



Third Quarter Accounts  
March 31, 2009  
(Unaudited)



الضَامِن  
Al-Zāmin Leasing Modaraba

## **DIRECTORS' REPORT**

The accounts of Al-Zamin Leasing Modaraba as at 31st March, 2009 are placed before the certificate-holders.

### **Market Conditions**

The overall conditions reported in the half yearly accounts almost persisted during the quarter under review. However, the YoY CPI inflation in March, 2009 declined to 19.1% though it is still much higher than the desired level. Improved fiscal discipline and contraction in the external current account deficit is indicating that aggregate demand is trending downwards. The country is still suffering from acute power shortage which is hampering the manufacturing and trading activities seriously. In spite of visible stabilization of relationship amongst the significant political factions of the country, the law and order situation particularly in the frontier areas remains a source of great concern. IMF's support for the country and the commitment of over US\$ 5 billion by the friendly countries are significant factors which would help removing uncertainty about the economic future to some extent. However, the banking sector is still suffering from the liquidity crunch and availability of resources to the financial intermediary like ourselves remains difficult to procure. The recent reduction of discount rate to 14% by State Bank of Pakistan is negligible but could be taken as a positive signal for the overall economic improvement being expected through the monetary policies and other measures to improve the economy management.

### **Review of the Reporting Period**

In the prevailing circumstances, the quarter under review witnessed continuity of the policies and strategies devised by your management to operate through multiple difficulties. Due to non-availability of fresh credit-lines, only a small amount of the business could be transacted. The entire efforts of the management team at the moment are focused to achieve maximum recoveries of the lease rentals and Musharakah repayments from the clients. At the same time, every effort is being made to control and curtail the operating expenses. Due to prudent liquidity management, your Modaraba has been meeting its commitments to the creditors meticulously.

Your Board is happy to report that due to the significant developments during the quarter under review, a net profit after taxation of Rs.1.833 million has been shown against a loss of Rs.23.67 million as at 31st December, 2008. Although unrealized loss in the marketable securities increased to Rs.35.8 million from Rs.28.5 million as at 31st December, 2008, the positive effect of the recalculation of tax and operating assets resulted in the profitability for the Modaraba and increase in equity to 364.35 million. Also, the fixed assets of the Modaraba were revalued thereby generating an addition of Rs.56.47 million to the assets. Operating expenses remained under control and the financial charges are also showing declining trend due to reduction of mark up rates and regular repayment of the borrowings of the Modaraba. It is expected that the stock exchange would continue its recovery which would reduce the unrealized loss further in the coming months. Earnings of the CNG stations have also increased due to improvement in the gas supplies. Consequently, your management looks positively towards better profitability in the coming months.

### **Other Significant Matters**

As reported earlier, your Modaraba is pursuing a possible merger with Emirates Global Islamic Bank Limited for which detailed due diligence has been carried out by an independent firm of chartered accountants and their reports are being finalized shortly. Thereafter, the swap ratios will be calculated and submitted to the regulatory authorities and the certificate-holders for the approvals. Being an organization operating on the Shariah compliant financial module, the transition of your Modaraba to become a part of an Islamic commercial bank would expectedly be for the benefit for all stakeholders.

For and on behalf of the Board of Directors

Karachi  
Date: 29th April, 2009

  
**Basheer A. Chowdry**  
Chief Executive


**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)  
AS AT 31 MARCH 2009**

	Note	31 March 2009 Rs. in '000	30 June 2008 Rs. in '000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and bank balances	6	38,757	186,803
Short term investments	7	25,917	50,750
Takaful Reserve Fund Investments	8	24,288	44,728
Short term musharakah and murabahah		267,766	538,626
Advances and prepayments	9	39,234	44,328
Other receivables	10	68,002	74,296
Lease rent receivable		4,513	-
Current maturity of long term receivables	11	911,481	989,702
Stock in Trade		285	518
		<b>1,380,243</b>	1,929,751
<b>Non-current assets</b>			
Long term musharakah - secured	12	226,567	86,431
Net investment in finance leases	13	954,029	1,493,708
Long term investments	14	116,810	81,141
Long term security deposits and advances		32,050	24,599
Deferred asset	15	66,055	-
Assets Leased Out	16	301,589	-
Fixed assets	17	346,929	283,587
		<b>2,044,029</b>	1,969,466
<b>Total assets</b>		<b>3,424,272</b>	3,899,217
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Short term musharakah borrowings and bank finance facilities	18	108,809	141,741
Short term certificates of musharakah	19	206,560	378,030
Creditors, accrued and other liabilities		128,536	87,495
Profit distribution payable		6,023	5,284
Current maturity of long term liabilities	20	851,973	664,541
		<b>1,301,901</b>	1,277,091
<b>Long term and deferred liabilities</b>			
Grant		42	-
Deferred Liability for staff gratuity		6,702	4,438
Un-amortized gain on disposal of fixed assets		2,005	-
Security deposits from lessees		578,675	717,762
Long term certificates of musharakah		170,840	289,010
Liabilities against assets subject to finance lease	21	13,374	8,557
Long term musharakah and murabahah borrowings	22	256,094	412,215
Musharakah Term Finance Certificates - privately placed	23	578,036	692,925
Redeemable capital - Musharakah Term Finance Certificates	24	109,894	108,933
		<b>1,715,662</b>	2,233,840
<b>Total liabilities</b>		<b>3,017,563</b>	3,510,931
<b>NET ASSETS</b>		<b>406,709</b>	388,286
<b>FINANCED BY</b>			
<b>Authorised certificate capital</b>			
50,000,000 Mudarabah certificates of Rs.10 each		500,000	500,000
Issued, subscribed and paid up certificates	25	308,721	254,721
Reserves		84,005	106,318
Unappropriated profit		7,765	31,333
Deficit on revaluation of available for sale securities	26	(36,138)	(4,086)
		<b>364,353</b>	388,286
Surplus on revaluation of fixed assets	27	42,356	-
		<b>406,709</b>	388,286
<b>Contingencies and commitments</b>	28		

The investments in certain listed equity shares and mutual funds held as Available for Sale were valued at the prices quoted on the stock exchange as of 31 December 2008 and the resulting decline in market value below cost was reported in the 'Deficit on revaluation of available for sale securities' in equity as at 31 December 2008. In these accounts 1/4 of the deficit amounting to Rs. 12.199 million has been charged to profit and loss account in accordance with SRO 150(1) 2009 dated February 13, 2009.

The annexed notes from 1 to 33 form an integral part of these condensed interim financial statements.

  
**Basheer A. Chowdry**  
Chief Executive

  
**S. M. H. Kazmi**  
Director

  
**Rashid Ahmed**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
(UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2009**

	Note	Six months period ended		Three months period ended	
		31 March 2009	31 March 2008	31 March 2009	31 March 2008
		Rs. in '000	Rs. in '000	Rs. in '000	Rs. in '000
<b>Income</b>					
Income from leasing operations		185,690	200,344	42,260	65,548
Operating lease rentals		33,636	-	33,636	-
Profit on musharakah investments		74,833	72,082	26,569	24,492
Income on deposits with banks		2,940	1,135	546	470
Net (loss)/gain on sale of marketable securities		(1,086)	11,699	(258)	(106)
Unrealised loss on investment in marketable securities-net		(35,826)	(9,400)	(7,255)	11,347
Dividend income		5,294	10,263	1,308	275
(Loss)/income from Diesel/CNG stations - net		(7,692)	1,245	(4,850)	1,093
Mark-up on term finance certificates		-	5,836	-	820
Mark-up on term deposit receipts		2,239	-	-	-
		<b>260,046</b>	293,204	<b>91,956</b>	103,939
<b>Expenses</b>					
Financial charges		(266,537)	(197,148)	(93,523)	(64,617)
Amortization of assets leased out		(25,430)	-	(25,430)	-
		<b>(291,967)</b>	(197,148)	<b>(118,953)</b>	(64,617)
		<b>(31,921)</b>	96,056	<b>(26,997)</b>	39,322
<b>(Impairment loss) / reversals</b>					
- against other receivables		(1,249)	-	(830)	-
- doubtful lease receivable written off		(2,173)	(6,956)	(1,364)	(3,053)
- against doubtful finance lease receivables and lease rentals - net		(23,187)	745	(4,796)	(348)
- against other lease receivables		(3,654)	(1,797)	(1)	1
- against advances and prepayments		(300)	-	-	-
- against long/term short term musharakah investment		(959)	-	-	-
		<b>(31,522)</b>	(8,008)	<b>(6,991)</b>	(3,400)
		<b>(63,443)</b>	88,048	<b>(33,988)</b>	35,922
Other income	29	54,825	5,460	130	771
Operating expenses		(75,538)	(68,956)	(21,819)	(22,369)
Share of profit of joint ventures and an associate-net	30	6,595	5,999	1,786	2,266
		<b>(77,561)</b>	30,551	<b>(53,891)</b>	16,590
Modaraba company's management fee		-	(3,055)	-	(2,357)
<b>(Loss)/profit before taxation</b>		<b>(77,561)</b>	27,496	<b>(53,891)</b>	14,233
<b>Taxation</b>					
Current		(780)	-	(780)	-
Deferred		80,174	-	80,174	-
		<b>79,394</b>	-	<b>79,394</b>	-
<b>Profit after taxation</b>		<b>1,833</b>	27,496	<b>25,503</b>	14,233
Earning per certificate - basic & diluted		<b>0.06</b>	1.08	<b>0.83</b>	0.56

In accordance with SRO 150(1)2009 dated 13 February 2009, the impairment loss on equity securities was reported in equity as at 31st December, 2008. In these accounts 1/4 of the impairment amounting to Rs. 12.199 million has been charged to profit and loss account.

The annexed notes from 1 to 33 form an integral part of these condensed interim financial statements.

  
**Basheer A. Chowdry**  
Chief Executive

  
**S. M. H. Kazmi**  
Director

  
**Rashid Ahmed**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT  
(UNAUDITED)  
FOR THE NINE MONTHS PERIOD  
ENDED 31 MARCH 2009**

**31 March  
2009  
Rs. in '000**

31 March  
2008  
Rs. in '000

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit/(loss) before taxation	(77,561)	27,496
<b>Adjustment for non cash charges and other items:</b>		
Amortization of assets leased out	25,430	-
Depreciation on fixed assets in own use	12,775	8,922
Impairment loss/(gain)-net	31,522	8,008
Net loss/(gain) on sale of marketable securities	1,068	(11,699)
Gain on bargain purchase	(42,966)	-
Unrealised loss/(gain) on revaluation of fixed assets	2,707	-
Gain on disposal of fixed assets in own use	(365)	(582)
Unrealised loss on investment in marketable securities-net	35,826	9,400
Provision for gratuity	2,280	1,876
Dividend income	(5,294)	(10,263)
Financial charges	266,537	197,148
	<u>329,520</u>	<u>202,810</u>
	251,959	230,306

**(Increase) / decrease in operating assets**

Net investment in lease finance/ijarah finances	568,366	(49,964)
Lease rent receivable	(4,513)	-
Fixed capital expenditure-assets leased out	(327,018)	-
Deferred asset	(66,055)	-
Musharakah and morabaha receivables	204,240	(44,881)
Advances, deposits, prepayments & other receivables	7,566	(27,000)
Long term deposits and advances	(7,451)	(291)
	<u>375,135</u>	<u>(122,136)</u>

**Increase/(decrease) in operating liabilities**

Creditors, accrued and other liabilities	(1,926)	(231)
Security deposits from lessees	(47,741)	28,540
	<u>(49,667)</u>	<u>28,309</u>
	577,427	136,479

Financial charges paid	(221,565)	(180,244)
Gratuity paid	(142)	(366)
Tax paid	509	(1,202)
	<u>356,229</u>	<u>(45,333)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Fixed capital expenditure	(36,233)	(55,933)
Proceeds from disposal of assets in own use	17,124	2,204
Purchase of investments-net of proceeds on sale	(27,272)	103,242
Dividend received	4,045	11,567
Stock in trade	233	(668)
	<u>(42,103)</u>	<u>60,412</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Redeemable capital raised-net of initial transaction cost	(101,039)	(100,425)
Certificates issued	54,000	-
Musharakah term finance certificates	1,778	-
Grant received (net of expenses)	42	-
Liabilities against assets subject to finance lease	9,206	(423)
Long term certificates of musharakah	(220,110)	115,873
Long term musharakah and murabahah borrowings	(148,621)	(122,105)
Short term musharakah borrowings and bank finances	(32,932)	(58,911)
Profits paid to certificate holders	(24,496)	(30,879)
	<u>(462,172)</u>	<u>(196,870)</u>
Net increase/(decrease) in cash and cash equivalents	(148,046)	(181,791)
Cash and bank balances at 01 July	186,803	212,594
Cash and cash equivalents at 31 March	<u>38,757</u>	<u>30,803</u>

The annexed notes from 1 to 33 form an integral part of these condensed interim financial statements.

  
**Basheer A. Chowdry**  
Chief Executive

  
**S. M. H. Kazmi**  
Director

  
**Rashid Ahmed**  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2009**

	Reserves				Un- appro- priated profit	Certificate capital and reserves	Deficit on revaluation of available for sale securities	Total
	Certificate Capital	*Statutory	Merger	General				
Balance as at 01 July 2007	254,721	67,903	6,856	25,000	36,937	391,417	228	391,645
Changes in equity for the nine months period ended 31 March 2008								
Profit distribution for the year ended 30 June 2007	-	-	-	-	(31,840)	(31,840)	-	(31,840)
Profit for the period from 01 July 2007 to 31 March 2008- recognised income and expense for the period	-	-	-	-	27,496	27,496	-	27,496
Surplus on revaluation of available for sale securities	-	-	-	-	-	-	976	(976)
Transfer to special reserve	-	5,499	-	-	(5,499)	-	(976)	26,520
Balance as at 31 March 2008	254,721	73,402	6,856	25,000	27,094	387,073	(748)	386,325
Balance as at 01 July 2008	254,721	74,462	6,856	25,000	31,332	392,371	(4,086)	388,285
Changes in equity for the nine months period ended 31 March 2009								
Certificates issued during the period to the shareholders of IMLCL	54,000	-	-	-	-	54,000	-	54,000
Deficit arising on issue of shares due to amalgamation of IMLCL	-	-	(22,680)	-	-	-	-	(22,680)
Profit distribution for the year ended 30 June 2008	-	-	-	-	(25,472)	(25,472)	-	(25,472)
Profit for the period from 01 July 2008 to 31 March 2009	-	-	-	-	1,833	1,833	-	1,833
Deficit in revaluation of available for sale securities	-	-	-	-	-	-	(32,052)	(32,052)
Adjustment of incremental depreciation on revalued assets	-	-	-	-	439	439	-	439
Recognised income and expense for the period	-	-	-	-	2,272	2,272	(32,052)	(29,780)
Transfer to special reserve	-	367	-	-	(367)	-	-	-
Balance as at 31 March 2009	308,721	74,829	(15,824)	25,000	7,765	423,171	(36,138)	364,353

\* Statutory reserve represents appropriation @ 20% of profit after tax as per the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan.


