



Third Quarter Accounts
March 31, 2008
(Unaudited)

DIRECTORS' REPORT

The quarter under review witnessed historic developments in the political scenario of the country. General elections were held in a generally peaceful environment and determined the future pattern of governance for the country in an un-ambiguous manner. Many unexpected results established the fact that the civil society exercised its will independently and confidently. Consequently, the assemblies were constituted and the federal and provincial governments established with clear direction of public mandate. The most positive aspect of the entire situation has been the overall atmosphere of re-conciliation, understanding and positivity amongst various political factions. There is a general belief that the issues and problems can best be resolved by negotiations and mutual cooperation rather than confrontation. This positivity is bound to help the political stability and economic strength of the country.

The impending issues, particularly high inflation, large trade deficits, poverty, power shortage and scarcity of essential commodities would require a lot of courage and wisdom besides having clearly defined policies and programs for the government. The next few months should, therefore, witness important developments towards the resolution of the problems being faced by the nation. In the meantime, the investment climate and business scenario is returning fast to normalcy. The Karachi Stock Exchange has been consistently recording all time high levels with foreign investments coming in. The level of inward remittances by overseas Pakistanis is also increasing and the Rupee parity seems to have stabilized, at least for the time being.

In the above political and economic environment, your Modaraba has maintained its momentum of growth and improved upon its performance over the previous quarter. Your Board is happy to report that the quarter under review added a net profit (before management fee) of Rs.16.7 million to the half yearly profit of Rs.13.9 million earned during half-year July-December, 2007 thereby increasing the total profit for nine months to Rs.30.6 million. It was a significant improvement to which almost all components of income generation have contributed. Compared to the previous year's comparable period, the total earnings increased from Rs.234.0 million to Rs.293.2 million showing an increase of 25.3%. The financial charges also increased correspondingly from Rs.139.9 million to Rs.197.1 million. The resources mobilized during the nine months were successfully invested in the leasing, Musharakah, and diversification projects having potential of better yields to be recorded in the future months. Doubtful lease and other receivables totaling Rs.8 million were written off in implementation of the prudent policies of the Board. The diversification and other activities contributed about Rs.7.24 million in the earnings whereas the operating expenses showed an increase of about Rs.8 million during the nine months. Consequently, a net profit of Rs.27.5 million was recorded having earning per certificate of Rs.1.08.

The surplus liquidity of Rs.212.6 million available as at 30th June, 2007 was effectively utilized to reduce our liabilities and to undertake fresh business. Your Modaraba is happy to report that during the nine months ending as at 31st March, 2008, fresh business worth Rs.1,099 million was booked by the Modaraba which is in line with the projected goals. This reflects the dedication and commitment of the marketing and support teams and merits due appreciation.

Your management has successfully reduced the cost of funds over the last quarters. Consequently, the ability of the Modaraba to go back to writing better quality and larger leases of the corporate sector has improved. It is now possible to quote more competitive rates for lower risk-profile clients, thereby reducing the potential provisions in the future. The shift is being implemented carefully while keeping our focus on our preferred industrial sectors.

The earning pattern of the CNG stations of the Modaraba had suffered a set back in the previous quarter due to the shortage of gas, political unrest and frequent power break-downs. The position has now come back to normalcy and the sales volume are being re-couped in almost every location. This will improve the earnings further by the end of the financial year. Also, the property development projects in which your Modaraba has participated as Musharakah investments are also re-gaining their projected pace of completion and eventual sales. The overall uncertainties and unrest experienced over the previous six months had delayed the projected conclusion of the transactions which is now expected to materialize. Also, treasury operations have produced better results in line with the current market trends.

The proposed merger of International Multi Leasing Corporation with and into Al-Zamin Leasing Modaraba is now being processed through various regulatory and legal actions. Efforts are being made to complete the merger before or as on 30th June, 2008 which would add a fresh equity of about Rs.80 million to the Modaraba. In the meantime, our group entity, Al-Zamin Leasing Corporation Limited, has filed an application with Securities and Exchange Commission of Pakistan for grant of investment financial services license. Some prospects of further acquisitions or mergers are also being explored by your management in order to further enhance Al-Zamin Group's size and business capability.

