000	Engro Chemical (Pakistan) Limited	-	253,000
2,000	-	Eye Television Network Limited	117,800	-
10,000	4,500	Fauji Fertilizers Bin Qasim Limited	359,700	175,500
15,000	18,000	Fauji Fertilizers Company Limited	1,984,800	2,182,500
11,500	-	First Habib Modaraba	89,355	-
4,000	-	Ghandara Nissan Limited	95,800	-
-	1,000	Ghani Glass Limited	-	76,350
2,000	-	GlaxoSmithKline Pakistan Limited	340,000	-
3,000	-	Honda Atlas Cars Pakistan Limited	112,890	-
510,500	505,500	Hub Power Company Limited	14,600,300	18,551,850
7,500	5,000	IGI Investment Bank Limited	59,325	85,000
-	3,000	Indus Motor Company Limited	-	916,500
-	9,500	International Housing Finance Limited	-	208,050
2,000	-	Jahangir Siddiqui Investments Limited.	190,140	-
3,700	-	Javed Omer Vohra & Company Limited.	197,506	-
25,000	25,000	Karachi Electric Supply Corporation Limited	136,750	168,750
13,500	13,500	Kohinoor Energy Limited	366,525	506,250
300	300	Kohinoor Power Company Limited	5,730	602
15,000	-	Kot Addu Power Company Limited	705,000	-
5,000	10,000	Lucky Cement Limited	489,650	1,377,500
-	2,000	Maple Leaf Cement Factory Limited	-	48,800
3,000	2,000	MCB Bank Limited	979,140	730,000
10,100	3,000	National Bank of Pakistan	1,489,750	786,000
10,000	-	National Refinery Limited	2,974,700	-
-	5,000	Netsol Technologies Limited	-	378,000
10,500	5,500	NIB Bank Limited	119,385	115,500
5,000	-	Nishat Mills Limited	429,850	-
5,000	10,000	Oil & Gas Development Corporation Limited	621,800	1,198,000
-	5,000	Orix Investment Bank Pakistan Limited	-	109,000
225	-	Packages Limited	56,675	-
3,000	2,000	Pak Suzuki Motor Company Limited	359,370	784,000
15,000	-	Pakistan Cement Company Limited	102,000	-
-	2,000	Pakistan Oil Fields Limited	-	634,000
5,200	1,000	Pakistan Petroleum Limited	1,279,148	262,450
6,000	2,000	Pakistan Reinsurance Company Limited	520,860	445,900
2,000	1,000	Pakistan State Oil Company Limited	834,480	391,450
55,000	57,500	Pakistan Telecommunication Company Limited	2,125,200	3,277,500
-	1,000	Pakistan Tobacco Company Limited	-	157,000
-	2,500	Samin Textile Mills Limited	-	140,000
-	2,500	Saudi Pak Commercial Bank Limited - a related party	-	62,875
10,000	-	Saudi Pak Leasing Company Limited	69,000	-
-	5,000	Shakarganj Mills Limited	-	255,000
900	-	Shell Pakistan Limited	375,300	-
5,200	1,000	Soneri Bank Limited	129,168	56,450
34,850	256,350	Southern Electric Power Company Limited	186,448	1,679,093
-	2,500	Sui Southern Gas Company Limited	-	64,500
8,488	25,265	The Bank of Punjab	264,231	2,943,373
7,500	2,500	TRG Pakistan Limited	46,875	41,000
16,000	1,000	United Bank Limited	1,361,440	219,950
449	449	Worldcall Telecom Limited	6,519	7,492
5,000	-	World Telecom Limited	72,600	-
			<b>38,218,259</b>	<b>63,849,076</b>

Ordinary Shares having market value of Rs.13.213 (2007: Rs.20.105) million are pledged with commercial banks against running finance facilities.

# Notes to the Financial Statements

for the year ended June 30, 2008

## 10.2 At fair value through profit or loss Preference shares - Cumulative

57,734	57,734	Pakistan International Container Terminal Limited Rate of preference dividend: 10% Face value of preference shares: Rs. 10 each Terms of redemption: Redeemable within 7 years of issue	<u>548,473</u>	<u>577,340</u>
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## 10.3 At fair value through profit or loss mutual funds

Number of units / certificates		Name of mutual fund	2008	2007
2008	2007		Rupees	Rupees
<b>Open-end - listed</b>				
-	223,188	AMZ Plus Income Fund	-	25,028,300
250,000	250,000	First Habib Income Fund	-	25,397,500
364,048	-	NAFA Stock Fund	4,173,558	-
250,000	-	Namco Income Fund	25,000,000	-
10,000	-	HBL Multi Asset Fund	974,600	-
9,503	10,000	Dawood Islamic Fund	1,048,712	1,000,000
<b>Close-end - listed</b>				
779	779	Jahangir Siddiqui Value Fund	15,058	10,049
523	523	Jahangir Siddiqui Growth Fund	6,365	7,322
200	200	Atlas Fund of Funds	1,782	1,840
320	320	PICIC Energy Fund	2,397	2,400
207,575	180,500	Pakistan Premier Fund Limited	2,775,278	2,707,988
			<u>33,997,750</u>	<u>54,155,399</u>

## 10.4 Available for sale investments - Term Finance Certificates

Number of certificates		Name of company	2008	2007
2008	2007			
-	660	<b>Listed</b> Sitara Chemicals Industries Limited Mark-up rate: Profit and loss sharing basis Issue date: June 20, 2002 Tenor: 5 years Redemption - Semi-annually	-	1,122,000
			<u>-</u>	<u>1,122,000</u>

## 10.5 Available for sale investments - preference shares (cumulative)

Number of certificates		Name of company	2008	2007
2008	2007			
-	72,500	<b>Listed</b> Nagina Cotton Mills Limited Rate of preference dividend: 13% Face value of preference shares: Rs. 10 each Terms of redemption: Redeemable within 5 years of allotment Less: Unrealised loss on revaluation	-	416,271
			-	(53,771)
			<u>-</u>	<u>362,500</u>

## 11. SHORT-TERM FINANCES - SECURED

Considered good		48,864,610	89,254,857
Considered doubtful		12,376,707	3,685,717
Less: Provision thereagainst		(5,406,480)	(1,026,868)
		6,970,227	2,658,849
		<u>55,834,837</u>	<u>91,913,706</u>

These represent short-term finances receivable within a year and carry mark-up ranging from Re.0.38 to Re.0.68 (2007: Re.0.41 to Re.0.68) per Rs. 1,000 per day. These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

# Notes to the Financial Statements

for the year ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
<b>12. ASSETS ACQUIRED IN SATISFACTION OF FINANCES PROVIDED</b>			
DA Country and Golf Club Membership Seats	12.1	125,000,000	125,000,000
Land	12.2	2,702,000	-
Buildings	12.3	36,244,836	-
		<u>163,946,836</u>	<u>125,000,000</u>

**12.1** This represents exclusive rights of 114 Platinum Memberships of DHA Country and Golf Club at Rs.1.100 million per membership acquired in settlement of a liability owed by Innovative Investment Bank Limited (IIBL) [formerly Crescent Standard Investment Bank Limited]. The principal agreement between Sysmax (Private) Limited (Sysmax), developer of the golf course, and IIBL was terminated by Sysmax. In accordance with the provisions of the said agreement IIBL referred the dispute to Arbitration. Arbitration proceedings are presently under progress. In order to protect its interest in the exclusive rights of 114 memberships, the Company has filed an application with the Arbitrators for joining the Arbitration proceedings against Sysmax as per the advice of its legal counsel. Further, the legal counsel has also advised that if the said application is not accepted, the Company may institute a suit claiming in alternative; i) a declaration of right, under section 42 of the Specific Relief Act, 1877, to become a party to the arbitration proceedings; and ii) for specific performance of the contract.

During the current year, on a petition filed by IIBL against Sysmax, the Honourable High Court of Sindh has passed an order dated November 02, 2007 wherein it has been stated that Sysmax assigns to IIBL 350 memberships of DHA 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 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. Further subsequent to year end, the Company has also received an intimation from IIBL confirming the status of the Company's assigned rights in these memberships to the extent of 114 memberships subject to the decision of the arbitration proceedings in IIBL's favour and any orders of the Court thereafter.

Based on the above developments and the advice of the legal counsel, the management is confident that it has the legal right to the aforementioned memberships and the amount would be recovered in due course, hence, no provision thereagainst is required at present.

**12.2** This represents an open plot of land having a market value of Rs.4.00 million. At the year end, the title of the said property is transferred into the name of the Company.

**12.3** Included herein are one residential bungalow and an industrial unit, having market value of Rs.31.500 million and Rs.10.00 million respectively. At the year end, the title of the residential bungalow is in the process of being transferred in the name of the Company.

	Note	2008 Rupees	2007 Rupees
<b>13. LONG-TERM FINANCES AND LOANS - secured</b>			
<b>Considered good</b>			
<b>Related parties</b>			
Chief Executive	13.1 & 13.2	2,954,919	3,067,127
Executives	13.1 & 13.2	1,894,334	572,141
		4,849,253	3,639,268
<b>Others</b>			
Employees	13.2	3,963,436	1,857,352
Customers	13.3	123,352,221	124,582,376
		127,315,657	126,439,728
		<u>132,164,910</u>	<u>130,078,996</u>
<b>Considered doubtful</b>			
<b>Others</b>			
Customers		530,194	-
Less: Provision		(106,039)	-
		424,155	-
		132,589,065	130,078,996
<b>Less: Current maturity</b>			
Related parties		355,344	285,966
Others		43,953,515	28,019,394
	15	44,308,859	28,305,360
		<u>88,280,206</u>	<u>101,773,636</u>

# Notes to the Financial Statements

for the year ended June 30, 2008

## 13.1 Reconciliation of outstanding amount of loan to Chief Executive and Executives

	Chief Executive		Executives	
	2008	2007	2008	2007
	Rupees			
Opening balance	3,067,127	3,173,350	572,141	3,648,474
Disbursements / Adjustments	-	-	1,500,000	592,000
Repayments	(112,215)	(106,223)	(177,807)	(3,668,333)
	<u>2,954,912</u>	<u>3,067,127</u>	<u>1,894,334</u>	<u>572,141</u>

13.2 This represents house and car loans provided as per the company policy. The house loans are repayable in 240 monthly instalments and carry a variable mark-up rate based on State Bank of Pakistan discount rate prevailing on the last day of a calendar year minus 400 bps with a minimum of 5% per annum. The loans are secured by equitable mortgage on the property by depositing the title documents of the property with the Company. Car loans are repayable in 60 monthly instalments and carry a variable mark-up rate based on Company's cost of funds.