The annexed notes from 1 to 33 form an integral part of these condensed interim financial statements.



**Basheer A. Chowdry**  
Chief Executive



**S. M. H. Kazmi**  
Director



**Rashid Ahmed**  
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2009**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** Al-Zamin Leasing Modaraba (the Modaraba) was formed in 1992 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (Modaraba Ordinance) and the Modaraba Companies and Modaraba Rules, 1981 (Modaraba Rules) and is managed by Al-Zamin Modaraba Management (Private) Limited (Modaraba Management Company), a company incorporated in Pakistan under the Companies Ordinance, 1984 and registered with the Registrar of Modaraba Companies and Modaraba (Registrar) under the Modaraba Ordinance. The Modaraba is listed on the Karachi, Lahore and Islamabad Stock Exchanges. It is a multi purpose Modaraba and the principal business of the Modaraba is financing under leasing, musharakah and murabahah arrangements and operation of Compressed Natural Gas (CNG)/ Diesel filling stations.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

**2.1.1** These interim financial statements have been presented in condensed form in accordance with International Accounting Standard, 34 "Interim Financial Reporting". They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Modaraba as at and for the year ended 30 June 2008.

**2.1.2** These condensed interim financial statements are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.

**2.1.3** During the year 2007 Islamic Financial Accounting Standard (IFAS)-2 'Ijarah' was issued by the Institute of Chartered Accountants of Pakistan and the same was notified by the Securities and Exchange Commission of Pakistan (SECP) vide an SRO dated 22 May 2007. Under the IFAS 2, the 'Ijarah' transactions are required to be accounted for as operating leases. The IFAS has been made operative through SECP Letter No. SC/M/RW/SCM/2009 dated March 9, 2009 for financial statements covering the period beginning on or after July 1, 2008. IFAS-2 has been adopted by the modaraba and hence leases written on or after 1st July 2008 have been recorded as operating leases and shown as Assets Leased out in the Balance Sheet. These assets have been amortized on straight line basis over the period of leases.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied for the preparation of these condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Modaraba for the year ended 30 June 2008, however during the period under review the assets of the modaraba have been revalued and surplus arising on revaluation of fixed assets has been credited to "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 Modaraba adopted the following accounting treatment of depreciation on revalued assets, keeping in view the SECP's SRO 45(1)/2003 dated January 13, 2003.

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the period is taken to Profit and Loss Account.
- an amount equal to incremental depreciation for the period 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 period.

**4. ESTIMATES**

**4.1** The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements as at and for the period ended 30 June 2008.

## 5. RISK MANAGEMENT POLICIES

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 June 2008.

## 6. CASH AND BANK BALANCES

	<b>31 March 2009</b>	30 June 2008
	<b>Rs in '000</b>	Rs in '000
Cash in hand	<b>1,329</b>	209
Cash with State Bank of Pakistan - current account	<b>32</b>	46
Cash with Banks		
- Profit and loss sharing accounts	<b>36,717</b>	96,157
- Current account	<b>679</b>	391
- Term deposit account	<b>-</b>	90,000
	<b>38,757</b>	186,803

## 7. SHORT TERM INVESTMENTS

### Investments

Held for trading	7.1	<b>24,917</b>	49,750
Available for sale	7.2	<b>1,000</b>	1,000
		<b>25,917</b>	50,750

### 7.1 Held-for-trading - listed securities

Number of ordinary shares			Market value	
<b>31 March 2009</b>	30 June 2008		<b>31 March 2009</b>	30 June 2008
			<b>Rs. in '000</b>	Rs. in '000
<b>35,800</b>	35,800	Packages Limited *	<b>6,197</b>	9,018
<b>16,000</b>	16,000	Tri-Pack Film Limited	<b>1,575</b>	2,756
<b>23,500</b>	23,500	ICI Pakistan Limited *	<b>2,260</b>	3,792
<b>18,800</b>	18,800	Arif Habib Limited *	<b>1,073</b>	4,643
<b>13,300</b>	13,300	Engro Chemical Pakistan Limited *	<b>1,924</b>	3,735
<b>27,000</b>	27,000	JS Investment Limited	<b>528</b>	2,567
<b>11,500</b>	11,500	Mari Gas Company Limited *	<b>1,554</b>	3,100
<b>17,189</b>	5,000	Jahangir Siddiqui & Company Limited *	<b>580</b>	2,651
<b>10,450</b>	9,500	Central Insurance Company Limited	<b>572</b>	1,547
<b>20,000</b>	20,000	Eye Television Network Limited *	<b>766</b>	1,178
<b>26,880</b>	22,400	Netsole Technologies *	<b>455</b>	2,179
<b>42,500</b>	42,500	Fauji Fertilizer Bin Qasim Limited *	<b>728</b>	1,529
<b>20,000</b>	20,000	D.G Khan Cement *	<b>436</b>	1,343
<b>19,950</b>	17,150	Sui Northern Gas Pipeline Limited	<b>603</b>	747
<b>19,500</b>	19,500	Azgard Nine Limited *	<b>601</b>	1,200
<b>22,500</b>	22,500	Hub Power Company Limited *	<b>464</b>	644
<b>150,000</b>	150,000	Karachi Electric Supply Company Limited	<b>375</b>	821
<b>12,500</b>	12,500	Sitara Peroxide Limited	<b>253</b>	679
<b>2,000</b>	2,000	Pakistan Refinery Limited	<b>137</b>	303
<b>20,350</b>	18,500	Javed Omer Vohra & Co.	<b>251</b>	988
<b>4,300</b>	1,500	Pakistan Oil Fields Limited *	<b>736</b>	547
<b>35,000</b>	35,000	Fauji Cement Company Limited	<b>219</b>	354
<b>15,000</b>	7,500	Lucky Cement Limited *	<b>741</b>	734
<b>22,500</b>	22,500	Invest & Finance Securities Limited	<b>147</b>	441
<b>5,000</b>	5,000	Pakistan Reinsurance Company Limited	<b>195</b>	434
<b>5,000</b>	5,000	Pakistan Telecommunication Company Limited	<b>83</b>	193
<b>1,650</b>	1,650	Bestway Cement Limited	<b>29</b>	66
<b>58,500</b>	58,500	AMZ Ventures Limited	<b>33</b>	161
<b>11,250</b>	11,250	Dewan Cement Limited	<b>47</b>	138
<b>6,500</b>	35,000	Maple Leaf Cement Factory Limited	<b>32</b>	382
<b>15,000</b>	15,000	Pakistan PTA Limited	<b>42</b>	63
<b>11,000</b>	3,000	Adamjee Insurance Company Limited	<b>735</b>	812
<b>10,000</b>	-	Nishat Mills Limited	<b>303</b>	-
<b>100,000</b>	-	TRG Pakistan Limited	<b>134</b>	-
<b>1,250</b>	-	Fauji Fertilizer Company Limited	<b>109</b>	-
<b>-</b>	300	Arif Habib Bank Limited	<b>-</b>	6
			<b>24,917</b>	49,750



Above are investments in the ordinary shares of Rs. 10 each except for the ordinary shares of Karachi Electric Supply Company Limited which are of Rs. 3.50 each.

\* Shares given as collateral are pledged with Saudi Pak Industrial and Agricultural Investment Company Limited (SAPICO) against a borrowing from them.

## 7.2 Available-for-sale - unlisted

Number of ordinary shares			Carrying value	
31 March	30 June		31 March	30 June
2009	2008		2009	2008
			Rs. in '000	Rs. in '000
100,000	100,000	Dawood Family Takaful Limited	1,000	1,000
			<b>1,000</b>	<b>1,000</b>

The fair value of the above shares cannot be determined with reasonable accuracy. However, the management is of the view that it is not expected to be significantly different from its carrying value.

## 8 TAKAFUL RESERVE FUND INVESTMENTS- Available-for-sale-listed

Number of units			Market value/carrying value	
31 March	30 June		31 March	30 June
2009	2008		2009	2008
			Rs. in '000	Rs. in '000
<i>Open-end mutual funds</i>				
94,021	91,022	Faysal Balanced Growth Fund	6,974	9,402
66,078	60,588	AKD Opportunity Fund	2,114	3,644
56,721	56,721	KASB Balance Fund	2,416	2,829
45,942	45,942	National Investment Trust	1,163	2,405
174,998	145,856	Meezan Islamic Fund	5,640	8,759
			<b>18,308</b>	27,039
<i>Closed-end mutual funds</i>				
2,000,000	1,900,000	NAMCO Balanced Fund	5,980	17,689
			<b>24,288</b>	44,728
Cost of purchases			<b>51,854</b>	49,244
			<b>31 March</b>	30 June
			<b>2009</b>	2008
			<b>Rs. in '000</b>	Rs. in '000

## 9. ADVANCES AND PREPAYMENTS

Advance income tax-net of provision	9,466	9,975
Staff advances	405	1,074
Advance against expenses / purchases	13,836	14,209
Advance against lease	5,429	1,275
Advance lease rent payment against finance lease obligation	-	58
Prepayments	10,598	17,937
	<b>39,734</b>	44,528
Provision against doubtful advances	(500)	(200)
	<b>39,234</b>	44,328

## 10. OTHER RECEIVABLES

Accrued profit on murabahah and musharakah investments	25,273	23,708
Profit receivable on profit and loss sharing accounts	-	1,337
Receivable against sale of equity shares	-	5,336
Dividend receivable	1,308	59
Others	78,479	77,260
	<b>105,060</b>	107,700
Provision against doubtful receivables	(37,058)	(33,404)
	<b>68,002</b>	74,296

		<b>31 March 2009 Rs in '000</b>	30 June 2008 Rs in '000
<b>10.1</b>	The details of other receivables are as follows:		
	Insurance claims receivable	<b>17,596</b>	20,781
	Repossessed assets-(against terminated leases)	<b>11,063</b>	5,551
	Other terminated lease / musharakah receivables	<b>38,135</b>	38,722
	Insurance premium recoverable	<b>2,425</b>	2,968
	Others	<b>9,260</b>	9,238
		<u><b>78,479</b></u>	<u>77,260</u>
	Provision held	<u><b>(37,058)</b></u>	<u>(33,404)</u>
		<u><b>41,421</b></u>	<u>43,856</u>
<b>11.</b>	<b>CURRENT MATURITY OF LONG TERM RECEIVABLES</b>		
	Musharakah receivables	12 <b>39,407</b>	114,301
	Net investment in finance leases	13 <b>872,074</b>	875,401
		<u><b>911,481</b></u>	<u>989,702</u>
<b>12.</b>	<b>LONG TERM MUSHARAKAH - secured</b>		
	Companies	<b>135,848</b>	98,390
	Individuals	<u><b>130,837</b></u>	<u>102,634</u>
		<b>266,685</b>	201,024
	Receivable within one year shown under current assets	<u><b>(39,407)</b></u>	<u>(114,301)</u>
		<b>227,278</b>	86,723
	Provision against impaired balances	<u><b>(711)</b></u>	<u>(292)</u>
		<u><b>226,567</b></u>	<u>86,431</u>
<b>12.1</b>	This represents investments under musharakah basis for working capital purposes. These are secured against musharakah finance (borrowing), hypothecation of stock, demand promissory note and personal guarantee of sponsor directors. Profit rates ranges between 15% to 42.42% (30 June 2008: 11.5% to 42.42%). These are payable in monthly / quarterly instalments by 5 July 2012.		
<b>13.</b>	<b>NET INVESTMENT IN FINANCE LEASES/IJARAH FINANCE</b>		
	<b>31 March</b>		30 June 2008
	<b>2009</b>		2008
	<b>Due within one year</b>	<b>Due after one year but within five years</b>	<b>Total</b>
	<b>Due within one year</b>	<b>Due after one year but within five years</b>	<b>Total</b>
	----- <b>Rs. in '000</b> -----		
Minimum lease payments receivable	<b>863,773</b>	<b>566,904</b>	<b>1,430,677</b>
Residual value of leased assets	<u><b>229,675</b></u>	<u><b>490,285</b></u>	<u><b>719,960</b></u>
Lease contracts receivable	<b>1,093,448</b>	<b>1,057,189</b>	<b>2,150,637</b>
Unearned lease income (including suspended income)	<u><b>(175,711)</b></u>	<u><b>(89,520)</b></u>	<u><b>(265,231)</b></u>
Provision for potential lease losses	<u><b>(45,663)</b></u>	<u><b>(13,640)</b></u>	<u><b>(59,303)</b></u>
	<u><b>(221,374)</b></u>	<u><b>(103,160)</b></u>	<u><b>(324,534)</b></u>
	<u><b>872,074</b></u>	<u><b>954,029</b></u>	<u><b>1,826,103</b></u>
	875,401	1,493,708	2,369,109

