

BALANCE SHEET AS AT JUNE 30, 2006

BALANCE SHEET

	Rupees	Note	2006	2005
SHARE CAPITAL				
Authorised 10,000,000 (2005: 10,000,000) ordinary shares of Rs. 10 each			100,000,000	100,000,000
Issued, subscribed and paid-up capital		3	62,500,000	62,500,000
Revaluation reserve on investments			68,450,000	(19,400,000)
Unappropriated profit			1,423,286	1,443,920
			132,373,286	44,543,920
CURRENT LIABILITIES				
Accrued and other liabilities		4	110,490	83,090
			132,483,776	44,627,010
LONG-TERM INVESTMENTS				
		5	128,450,000	40,600,000
CURRENT ASSETS				
Other receivables		6	175,395	47,318
Advance tax			44,258	40,300
Short term investments			3,137,450	3,105,562
Cash and bank balances		7	676,673	833,830
			4,033,776	4,027,010
			132,483,776	44,627,010

The annexed notes 1 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2006

Rupees	Note	2006	2005
Income	8	191,266	93,107
Administrative expenses	9	(211,900)	(176,250)
Loss before taxation		(20,634)	(83,143)
Taxation		-	-
Loss after taxation		(20,634)	(83,143)
Loss per share	10	(0.003)	(0.01)

The annexed notes 1 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2006

CASH FLOW STATEMENT

Rupees	Note	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(20,634)	(83,143)
Operating profit before working capital changes		(20,634)	(83,143)
Increase in other receivables		(128,077)	(12,746)
Increase in accrued and other liabilities		27,400	54,650
Cash used in operations		(121,311)	(41,239)
Income tax paid		(3,958)	(4,234)
Net cash used in operating activities		(125,269)	(45,473)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		-	38,012
Net cash generated from investing activities		-	38,012
Net decrease in cash and cash equivalents		(125,269)	(7,461)
Cash and cash equivalents as at July 1		3,939,392	3,946,853
Cash and cash equivalents as at June 30	11	3,814,123	3,939,392

The annexed notes 1 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2006

STATEMENT OF CHANGES IN EQUITY

Rupees	Issued, subscribed and paidup capital	Revaluation reserve on investments	Unappropriated profit	Total
Balance as at June 30, 2004	62,500,000	(12,400,000)	1,527,063	51,627,063
Loss for the year	-	-	(83,143)	(83,143)
Loss on revaluation of investments	-	(7,000,000)	-	(7,000,000)
Balance as at June 30, 2005	62,500,000	(19,400,000)	1,443,920	44,543,920
Loss for the year	-	-	(20,634)	(20,634)
Gain on revaluation of investments	-	87,850,000	-	87,850,000
Balance as at June 30, 2006	62,500,000	68,450,000	1,423,286	132,373,286

The annexed notes 1 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006

NOTES TO THE FINANCIAL STATEMENTS

1. STATUS AND NATURE OF BUSINESS

Allied Management Services (Private) Limited (AMSL) was incorporated under Companies Ordinance 1984 on October 09, 1991 and was registered as Modaraba Management Company on October 13, 1992. The principal activity of the company is floatation and management of Modaraba for undertaking business operations aimed at Islamization of the country's economy. The company floated and managed First Allied Bank Modaraba. The Board of Director's in its 48th meeting held on September 21, 2004 decided to transfer the fixed assets of AMSL to First Allied Bank Modaraba at book values.

1.1 Subsequent to the balance sheet date, the Lahore High Court, Lahore sanctioned the scheme of arrangement to effect amalgamation by way of merger of First Allied Bank Modaraba with and into Allied Bank Limited which involved transfer to vesting in Allied Bank Limited of the whole business of First Allied Bank Modaraba together with the all properties, assets, rights, liabilities obligations against allotment of ordinary shares of Allied Bank Limited to the certificate holders of First Allied Bank Modaraba. On the completion of amalgamation by way of merger and after issuance of ordinary shares by Allied Bank Limited, First Allied Bank Modaraba will be dissolved without going into winding-up.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements are prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise such International Accounting Standards (IASs) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Accounting convention

These financial statements have been prepared on the basis of historical cost convention except for as modified in accordance with note 2.4.

2.3 Use of estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affect only that period, or in the period of the revision and future periods if the revision affects both current and future period.

2.4 Long term Investment—Available for sale

Available for sale investments are those financial assets that are not (a) loans and receivables originated by the company (b) held to maturity investments or (c) financial assets held for trading. Available for sale investments are initially recognized at cost and subsequently re-measured to fair value. Unrecognized gains and losses are recognized directly in equity through the statement of changes in equity.