Maximum outstanding amount at the end of any month during the year against loan to Chief Executive was Rs.3.043 (2007: Rs.3.164) million respectively. Total disbursements and repayments during the year amounted to Rs.Nil and Rs.0.112 million respectively.

13.3 These represent long-term finances to various customers and carry mark-up at the rate ranging from Re.0.29 to Re.0.62 (2007: Re.0.29 to Re.0.6) per Rs.1,000 per day. These are secured against registered charge on assets of the customers, pledge / hypothecation of stocks and collateral in certain cases.

	Note	2008 Rupees	2007 Rupees
<b>14. NET INVESTMENT IN FINANCE LEASES</b>			
Lease contract receivables		1,379,315,536	1,909,214,810
Add: Residual value		664,023,341	950,310,962
Gross lease contract receivables		<u>2,043,338,877</u>	<u>2,859,525,772</u>
Less: Unearned finance income		(192,465,272)	(303,898,276)
Net investment in finance leases		<u>1,850,873,605</u>	<u>2,555,627,496</u>
Less: Allowance for potential lease losses - General	14.1	-	43,973,308
Less: Allowance for potential lease losses - Specific	14.2	141,328,458	89,048,097
		<u>141,328,458</u>	<u>133,021,405</u>
		<u>1,709,545,147</u>	<u>2,422,606,091</u>
Less: Current maturity	15	(659,552,992)	(1,155,052,662)
		<u>1,049,992,155</u>	<u>1,267,553,429</u>

### 14.1 Movement during the year - General Provision

Opening Balance	43,973,308	43,973,308
Charged during the year	-	-
	<u>43,973,308</u>	<u>43,973,308</u>
Reversals / settlements	(43,973,308)	-
	<u>-</u>	<u>43,973,308</u>

During the current year, the Company reversed the general provision made against the investment in finance lease as it is not required by Prudential Regulations for NBFC,s as against the past practice of making a provision thereagainst.

The above change has been treated as a change in accounting estimate as per IAS-8 "Accounting policies, change in accounting estimates and errors". Hence, the above change has been applied prospectively in the books of the Company as per the requirement of the said IAS. As a result, provision amounting to Rs.43.973 million has been reversed during the current year.

# Notes to the Financial Statements

for the year ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
<b>14.2 Movement during the year - Specific Provision</b>			
Opening Balance		89,048,097	69,161,675
Charged during the year		54,579,993	25,821,113
		<u>143,628,090</u>	<u>94,982,788</u>
Reversals / settlements		(2,299,632)	(5,934,691)
		<u>141,328,458</u>	<u>89,048,097</u>

14.3 The above net investment is due as follows:

	2008			2007		
	Gross lease contract receivable	Unearned finance income	Net Investment	Gross lease contract receivable	Unearned finance income	Net Investment
Not later than one year	910,217,130	109,335,680	800,881,450	1,486,869,387	198,795,320	1,288,074,067
Later than one year but not later than five years	1,133,121,567	83,129,592	1,049,991,975	1,372,656,385	105,102,956	1,267,553,429
	<u>2,043,338,697</u>	<u>192,465,272</u>	<u>1,850,873,425</u>	<u>2,859,525,772</u>	<u>303,898,276</u>	<u>2,555,627,496</u>

The Company has entered into various lease agreements with different parties having mark-up rate ranging from Re.0.30 to Re.0.82 (2007: Re.0.24 to Re.0.79) per Rs.1,000 per day. The lease agreements are usually for a period of three to five years. Generally, leased assets are held as securities. In certain instances, the Company has also obtained additional collateral in the form of personal guarantees.

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

14.4 Based on the Prudential Regulations for NBFCs, the aggregate net exposures in finance leases which have been placed under non-performing status amounted to Rs.285.107 (2007: Rs.186.350) million against which a provision of Rs.141.328 (2007: Rs.89.048) million has been made. The total income suspended against the non-performing parties amounted to Rs.65.570 (2007: Rs.57.268) million.

## 15. CURRENT MATURITY OF NON-CURRENT ASSETS

Current maturity of long-term finances	13	44,308,859	28,305,360
Current maturity of net investment in finance leases	14	659,552,992	1,155,052,662
Current maturity of long-term investments	16	-	3,038,574
		<u>703,861,851</u>	<u>1,186,396,596</u>

## 16. LONG-TERM INVESTMENTS

<b>Available for sale investments</b>			
Ordinary shares	16.1	54,371,311	37,322,650
Mutual Funds	16.2	24,944,112	23,319,000
Term finance certificates	16.3	5,043,500	-
		84,358,923	60,641,650
<b>Others - held-to-maturity</b>			
<b>Term Finance Certificates - Un-listed</b>			
Dewan Cement Limited - Series A		-	13,777,192
Dewan Cement Limited - Series B		-	9,039,323
Less: Provision		-	(7,087,304)
		-	1,952,019
Less: Current maturity of Series A	15	-	3,038,574
		<u>84,358,923</u>	<u>73,332,287</u>

# Notes to the Financial Statements

for the year ended June 30, 2008

16.1 Available for sale investments - Ordinary shares		Note	2008 Rupees	2007 Rupees
Number of shares		Name of company / modaraba Listed		
2008	2007			
14,500	50,000	AMZ Ventures Limited	71,050	245,000
7,500	-	Askari Bank Limited	440,620	-
2,500	-	Atlas Bank Limited	37,500	-
500	-	Attock Refinery Limited	132,510	-
50,000	225,000	BankIslami Pakistan Limited	825,788	3,716,040
94,790	-	Bank Al-Falah Limited	4,074,416	-
20,000	32,000	Crescent Commercial Bank Limited	288,165	448,273
18,000	-	D.G. Khan Cement Company Limited.	1,580,030	-
1,000	-	Dost Steel Limited	25,350	-
112,000	240,000	English Leasing Limited	799,539	1,713,293
15,000	-	Engro Chemical Pakistan Limited	4,438,925	-
20,500	-	Fauji Fertilizers Bin Qasim Limited	759,655	-
2,500	-	Fauji Fertilizers Company Limited	343,985	-
520,000	520,000	First Equity Modaraba Limited	10,815,247	10,815,247
63,273	63,273	First Fidelity Leasing Modaraba	414,356	414,356
10,000	-	First Habib Modaraba	100,000	-
-	74,000	Ghandhara Nissan Limited	-	3,009,087
11,200	-	Habib Bank Limited	2,598,488	-
130,000	-	Hub Power Company Limited	3,978,285	-
2,500	-	IGI Investment Bank Limited	26,120	-
8,000	-	Javed Omer Vohra & Company Limited	625,029	-
5,000	-	Lucky Cement Limited	561,250	-
15,000	-	National Bank of Pakistan	3,343,616	-
25,000	25,000	Network Leasing Corporation Limited	187,500	187,500
107,500	-	NIB Bank Limited	1,395,165	-
7,000	-	Pak Suzuki Motor Company Limited	1,483,824	-
-	11,500	Pakistan Industrial and Credit Investment Corporation Limited	-	944,150
10,000	-	Pakistan Oil Fields Limited	3,955,500	-
2,500	-	Pakistan Petroleum Limited	638,125	-
5,000	-	Pakistan State Oil Company Limited	2,313,750	-
-	55,000	PICIC Commercial Bank Limited	-	2,012,610
10,000	-	Saudi Pak Leasing Company Limited	78,000	-
1,112,300	1,112,300	Southern Electric Power Company Limited	12,160,129	12,160,129
25,000	-	The Bank of Punjab	934,300	-
12,500	-	TRG Pakistan Limited	106,450	-
5,000	-	United Bank Limited	468,625	-
2,000	-	World Telecom Limited	32,030	-
135,000	135,000	Zeal Pak Cement Factory Limited	1,426,194	1,426,194
		<b>Un-Listed</b>		
302,250	201,500	Central Depository Company of Pakistan Limited	14,001,400	14,001,400
1,140	228,000	Innovative Investment Bank Limited	2,901,869	2,901,869
			<u>78,362,785</u>	<u>53,995,148</u>
		Less: Provision for impairment	(13,889,756)	(5,657,116)
		Less: Unrealised loss on revaluation	(10,101,718)	(11,015,382)
			<u>54,371,311</u>	<u>37,322,650</u>

Listed Ordinary shares having market value of Rs.6.686 (2007: Rs.8.826) million are pledged with commercial banks against running finance facilities.



# Notes to the Financial Statements

for the year ended June 30, 2008

		Note	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>16.2 Available for sale investments - Mutual Funds</b>				
Number of certificates				
2 0 0 8	2 0 0 7			
1,599,500	1,599,500		24,988,349	24,988,349
50,000	50,000		583,732	583,732
276,000	240,000		3,665,454	3,665,454
			(4,293,423)	(5,918,535)
			<u>24,944,112</u>	<u>23,319,000</u>
<p>Certificates having market value of Rs.2.674 (2007: Rs.3.000) million are pledged with commercial banks against running finance facilities.</p>				
<b>16.3 Available for sale investments - Term Finance Certificates</b>				
Number of certificates				
2 0 0 8	2 0 0 7			
1,000	-		5,000,000	-
			43,500	-
			<u>5,043,500</u>	<u>-</u>
<b>17. PROPERTY, PLANT AND EQUIPMENT</b>				
Fixed assets - owned		17.1	219,024,503	278,888,934
Fixed assets - leased		17.2	140,047	1,084,611
Fixed assets - given on operating lease		17.3	90,443,946	80,979,592
Capital work-in-progress		17.4	-	12,247,438
			<u>309,608,496</u>	<u>373,200,575</u>

# Notes to the Financial Statements

for the year ended June 30, 2008

17.1 Fixed assets - owned

2008

PARTICULARS	COST / REVALUED AMOUNT				DEPRECIATION			NET BOOK VALUE		RATE per annum %	
	As at July 1, 2007	Revaluation / (reversal of accumulated depreciation)	Additions / (deletions)	Transfer	As at June 30, 2008	As at July 1, 2007	Charge for the year / (on deletions)	Reversal due to revaluation	As at June 30, 2008		As at June 30, 2008
	Rupees										
Tangible											
Land - leasehold	20,000,000	-	-	-	20,000,000	-	206,401	-	206,401	19,793,599	1.03
Office premises - Leasehold	241,655,917	37,113,473	-	(812,547)	171,140,910	25,400,583	9,296,966	(9,297,473)	15,501,440	155,639,470	5
		(9,297,473)	(97,518,460)				(9,898,636)				
Building on leasehold land	-	-	12,247,438	-	12,247,438	-	349,688	-	349,688	11,897,750	5
Furniture and fixtures	20,677,386	-	3,239,559	812,547	18,491,609	6,945,882	2,256,331	-	7,792,624	10,698,985	10, 15 & 25
			(6,237,883)				(1,409,589)				
Motor vehicles	15,790,717	-	1,697,388	-	13,811,252	5,984,184	2,522,918	-	6,781,638	7,029,614	20 & 33.3
			(3,676,853)				(1,725,464)				
Office equipment	38,169,301	-	1,922,329	152,000	35,161,442	19,073,738	6,521,872	-	21,196,357	13,965,085	15, 20 & 33.33
			(5,082,188)				(4,399,253)				
	336,293,321	37,113,473	19,106,714	964,547	270,852,651	57,404,387	21,154,176	(9,297,473)	51,828,148	219,024,503	
		(9,297,473)	(112,515,384)	(812,547)			(17,432,942)				

2007

PARTICULARS	COST / REVALUED AMOUNT				DEPRECIATION			NET BOOK VALUE		RATE per annum %	
	As at July 1, 2006	Revaluation / (reversal of accumulated depreciation)	Additions / (deletions)	Transfer	As at June 30, 2007	As at July 1, 2006	Charge for the year / (on deletions)	Reversal due to revaluation	As at June 30, 2007		As at June 30, 2007
	Rupees										
Tangible											
Land - leasehold	20,000,000	-	-	-	20,000,000	-	-	-	-	20,000,000	-
Office premises - Leasehold	241,221,452	-	434,465	-	241,655,917	14,022,024	11,378,559	-	25,400,583	216,255,334	5
Furniture and fixtures	19,156,405	-	2,841,623	-	20,677,386	5,293,729	2,575,505	-	6,945,882	13,731,504	10, 15 & 25
			(1,320,642)				(923,352)				
Motor vehicles	23,909,536	-	4,800,966	-	15,790,717	6,751,959	2,860,692	-	5,984,184	9,806,533	20 & 33.33
			(12,919,785)				(3,628,467)				
Office equipment	35,066,487	-	6,201,111	-	38,169,301	12,550,968	7,091,240	-	19,073,738	19,095,563	15, 20 & 33.33
			(3,098,297)				(568,470)				
	339,353,880	-	14,278,165	-	336,293,321	38,618,680	23,905,996	-	57,404,387	278,888,934	
			(17,338,724)				(5,120,289)				

# Notes to the Financial Statements

for the year ended June 30, 2008

## 17.2 Fixed assets - leased

	2008								
	COST			DEPRECIATION			NET BOOK	RATE	per annum %
	As at July 1, 2007	Additions / (deletions)	Transfer	As at June 30, 2008	As at July 1, 2007	Charge for the year / (on deletions)	As at June 30, 2008	As at June 30, 2008	
Motor vehicles	2,956,965	-	-	1,168,000	1,872,354	338,890	1,027,953	140,047	
		(1,788,965)				(1,183,291)			
	2,956,965	-	-	1,168,000	1,872,354	338,890	1,027,953	140,047	
		(1,788,965)				(1,183,291)			
2007									
	COST			DEPRECIATION			NET BOOK	RATE	per annum %
	As at July 1, 2006	Additions / (deletions)	Transfer	As at June 30, 2007	As at July 1, 2006	Charge for the year / (on deletions)	As at June 30, 2007	As at June 30, 2007	
	Motor vehicles	5,904,375	-	-	2,956,965	3,341,080	609,920	1,872,354	
		(2,947,410)				(2,078,646)			
	5,904,375	-	-	2,956,965	3,341,080	609,920	1,872,354	1,084,611	
		(2,947,410)				(2,078,646)			

## 17.3 Fixed assets - given on operating lease

	2008								
	COST			DEPRECIATION			NET BOOK	RATE	per annum %
	As at July 1, 2007	Additions	Transfer	As at June 30, 2008	As at July 1, 2007	Charge for the year	As at June 30, 2008	As at June 30, 2008	
Generators (notes 17.8 & 17.9)	92,384,620	19,442,441	(152,000)	111,675,061	11,405,028	9,826,087	21,231,115	90,443,946	
2007									
	COST			DEPRECIATION			NET BOOK	RATE	per annum %
	As at July 1, 2006	Additions	Transfer	As at June 30, 2007	As at July 1, 2006	Charge for the year	As at June 30, 2007	As at June 30, 2007	
	Generators (notes 17.8 & 17.9)	90,968,060	1,416,560	-	92,384,620	2,206,353	9,198,675	11,405,028	

# Notes to the Financial Statements

for the year ended June 30, 2008

	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>17.4 Capital work-in-progress</b>		
Civil works	-	8,340,950
Electrical works	-	1,013,250
Equipment	-	2,893,238
	<u>-</u>	<u>12,247,438</u>

17.4.1 During the year, the capital work-in-progress is transferred to building on leasehold land under "Fixed assets - owned".

## 17.5 Disposal of fixed assets

Description	Cost / revalued	Accumulated depreciation	Written down value Rupees	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
Office Premises	6,393,515	545,559	5,847,956	8,796,500	2,948,544	Negotiation	Siza Services (Private) Limited, Karachi
	10,242,500	992,563	9,249,937	9,531,500	281,563	Negotiation	Siza Services (Private) Limited, Karachi
	22,882,445	4,126,091	18,756,354	19,110,972	354,618	Negotiation	Saudi Pak Real Estate (Private) Limited - a related party, Karachi
	58,000,000	4,234,423	53,765,577	69,570,071	15,804,494	Negotiation	The Bank of Punjab Limited, Karachi
	<u>97,518,460</u>	<u>9,898,636</u>	<u>87,619,824</u>	<u>107,009,043</u>	<u>19,389,219</u>		
Furniture and fixtures	5,230,707	1,034,315	4,196,392	5,429,929	1,233,537	Negotiation	The Bank of Punjab Limited, Karachi
	125,000	7,363	117,637	117,637	-	Company Policy	Mr. Ali Akber Abdullah - ex-employee *
	372,693	136,137	236,556	241,028	4,472	Negotiation	Saudi Pak Real Estate (Private) Limited - a related party, Karachi
Book value not exceeding Rs.50,000 each	509,483	231,774	277,709	173,651	(104,058)	Various	Various
	<u>6,237,883</u>	<u>1,409,589</u>	<u>4,828,294</u>	<u>5,962,245</u>	<u>1,133,951</u>		
Vehicle	934,705	389,627	545,078	661,000	115,922	Negotiation	Mr. Waseem Tasawar, Karachi
	1,040,992	182,726	858,266	920,000	61,734	Negotiation	Mr. G. Fareed, Karachi
	353,907	268,478	85,429	194,000	108,571	Negotiation	Mr. Mer Afzal, Karachi
	590,000	472,165	117,835	64,471	(53,364)	Negotiation	Mr. Intisar M. Usmani - ex-employee*
	481,865	248,451	233,414	371,814	138,400	Negotiation	Mr. Raja Rashid Hussain - ex-employee*
	376,000	239,037	136,963	184,400	47,437	Negotiation	Mr. Khuzaima, Karachi
	341,100	223,968	117,132	184,400	67,268	Negotiation	Mr. Khuzaima, Karachi
	365,000	92,360	272,640	316,200	43,560	Company Policy	Mr. Dawood Hassain Bukhari - employee*
Book value not exceeding Rs.50,000 each	982,249	791,943	190,306	272,649	82,343	Various	Various
	<u>5,465,818</u>	<u>2,908,755</u>	<u>2,557,063</u>	<u>3,168,934</u>	<u>611,871</u>		
Office equipment							
Book value not exceeding Rs.50,000 each	5,082,188	4,399,253	682,935	350,526	(332,409)	Various	Various
	<u>5,082,188</u>	<u>4,399,253</u>	<u>682,935</u>	<u>350,526</u>	<u>(332,409)</u>		
	<u>114,304,349</u>	<u>18,616,233</u>	<u>95,688,116</u>	<u>116,490,748</u>	<u>20,802,632</u>		

\* These were allocated / transferred to long-term loans as per staff car loan policy.

	Note	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>17.6 Depreciation has been allocated as follows:</b>			
Direct cost of operating leases		9,826,087	9,198,675
Administrative and operating expenses	36	<u>21,493,066</u>	<u>24,515,916</u>
		<u>31,319,153</u>	<u>33,714,591</u>

# Notes to the Financial Statements

for the year ended June 30, 2008

17.7 The Company revalued its office premises on May 16, 2005 and December 21, 2005 which resulted in a surplus of Rs.66.513 million and Rs.46.407 million respectively and the results were incorporated in the books of account as of that date. Further, on December 31, 2005, the Company again revalued its land and office premises which resulted in surplus of Rs.22.028 million. However, revaluation surplus only to the extent of Rs.16.650 million, relating to the land and office premises acquired subsequent to the initial revaluation exercise carried out on May 16, 2005, was incorporated in the books of account as of December 31, 2005. The revaluations were carried out by M/s. MYK Associates (Private) Limited, an approved valuer of Leasing Association of Pakistan on prevailing market value basis. The Company has further revalued its office premises on February 25, 2008 which resulted in surplus of Rs.37.113 million and has been incorporated in the books of account for the current year. The said revaluation was carried out by M/s. Rizvi Associates (Private) Limited, an approved valuer of Leasing Association of Pakistan. Had there been no revaluation, cost, accumulated depreciation and book value of land and office premises would have been as follows:

	Cost	Accumulated depreciation Rupees	Book value
Land	6,662,500	68,757	6,593,743
Office premises	83,002,152	31,236,975	51,765,177
Furniture and fixture	7,219,168	7,219,168	-

17.8 During 2006, the Company entered into a sale and lease back agreement with Standard Chartered Modaraba for lease financing of generators amounting to Rs.85.00 million. For this purpose, the fair market value of these equipment was determined by an independent valuer listed on panel of Leasing Association of Pakistan. Excess of sale proceeds over the carrying amount is recognised as deferred revenue in these financial statements and is amortised over the lease period.

17.9 For generators under finance lease and having a lease term of three years, depreciation is charged based on their estimated useful life of ten years as the Company intends to exercise its option to purchase these assets upon completion of their lease terms.

# Notes to the Financial Statements

for the year ended June 30, 2008

## 18. INTANGIBLE ASSETS

	2008							
	COST		ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE		RATE
	As at July 01, 2007	Additions / (Derecognition)*	As at June 30, 2008	As at July 01, 2007	Charge for the year / (On Derecognition)*	As at June 30, 2008	As at June 30, 2008	per annum
	Rupees							
Goodwill (note 1.2)	28,206,466	-	-	5,426,073	-	-	-	-
		(28,206,466) *			(5,426,073) *			
Computer software and licenses	1,983,626	511,440	2,495,066	937,321	361,774	1,299,095	1,195,971	33.33
	30,190,092	511,440	2,495,066	6,363,394	(5,064,299)	1,299,095	1,195,971	
		(28,206,466) *			(5,426,073) *			

	2007							
	COST		ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE		RATE
	As at July 01, 2006	Additions / (Derecognition)*	As at June 30, 2007	As at July 01, 2006	Charge for the year / (On Derecognition)*	As at June 30, 2007	As at June 30, 2007	per annum
	Rupees							
Goodwill	13,027,134	15,179,332	28,206,466	1,302,713	4,123,360	5,426,073	22,780,393	10
Computer software and licenses	1,983,626	-	1,983,626	414,222	523,099	937,321	1,046,305	33.33
	15,010,760	15,179,332	30,190,092	1,716,935	4,646,459	6,363,394	23,826,698	

## 19. INVESTMENT PROPERTY

	2008							
	COST		ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE		RATE
	As at July 01, 2007	Additions	As at June 30, 2008	As at July 01, 2007	Charge for the year	As at June 30, 2008	As at June 30, 2008	per annum
	Rupees							
Freehold land (note 19.1)	-	90,500,000	90,500,000	-	-	-	90,500,000	-

19.1 This represents 25 plots at Defence Housing Authority Phase-II Extension, Islamabad transferred in the name of the Company against the full and final settlement of the Musharika arrangement of Rs.95.000 million. The fair value of the same as at June 30, 2008, amounted to Rs.90.500 (2007: Rs.Nil) million, which has been arrived at on the basis of a valuation carried out by Empire Enterprises Pakistan, an approved valuer on the panel of Leasing Association of Pakistan. The valuation was arrived at by reference to detailed inspection of the subject property and numerous independent market inquiries from local reveluter in the vicinity and on the basis of present physical condition and location of the investment property.

# Notes to the Financial Statements

for the year ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
<b>20. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Advance lease rentals		17,043,852	15,855,988
Accrued liabilities		9,199,871	17,067,701
Payable against purchase of investments		15,577,727	22,920,296
Advance against termination of leases		1,896,168	9,342,801
Unclaimed dividend		196,153	197,369
Provision against overhauling of generators		6,108,007	8,672,297
Other liabilities	20.1	16,440,242	19,927,065
		<u>66,462,020</u>	<u>93,983,517</u>

20.1 Included herein is a sum of Rs.1.863 (2007: Rs.Nil) million payable to a former director of ULCL.

<b>21. ACCRUED INTEREST / MARK-UP</b>			
Redeemable Capital		12,751,657	26,948,798
Long-term loans		12,488,402	15,034,608
Short-term loans		6,272,876	9,862,814
Certificates of investment / deposit		4,515,411	1,373,212
		<u>36,028,346</u>	<u>53,219,432</u>

## 22. SHORT-TERM BORROWINGS

Borrowings from financial and other institutions

Secured

From an NBFC		-	10,000,000
Running finances under mark-up arrangements	22.1	103,480,681	140,073,703
		<u>103,480,681</u>	<u>150,073,703</u>

Unsecured - Others

From commercial banks		-	261,000,000
From investment banks		-	75,000,000
From NBFCs	22.2	100,000,000	-
From other		-	75,000,000
		<u>100,000,000</u>	<u>411,000,000</u>
		<u>203,480,681</u>	<u>561,073,703</u>

22.1 Running finance facilities are available to the Company aggregating to Rs.250 (2007: Rs.400) million on yearly renewal basis carrying mark-up at the rate at Re.0.34 to Re.0.40 (2007: Re.0.33 to Re.0.40) per Rs.1,000 per day. These finances are secured by way of joint pari-passu charge on all present and future leased assets of the Company and its related receivables, and partially against pledge of shares amounting to Rs.22.573 million.

22.2 This represents finance facilities carrying mark-up at the rate ranging from Re.0.29 to Re.0.42 (2007: Rs.Nil) per Rs.1,000 per day having a maturity latest by September 12, 2008.

## 23. SUB-ORDINATED LOAN

From a director - unsecured	23.1	<u>250,000,000</u>	-
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23.1 This represents free of cost sub-ordinated loan for an undefined period which has been provided for the purpose of enhancing the equity and to comply with the requirement of renewal of investment banking license of the Company. The said loan may eventually be converted into equity or may be repaid to the director out of fresh equity to be injected in the Company subject to the applicable regulatory approvals.

# Notes to the Financial Statements

for the year ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
<b>24. LONG-TERM BORROWINGS</b>			
<b>Secured</b>			
From financial and other institutions	24.1	185,416,665	436,249,999
<b>Unsecured</b>			
From a financial institution	24.2	50,000,000	-
Others	24.3	9,000,000	9,000,000
Less: Current maturity	29	(59,000,000)	-
		-	9,000,000
		<u>185,416,665</u>	<u>445,249,999</u>

## 24.1 From financial and other institutions

Lending Institution	Note	Mark-up per Rs.1,000 per day Rupee	Mode of Principal Repayment	Principal Repayment Commencing from	2008 Rupees	2007 Rupees
Commercial Bank	24.1.1	0.39	Quarterly	August 11, 2005	-	33,333,336
Commercial Bank	24.1.1	0.32	Semi-annually	October 20, 2005	-	33,333,332
Commercial Bank	24.1.1	0.45	Semi-annually	June 29, 2007	199,999,999	333,333,333
Commercial Bank	24.1.1	0.33	Semi-annually	January 13, 2007	156,250,000	218,750,000
Commercial Bank	24.1.1	0.45	Semi-annually	June 29, 2007	49,999,999	83,333,333
Commercial Bank	24.1.1	0.45	Semi-annually	June 29, 2007	25,000,001	41,666,667
Other	24.1.1 & 24.1.2.	0.19	Semi-annually	January 1, 2005	5,000,000	10,000,000
					<u>436,249,999</u>	<u>753,750,001</u>
Less: Current maturity	29				<u>250,833,334</u>	<u>317,500,002</u>
					<u>185,416,665</u>	<u>436,249,999</u>

**24.1.1** These finances are secured by joint pari-passu charge on all present and future leased assets and its related receivables of the Company.

**24.1.2** This represents long-term borrowing from Swiss Agency for Development and Cooperation for providing lease finance to Micro and Small Enterprises. The loan carries mark-up at the rate of Re.0.19 (2007: Re.0.19) per Rs.1,000 per day payable semi-annually.

**24.2** These are unsecured funds received from a financial institution at mark-up rate of Re.0.34 (2007: Rs.Nil) per Rs.1,000 per day.

**24.3** These are unsecured funds received from individuals at mark-up rates ranging from Re.0.29 to Re.0.33 (2007: Re.0.29 to Re.0.33) per Rs.1,000 per day.

## 25. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company has entered into lease agreements with various NBFCs and a Modaraba for financing to acquire motor vehicles and generators. Payments under these agreements include finance charges ranging from Re.0.29 to Re.0.35 (2007: Re.0.19 to Re.0.32) per Rs.1,000 per day which are used as discounting factors and are payable in monthly and quarterly instalments.

The Company can exercise the purchase option by adjusting the security deposit at the expiry of the lease period. The future payments due are as follows:



# Notes to the Financial Statements

for the year ended June 30, 2008

	2 0 0 8			2 0 0 7		
	Minimum lease payment	Financial charges allocated to future periods Rupees	Present value of minimum lease payments	Minimum lease payment	Financial charges allocated to future periods Rupees	Present value of minimum lease payments
Not later than one year	29,045,505	1,477,605	27,567,900	33,252,138	5,219,040	28,033,098
Later than one year and not later than five years	-	-	-	29,618,306	1,515,784	28,102,522
	<u>29,045,505</u>	<u>1,477,605</u>	<u>27,567,900</u>	<u>62,870,444</u>	<u>6,734,824</u>	<u>56,135,620</u>

	Note	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>26. REDEEMABLE CAPITAL - SECURED (Non participatory)</b>			
Term Finance Certificates - Listed	26.1 & 26.3	128,380,000	250,000,000
Privately Placed Term Finance Certificates - 1		-	60,000,000
Privately Placed Term Finance Certificates - 2	26.1 & 26.3	135,000,000	225,000,000
		<u>263,380,000</u>	<u>535,000,000</u>
Less: Current maturity	29	90,000,000	271,620,000
		<u>173,380,000</u>	<u>263,380,000</u>

**26.1** These Term Finance Certificates (TFCs) were issued by the Company on September 05, 2002. These are perpetual unless Put / Call option attached to these is exercised. The TFC holders will have the put option for redemption at face value on the 60th month from the issue date and at the end of every three years thereafter. Likewise the Company will have the call option. Consequently the said options are available on September 05, 2010. The TFC holders and issuer will have to give a 30 days written notice before exercising their Put / Call option. On September 05, 2007, the Company roll forwarded TFCs amounting to Rs.128.38 million and the remaining TFCs amounting to Rs.121.62 million have been redeemed on the basis of put option exercised by the TFC holders.

Profit is payable on semi-annual basis at a base rate plus 275 bps with a floor of 12.00% per annum and a ceiling of 15.75% per annum. The applicable rate as of balance sheet date for this TFC is 13.00% per annum (2007: 17.41% per annum). Base rate is cut off yield on last SBP's 5 years PIB auction.

**26.2** The principal and profit on privately placed TFCs issued on July 10, 2004 is payable semi annually at a base rate plus 175 bps. The applicable rate as of balance sheet date for this TFC is 11.77% per annum (2007: 12.29% per annum). Base rate is six months ASK KIBOR. The tenure of this TFC is five years unless call option is exercised.