With the stable political and economic environment, your Modaraba is well-poised to achieve its projected results by the year end for which intensive and well-coordinated efforts are being made consistently.

For and on behalf of the Board of Directors



Basheer A. Chowdry
Chief Executive

Karachi
Date: 26th April, 2008

**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT 31 MARCH 2008**

	Note	31 March 2008 Rs. in '000	30 June 2007 Rs. in '000
Assets			
Current Assets			
Cash and bank balances		30,803	212,594
Short term investments	5	24,552	73,511
Takaful reserve fund investments	6	48,910	47,297
Short term musharakah and murabahah		445,479	417,362
Advances and prepayments		34,018	36,608
Other receivables		88,221	60,532
Current maturity of long term receivables	7	964,874	958,522
Stock in Trade		1,099	431
		1,637,956	1,806,857
Non-current assets			
Long term musharakah - secured		97,788	47,898
Net investment in finance leases	8	1,413,929	1,409,175
Long term investments	9	86,912	141,485
Long term security deposits and advances		10,972	10,681
Assets in own use	10	267,673	225,636
		1,877,274	1,834,875
Total assets		3,515,230	3,641,732
Liabilities			
Current Liabilities			
Short term musharakah borrowings and bank finance facilities		360,089	419,000
Short term certificates of musharakah borrowings		417,530	513,580
Creditors, accrued and other liabilities		86,481	69,808
Profit distribution payable		5,426	4,465
Current maturity of long term liabilities	11	585,490	548,035
		1,455,016	1,554,888
Long term and deferred liabilities			
Deferred liability for staff gratuity		4,076	2,566
Security deposits from lessees		703,332	663,357
Long term certificates of musharakah borrowings		298,690	85,345
Liabilities against assets subject to finance lease		9,109	10,136
Long term musharakah and morabahah borrowings		439,585	614,273
Redeemable capital - Musharakah Term Finance Certificates		219,097	319,522
		1,673,889	1,695,199
Total liabilities		3,128,905	3,250,087
NET ASSETS		386,325	391,645
FINANCED BY			
Authorised certificate capital			
50,000,000 mudarabah certificates of Rs.10 each		500,000	500,000
Issued, subscribed and paid up certificates		254,721	254,721
Reserves		105,258	99,759
Share of surplus on revaluation of available for sale investments		(748)	228
Unappropriated profit		27,094	36,937
		386,325	391,645
Contingencies and Commitments			
	12		

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Basheer A. Chowdry
Chief Executive


M.H.S Kazmi
Director


Rashid Ahmed
Director

**CONDENSED INTERIM PROFIT AND
LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2008**

	Nine months period ended		Three months period ended	
	31 March 2008 Rs. in '000	31 March 2007 Rs. in '000	31 March 2008 Rs. in '000	31 March 2007 Rs. in '000
Income				
Income from leasing operations	200,344	174,446	65,548	61,902
Profit on musharakah investments	72,082	49,806	24,492	21,416
Income on deposits with banks	1,135	970	470	400
Net gain/(loss) on sale of marketable securities	11,699	(1,044)	(106)	1,483
Unrealised gain/(loss) on investment in marketable securities-net	(9,400)	(6,821)	11,347	2,473
Dividend Income	10,263	3,833	275	1,808
Income from trading operations	-	101	-	-
Income from Diesel /CNG station-net	1,245	3,294	1,093	1,548
Mark-up on term finance certificates	5,836	9,394	820	3,428
	293,204	233,979	103,939	94,458
Expenses				
Financial charges	(197,148)	(139,878)	(64,617)	(47,910)
Amortisation of assets leased out	-	(354)	-	-
	(197,148)	(140,232)	(64,617)	(47,910)
	96,056	93,747	39,322	46,548
(Impairment loss) / reversals				
-against other receivable	-	(260)	-	-
-doubtful lease receivable written off	(6,956)	(1,607)	(3,053)	(247)
-against doubtful finance lease receivable and lease rentals-net	745	4,855	(348)	860
-against other lease receivables	(1,797)	(669)	1	1
	(8,008)	2,319	(3,400)	614
	88,048	96,066	35,922	47,162
Other income	5,460	4,611	771	1,310
Operating expenses	(68,956)	(60,926)	(22,369)	(19,720)
Share of profit of joint ventures and an associate-net	5,999	4,325	2,266	1,785
	30,551	44,076	16,590	30,537
Mudarabah company's management fee	(3,055)	(4,408)	(2,357)	(3,054)
Profit for the period	27,496	39,668	14,233	27,483
Earnings per certificate basic & diluted	1.08	1.56	0.56	1.08

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Basheer A. Chowdry
Chief Executive


M.H.S Kazmi
Director


Rashid Ahmed
Director

**CONDENSED INTERIM
CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2008**

	<u>Nine months period ended</u>	
	31 March 2008	31 March 2007
	Rs. in '000	Rs. in '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	27,496	39,668
Adjustment for non cash charges and other items:		
Amortisation of assets leased out	-	354
Depreciation on fixed assets in own use	8,922	3,820
Impairment loss (gain)-net	8,008	(2,319)
Net loss/(gain) on sale of marketable securities	(11,699)	1,044
Gain on disposal of fixed assets in own use	(582)	-
Unrealised loss on investment in marketable securities-net	9,400	6,821
Provision for gratuity	1,876	1,195
Dividend income	(10,263)	(3,833)
Financial charges	197,148	139,878
	202,810	146,960
	230,306	186,628
 (Increase) / decrease in operating assets		
Net investment in lease finance/ijarah finances	(49,964)	(313,360)
Musharakah and murabahah receivables	(44,881)	(233,780)
Advances, deposit, prepayments & other receivable	(27,000)	(47,170)
Long term security deposits and advances	(291)	(18,475)
	(122,136)	(612,785)
 Increase / (decrease) in operating liabilities		
Creditors, accrued and other liabilities	(231)	357,097
Security deposits from lessees	28,540	119,946
	28,309	477,043
	136,479	50,886
 Financial charges paid	(180,244)	(125,153)
Gratuity paid	(366)	-
Tax paid	(1,202)	(350)
Net cash flows from operating activities	(45,333)	(74,617)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(55,933)	(155,010)
Proceeds from disposal of assets in own use	2,204	2,930
Purchase of investments-net of proceeds on sale	103,242	(24,303)
Dividend received	11,567	5,074
Stock In trade	(668)	686
Net cash flows from investing activities	60,412	(170,623)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital raised -net of initial transaction cost	(100,425)	(94,443)
Grant received (net of expenses)	-	77
Liabilities against assets subject to finance lease	(423)	1,055
Long term certificates of musharakah borrowings	115,873	185,502
Long term musharakah and morabahah borrowings	(122,105)	293,355
Short-term musharakah borrowings and bank finances	(58,911)	(119,912)
Profits paid to certificate holders	(30,879)	(24,688)
Net cash flows from financing activities	(196,870)	240,946
Net increase/(decrease) in cash and cash equivalents	(181,791)	(4,294)
Cash and bank balances at July 1	212,594	29,335
Cash and cash equivalents at March 31	30,803	25,041

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Basheer A. Chowdry
Chief Executive


M.H.S Kazmi
Director


Rashid Ahmed
Director

**CONDENSED INTERIM STATEMENT OF CHANGES
IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2008**

Rs. in '000

	Certificate capital	Reserves			Un app- ropriated profit	Certificate capital and reserves	Share of surplus on revaluation of available for sale investments	Total
		*Statutory	Merger	General				
Balance as at 01 July 2006	254,721	59,061	6,856	25,000	27,040	372,678	-	372,678
Changes in equity for the nine months period ended 31 March 2007								
Profit for the period from 01 July 2006 to 31 March 2007	-	-	-	-	39,668	39,668	-	39,668
Profit distribution for the year ended 30 June 2006	-	-	-	-	(25,472)	(25,472)	-	(25,472)
Transfer to special reserve	-	7,933	-	-	(7,933)	-	-	-
Balance as at 31 March 2007	254,721	66,994	6,856	25,000	33,303	386,874	-	386,874
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 for the period from 01 July 2007 to 31 March 2008	-	-	-	-	27,496	27,496	-	27,496
(Decrease) in revaluation of available for sale investments	-	-	-	-	-	-	(976)	(976)
Profit distribution for the year ended 30 June 2007	-	-	-	-	(31,840)	(31,840)	-	(31,840)
Recognised income and expense for the period	-	-	-	-	(4,344)	(4,344)	(976)	(5,320)
Transfer to special reserve	-	5,499	-	-	(5,499)	-	-	-
Balance as at 31 March 2008	254,721	73,402	6,856	25,000	27,094	387,073	(748)	386,325

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

The annexed notes from 1 to 15 form an integral part of these financial statements.


Basheer A. Chowdry
Chief Executive


M.H.S Kazmi
Director


Rashid Ahmed
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2008**

1. LEGAL STATUS AND NATURE OF BUSINESS

Al-Zamin Leasing Modaraba (the Mudarabah) 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 (Mudarabah 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 Mudarabah is listed on the Karachi, Lahore, and Islamabad Stock Exchanges. It is a multi purpose Mudarabah and the principal business of the Mudarabah is financing under leasing, musharakah and murabahah arrangements and operation of Compressed Natural Gas (CNG) / Diesel filling stations.

2. BASIS OF PREPARATION

These financial statements are presented in a condensed form in accordance with the requirements of Approved Accounting Standards as applicable in Pakistan for Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Mudarabah as at and for the year ended 30 June 2007.

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 is operative for financial statements covering the period beginning on or after 1 July 2007 and is required to be followed on those Ijarahs which commence after 1 July 2007. The Mudarabah has not yet adopted the above standard due to implications relating to accounting of similar leases under two different practices (new leases as operating and old leases as finance lease), concurrent application with International Accounting Standard 17 and other requirements of the standard. The Modaraba Association of Pakistan has approached the SECP for the deferment of the IFAS.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Mudarabah for the year ended 30 June 2007.

4. RISK MANAGEMENT POLICIES

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 June 2007.

5. SHORT TERM INVESTMENTS

		31 March 2008 Rs. in '000	30 June 2007 Rs. in '000
Investments			
Held-for-trading	5.1	23,552	13,931
At fair value through profit or loss upon initial recognition	5.2	-	39,998
Investments-current maturity held-to-maturity term finance certificates		-	19,582
		<u>23,552</u>	<u>73,511</u>
Available-for-sale			
Advance against purchase of shares	5.3	<u>1,000</u>	-
		<u>24,552</u>	<u>73,511</u>

5.1. Held-for-trading

31 March 2008 (Number of shares)	30 June 2007		31 March 2008 Rs. in 000	30 June 2007 Rs. in 000
6,000	-	Adamjee Insurance Ccompany Limited	2,292	-
-	2,000	Allied Bank Limited	-	278
58,500	133,500	AMZ Ventures Limited	351	921
11,000	-	Arif Habib Limited	3,327	-
10,000	2,500	Arif Habib Securities Limited	1,765	292
2,000	-	Atlas Battery Limited	353	-
3,093	75	Attock Refinery Limited	804	9
-	74	Bank Alfalah Limited	-	5
-	2,500	Bank Al-Habib Limited	-	166
10,000	-	Bank Islami Limited	196	-
1,650	1,650	Bestway Cement Limited	83	135
-	20,000	Bosicor Pakistan Limited	-	355
11,250	-	Dewan Cement Limited	186	-
-	35,000	Dewan Farooq Motors Limited	-	557
-	15,000	Dewan Hattar Cement Limited	-	192
7,000	2,000	Engro Chemicals Limited	2,267	506
35,000	45,000	Fauji Cement Company Limited	522	887
7,500	-	Fauji Fertilizer Bin Qasim Limited	340	-
-	2,000	Fauji Fertilizer Company Limited	-	243
-	2,000	Faysal Bank Limited	-	148
3,500	-	ICI Pakistan Limited	701	-
1,000	-	Jahangir Siddiqui & Co. Limited	715	-
1,100	-	Javed Omer Vohra & Co. Limited	1,203	-
-	120,000	The Karachi Electric Supply Company Limited	-	810
30,000	20,000	Maple Leaf Cement Factory Limited	552	488
-	440	Meezan Bank Limited	-	14
15,000	-	National Bank of Pakistan	140	-
625	-	Netsole Technologies Limited	73	-
1,272	-	NIB Bank Limited	23	-
-	5,000	Nishat (Chunian) Limited	-	206
34,000	4,000	Nishat Mills Limited	3,653	522
6,000	2,000	Packages Limited	2,264	638
-	400	Pakistan Industrial Credit and Investment Corporation	-	33
4,000	11,500	Pakistan Oil Fields Limited	1,470	3,646
15,000	-	Pakistan PTA Limited	84	-
-	15,000	Pakistan Telecommunication Company Limited	-	855
-	10,000	P.I.C.I.C Commercial Bank Limited	-	440
-	32,398	Pioneer Cement Limited	-	1,212
2,150	2,150	Sui Northern Gas Pipelines Limited	146	152
638	12	The Bank of Punjab	42	1
-	1,000	United Bank Limited	-	220
			23,552	13,931

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

5.2 At fair value through profit or loss upon initial recognition

31 March 2008 (Number of units)	30 June 2007		31 March 2008 Rs. in 000	30 June 2007 Rs. in 000
Open-end funds				
-	100,000	Meezan Islamic Income Fund	-	5,220
-	50,950	NAFA Cash Fund	-	564
			-	5,784
Closed-end funds				
-	2,000,000	NAMCO Balanced Fund	-	19,500
-	1,000,000	UTP Large Capital Fund	-	8,450
-	435,275	First Dawood Mutual Fund	-	3,917
-	65,000	PICIC Growth Fund	-	2,197
-	20,000	PICIC Energy Fund	-	150
			-	34,214
			-	39,998

5.21 Under clause 7(8) of part-II of the Prudential Regulations for Mudarabahs, the investment of a Mudarabah in listed securities shall not be more than 20% of the equity of the Mudarabah. However, the Securities and Exchange Commission of Pakistan vide its letter dated 20 January 2006 has relaxed the above limit to the extent of 30% of the equity of the Mudarabah, with an advice that the relaxed limit may be used for Takaful Reserve Fund Investments (refer note 6 below).

5.3 Available-for-sale

This represents advance payment for the purchase of 100,000 shares of Dawood Family Takaful Limited. The amount was contributed in October 2007 under pre-initial public offering.

		31 March 2008	30 June 2007
		Rs. in '000	Rs. in '000
6. TAKAFUL RESERVE FUND INVESTMENTS			
At fair value through profit or loss upon initial recognition	6.1	-	47,297
Available for sale	6.2	48,910	-
		48,910	47,297

6.1 At fair value through profit or loss upon initial recognition

	31 March 2008	30 June 2007		31 March 2008	30 June 2007
	(Number of units)			Rs. in 000	Rs. in 000
Open-end mutual funds					
-	118,871	Faysal Balanced Growth Fund	-		14,433
-	202,639	Pakistan International Islamic Fund	-		11,935
-	13,864	Atlas Stock Market Fund	-		9,647
-	79,681	Meezan Islamic Fund	-		6,022
			-		42,037
Closed-end mutual funds					
-	500,000	UTP Large Capital Fund	-		4,225
-	101,000	Meezan Balanced Fund	-		1,035
			-		5,260
			-		47,297

6.2 Available-for-sale

	31 March 2008	30 June 2007		31 March 2008	30 June 2007
	(Number of units)			Rs. in 000	Rs. in 000
Open-end mutual funds					
91,022	-	Faysal Balanced Growth Fund	10,149	-	
56,721	-	KASB Balance Fund	3,014	-	
60,588	-	AKD Opportunity Fund	3,993	-	
48,942	-	National Investment Trust	2,894	-	
145,856	-	Meezan Islamic Fund	10,060	-	
			30,110	-	
Closed-end mutual funds					
2,000,000	-	Namco Balanced Fund	18,800	-	
			18,800	-	
			48,910	-	

	31 March 2008	30 June 2007
	Rs. in '000	Rs. in '000
7. CURRENT MATURITY OF LONG TERM RECEIVABLES		
Musharakah receivables	53,516	86,163
Net investment in finance leases	911,358	872,359
	964,874	958,522

8. NET INVESTMENT IN FINANCE LEASE/IJARAH FINANCE

	31 March 2008			30 June 2007		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
	-----Rs. in '000-----					
Minimum lease payments receivable	989,306	905,277	1,894,583	897,693	1,010,296	1,907,989
Residual value of leased assets	146,802	702,941	849,743	158,237	663,117	821,354
Lease contracts receivable	1,136,108	1,608,218	2,744,326	1,055,930	1,673,413	2,729,343
Unearned lease income (including suspended income)	(213,476)	(171,398)	(384,874)	(170,222)	(242,676)	(412,898)
Provision for potential lease losses	(11,274)	(22,891)	(34,165)	(13,349)	(21,562)	(34,911)
	(224,750)	(194,289)	(419,039)	(183,571)	(264,238)	(447,809)
	911,358	1,413,929	2,325,287	872,359	1,409,175	2,281,534

		31 March 2008	30 June 2007
		Rs. in 000	Rs. in 000
9. LONG TERM INVESTMENTS			
Held to maturity investments		-	91,416
Investment in related parties	9.1	73,579	56,651
Available for sale investments		13,333	10,000
		86,912	161,067
Current maturity of held to maturity investments		-	(19,582)
		86,912	141,485
9.1 Investment in related parties			
In joint venture (CNG/Diesel filling stations)			
-Centre Gas (Private) Limited	9.1.1	40,773	28,260
-UMA Enterprises	9.1.2	26,278	25,000
		67,051	53,260
Associated undertaking-Al-Zamin Leasing Corporation Limited (formerly Crescent Leasing Corporation Limited)	9.1.3	6,528	6,391
		73,579	59,651
9.1.1 Centre Gas (Private) Limited			
Detail of the investment is as follows (under equity basis of accounting)			
Opening balance		28,260	29,903
Additional Investment		10,000	-
		38,260	29,903
Share of profit for the period		3,606	4,505
Dividend received		(1,093)	(6,148)
		40,773	28,260

Securities & Exchange Commission of Pakistan (SECP) through their letter dated 1st April 2008 have relaxed the limit prescribed in regulation 7(7) of the Prudential Regulation to invest in the shares of Centre Gas (Private) Limited upto 10.60% of the equity of the Mudarabah as of 31st December, 2007. Accordingly, the Mudarabah is allowed to invest upto Rs. 39.570 million against which actual investment comes to Rs. 38.260 million.

31 March 30 June
2008 2007
Rs. in 000 Rs. in 000

9.1.2 UMA Enterprises

Detail of the investment is as follows (under equity basis of accounting)

Opening balance	25,000	12,310
Additional investment	-	12,690
	25,000	25,000
Share of profit for the period	2,474	-
Profit received	(1,196)	-
	26,278	25,000

9.1.3 Al-Zamin Leasing Corporation Limited

Detail of the investment is as follows (under equity basis of accounting)

Opening balance	6,391	6,651
Post acquisition share of loss	(81)	(487)
Post acquisition share of reserve on revaluation of available-for-sale investment	218	227
	6,528	6,391

10. ASSET IN OWN USE

	Nine months period 31 March 2008		Year ended 30 June 2007	
	Owned Rs. in '000	Leased Rs. in '000	Owned Rs. in '000	Leased Rs. in '000
Operating Assets				
Additions (Cost)				
Office equipment, furniture & fixtures	2,427	-	9,650	-
Plant & machinery, Land & building for CNG station	31,618	10,819	124,434	-
Vehicles	3,914	-	6,697	4,014
	37,959	10,819	140,781	4,014
Disposal (Cost)				
Plant & machinery	-	-	-	689
Office equipment, furniture & fixtures	78	-	249	-
Vehicles	1,914	1,319	2,692	395
	1,992	1,319	2,941	1,084
Capital Work in progress				
Additions (Cost)				
CNG Projects				
- Civil works	4,383	-	19,036	-
- Plant and machinery	-	-	22,098	-
- Other direct costs	3,368	-	-	-
	7,751	-	41,134	-
Advance for the purchase of office premises at Faisalabad	30,933	-	20,623	-
	38,684	-	61,757	-

31 March 30 June
2008 2007
Rs. in 000 Rs. in 000

11. CURRENT MATURITY OF LONG TERM LIABILITIES

Security deposits from lessees	146,802	158,237
Certificates of musharakah borrowings	12,975	14,397
Liabilities under finance lease arrangements	5,713	5,111
Long term musharakah borrowings	214,000	164,290
Musharakah Term Finance Certificates	206,000	206,000
	585,490	548,035

12. CONTINGENCIES AND COMMITMENTS

12.1 Tax contingencies

12.1.1 Appeals in respect of former Ghandhara Leasing Limited (merged with Al-Zamin Leasing Modaraba in 2001) before the ITAT were remanded back to Commissioner of Income Tax (Appeal) relating to the assessment years 1999-2000 and 2000-2001 on certain matters. In case of adverse decision, additional tax liability of Rs. 6.66 million (30 June 2007: Rs 11.03 million) may arise which has not been provided in these financial statements as the management expects favourable outcome of these appeals.

12.1.2 Appeals in respect of former First Professional 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) have been decided in the Mudarabah's favour but the appeal effect order has not been passed as yet. Being aggrieved with the appellate order passed by the CIT (A), the Income Tax department has filed an appeal with the Income Tax Appellate Tribunal (ITAT), which has been dismissed by ITAT. The set-aside proceedings have not yet commenced. No provision has been made in these financial statements as the management expects favourable outcome of these appeals.

12.2 Others

12.2.1 Aggregate amount of guarantee given by a bank on behalf of the Mudarabah in respect of the performance of contract aggregated Rs. 3 million (30 June 2007 : Rs. 3 million). This guarantee was given to Sui Northern Gas Pipeline Limited on 1 August 2006 in respect of Centre Gas (Private) Limited.

12.3 Commitments

12.3.1 Lease financing contracts committed but not executed at the balance sheet date amounted to Rs. 110.177 million (30 June 2007: Rs. 129.490 million).

12.3.2 Murabahah / Musharakah finances agreed but not yet disbursed to the counter parties as at 31 March 2008 amounted to Rs. 1.2 million (30 June 2007: Rs. 26.620 million).

12.3.3 Letters of comfort issued against Letter of Credits (in respect of Leases / Musharakah investments) to the counter parties as at 31 March 2008 amounted to Rs. 27.65 million (30 June 2007: Rs. 58.211 million).

13. TAXATION

The income of the Mudarabah (not being income from trading activity) is exempt from tax, provided that not less than 90% of its profits are distributed to the certificate holders. The Mudarabah intends to avail the tax exemption hence no provision has been made in these financial statements for tax liability for the nine months period ended 31 March 2008.

14. RELATED PARTY TRANSACTIONS

The related parties comprise of Al-Zamin Modaraba Management (Private) Limited, being the Mudarabah management company, major certificate holders and their close family members, directors of the Mudarabah management company and their close family members, key management personnel of the Mudarabah and the management company and their close family members, the provident fund and entities with common directors or under common management and the related parties indicated in note 9.1.

Detail of transactions with related parties and balances with them as at the period end, if not mentioned else where, are as follows:

	31 March 2008 Rs. in '000	30 June 2007 Rs. in '000
14.1 Balances outstanding		
<i>Mudarabah Management Company</i>		
Mudarabah management fee payable to the management company	3,055	4,912
<i>Associates</i>		
Musharakah and murabahah borrowings from associate	31,167	151,669
Certificate and murabahah borrowings from trust under common directorship/trusteeship	36,100	18,110
Musharakah Term Finance Certificate borrowings	10,957	18,761
Investment in Term Finance Certificates of Dewan Cement Limited	-	81,978
Investment in Al-Zamin Leasing Corporation Limited (formerly Crescent Leasing Corporation Limited)	6,528	6,391
Share of unrealised deficit on revaluation of available-for-sale investment of Al-Zamin Leasing Corporation Limited	445	227
<i>Joint ventures</i>		
Investment in shares of Centre Gas (Private) Limited	38,260	29,903
Investment in UMA Enterprises	25,000	25,000
Guarantee given to SNGPL in favour of Centre Gas (Private) Limited - off balance sheet item	3,000	3,000
<i>Other related parties</i>		
Certificate of musharakah borrowings from key management personnel	150	200
	Nine months period ended 31 March 2008 Rs. in '000	31 March 2007 Rs. in '000

14.2 Transactions during the period

<i>Mudarabah Management Company</i>		
Mudarabah management fee	3,055	4,408
<i>Associates</i>		
Repayment of musharakah borrowings to financial institution	12,500	64,167
Mark-up / expense on musharakah borrowings - financial institution under common directorship	1,314	5,012
Mark-up / expense on musharakah borrowings - Trust under common directorship/trusteeship	2,443	1,200
Mark-up expense on musharakah term finance certificates borrowings	774	1,965
Profit on Term Finance Certificates of Dewan Cement Limited (income)	5,836	9,394
Share of loss from Al-Zamin Leasing Corporation Limited (under the equity basis of accounting)	81	-

	Nine months period ended	
	31 March 2008	31 March 2007
	Rs. in '000	Rs. in '000
Share of unrealised deficit from revaluation of available-for-sale investments of Al-Zamin Leasing Corporation Limited (under the equity basis of accounting)	218	227
Joint ventures		
Share of profit from centre Gas (Private) Limited (under the equity basis of accounting)	3,606	-
Share of profit from UMA Enterprises (under the equity basis of accounting)	2,474	-
Cash dividend received-Centre Gas (Private) Limited	1,093	-
Profit received - UMA Enterprise	1,196	-
Key management personnel (of the Mudarabah)		
Remuneration of key management personnel	5,855	4,350
Contribution to the provident fund	347	1,133

15. DATE OF AUTHORIZATION FOR ISSUE

These Financial statements were authorised by the Board of Directors of the Management Company in their meeting held on 26th April 2008.


Basheer A. Chowdry
 Chief Executive


M.H.S Kazmi
 Director


Rashid Ahmed
 Director

BOARD OF DIRECTORS

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. Shiekh Arshad Farooq	Director
Mr. Najib Amanullah	Director
Dr. Namoos Baquar	Director
Mr. Muhammad Kamal Abdul Nasir	Director
Mr. Mohammad Imranul Haque	Director
Mr. Muhammad Zahid	(Nominee of Zahidjee Fabrics (Pvt) Ltd.)
Mr. Anis Wahab Zuberi	(Nominee of National Investment Trust)
Mr. Rashid Ahmed	(Nominee of National Investment Trust)

Management

Mr. Basheer Ahmed Chowdry	Chief Executive
Mr. Mohammad Moizul Haque	Chief Operating Officer
Mr. Ansar Husain	Executive Director
Mr. Muhammad Kamal Abdul Nasir	Director
Ms. Hamida Aqeel	Company Secretary
Mr. Mohammad Naim Ashraf	Chief Financial Officer

Registered Office

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