		<b>31 March 2009 Rs in '000</b>	30 June 2008 Rs in '000
<b>14. LONG TERM INVESTMENTS</b>			
Investment in related parties	14.1	<b>68,277</b>	67,808
Available-for-sale investments	14.2	<b>48,533</b>	13,333
		<u><b>116,810</b></u>	<u>81,141</u>
<b>14.1 Investment in related parties</b>			
In joint ventures (CNG/Diesel filling stations)			
-Centre Gas (Private) Limited	14.1.1	<b>34,084</b>	32,610
-UMA Enterprises	14.1.2	<b>27,633</b>	28,367
		<u><b>61,717</b></u>	<u>60,977</u>
Associated undertaking - Al-Zamin Leasing Corporation Limited (formerly Crescent Leasing Corporation Limited)			
	14.1.3	<b>6,560</b>	6,831
		<u><b>68,277</b></u>	<u>67,808</u>
<b>14.1.1 Centre Gas (Private) Limited</b>			
Details of the investment are as follows (under equity basis of accounting)			
Opening balance		<b>32,610</b>	28,261
Share of profit for the period		<b>1,474</b>	5,443
Dividend received		-	(1,094)
		<u><b>34,084</b></u>	<u>32,610</u>
Under clause 7(7) of part-II of the Prudential Regulations for Modarabas, the exposure of a modaraba in unlisted securities shall not be more than 5% of the equity of the modaraba. However, the Securities and Exchange Commission of Pakistan vide its letter dated 1 April 2008 has relaxed the limit prescribed in regulation 7(7) of the Prudential Regulation to invest in the shares of Centre Gas (Private) Limited up to 10.6% of the equity of the Modaraba as of 31 December 2007 (a limit of Rs. 39.568 million). However, this approval is subject to bringing the investment of the Modaraba in Centre Gas (Private) Limited in line with regulation 7(7) of the Prudential Regulation for Modarabas within a period of one and half year i.e. upto 30 September 2009.			
<b>14.1.2 UMA Enterprises (partnership concern)</b>			
Details of the investments are as follows (under equity basis of accounting):			
Opening balance		<b>28,367</b>	25,000
Share of profit for the period		<b>5,420</b>	4,562
Profit received		<b>(6,154)</b>	(1,195)
		<u><b>27,633</b></u>	<u>28,367</u>
<b>14.1.3 Al-Zamin Leasing Corporation Limited - listed</b>			
Details of the investment are as follows (under the equity basis of accounting):			
Opening balance		<b>6,831</b>	6,391
Post acquisition share of (loss)/gain		<b>(299)</b>	237
Post acquisition share of reserve on revaluation of available-for-sale investments		<b>28</b>	203
		<u><b>6,560</b></u>	<u>6,831</u>

**14.2 Available for sale**

Number of shares/certificates			Carrying value/Market value	
31 March 2009	30 June 2008		31 March 2009 Rs. in '000	30 June 2008 Rs. in '000
<i>Unlisted</i>				
<b>1,333,333</b>	1,333,333	Dawood Islamic Bank Limited	<b>13,333</b>	13,333
<i>Listed</i>				
<b>47,400</b>	-	Pakistan Oil Fields Limited *	<b>8,108</b>	-
<b>22,500</b>	-	Pakistan State Oil Limited	<b>4,409</b>	-
<b>32,500</b>	-	Engro Chemical Pakistan Limited *	<b>4,701</b>	-
<b>27,805</b>	-	Pakistan Petroleum Limited	<b>4,818</b>	-
<b>17,200</b>	-	Arif Habib Limited *	<b>981</b>	-
<b>24,375</b>	-	Arif Habib Securities Limited *	<b>653</b>	-
<b>15,000</b>	-	Attock Refinery Limited *	<b>1,270</b>	-
<b>60,000</b>	-	Hub Power Company Limited *	<b>1,237</b>	-
<b>25,000</b>	-	Lucky Cement Limited *	<b>1,235</b>	-
<b>7,000</b>	-	Mari Gas Company Limited *	<b>946</b>	-
<b>12,500</b>	-	Oil & Gas Development Corporation *	<b>901</b>	-
<b>5,500</b>	-	Adamjee Insurance Company Limited *	<b>367</b>	-
<b>5,000</b>	-	Pakistan Refinery Limited	<b>342</b>	-
<b>25,000</b>	-	Pakistan Telecommunication Company Limited	<b>417</b>	-
<b>17,500</b>	-	Nishat Mills Limited *	<b>531</b>	-
<b>10,000</b>	-	Eye Television Network Limited *	<b>383</b>	-
<b>20,000</b>	-	Azgard Nine Limited *	<b>617</b>	-
<b>4,000</b>	-	Packages Limited *	<b>692</b>	-
<b>25,000</b>	-	Fauji Fertilizer Bin Qasim Limited *	<b>428</b>	-
<b>15,000</b>	-	D.G Khan Cement Company Limited *	<b>327</b>	-
<b>5,000</b>	-	Fauji Fertilizer Company Limited *	<b>435</b>	-
<b>4,100</b>	-	ICI Pakistan Limited *	<b>394</b>	-
<b>2,100</b>	-	EFU General Insurance Limited	<b>187</b>	-
<b>50,000</b>	-	Maple Leaf Cement Factory Limited	<b>243</b>	-
<b>3,437</b>	-	Jahangir Siddiqui & Company Limited *	<b>116</b>	-
<b>5,000</b>	-	Pakistan Reinsurance Company Limited	<b>195</b>	-
<b>2,500</b>	-	JS Investment Limited	<b>49</b>	-
<b>5,000</b>	-	Sui Northern Gas Pipeline Limited	<b>151</b>	-
<b>19,268</b>	-	First Fidelity Modaraba	<b>67</b>	-
			<b>48,533</b>	13,333
		Cost of purchase	<b>56,401</b>	13,333

\* Shares given as collateral are pledged with Saudi Pak Industrial and Agricultural Investment Company Limited (SAPICO) against a borrowing from them.

		31 March 2009 Rs. in '000	30 June 2008 Rs. in '000
<b>15. DEFERRED ASSET</b>			
Deferred taxation	15.1	<b>66,055</b>	-
<b>15.1</b>	Deferred tax asset has been provided on the temporary differences between the carrying value of assets and liabilities and their tax base. The asset after considering the effects of tax losses is estimated at Rs. 66.055.		
<b>15.1.1</b>	Deferred taxation comprises:		
	Deferred tax assets arising in respect of:		
	- provision for doubtful finances/potential lease losses	<b>24,090</b>	-
	- carry forward of income tax loss	<b>125,964</b>	-
		<b>150,054</b>	-
	Deferred tax liabilities arising in respect of:		
	- accelerated tax depreciation	<b>(69,880)</b>	-
	- surplus on revaluation of assets	<b>(14,119)</b>	-
		<b>(83,999)</b>	-
		<b>66,055</b>	-

**16. ASSETS LEASED OUT**

Description	Cost as at July 1, 2008	Additions	Disposals/adjustment	Cost as at March 31, 2009	Accumulated depreciation as at July 1, 2008	Depreciation for the period	Accumulated depreciation as at March 31, 2009	Net book value as at March 31, 2009
Plant and machinery	-	53,897	-	53,897	-	5,383	5,383	48,514
Equipment	-	204,175	-	204,175	-	11,531	11,531	192,644
Vehicles	-	53,858	-	53,858	-	7,552	7,552	46,306
Livestock	-	15,088	-	15,088	-	963	963	14,125
<b>2009 Rupees</b>	<b>-</b>	<b>327,018</b>	<b>-</b>	<b>327,018</b>	<b>-</b>	<b>25,429</b>	<b>25,429</b>	<b>301,589</b>
2008 Rupees	-	-	-	-	-	-	-	-

**31 March 2009**      30 June 2008

**17. ASSETS IN OWN USE**

Operating assets	17.1	<b>282,912</b>	209,191
Capital work in progress	17.2	<b>64,017</b>	74,396
		<b>346,929</b>	283,587

**17.1 Operating assets**

	Cost/Revalued Amount			Accumulated depreciation			As at Net book value as at March 09	Rate %
	As at 1 July 2008 of acc Dep)	Rev- Deficit on reversal revaluation during the period	Addition/ (disposal) during the period	Transfers due to revaluation	Reversal due to revaluation	Transfers due to revaluation		
<b>Owned - tangible</b>								
Freehold land	100,691	-	2,077	-	-	-	130,693	-
Building	7,789	-	6,975	572	329	(814)	87	6,888
Office premises	35,092	22,971 (2,707)	5,720	-	1,534	(4,775)	703	55,598
Office equipment	12,118	-	1,195	-	1,442	-	8,034	4,938
Furniture and fixtures	14,333	-	115	-	14,426	(22)	7,070	7,356
Vehicles	16,675	-	9,587 (15,473)	1,899	12,688	3,521 (2,407)	5,746	6,942
Plant and machinery	41,097	6,017 (5,916)	12,290	-	3,854	3,399 (5,916)	1,337	52,151
	227,795	56,913 (2,707)	30,984 (15,836)	1,899	287,543 (15,836)	11,068 (11,505) (2,768)	1,118	22,977
<b>Owned - intangible</b>								
Computer software	737	-	-	-	737	74	737	-
<b>Leased - tangible</b>								
Vehicles	9,909	-	15,232 (1,288)	(1,899)	21,954	1,632 (429)	3,608	18,346
<b>March 31, 2009</b>	<b>238,441</b>	<b>56,913 (1,305)</b>	<b>(2,707) (17,124)</b>	<b>-</b>	<b>310,234</b>	<b>29,250 (12,774) (3,197)</b>	<b>27,322</b>	<b>282,912</b>
June 30, 2008	179,218	-	72,149 (12,927)	-	238,440	24,456 (7,077)	29,249	209,191

	<b>31 March 2009 Rs in '000</b>	30 June 2008 Rs in '000
<b>17.2 Capital Work in progress</b>		
CNG Projects		
- Other direct cost	<b>1,372</b>	10,183
Advance for the purchase/renovation of office premises at Faisalabad/Peshawar	<b>62,645</b>	62,645
Advance for the purchase of a vehicle	-	1,568
	<b>64,017</b>	74,396
<b>18. SHORT TERM MUSHARAKAH BORROWINGS AND BANK FINANCE FACILITIES</b>		
<b>Musharakah borrowings - unsecured</b>		
Financial institutions (other than leasing companies and modarabas)	<b>55,000</b>	60,000
Leasing Companies and modarabas		
- Associates	-	2,000
- Others	<b>9,000</b>	15,000
	<b>9,000</b>	17,000
Bank finance facilities	18.2 <b>44,809</b>	64,741
	<b>108,809</b>	141,741
<b>18.1</b>	Above finances have been obtained for 30 to 366 days at profit rates between 11% to 25% (30 June 2008: 10.25% to 12.75%).	
<b>18.2</b>	The Modaraba has also arranged finance facilities from certain banks amounting to Rs. 45 million which at period end were almost fully utilized. The facilities carry mark-up rates ranging between 3 months KIBOR+3% to 3 months KIBOR+3.1% (with a floor rate ranging between 7.5% to 11%) (30 June 2008: 6 months KIBOR+3% to 3 months KIBOR+3.15 with a floor ranging between 7.5% to 11%) per annum and are secured against floating charge on leased assets.	
<b>19. SHORT TERM CERTIFICATES OF MUSHARAKAH - unsecured</b>		
	These musharakah certificates are for periods, ranging between 90 to 365 days (30 June 2008: 90 to 366 days) and carry expected profit rates ranging between 12.5% to 24% (30 June 2008: 8.25% to 12.25%) per annum.	
<b>20. CURRENT MATURITY OF LONG TERM LIABILITIES</b>		
Security deposits from lessees	<b>229,621</b>	138,275
Certificates of musharakah	<b>90,005</b>	20,475
Liabilities under finance lease arrangements	<b>9,180</b>	4,791
Long term musharakah	<b>296,000</b>	288,500
Musharakah Term Finance Certificates (Privately Placed)	<b>116,667</b>	-
Musharakah Term Finance Certificates	<b>110,500</b>	212,500
	<b>851,973</b>	664,541
<b>21. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
	These liabilities (for vehicles obtained under leasing arrangements) carry profit rates ranging between 15.70% to 18.74% per annum (30 June 2008: 6.27% to 14.02% per annum) and are repayable by February 2012 in monthly / quarterly instalments.	

		<b>31 March 2009 Rs in '000</b>	30 June 2008 Rs in '000
<b>22. LONG TERM MUSHARAKAH AND MURABAHAH BORROWINGS - secured</b>			
<b>Musharakah</b>			
Commercial Banks	22.1	<b>75,000</b>	100,000
Others		-	5,000
		<b>75,000</b>	105,000
<b>Murabahah (note 22.2)</b>			
Commercial Banks	22.3	<b>275,427</b>	311,548
Other financial Institutions	22.4	<b>201,667</b>	284,167
		<b>477,094</b>	595,715
		<b>552,094</b>	700,715
Payable within one year shown under current maturity		<b>(296,000)</b>	(288,500)
		<b>256,094</b>	412,215
<b>22.1</b> These finances carry rate of profit ranging from 3 months KIBOR+1.5% (30 June 2008: 3 months KIBOR+1.5%) per annum and are payable in quarterly instalments. These are secured against hypothecation of specific leased assets, floating charge on the assets of the Modaraba. The repayment is on quarterly basis and will mature on 12 June, 2011.			
<b>22.2 Murabahah borrowings</b>			
Murabahah payable - gross		<b>594,765</b>	739,558
Deferred murabahah expense		<b>(99,710)</b>	(139,262)
Profit payable shown in creditors, accrued and other liabilities		<b>(17,961)</b>	(4,581)
		<b>477,094</b>	595,715
<b>22.3</b> These finances carry rate of profit ranging from six months average KIBOR plus 2.5% to 3.75% per annum and three months KIBOR plus 1.9% to 2.75% per annum (30 June 2008: six month average KIBOR plus 2.5% to 3.75% per annum and three months KIBOR plus 2.5% to 2.75% per annum) payable in monthly and quarterly instalments. These are secured against hypothecation of specific leased assets, floating charge on the assets of the modaraba and corporate guarantee by the management company of the modaraba. The facility is due for repayment between 15 January 2009 to 05 February 2012.			
<b>22.4</b> These finances carry rate of profit ranging from six months average KIBOR plus 3% to 3.25% per annum and three months KIBOR plus 3% per annum (30 June 2008: six months average ask KIBOR plus 3% to 3.25% per annum and three month KIBOR plus 3% per annum) payable in monthly, quarterly and half yearly instalments. These are secured against hypothecation of specific leased assets, floating charge on the assets of the modaraba and corporate guarantee by the management company of the modaraba. The facility is due for repayment between 15 January 2009 and 28 June 2011.			
<b>23. MUSHARAKAH TERM FINANCE CERTIFICATES (privately placed)</b>			
Commercial banks		<b>345,000</b>	345,000
Other financial institutions		<b>355,000</b>	355,000
		<b>700,000</b>	700,000
Total initial transaction cost		<b>7,400</b>	7,400
Amortization to date		<b>(2,103)</b>	(325)
		<b>5,297</b>	7,075
		<b>694,703</b>	692,925
Payable within one year shown under current maturity		<b>(116,667)</b>	-
		<b>578,036</b>	692,925
<b>23.1</b> These finances carry rate of profit at 6 months KIBOR+1.9% per annum (30 June 2008: 6 months KIBOR+1.9% per annum) and are payable in half yearly instalments. At the year-end profit rate was 17.66% per annum. These are secured against first pari passu charge of specific leased assets and associated lease receivables. The principal repayment will start from 12 November 2009 on half yearly basis in equal instalments of Rs. 116.667 million. The maturity date is 12 May 2012.			

		<b>31 March 2009</b>	30 June 2008	
		<b>Rs in '000</b>	Rs in '000	
<b>24. REDEEMABLE CAPITAL - MUSHARAKAH TERM FINANCE CERTIFICATES (MTFCs)</b>				
Balance as on 1 July		<b>323,000</b>	529,000	
Paid during the period		<b>(102,000)</b>	(206,000)	
		<b>221,000</b>	323,000	
Current maturity		<b>(110,500)</b>	(212,500)	
		<b>110,500</b>	110,500	
Total initial transaction cost		<b>10,384</b>	10,384	
Amortization to date		<b>(9,778)</b>	(8,817)	
		<b>606</b>	1,567	
		<b>109,894</b>	108,933	
During the period, first tranche of MTFCs was redeemed on 23 December 2008.				
The MTFCs are secured by a floating charge on the un-encumbered leased assets and associated lease receivables of the Modaraba. The MTFCs are listed on the Karachi Stock Exchange and currently carry an instrument rating of A (Single A) by JCR VIS Credit Rating Company Limited dated 30 September 2008.				
<b>25. ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATES</b>				
	<b>Number of certificates</b>			
	<b>31 March 2009</b>	<b>30 June 2008</b>		
			<b>31 March 2009</b>	
			<b>30 June 2008</b>	
			<b>Rs. in '000</b>	
			<b>Rs. in '000</b>	
<b>10,000,000</b>	10,000,000	Modaraba certificates of Rs. 10 each fully paid in cash	<b>100,000</b>	100,000
<b>2,650,000</b>	2,650,000	Modaraba certificates of Rs. 10 each issued as fully paid bonus certificates	<b>26,500</b>	26,500
<b>5,054,752</b>	5,054,752	Modaraba certificate of Rs. 10 each issued as fully paid up under scheme of arrangement of amalgamation with Ghandhara Leasing Company Limited	<b>50,548</b>	50,548
<b>7,767,360</b>	7,767,360	Modaraba certificate of Rs. 10 each issued as fully paid up under scheme of arrangement of amalgamation with First Professional Modaraba	<b>77,673</b>	77,673
<b>5,400,000</b>	-	Modaraba certificate of Rs. 10 each issued as fully paid up under scheme of arrangement of amalgamation with International Multi Leasing Corporation Limited	<b>54,000</b>	-
<b>30,872,112</b>	25,472,112		<b>308,721</b>	254,721
<b>26. DEFICIT ON REVALUATION OF AVAILABLE FOR SALE SECURITIES</b>				
Balance as at 31st December, 2008		<b>48,125</b>	-	
Adjustment during the quarter		<b>671</b>	-	
		<b>48,796</b>	-	
Charged 1/4 to profit and loss account		<b>(12,199)</b>	-	
		<b>36,597</b>	-	
Adjustment of Investment in associate		<b>(459)</b>	-	
		<b>36,138</b>	-	
<b>27. SURPLUS ON REVALUATION OF FIXED ASSETS</b>				
Surplus arising on revaluation during the period		<b>56,913</b>	-	
Less: Incremental depreciation		<b>(439)</b>	-	
		<b>56,474</b>	-	
Deferred tax liability related to surplus on revaluation during the period		<b>(14,119)</b>	-	
		<b>42,356</b>	-	
<b>27.1</b>	On January 1, 2009 the Modaraba revalued its land, building, office premises and plant and machinery which resulted in surplus of Rs. 56.913 million. The revaluation was carried out by approved independent valuers.			



## **28. CONTINGENCIES AND COMMITMENTS**

### **28.1 Tax contingencies**

#### **28.1.1 Ghandhara Leasing Limited**

Appeals in respect of former Ghandhara Leasing Limited (merged with Al-Zamin Leasing Modaraba in 2001) before the Commissioner of Income Tax (Appeal) (CIT (A)) relating to the assessment years 1999-2000 and 2000-2001 against certain disallowances have been set aside for reassessment. In case of adverse decision, additional tax liability of Rs. 11.03 million (30 June 2008: Rs 11.03 million) may arise which has not been provided in these financial statements as the management expects favourable outcome of these appeals.

#### **28.1.2 First Professionals Modaraba**

Appeals in respect of former First Professionals Modaraba (merged with Al-Zamin Leasing Modaraba in 2003) for the assessment year 1998-1999 was filed with the Commissioner of Income Tax (Appeals) (CIT (A)) against the tax demand of Rs. 0.73 million. Appeals filed with the CIT (A) has been decided in the Modaraba's favour but the appeal effect order has not been passed as yet by the assessing officer.

#### **28.1.3 International Multi Leasing Corporation Limited**

The assessment for the assessment years 1999-2000 and 2000-2001 of International Multi Leasing Corporation Limited (IMLCL) (merged with Al-Zamin Leasing Modaraba, refer note 1.3) have been finalized and demand of Rs. 1.66 million and Rs. 1.978 million (net of provision held by Modaraba) were created respectively. The Company filed appeals before Commissioner Income Tax Appeals (CIT (A)), against the aforesaid orders, which were decided in favour of the Company. The department has filed appeal, against the order of CIT (A) before Income Tax Appellate Tribunal (ITAT). The Tribunal has agreed with the decision of CIT (A) and rejected the contention of the department.

Assessment for the assessment year 2001-2002 of IMLCL has been finalized and demand of Rs. 2.373 million was created (net of provision held by Modaraba). The Company filed appeal before CIT (A), against the aforesaid orders, which was decided in favour of the Company. The department has filed appeal against the order of CIT (A) before Income Tax Appellate Tribunal (ITAT), outcome of which is still pending.

Assessment for the assessment year 2002-2003 of IMLCL has been finalized and demand of Rs. 1.185 million was created (net of provision held by Modaraba). The Company filed appeal before CIT (A), outcome of appeal is still pending.

Assessment for the tax year 2003 of IMLCL has been finalized and demand of Rs. 4.55 million was created. The Company filed appeal before CIT (A) and outcome of appeal is still pending. Adequate provision is held by the Modaraba against the above demand.

The Modaraba is hopeful of final settlement of its appeals in its favour and consider that adequate provisions are held by the Modaraba against the above orders / pending orders. Assessment for the tax years 2004, 2005, 2006, 2007 and 2008 are pending for assessment.

### **28.2 Others**

**28.2.1** Aggregate amount of guarantee given by a bank on behalf of the Modaraba in respect of the performance of contract aggregated Rs. 4.2 million (30 June 2008 : Rs. 4.2 million). This guarantee was given to Sui Northern Gas Pipeline Limited on 1 August 2008 in respect of Centre Gas (Private) Limited.

### **28.3 Commitments**




**28.3.1** Lease financing contracts committed but not executed at the balance sheet date amounted to Rs. Nil (30 June 2008: Rs. 187.198 million).

**28.3.2** Letters of comfort issued against Letter of Credits (in respect of Leases / Musharakah investments) to the counter parties as at 31 March 2009 amounted to Rs. Nil(30 June 2008: Rs. 26.717 million).

**28.3.3** Commitments in respect of capital expenditure Rs. 19.845 million (30 June 2008: Rs. 19.845 million).

		<b>31 March 2009 Rs in '000</b>	31 March 2008 Rs in '000
<b>29. OTHER INCOME</b>			
Gain on sale of fixed assets		365	582
Gain on bargain purchase		42,966	-
Commission income		1,718	4,243
Others	29.1	9,776	635
		<u>54,825</u>	<u>5,460</u>
<b>29.1</b>	Includes incentive amount of Rs. 8 million received from Swiss Agency for Development and Cooperation.		
<b>30. SHARE OF PROFIT OF JOINT VENTURES &amp; AN ASSOCIATE - NET</b>			
Centre Gas (Private) Limited	14.1.1	1,474	3,606
UMA Enterprises	14.1.2	5,420	2,474
Al-Zamin Leasing Corporation Limited (formerly Crescent Leasing Corporation Limited)	14.1.3	(299)	(81)
		<u>6,595</u>	<u>5,999</u>
<b>31. TAXATION</b>			
<b>31.1</b>	The income tax assessment of the Modaraba have been finalised up to and including financial year ended 30 June 2002. Returns of income for the financial years ended on 30 June 2003, 2004, 2005, 2006, 2007 & 2008 have been filed which are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for audit under ordinance.		
<b>31.2</b>	At 31 March 2009, Modaraba has recognized deferred tax asset balance against the net deductible temporary differences of Rs. 80.174 million and provided a sum of Rs. 0.780 million for current taxation.		
<b>32. RELATED PARTY TRANSACTIONS</b>			
The related parties comprise of Al-Zamin Modaraba Management (Private) Limited, being the Modaraba management company, major certificate holders and their close family members, directors of the modaraba management company and their close family members, key management personnel of the Modaraba and the management company and their close family members, the provident fund and entities with common directors or under common management.			
Contribution to the provident fund is made in accordance with the services rules. The remuneration is in accordance with the term of their employment. Other transactions are at agreed terms.			
Details of transactions with related parties and balances with them as at the period-end, if not mentioned else where, are as follows:			
	Note	<b>31 March 2009 Rs. in '000</b>	30 June 2008 Rs. in '000
<b>32.1 Balances outstanding at period end:</b>			
<b>Associates</b>			
Musharakah and Murabahah borrowings from associate	16	<u>-</u>	<u>2,000</u>
Certificate of Musharakah from trust under common directorship/trusteeship		<u>23,475</u>	<u>33,700</u>
Musharakah Term Finance Certificate borrowings		<u>18,720</u>	<u>18,741</u>
Modaraba Management fee payable to the management company		<u>-</u>	<u>3,644</u>
Investment in Al-Zamin Leasing Corporation Limited (formerly Crescent Leasing Corporation Limited)	14.1.3	<u>6,560</u>	<u>6,831</u>

	Note	<b>31 March 2009 Rs. in '000</b>	30 June 2008 Rs. in '000
<b>Joint ventures</b>			
Investment in shares of Centre Gas (Private) Limited	14.1.1	<b>34,084</b>	32,610
Investment in UMA Enterprises	14.1.2	<b>27,633</b>	28,367
Guarantee given to SNGPL in favour of Centre Gas (Private) Limited - off balance sheet item	28.2.1	<b>4,200</b>	4,200
<b>Other related parties</b>			
Certificate of musharakah from key management personnel		<b>2,500</b>	1,000
<b>32.2 Transactions during the period</b>			
	Note	<b>Nine months period ended 31 March 2009 Rs. in '000</b>	31 March 2008 Rs. in '000
<b>Associates</b>			
Modaraba management fee		-	3,055
Musharakah borrowings receipt from financial institution		-	2,000
Repayment of musharakah borrowings to financial institution		-	12,500
Mark-up/expense on musharakah and murabahah borrowings - financial institution under common directorship		-	1,314
Mark-up/expense on certificate of musharakah borrowings-Trust under common directorship/ trusteeship		<b>3,935</b>	2,443
Mark-up/expense on musharakah term finance certificate borrowings		-	774
Profit/(income) on term finance certificates of Dewan Cement Limited		-	5,836
Share of profit/(loss) under the equity basis of accounting from Al-Zamin Leasing Corporation Limited	14.1.3	<b>(299)</b>	237
Share of unrealised deficit from or revaluation of available-for-sale investment of Al-Zamin Leasing Corporation Limited (under the equity basis of accounting)	14.1.3	<b>28</b>	218
Share of profit/(loss) under the equity basis of accounting from Centre Gas (Private) Limited	14.1.1	<b>1,474</b>	3,606
Cash dividend received from Centre Gas (Private) Limited	14.1.1	-	1,094
Share of profit/(loss) under the equity basis of accounting from UMA Enterprises	14.1.2	<b>5,420</b>	2,474
Cash received from UMA Enterprises	14.1.2	<b>6,154</b>	1,196

	<b>Nine months period ended</b>	
	<b>31 March 2009</b>	<b>31 March 2008</b>
	<b>Rs. in '000</b>	<b>Rs. in '000</b>
Other related parties		
Remuneration of key management personnel	<b>5,313</b>	5,855
Contribution to the providend fund	<b>1,189</b>	347
<b>33. DATE OF AUTHORIZATION FOR ISSUE</b>		
These Financial statements were authorised by the Board of Directors of the Management Company in their meeting held on 29th April, 2009.		
		
<b>Basheer A. Chowdry</b> Chief Executive	<b>S. M. H. Kazmi</b> Director	<b>Rashid Ahmed</b> Director
<b>BOARD OF DIRECTORS</b>		
The Board of Directors of Al-Zamin Modaraba Management (Pvt) Limited comprises of eminent professionals and businessmen having rich experience and strong relationship in domestic and international banking circles. The members of the Board are as follows:		
Mr. Zafar Iqbal	Chairman	
Mr. Basheer Ahmed Chowdry	Chief Executive	
Mr. Manzoor Hussain Shah Kazmi	Director	
Mr. Sohail Ansar	Director	
Mr. Mohammad Aslam Khan	Director	
Mr. Najib Amanullah	Director	
Mr. Shiekh Arshad Farooq	Director	
Mr. Muhammad Kamal Abdul Nasir	Director	
Mr. Mohammad Imranul Haque	Director	
Dr. Namoos Baquar	Director	
Mr. Afzal Rashid	Director	
Mr. Anis Wahab Zuberi	(Nominee of National Investment Trust)	
Mr. Muhammad Zahid	(Nominee of Zahidjee Fabrics (Pvt) Ltd.)	
Mr. Rashid Ahmed	(Nominee of National Investment Trust)	
<b>Management</b>		
Mr. Basheer Ahmed Chowdry	Chief Executive	
Mr. Mohammad Moizul Haque	Chief Operating Officer	
Mr. Ansar Husain	Executive Director	
Ms. Hamida Aqeel	Company Secretary	
Mr. Mohammad Naim Ashraf	Chief Financial Officer	
Ms. Roomana Nasir	Advisor	
<b>Registered Office</b>		
104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi-75600, Pakistan.		
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