**26.3** These are secured by joint pari-passu charge on all present and future leased assets and its related receivables of the Company.

## 27. CERTIFICATES OF INVESTMENT AND DEPOSIT

Long-term			
For one year or more		43,478,299	21,043,153
Less: Current maturity	29	38,339,290	6,683,005
		<u>5,139,009</u>	<u>14,360,148</u>
Short-term		<u>255,000,000</u>	<u>140,500,000</u>

The Company has a scheme of registered Certificates of Investment (COIs) and Certificates of Deposit (CODs) for resource mobilisation. The term of COIs / CODs ranges from three months to five years and return thereon ranges from Re.0.16 to Re.0.49 (2007: Re.0.16 to Re.0.33) per Rs.1,000 per day.

## 28. LONG-TERM DEPOSITS

Security deposits on leases	28.1	652,906,611	947,794,652
Less: Current maturity	29	325,481,759	337,366,174
		<u>327,424,852</u>	<u>610,428,478</u>

**28.1** These represent interest free security deposits received under lease contracts and are repayable / adjustable at the expiry / termination of the respective leases.

# Notes to the Financial Statements

for the year ended June 30, 2008

	Note	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>29. CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>			
Long-term borrowings	24	309,833,334	317,500,002
Liabilities against asset subject to finance lease	25	27,567,900	28,033,098
Redeemable capital	26	90,000,000	271,620,000
Certificates of investment / deposit	27	38,339,290	6,683,005
Deposits on finance leases	28	325,481,759	337,366,174
		<u>791,222,283</u>	<u>961,202,279</u>
<b>30. DEFERRED LIABILITIES</b>			
Deferred revenue	17.8 & 30.1	4,413,690	10,298,610
Deferred taxation	30.2	19,032,701	65,546,691
		<u>23,446,391</u>	<u>75,845,301</u>
<b>30.1 Deferred revenue</b>			
Balance at beginning of the year		10,298,610	16,183,530
Amortised during the year	35	(5,884,920)	(5,884,920)
		<u>4,413,690</u>	<u>10,298,610</u>
<b>30.2 Deferred tax liability has been provided on the temporary differences between the carrying values of assets and liabilities and their tax base. The liability after considering the effects of tax losses is estimated at Rs.19.033 (2007: Rs.65.547) million.</b>			
<b>30.2.1 Deferred taxation comprises:</b>			
<b>Deferred tax assets arising in respect of:</b>			
- provision for doubtful finance / potential lease losses		(98,097,831)	(77,769,371)
- carry forward of income tax loss		(225,609,973)	(262,906,938)
		<u>(323,707,804)</u>	<u>(340,676,309)</u>
<b>Deferred tax liabilities arising in respect of:</b>			
- accelerated tax depreciation		323,754,284	393,278,060
- surplus on revaluation of assets		18,986,221	12,944,940
		<u>342,740,505</u>	<u>406,223,000</u>
		<u>19,032,701</u>	<u>65,546,691</u>
<b>31. SHARE CAPITAL</b>			
<b>Authorised Share Capital</b>			
150,000,000 (2007: 100,000,000) Ordinary shares of Rs.10 each		<u>1,500,000,000</u>	<u>1,000,000,000</u>
<b>Issued, Subscribed and Paid-up Capital</b>			
29,677,275 (2007: 25,460,267) Ordinary shares of Rs.10 each fully paid up in cash		296,772,750	254,602,670
19,929,823 (2007: 19,929,823) Ordinary shares of Rs.10 each issued as fully paid bonus shares		199,298,230	199,298,230
		<u>496,070,980</u>	<u>453,900,900</u>
<b>31.1 During the year, 4,217,008 Ordinary shares having a face value of Rs.10 each (Rs.42.170 million) were issued as consideration for acquisition of minority interest in ULCL at a fair market value of Rs.6.40 per share (Rs.26.989 million), resulting in a deficit of Rs.15.181 million (refer note 1.2).</b>			
<b>31.2 Direct holding of related parties in the Ordinary shares of Rs.10 each is as follows:</b>			
		2 0 0 8	2 0 0 7
		Percentage of holding	(Number of shares)
Al-Zamin Leasing Modaraba	1.01%	1.10%	500,000
Zahidjee Textile Mills Limited and a Director	69.70%	76.18%	34,577,213
Other Directors	1.07%	1.17%	531,981
		<u>35,609,194</u>	<u>35,609,194</u>

# Notes to the Financial Statements

for the year ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
<b>32. SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
Opening balance		82,497,353	86,255,347
Surplus arising on revaluation during the year		37,113,473	-
Less: Surplus realised on assets disposed off	35	(13,291,317)	-
Deferred tax liability related to surplus on revaluation during the year		(11,359,661)	-
		12,462,495	-
Less: Incremental depreciation transferred to statement of changes in equity - net of deferred tax			
- Equity holders		(1,821,901)	(2,536,573)
- Minority interest		(806,687)	(1,221,421)
		(2,628,588)	(3,757,994)
Surplus on revaluation of fixed assets derecognised on acquisition of minority interest		(39,487,348)	-
		<u>52,843,912</u>	<u>82,497,353</u>

**32.1** On December 31, 2005, the Company revalued its land and office premises which resulted in surplus of Rs.22.028 million. However, since a revaluation of office premises was also carried out in May 2005 and results were incorporated in books of account, therefore, based on revaluation exercise, revaluation surplus amounting to Rs.16.650 million of land and office premises acquired during the period commencing from May 2005 upto December 2005 was incorporated in the books of account. The revaluation was carried out by an independent valuer M/s. MYK Associates (Private) Limited, an approved valuer of Leasing Association of Pakistan using prevailing market value basis. The Company further revalued its office premises on February 25, 2008 which resulted in surplus of Rs.37.113 million and has been incorporated in the books of account for the current year. The said revaluation was carried out by M/s. Rizvi Associates (Private) Limited, an approved valuer of Leasing Association of Pakistan.

## 33. CONTINGENCIES AND COMMITMENTS

### 33.1 Contingencies

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

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

### 33.2 Commitments:

As at balance sheet date, the Company has the following outstanding commitments:

- Letters of comforts for import of machinery to be leased	-	20,000,000
- Commitment in respect of borrowing arrangements	14,500,000	-
- Commitment in respect of sale and repurchase agreements	-	100,000,000
- Commitment in respect of operating lease assets:		
Within one year	272,100	648,480
Within two to five years	-	785,108

# Notes to the Financial Statements

for the year ended June 30, 2008

		2 0 0 8 Rupees	2 0 0 7 Rupees
<b>34. INCOME FROM INVESTMENTS</b>			
Return from short-term placements and deposits		21,791,724	19,324,558
Return from government securities, mutual funds and TFCs		2,914,500	4,031,679
Gain on sale of securities - net		6,800,554	15,414,054
Dividend income		7,668,306	6,266,393
		<u>39,175,084</u>	<u>45,036,684</u>
<b>35. OTHER INCOME</b>			
Fee, commission and others		3,398,281	2,282,749
Amortisation of deferred revenue	30.1	5,884,920	5,884,920
Profit on sale of assets acquired in satisfaction of finances provided		-	3,850,000
Gain / (loss) on sale of fixed assets - net	17.5	20,802,632	(3,013,601)
Surplus realised on disposal of fixed assets		13,291,317	-
Reversal of provision against musharika arrangement		27,362,500	-
Other		505,309	-
		<u>71,244,959</u>	<u>9,004,068</u>
<b>36. ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries, allowances and benefits	36.1 & 36.4	51,950,385	67,197,927
Staff training		170,550	182,425
Rent, rates and taxes		6,204,402	4,149,495
Travelling, conveyance and entertainment		1,266,407	2,697,982
Vehicle running		4,109,982	4,458,426
Utilities		2,306,245	2,975,459
Telephone and fax		2,320,739	2,922,901
Insurance		2,191,390	3,071,119
Operating lease rentals		463,592	1,783,753
Fees, subscriptions and periodicals		2,384,213	1,939,579
Printing and stationery		2,163,329	1,925,720
Postage, stamps and telegrams		447,328	525,619
Legal and professional charges		1,470,661	2,375,413
Auditors' remuneration	36.2	1,300,000	1,792,871
Repairs and maintenance		4,592,485	3,676,952
Depreciation	17.6	21,493,066	24,515,916
Amortisation of intangible assets	18	361,774	523,099
Advertisement		582,854	347,440
Donations	36.3	150,100	30,000
Others		505,458	163,683
		<u>106,434,960</u>	<u>127,255,779</u>
<b>36.1</b>	Salaries, allowances and benefits include provision of Rs.1.301 (2007: Rs.4.349) million for staff benefit schemes.		
<b>36.2 Auditors' Remuneration</b>			
Statutory audit		400,000	400,000
Special certifications including half yearly review		815,000	1,310,000
Out of pocket expenses		85,000	82,871
		<u>1,300,000</u>	<u>1,792,871</u>
<b>36.3</b>	Donations are paid to the various organisations, as per policy approved by Board of Directors, in which none of the directors of the Company is interested in any capacity.		

# Notes to the Financial Statements

for the year ended June 30, 2008

## 36.4 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND OTHER EXECUTIVES

	2008			2007		
	Chief Executive Officer	Executives	Total	Chief Executive Officer	Executives	Total
	Rupees					
Managerial remuneration	2,852,632	8,937,895	11,790,527	5,166,315	11,068,421	16,234,736
Housing and utility	1,326,316	4,468,947	5,795,263	2,923,264	5,534,211	8,457,475
Medical and other expenses	574,744	1,362,994	1,937,738	554,503	2,459,478	3,013,981
Company's contribution to:						
Provident fund	265,272	746,239	1,011,511	411,646	997,625	1,409,271
Gratuity fund	-	-	-	266,301	3,110,604	3,376,905
Leave fare assistance	221,050	720,012	941,062	641,840	972,686	1,614,526
Bonus	350,000	690,000	1,040,000	2,011,010	3,855,000	5,866,010
	<u>5,590,014</u>	<u>16,926,087</u>	<u>22,516,101</u>	<u>11,974,879</u>	<u>27,998,025</u>	<u>39,972,904</u>
Number of persons	2	11	13	2	11	13

The Chairman, Chief Executive Officer and Executives have been provided with free use of the Company maintained cars. Directors were paid Rs.0.235 (2007: Rs.0.215) million for attending board of directors / audit committee meetings during the year.

## 37. FINANCE COST

Interest / mark-up on:

Long-term borrowings and redeemable capital  
Short-term borrowings  
Long-term certificates of investment / deposit  
Short-term certificates of investment / deposit  
Subordinated Loan - related party

2008  
Rupees

2007  
Rupees

125,968,037  
37,514,831  
3,268,915  
38,223,323

192,932,091  
75,692,412  
2,822,102  
15,457,622  
1,312,192

204,975,106

288,216,419

Finance charges on liabilities against assets subject to finance leases  
Bank and other charges

5,184,910

8,293,951

4,387,040

8,268,144

214,547,056

304,778,514

## 38. CURRENT TAXATION

This represents turnover tax @ 0.5% on gross receipts under section 113 of the Income Tax Ordinance, 2001 due to the available tax losses including unabsorbed depreciation amounting to Rs.597.847 million (2007: Rs.751 million).

### 38.1 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for current year income tax has been made under the provisions of minimum tax under Section 113 of the Income Tax Ordinance, 2001. The Company's tax computation gives rise to a tax loss due to unabsorbed tax depreciation. The movement in deferred taxation is mainly due to the accelerated tax depreciation and allowance for potential lease losses.

## 39. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Profit / (loss) after taxation	75,719,984	(116,294,885)
Weighted average number of Ordinary shares outstanding during the year	46,834,271	45,390,090
Earnings / (loss) per share - basic and diluted	1.62	(2.56)

The effect of dilution on earnings per share relating to sub-ordinated loan has not been presented in the financial statements as the terms of conversion of the said loan into equity have not been finalised yet.

# Notes to the Financial Statements

for the year ended June 30, 2008

	Note	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>40. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	5	244,873,704	107,146,905
Placements with financial institutions	6	50,000,000	307,579,165
		<u>294,873,704</u>	<u>414,726,070</u>
<b>41. UNREALISED LOSS ON REVALUATION OF INVESTMENTS - Available for sale</b>			
Short-term Investments			
- Term finance certificates		-	-
- Preference shares		-	53,771
		-	<u>53,771</u>
Long-term Investments			
- Ordinary shares	16.1	10,101,718	11,015,382
- Mutual funds	16.2	4,293,423	5,918,535
- Term finance certificates	16.3	(43,500)	-
		<u>14,351,641</u>	<u>16,933,917</u>
		<u>14,351,641</u>	<u>16,987,688</u>
<b>42. DEFINED BENEFIT PLAN - GRATUITY FUND</b>			
<b>42.1 Gratuity Fund</b>			
<b>42.1.1 The actuarial valuation carried out resulted in:</b>			
Present value of defined benefit obligation as at June 30	42.1.2	4,589,078	3,629,228
Less: Fair value of plan assets	42.1.3	(3,895,611)	(5,088,663)
Add: Unrecognised actuarial (losses) / gains	42.1.4	(693,467)	587,916
Total asset		<u>-</u>	<u>(871,519)</u>
<b>42.1.2 Changes in present value of defined benefit obligation</b>			
Present value of defined benefit obligation as at June 30		3,629,228	5,544,769
Interest cost for the year		362,923	499,029
Current service cost for the year		652,257	940,709
Benefits paid during the year		-	(8,058,762)
Actuarial (gain) / losses on present value of defined benefit obligation		(55,330)	4,703,483
		<u>4,589,078</u>	<u>3,629,228</u>
<b>42.1.3 Changes in fair value of plan assets</b>			
Fair value of plan assets as on June 30		5,088,663	9,455,359
Expected return on plan assets		508,866	850,982
Contributions during the year		-	1,698,763
Benefits paid during the year		-	(8,058,762)
Actuarial (losses) / gains on plan assets		(1,701,918)	1,142,321
		<u>3,895,611</u>	<u>5,088,663</u>
<b>42.1.4 Changes in actuarial gains / (losses)</b>			
Unrecognised actuarial gains as at June 30		587,916	494,388
Actuarial loss recognised during the year as per paragraph 58A of IAS19		370,475	-
Actuarial losses arising during the year		(1,646,588)	93,528
		(1,276,113)	93,528
Actuarial gains charged during the year		(5,270)	-
		<u>(693,467)</u>	<u>587,916</u>

# Notes to the Financial Statements

for the year ended June 30, 2008

	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>42.1.5 Charge for the year</b>		
Current service cost	652,257	940,709
Interest cost	362,923	499,029
Expected return on plan assets	(508,866)	(850,982)
Charge due to settlements	-	3,654,690
Actuarial losses	(5,270)	-
Actuarial losses recognised during the year as per paragraph 58A of IAS19	<u>370,475</u>	<u>-</u>
	<u>871,519</u>	<u>4,243,446</u>

## 42.2 Pension Fund

No actuarial valuation was carried out in respect of this fund as the management is of the view that the results of the actuarial valuation will not be materially different from the provision already made in the books of the Company.

## 43. SEGMENTAL ANALYSIS

The operational activities of the Company are broadly categorised into two primary business segments namely leasing activities and investment activities.

### 43.1 Leasing Activities

Leasing activities include providing lease financing facilities to corporate and individual customers and operating lease activities.

### 43.2 Investment Activities

Investment activities include money market activities, investment in government securities, capital market activities, providing short-term and long-term finances to corporate and other customers and arrangement / advisory services.

	2 0 0 8			2 0 0 7		
	Leasing Activities	Investment Activities	Total	Leasing Activities	Investment Activities	Total
	Rupees			Rupees		
Segment revenue	228,497,118	182,128,151	410,625,269	326,123,862	101,478,671	427,602,533
Unallocated			20,802,632			(3,013,601)
			<u>431,427,901</u>			<u>424,588,932</u>
Segment results	176,638,086	173,712,292	350,350,378	255,102,369	84,207,811	339,310,180
Unallocated			20,802,632			(3,013,601)
			371,153,010			336,296,579
Administrative & operating expenses			(82,408,272)			(71,080,442)
Finance costs			(214,547,056)			(304,778,514)
Reversal / (provisions)			(50,700,702)			(49,498,337)
Amortisation of Goodwill			-			(4,123,360)
Loss on settlement of short term finances obtained			-			(11,867,899)
Reversal / (provision) for taxation			51,587,374			(10,275,090)
Gain / (loss) after taxation			<u>74,812,054</u>			<u>(115,327,063)</u>
<b>Other information</b>						
Segment assets	1,869,182,942	564,956,272	2,434,139,214	2,581,172,209	921,578,265	3,502,750,474
Unallocated			580,951,932			440,909,921
Total assets	<u>1,869,182,942</u>	<u>564,956,272</u>	<u>3,015,091,146</u>	<u>2,581,172,209</u>	<u>921,578,265</u>	<u>3,943,660,395</u>
Segment liabilities	1,435,728,581	433,945,682	1,869,674,263	2,060,997,766	742,030,355	2,803,028,121
Unallocated			447,325,984			444,317,258
Total liabilities	<u>1,435,728,581</u>	<u>433,945,682</u>	<u>2,317,000,247</u>	<u>2,060,997,766</u>	<u>742,030,355</u>	<u>3,247,345,379</u>
Segment depreciation / amortisation	18,447,819	1,141,310	19,589,129	21,581,089	6,265,581	27,846,670
Unallocated			12,091,798			10,514,380
Total depreciation	<u>18,447,819</u>	<u>1,141,310</u>	<u>31,680,927</u>	<u>21,581,089</u>	<u>6,265,581</u>	<u>38,361,050</u>

# Notes to the Financial Statements

for the year ended June 30, 2008

## 44. RELATED PARTY TRANSACTIONS

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

	2 0 0 8 Rupees	2 0 0 7 Rupees
<b>Saudi Pak Real Estate (Private) Limited - Common directorship</b>		
Sale of office premises	19,352,000	-
<b>Dewan Cement Limited - Common directorship</b>		
Purchase of shares	86,250	-
Sale of shares	78,000	-
<b>Pakistan Industrial Credit and Investment Corporation Limited - Common directorship</b>		
Dividend received	-	270,119
Purchase of shares	-	632,877
<b>Saudi Pak Commercial Bank Limited - Common directorship</b>		
Short-term borrowings	-	15,000,000
Short-term borrowings paid	15,000,000	-
Mark-up paid	472,000	195,205
Purchase of shares	252,825	59,012
Sale of shares	314,250	-
<b>Crescent Steel &amp; Allied Products Limited - Common directorship</b>		
Acquired due to amalgamation	327,998	335,877
Sale of shares	390,685	-
<b>Fidelity Capital Management (Pvt) Limited - Common directorship</b>		
Rental income	966,570	1,202,321
<b>Employee's Old Age Benefit Institution</b>		
Mark-up paid on sub-ordinated loan	-	1,312,192
Settlement of Term Finance Certificates with EOBI	-	49,971,200
<b>Contribution to employees Retirement funds</b>	1,301,554	4,348,999
<b>Long-term loan - Chief Executive Officer</b>		
Disbursement	-	-
Principal received	112,215	106,218
Mark-up received	165,891	171,888
<b>Sub-ordinated loan</b>		
From a director	250,000,000	-

## 45. RISKS RELATED TO FINANCIAL INSTRUMENTS

### 45.1 Risk Management

#### 45.1.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. Policies and procedure have been established by the Company with the objective of protecting against unacceptable credit losses, including, review and assessment of credit worthiness of counter parties, credit approvals, establishing and monitoring limits of credit exposure, limiting transactions with specific counter-parties, obtaining collateral and guarantee requirements.



# Notes to the Financial Statements

for the year ended June 30, 2008

Further, the counter party credit risk is mitigated through the internal guidelines, NBFC Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations 2007 and Prudential Regulations for NBFCs.

Concentration of credit risk may arise from exposures to a single debtor. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segment. For this purpose, the Company has established the policies for credit exposure in addition to the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Prudential Regulations for NBFCs.

## 45.1.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Company matches availability of liquid funds before committing for liabilities and also an analysis of liquid funds with maturities of liabilities due is performed periodically.

## 45.1.3 Market risk

Market risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices. The risk is minimised through investing in an appropriate mix of high and low risk securities and other portfolio diversification techniques.

## 45.1.4 Currency risk

Currency risk is the risk that value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company is not exposed to currency risk.

## 45.1.5 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This includes exposure to interest rate price risk, such as monetary financial assets and financial liabilities with a fixed interest rate; exposure to interest rate cash flow risk, such as monetary financial assets and financial liabilities with a floating interest rate that is reset as market rates change; and not exposed to interest rate risk, such as some investments in equity securities.

Changes in interest rates or in the relationships between short-term and long-term interest rates can affect the rates charged on interest earning assets differently than the rates paid on interest bearing liabilities. This can result in an increase in interest expense relative to finance income or vice versa. The Company manages the overall risk by matching its long-term assets with borrowings and ensuring that borrowings rates are kept below lease rates.

## 46. RISK ANALYSIS

### 46.1 Credit Risk

An analysis of company's credit risk exposure in respect of investment in leases is as follows:

	2008		2007	
	Rupees	%	Rupees	%
Textiles	284,449,205	15.37	300,286,231	11.75
Synthetic, garments and others	181,963,647	9.83	385,133,064	15.07
Food, tobacco and beverage	27,816,584	1.51	46,512,420	1.82
Transport and communication	212,559,563	11.48	385,644,189	15.09
Steel engineering and automobiles	52,965,425	2.86	105,547,416	4.13
Energy, oil and gas	107,809,206	5.83	59,323,781	2.32
Construction	64,427,844	3.48	121,647,869	4.76
Paper and board	54,747,816	2.96	73,857,635	2.89
Healthcare	89,987,552	4.86	98,902,784	3.87
Dairy and poultry	29,308,582	1.58	40,123,352	1.57
Sugar and Allied	35,172,319	1.90	11,771,300	0.46
Miscellaneous *	709,665,862	38.34	926,877,455	36.27
	<u>1,850,873,605</u>	<u>100.00</u>	<u>2,555,627,496</u>	<u>100.00</u>

\* Sectors below 1.5 % have been clubbed and shown as miscellaneous.

# Notes to the Financial Statements

for the year ended June 30, 2008

## 46. Interest rate risk exposure

The information about the Company's exposure to interest rate risk based on contractual refinancing or maturity dates whichever is earlier is as follows:

	2 0 0 8				Total
	Effective interest rate %	Interest / mark-up bearing			
		Less than one month	One month to one year	Over one year	
					Rupees
<b>Financial Assets</b>					
Cash and bank balances	5.00-8.00	226,007,939	-	-	226,007,939
Placements with financial institutions	11.00	50,000,000	-	-	50,000,000
Investments	13.00-14.00	-	-	5,043,500	5,043,500
Short-term finances	14.00-25.00	11,231,545	44,603,292	-	55,834,837
Long-term finances	11.00-23.00	7,506,051	36,802,808	88,280,206	132,589,065
Net investment in finance lease	11.00-30.00	241,405,333	418,147,659	1,049,992,155	1,709,545,147
		<u>536,150,868</u>	<u>499,553,759</u>	<u>1,143,315,861</u>	<u>2,179,020,488</u>
<b>Financial Liabilities</b>					
Borrowings from financial and other institutions	7.00-16.00	31,250,000	482,064,015	185,416,665	698,730,680
Certificates of investment and deposit	6.00-18.00	40,471,795	252,867,495	5,139,009	298,478,299
Liabilities against assets subject to finance leases	11.00-13.00	13,785	27,554,115	-	27,567,900
Redeemable capital	12.00-13.00	45,000,000	45,000,000	173,380,000	263,380,000
		<u>116,735,580</u>	<u>807,485,625</u>	<u>363,935,674</u>	<u>1,288,156,879</u>
On balance sheet sensitivity gap		<u>419,415,288</u>	<u>(307,931,866)</u>	<u>779,380,187</u>	
Cumulative sensitivity gap		<u>419,415,288</u>	<u>111,483,422</u>	<u>890,863,609</u>	

	2 0 0 7				Total
	Effective interest rate %	Interest / mark-up bearing			
		Less than one month	One month to one year	Over one year	
					Rupees
<b>Financial Assets</b>					
Cash and bank balances	1.00-11.00	97,477,057	-	-	97,477,057
Placements with financial institutions	9.00-21.00	304,500,000	3,079,165	-	307,579,165
Investments	13.00-14.00	-	-	1,122,000	1,122,000
Short-term finances	15.00-25.00	4,000,000	87,913,706	-	91,913,706
Long-term finances	11.00-22.00	2,934,954	25,370,406	101,773,636	130,078,996
Net investment in finance lease	9.00-29.00	309,443,921	845,608,741	1,267,553,429	2,422,606,091
		<u>718,355,932</u>	<u>961,972,018</u>	<u>1,370,449,065</u>	<u>3,050,777,015</u>

	2 0 0 7				Total
	Effective interest rate %	Interest / mark-up bearing			
		Less than one month	One month to one year	Over one year	
					Rupees
<b>Financial Liabilities</b>					
Borrowings from financial and other institutions	7.00-15.00	402,323,704	476,250,000	445,250,000	1,323,823,704
Certificates of investment and deposit	6.00-12.00	2,218,941	4,464,064	154,860,148	161,543,153
Liabilities against assets subject to finance leases	7.00-12.00	53,160	27,979,938	28,102,522	56,135,620
Redeemable capital	12.00-17.00	45,000,000	226,620,000	263,380,000	535,000,000
		<u>449,595,805</u>	<u>735,314,002</u>	<u>891,592,670</u>	<u>2,076,502,477</u>
On balance sheet sensitivity gap		<u>268,760,127</u>	<u>226,658,016</u>	<u>478,856,395</u>	
Cumulative sensitivity gap		<u>268,760,127</u>	<u>495,418,143</u>	<u>974,274,538</u>	

# Notes to the Financial Statements

for the year ended June 30, 2008

## 47. CAPITAL MANAGEMENT

The Company objective for managing capital is to safeguard its ability to continue as a going concern in order to continue providing returns to its Shareholders.

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. On November 21, 2007, the SECP has revised the following minimum equity requirements for the leasing company:

Year ending	Minimum equity level Rs in million
June 30, 2008	350
June 30, 2009	500
June 30, 2010	700

The Company manages the structure and makes adjustments to it in the light of changes in economic conditions, the regulatory requirements, risk of the recovery of the lease rentals and payment of dividends or issuance of new shares.

	2008 Rupees	2007 Rupees
The Company's equity comprises the following:		
Issued, subscribed and paid-up share capital	496,070,980	453,900,900
Reserves	149,176,007	84,424,304
	<u>645,246,987</u>	<u>538,325,204</u>
Minority interest	-	75,492,459
Sub-ordinated loan	250,000,000	-
	<u>895,246,987</u>	<u>613,817,663</u>

As of June 30, 2008, the Company has an equity of Rs.895.247 (2007: Rs.613.818) million against the minimum required equity of Rs.350 (2007: Rs.200) million set by the SECP for leasing companies, which is sufficient to meet the current regulatory requirement.

In April, 2008, the Company submitted an application to SECP for renewal of its license to undertake the business of Investment Finance Services, to meet the equity requirement. A major sponsor of the Company has injected Rs.250 million as a sub-ordinated loan on June 24, 2008 to enhance the equity of the Company.

No other changes were made in the objectives, policies or processes during the years ended June 30, 2007 and June 30, 2008.

## 48. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset could be exchanged or liability settled between knowledgeable willing parties in an arm's length transaction. The carrying values of financial assets and liabilities approximates their fair values as reflected in the respective notes.

## 49. RECLASSIFICATIONS

Corresponding figures have been reclassified for better presentation. Major reclassifications are as follows:

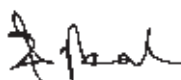
Reclassification from	Reclassification to	Rupees
Unrealised gain on revaluation of investments-available for sale	Reserves	10,428,882
Goodwill	Intangible assets	22,780,393
Short-term investments - available for sale	Long-term investments - available for sale	4,125,000
Fixed assets - leased	Fixed assets - given on operating lease	74,375,000

## 50. DATE OF AUTHORISATION FOR ISSUE

The financial statements were approved by the board of directors and authorised for issue on September 19, 2008.

## 51. GENERAL

Figures have been rounded off to the nearest rupee.



Zafar Iqbal  
Chairman



S. Shahnawaz A. Rizvi  
Chief Executive Officer

# Pattern of Shareholding (Form 34)

Pattern Of Holding Of Shares Held By The Share Holders

No. of Share Holders	Shares Holding		Total Shares held
	From	To	
136	1	100	6,281
178	101	500	51,398
88	501	1000	74,514
185	1001	5000	477,498
59	5001	10000	442,680
13	10001	15000	161,756
16	15001	20000	286,266
10	20001	25000	235,550
7	25001	30000	195,502
5	30001	35000	160,702
3	35001	40000	112,190
6	40001	45000	248,217
5	45001	50000	237,104
1	50001	55000	51,630
1	55001	60000	56,064
1	60001	65000	60,866
1	65001	70000	68,441
1	80001	85000	82,617
1	85001	90000	87,000
1	95001	100000	95,562
1	105001	110000	108,235
1	135001	140000	135,754
2	140001	145000	282,157
1	175001	180000	176,713
1	220001	225000	225,000
1	240001	245000	242,950
1	260001	265000	263,262
1	375001	380000	375,819
1	395001	400000	398,360
1	420001	425000	421,000
2	495001	500000	1,000,000
1	575001	580000	579,016
2	600001	1100000	1,743,614
3	1600001	2100000	5,886,167
1	9600001	10100000	10,000,000
1	24100001	24600000	24,577,213
<u>739</u>			<u>49,607,098</u>

# Categories of Shareholders

as at June 30, 2008

Categories of Shareholder	Shares	%age
<b>Directors, Chief Executive Officer, Their Spouse and Children</b>		
Directors		
Mr. Basheer A. Chowdry	10,000	0.02
Mr. Mohammad Moiz Ul Haque	10,000	0.02
Mr. Muhammad Zahid	24,577,213	49.54
Mr. Javed Aslam Callea	11,250	0.02
Mr. Zafar Iqbal	500,000	1.01
Syed Shahnawaz A. Rizvi / Romana K. Rizvi	731	0.00
	<u>25,109,194</u>	<u>50.62</u>
Executives		
	5,062	0.01
	<u>5,062</u>	<u>0.01</u>
<b>Associated Companies, Undertakings &amp; Related Parties</b>		
Al - Zamin Leasing Modaraba	500,000	1.01
Zahidjee Textile Mills Limited (CDC)	10,000,000	20.16
	<u>10,500,000</u>	<u>21.17</u>
<b>NIT &amp; ICP (Name Wise Detail)</b>		
National Bank of Pakistan, Trustee Deptt. (CDC)	4,116,618	8.30
	<u>4,116,618</u>	<u>8.30</u>
<b>Banks, DFI's, NBFIs</b>		
Banks, DFI's, NBFIs	5,129	0.01
Banks, DFI's, NBFIs (CDC)	432,194	0.87
	<u>437,323</u>	<u>0.88</u>
<b>Modaraba and Mutual Fund</b>		
Mobaraba and mutual Funds	243,741	0.49
Modaraba and Mutual fund (CDC)	1,562,815	3.15
	<u>1,806,556</u>	<u>3.64</u>
<b>Other Companies</b>		
Other Companies	59,436	0.12
Other Companies (CDC)	3,976,951	8.02
	<u>4,036,387</u>	<u>8.14</u>
Local	457,609	0.92
Local (CDC)	3,138,349	6.33
	<u>3,595,958</u>	<u>7.25</u>
	<u>49,607,098</u>	<u>100.00</u>
<b>Share holders More Than 10.00%</b>		
Mr. Muhammad Zahid	24,577,213	49.54
Zahidjee Textile Mills Limited	10,000,000	20.16

# Company Information

## Name of Company

Al-Zamin Leasing Corporation Limited  
(formerly Crescent Leasing Corporation Limited)

## Legal Status

Public limited company incorporated in Pakistan  
on April 07, 1987 under Companies Ordinance, 1984.

## Stock Exchange Listing

The ordinary shares of the company are listed with all the  
stock exchanges of Pakistan, namely Karachi Stock Exchange,  
Lahore Stock Exchange & Islamabad Stock Exchange.

## Registered Office

B-801-802, 8th Floor  
Lakson Square Building # 3  
Sarwar Shaheed Road  
Karachi, Pakistan.  
UAN: 021-111-66-77-88  
Fax: 021-5653803  
E-mail: shahid.owais@alzaminlease.com

## Registrar & Share Transfer office

Progressive Management Services (Pvt.) LTD.  
10th Floor, Mehdi Towers,  
A-115, S.M.C.H.S.,  
Shahrah-e-Faisal,  
Karachi

## Website

www.alzaminlease.com

## Company Registration No.

K-613/10121 of 1986-87

## National Tax Number (NTN)

0823891-1

## Auditors

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

## Legal Advisors

Cornelius Lane & Mufti  
Advocate & Solicitors

Agha Faisal Associates

## Tax Consultant

Anjum Asim Shahid Rahman & Co.

## Banks & Lending Institutions

Allied Bank Limited  
United Bank Limited  
National bank of Pakistan  
Habib Bank Limited  
NIB Bank Limited  
MCB Bank Limited  
Pak Oman investment Co. (Pvt) Limited  
Faysal Bank Limited  
Standard Chartered Bank Limited

National Asset Management Company  
Security Leasing Corporation Limited  
Saudi Pak Industrial & Agriculture Investment Co. (Pvt) Limited  
Swiss Development Corporation  
Standard Chartered Modaraba  
First Dawood Investment Bank Limited  
Orix investment Bank Limited  
Orix Leasing Pakistan Limited  
Saudi Pak leasing  
CDC - trustee KASB Liquid Fund  
Trustee Dawood Money Market Fund  
CDC - Trustee AKD Income Fund  
CDC - trustee WE Balance Fund  
CDC - Trustee Reliance Income Fund  
AMZ Plus Income Fund  
CDC - Trustee KASB Balance Fund

## Contact Us

### Head office

B-801-802, 8th Floor,  
Lakson Square Building # 3,  
Sarwar Shaheed Road  
Karachi -74200, Pakistan.  
UAN: 021-111-66-77-88  
Fax: 021-5658409  
E-mail: info@alzaminlease.com

### Company Secretary & CFO

Mr. Syed Shahid Owais  
E-mail: shahid.owais@alzaminlease.com

### Head of Internal Audit

Mr. Abid Sagheer Farooqui  
E-mail: abid.sagheer@alzaminlease.com

### Head of Operating Leases & Specialized Projects

Mr. Mahboob ur Rehman  
Email: mahboob.rehman@alzaminlease.com

### For Treasury & Banking Relations

Mr. Syed Abid Raza Zaidi  
E-mail: abid.raza@alzaminlease.com

### For Leases & Advances

Mr. M. Tayyab Baig  
E-mail: tayyab.baig@alzaminlease.com

### For Credit & Recovery

Mr. Razi Aziz  
E-mail: razi.aziz@alzaminlease.com

### Central Region

Mr. Muhammad Naeem Baig  
E-mail: naeem.baig@alzaminlease.com

### Northern Region

Mr. Tahir A. Abbas  
E-mail: tahir.abbas@alzaminlease.com

# Branches Network

## Central Region

### Lahore Branch /Regional Office

Mr. Mohammad Naeem Baig  
SVP & Regional Manager  
Al - Zamin Leasing Corporation Limited  
Regional Office  
Second Floor, FB-II, Awami  
1-4, Usman Block , New Garden Town  
Lahore.

Tel:042- 5940125-27  
Fax: 042- 5783795  
Cell : 0300-8410023  
Email: lahore@alzaminlease.com

### Gujranwala Baranch

Mr. Sajjad Ahmed Sandhu,  
Branch Manager  
Al - Zamin Leasing Corporation Limited  
51-A, Trust Plaza G. T Road ,  
Gujranwala.

Tel: 055- 3730308  
Fax: 055- 3731108  
Cell : 0300-6424114  
Email: gujranwala@alzaminlease.com

### Multan Branch

Mr. Salman Nasir, Branch Manager  
Al - Zamin Leasing Corporation Limited  
Nusrat Road , Khawar Centre,  
Near SP Chowk,  
Multan.

Tel: 061- 781699  
Fax: 061- 781599  
Cell : 0300-7303569  
Email: multan@alzaminlease.com

### Faisalabad Branch

Mr. M. Kahdim Hussain Ghazali  
Acting Branch Manger  
Al - Zamin Leasing Corporation Limited  
6th Floor, State Life Building,  
2- Liaquat Road  
Faisalabad.

Tel: 041-2612026  
Fax: 041- 2612027  
Cell : 0300-8660110  
Email: faisalabad@alzaminlease.com

### Hyderabad Branch

Mr. Muhammad Haroon, Branch Manager  
Al - Zamin Leasing Corporation Limited  
State Life Building, 7th Floor,  
Thandi Sarak,  
Hyderabad.

Tel: 0221-2728730  
Fax: 0221-2728731  
Cell : 0300-2121890  
Email: hyderabad@alzaminlease.com

## Northern Region

### Islamabad Branch/Regional office

Mr. Tahir A. Abbas VP & Regional Manager  
Al - Zamin Leasing Corporation Limited  
2nd Floor, 52-E, Dodhy Plaza,  
Jinnah Avenue, Blue Area  
Islamabad.

Tel: 051-2824866  
Fax: 051-2871157  
Cell: 0300-8506271  
Email: islamabad@alzaminlease.com

### Peshawar Branch

Mr. Jamal Shah,  
Branch Manager  
Al fi Zamin Leasing Corporation Limited  
170/Y, Ground Floor, State life Building,  
34- The Mall, Peshawar Cantt. ,  
Peshawar.

Tel: 091 - 5260719 - 20  
Fax: 091 - 5260718  
Cell: 0333- 9617375  
Email: peshawar@alzaminlease.com

### Kohat Branch

Mr. Dilawar Khan, Acting Branch Manager  
Al - Zamin Leasing Corporation Limited  
1st Floor, Right Wing, Cantonment Plaza,  
Bannu Road, Kohat Cantt.,  
Kohat.

Tel: 0922 - 522045  
Fax: 0922 - 522045  
Cell: 0333- 9613669  
Email: kohat@alzaminlease.com

### Abbotabad Branch

Mr. Ehtishamul Haq Qureshi  
Acting Branch Manager  
Al - Zamin Leasing Corporation Limited  
Upper Floor, Ali Plaza, Supply Bazar  
Main Mansehra Road  
Abbotabad.

Tel: 0992 - 342437  
Fax: 0992 - 343148  
Cell: 0333-5036441  
Email: abbotabad@alzaminlease.com





# Form of Proxy 21th Annual General Meeting

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Al Zamin Leasing Corporation Limited holding \_\_\_\_\_ ordinary shares as per Registered Folio No./CDC A/c No. (for members who have shares in CDC) \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him / her \_\_\_\_\_

\_\_\_\_\_ (being member of the Company) as my/our Proxy to attend and vote for me and on my behalf at the Twenty First Annual General Meeting of the Company to be held on October 27 , 2008 at 08.00 PM at registered office B- 801-802, 8th Floor, Lakson Square Building # 3, Sarwar Shaheed Road, Karachi ,and /or any adjournment thereof.

As witness my/our hand seal this \_\_\_\_\_ day of \_\_\_\_\_ 2008.  
Signed by \_\_\_\_\_ In the

presence of (i) \_\_\_\_\_  
(ii) \_\_\_\_\_

Rs. 5/-  
Revenue Stamp  
Signature of Member

(Signature must agree with the specimen signature registered with the Company.)

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a Proxy to attend and vote instead of him / her.
2. The instrument appointing a Proxy shall be in writing under the head of the appointer or of his / her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized. A proxy need not to be a Member of the Company.
3. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding meeting.
4. An individual Beneficial Owner of the Central Depository Company, entitled to attend and vote at this meeting must bring his/ her original CNIC or passport with him / her to prove his / her identity, and in case of proxy, must enclose an attested copy of his / her CNIC / Passport. The representative of corporate entity, shall submit Board of Directors' resolution / power of attorney with specimen signature (unless it has been provided earlier) alongwith proxy form to the Company.

Affix  
Correct  
Postage

The Corporate Secretary  
**AL-ZAMIN LEASING CORPORATION LIMITED**  
B-801,802 8th Floor Lakson Square Building # 3  
Sarwar Shaeed Road Karachi.



**Al-Zamin Lease**

[www.alzaminlease.com](http://www.alzaminlease.com)

**Al-Zamin Leasing Corporation Limited**  
(Formerly Crescent Leasing Corporation Limited)

B-801-802, 8th Floor, Lakson Square  
Building # 3, Sarwar Shaheed Road, Karachi.