2.5 Revenue recognition

2.5.1 Modaraba management fee is recognized as income on an accrual basis.

2.5.2 Dividend income is recognized when right to receive a dividend is established.

2.5.3 Return on deposits with bank is recognized on accrual basis.

2.6 Taxation

Provision for current taxation is based on taxable income at current tax rates after taking into account tax rebates and tax credit available, if any, and the provision of Section 113 of Income Tax Ordinance, 2001 whichever is higher.

2.7 Impairment

The carrying amounts of the company's assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated and impairment losses are recognized in the profit and loss account. Reversal of impairment loss if any, is restricted to the original cost of assets.

NOTES TO THE FINANCIAL STATEMENTS

2.8 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.9 Financial instruments

Recognition

Financial instruments are recognized when the company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.10 Off-setting

Financial assets and liabilities are set-off and the net amount is reported in the balance sheet if the company has a legal right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances and short term investments as stated in note 11.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Rupees	2006	2005
6,250,000 (2005 : 6,250,000)		
ordinary shares of Rs. 10 each fully paid in cash	62,500,000	62,500,000

3.1 Allied Bank Limited, the holding company, holds 6,248,800 ordinary shares as at June 30, 2006 (2005: 6,248,800 ordinary shares)

4. ACCRUED AND OTHER LIABILITIES

Rupees	2006	2005
Accrued expenses	110,000	82,600
Dividend payable	490	490
	110,490	83,090

5. LONG-TERM INVESTMENT – Available for sale

	2006	2005		
	No. of Shares			
	7,000,000	7,000,000	Managed Modaraba – listed	
			First Allied Bank Modaraba	
				128,450,000
				40,600,000

6. OTHER RECEIVABLES

Income receivable on certificates of investments	175,395	23,718
Claim receivables	23,600	23,600
	198,995	47,318
Provision for doubtful receivables	(23,600)	–
	175,395	47,318

NOTES TO THE FINANCIAL STATEMENTS

	Rupees	2006	2005
7. BANK BALANCES	Bank accounts		
	– current	65,443	65,443
	– saving	611,230	768,387
		676,673	833,830
8. INCOME	Return on bank deposits	4,158	738
	Profit on TDR (ABL)	187,108	92,369
		191,266	93,107
9. ADMINISTRATIVE EXPENSES	Annual renewal fee	15,000	15,000
	Legal and professional charges	87,600	103,000
	Auditors' remuneration (9.1)	85,250	40,000
	Bank charges	450	–
	Provision for doubtful receivables	23,600	–
	Retainer-ship fee	–	18,000
	Miscellaneous	–	250
		211,900	176,250
9.1 Auditors' Remuneration	Audit fee	40,000	40,000
	Half year fee	40,000	–
	Out of pocket expenses	5,250	–
		85,250	40,000
10. LOSS PER SHARE	Loss after tax	(20,634)	(83,143)
	Number of shares	6,250,000	6,250,000
	Loss per share	(0.003)	(0.01)
11. CASH AND CASH EQUIVALENTS	Short term investments	3,137,450	3,105,562
	Cash and bank balances	676,673	833,830
		3,814,123	3,939,392

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL ASSETS AND LIABILITIES

Rupees	Interest / markup bearing			Non-interest / mark up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	2006
Financial assets							
Long term investments	-	-	-	-	128,450,000	128,450,000	128,450,000
Other receivables	-	-	-	175,395	-	175,395	175,395
Short term investments	3,137,450	-	3,137,450	-	-	-	3,137,450
Bank balances	611,230	-	611,230	65,443	-	65,443	676,673
Total financial assets	3,748,680	-	3,748,680	240,838	128,450,000	128,690,838	132,439,518
Financial liabilities							
Accrued expenses	-	-	-	100,490	-	100,490	100,490
Total financial liabilities	-	-	-	100,490	-	100,490	100,490

Rupees	Interest / markup bearing			Non-interest / mark up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	2005
Financial assets							
Long term investments	-	-	-	-	40,600,000	40,600,000	40,600,000
Other receivables	-	-	-	47,318	-	47,318	47,318
Short term investments	3,105,562	-	3,105,562	-	-	-	3,105,562
Bank balances	768,387	-	768,387	65,443	-	65,443	833,830
Total financial assets	3,873,949	-	3,873,949	112,761	40,600,000	40,712,761	44,586,710
Financial liabilities							
Accrued expenses	-	-	-	28,440	-	28,440	28,440
Total financial liabilities	-	-	-	28,440	-	28,440	28,440

13. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on September 30, 2006.

14. GENERAL

The figures have been rounded to nearest rupees.

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR