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Security Leasing
Corporation Limited

Company Information

BOARD OF DIRECTORS

Mr. M R Khan	Chairman
Mr. S M Nadim Shafiqullah	Vice Chairman
Mr. Mohammed Khalid Ali	Chief Executive
Mr. S S Hamid	
Mr. Masud Zain	
Mr. S. Naved Husain	
Mr. Shafiq-ur-Rehman	
Mr. Ahmed Ali Khan	

AUDIT COMMITTEE

Mr. M R Khan	Chairman
Mr. S M Nadim Shafiqullah	
Mr. S.S. Hamid	
Mr. Masud Zain	

INVESTMENT COMMITTEE

Mr. M R Khan	Chairman
Mr. S M Nadim Shafiqullah	
Mr. M Khalid Ali	
Mr. Masud Zain	

EXECUTIVE COMMITTEE

Mr. M R Khan	Chairman
Mr. S M Nadim Shafiqullah	
Mr. M Khalid Ali	
Mr. Masud Zain	
Mr. S. Naved Husain	

HUMAN RESOURCE COMMITTEE

Mr. M R Khan	Chairman
Mr. S M Nadim Shafiqullah	
Mr. M Khalid Ali	
Mr. Masud Zain	

COMPANY SECRETARY Salman Hameed

EXTERNAL AUDITORS Anjum Asim Shahid Rahman & Company,
Chartered Accountants

INTERNAL AUDITORS Ford, Rhodes, Sidat, Hyder & Company,
Chartered Accountants



Security Leasing
Corporation Limited

LEGAL ADVISORS

A K Brohi & Co., Advocates

TAX CONSULTANTS

Ford, Rhodes, Sidat,
Hyder & Company,
Chartered Accountants

CREDIT RATING AGENCY

JCR-VIS Credit Rating Company (Private) Limited

ENTITY RATING

A-3 for short term;
BBB+ for long term; Outlook - Negative

BANKERS & LENDING INSTITUTIONS

Allied Bank of Pakistan

Bank Alfalah Limited

Bank Al-Habib Limited

Faysal Bank Limited

First Women Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Pak Kuwait Investment Company (Private) Limited

Pak Libya Holding Company (Private) Limited

Pak Oman Investment Company Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

The Bank of Punjab

United Bank Limited

REGISTERED & HEAD OFFICE

Block 'B', 5th Floor, Lakson Square No. 3,

Sarwar Shaheed Road, Karachi 74200

Tel: 021 - 111-111-902 Fax: 021 - 568 9854

Web: www.seclearse.com e-mail: slcl@seclearse.com

BRANCHES

Lahore - North Region

8th Floor, City Towers,

Main Gulberg Road, Lahore

Phone: 042 - 5788660-61 Fax: 042 - 5788659

Hyderabad

7th Floor, State Life Building,

Thandi Sarak, Hyderabad.

SHARE REGISTRAR

Nobel Computer Services (Private) Limited

2nd Floor, Sohni Centre BS 5 & 6

Main Karimabad, Block 4, FB. Area, Karachi.

Phone: 021-6801880 Fax: 021-6801129

Directors' Review

The directors are pleased to present their report on the financial statements of your Company for the quarter and half year ended on December 31, 2008.

Compared to 30th June 2008 the total assets of the Company were Rs.4,701.3 million as compared to Rs. 5,577.3 million. The net investment in leases stood at Rs. 3.48 billion while the total revenue amounted to Rs. 168.9 million. The Company had a loss after tax of Rs. 171.1 million. The loss per share has been Rs. 4.72.

As advised earlier, the current economic situation of the world in general and of Pakistan has changed substantially. The country during the first half of current financial year has gone through crisis of large capital outflow, liquidity crunch, high inflation and depleting foreign exchange reserves. During the period, the country was forced to reenter the IMF program which had the pre-condition of increase in interest rates to curb the rapidly rising inflation and cut in economic growth. Furthermore, the extraordinary pressure on the local financial system of the country due to higher withdrawal by depositors choked the inter bank money market where all banks suddenly stopped lending to every institution. This has resulted in very steep increase in the cost of funds and lack of funds resulted in higher risk of default on loan payments. Your company however, managed the situation with giving complete focus on recoveries and sold out certain investments to generate cash to meet obligations. During the month of December 2008, the company paid the first installment of Sukuk I including markup of Rs. 150 million which was a tremendous task in view of zero funds availability.

The capital market of the country after remaining closed for over three months is now open but the closure has inflicted very huge loss to the company as a sizeable portfolio of equity investment is not providing return at this point of time.

Your company has, however, tried to adopt measures to minimize the adverse effects of deteriorating overall economic conditions of the country but since the bank lending is completely stopped, the company at the moment is not doing any new business.

The lease portfolio of the company is well diversified with investment in different sectors of the economy, with exposure not exceeding 20% in any one sector. The foresight in lending by thorough credit risk analysis enabled the company to keep the lease rental recovery largely unaffected during the period even though some borrowers experienced cash-flow problems.

Your directors recognize and appreciate the support of the lending institutions and the dedicated service rendered by the management and other members of the staff of the Company.

For and on behalf of the Board of Directors



M. Khalid Ali
Chief Executive Officer

Karachi: February 27, 2009

**AUDITORS' REPORT TO
THE MEMBERS ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed balance sheet of Security Leasing Corporation Limited (the company) as at December 31, 2008, and the related condensed profit and loss account, condensed cash flow statement and condensed statement of changes in equity together with selected explanatory notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management of the company is responsible for the preparation and fair presentation of this condensed interim financial statements in accordance with approved International Financial Reporting Standards as applicable in Pakistan, provisions of and directives issued under the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2008.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Condensed Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for half year ended December 31, 2008 are not prepared, in all material respects, in accordance with approved International Financial Reporting Standards, as applicable in Pakistan, provisions of and directives issued under the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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

- a) as disclosed in note 7 to the condensed interim financial statements, the ultimate outcome of the matter stated therein cannot presently be determined and no provision for any loss that may arise, has been made in these condensed interim financial statements for the reasons discussed in the aforesaid note; and
- b) as disclosed in note 13 to the condensed interim financial statements, the company has deferred tax assets of Rs. 233 million (June 30, 2008: Rs. 233 million) and net deferred tax assets of Rs. 220.197 million (June 30, 2008: Rs. 220.197 million) as at the balance sheet date. Management has projected future taxable profits using various assumptions against which this asset would be utilized. However, management assumptions are dependent upon occurrence of future events which are not under control of the management.

Karachi
Date: February 27, 2009



Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

Condensed Interim Balance Sheet

As At December 31, 2008

	Note	December 31, 2008 Rupees Unaudited	June 30, 2008 Rupees Unaudited
ASSETS			
Current assets			
Balances with banks	5	32,590,034	38,694,002
Investments - available for sale	6	121,050,221	310,478,842
Short-term finances		303,740,061	344,466,034
Advances, prepayments and other receivables	7	45,560,898	32,097,930
Accrued return on investments		20,057,018	11,886,354
Advance taxation-net		1,644,369	813,297
Current maturity of non-current assets	8	1,753,931,173	1,730,007,087
Total current assets		2,278,573,774	2,468,443,545
Non-current assets			
Net investment in leases	9	1,788,385,576	2,302,632,066
Deferred costs		-	182,778
Long-term deposits		4,189,400	3,139,400
Long-term finances	10	99,752,793	57,805,990
Long-term investments	11	80,920,500	278,191,450
Property and equipment	12	229,291,961	246,680,736
Deferred tax asset	13	220,197,750	220,197,750
Total non-current assets		2,422,737,980	3,108,830,169
Total assets		4,701,311,754	5,577,273,714
LIABILITIES			
Current liabilities			
Accrued and other liabilities		37,563,104	62,589,154
Accrued mark-up		88,613,198	79,947,610
Short-term finances		832,377,194	805,450,000
Current maturity of non-current liabilities	14	996,975,228	818,373,711
Certificates of investment		218,010,940	562,100,001
Total current liabilities		2,173,539,664	2,328,460,476
Non-current liabilities			
Long-term finances	15	1,404,183,790	1,602,206,833
Certificates of investment		680,444	2,586,467
Long-term deposits		845,169,185	1,027,874,900
Total non-current liabilities		2,250,033,419	2,632,668,200
Total liabilities		4,423,573,084	4,961,128,676
NET ASSETS		277,738,671	616,145,038
REPRESENTED BY SHAREHOLDERS' EQUITY			
Share capital and reserve			
Issued, subscribed and paid-up share capital	16	475,500,000	475,500,000
Reserves	17	74,624,001	244,839,942
		550,124,001	720,339,942
Unrealised loss on remeasurement of available for sale investments		(295,216,118)	(127,970,512)
		254,907,883	592,369,430
Surplus on revaluation of property		22,830,788	23,775,608
Shareholders' equity		277,738,671	616,145,038
CONTINGENCIES AND COMMITMENTS			
	18		

The annexed selected notes from 1 to 22 form an integral part of these condensed interim financial statements. The details of valuation of investments, impairment and impact on profit and loss accounts are given in note 6.5.



M. R. Khan
Chairman



Mohammed Khalid Ali
Chief Executive

Condensed Interim Profit & Loss Account For The Half Year Ended December 31, 2008 (unaudited)

REVENUE	Note	For the half year ended		For the quarter ended	
		December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
		Rupees	Rupees	Rupees	Rupees
Income from:					
Finance leases		181,282,723	215,732,106	84,652,153	112,637,932
Operating leases		28,813,827	28,405,173	14,275,057	13,759,189
Other operating income		54,899,866	46,696,571	26,939,814	18,945,813
Gain/(Loss) on sale of investments		(96,002,104)	3,642,129	(96,254,188)	(1,434,979)
		<u>168,994,312</u>	<u>294,475,979</u>	<u>29,612,836</u>	<u>143,907,955</u>
EXPENSES					
Administrative, selling and other operating costs		50,054,290	45,322,262	23,890,770	24,040,672
Finance costs		254,814,865	208,119,477	133,971,378	105,608,599
Direct cost of operating leases		21,576,271	21,131,490	10,478,446	10,767,047
Provision for potential lease and other losses		12,878,702	7,500,000	10,859,923	6,000,000
Amortization of deferred costs		182,778	744,000	50,000	372,000
		<u>339,506,906</u>	<u>282,817,229</u>	<u>179,250,517</u>	<u>146,788,318</u>
Profit/(Loss) for the period before income tax		<u>(170,512,594)</u>	<u>11,658,750</u>	<u>(149,637,681)</u>	<u>(2,880,363)</u>
Income tax expense - Current		648,168	6,226,740	433,026	2,935,375
Profit/(Loss) for the period		<u>(171,160,762)</u>	<u>5,432,010</u>	<u>(150,070,707)</u>	<u>(5,815,738)</u>
Earnings per share - basic and diluted	19	<u>(4.72)</u>	<u>0.15</u>	<u>(4.13)</u>	<u>(0.16)</u>

The annexed selected notes from 1 to 22 form an integral part of these condensed interim financial statements. The details of valuation of investments, impairment and impact on profit and loss accounts are given in note 6.5.



M. R. Khan
Chairman



Mohammed Khalid Ali
Chief Executive

Condensed Interim Statement Of Changes In Equity For The Half Year Ended December 31, 2008

	Share Capital	-----Reserves-----		Unrealised (loss)/gain on remeasurement of available for sale investment	Total
		Capital statutory reserve	Revenue Unappropriated profit		
-----Rupees-----					
Balance as at July 01, 2007	513,000,000	76,505,000	(33,912,464)	(38,266,073)	517,326,463
Change in equity for the half year					
Transferred from surplus on revaluation of property - incremental depreciation (net of tax)	-	-	134,982	-	134,982
Unrealized loss on change in market value of investments classified as available for sale	-	-	-	(30,172,488)	(30,172,488)
Net income/(expense) recognised directly in equity	-	-	134,982	(30,172,488)	(30,037,506)
Profit for the half year	-	-	5,432,010	-	5,432,010
Total recognised income and (expense) for the half year	-	-	5,566,992	(30,172,488)	(24,605,496)
Redemption-Preference Shares-Class A @ 25%	(37,500,000)	-	-	-	(37,500,000)
Balance as at December 31, 2007	<u>475,500,000</u>	<u>76,505,000</u>	<u>(28,345,472)</u>	<u>(68,438,561)</u>	<u>455,220,967</u>
Balance as at June 30, 2008	<u>475,500,000</u>	<u>118,867,005</u>	<u>125,972,937</u>	<u>(127,970,512)</u>	<u>592,369,430</u>
Change in equity for the half year					
Transferred from surplus on revaluation of property - incremental depreciation (net of tax)	-	-	944,820	-	944,820
Unrealized loss on change in market value of investments classified as available for sale (note 6.5)	-	-	-	(167,245,606)	(167,245,606)
Net income/(expense) recognised directly in equity	-	-	944,820	(167,245,606)	(166,300,786)
Loss for the half year	-	-	(171,160,762)	-	(171,160,762)
Total recognised income and (expense) for the half year	-	-	(170,215,942)	(167,245,606)	(337,461,548)
Balance as at December 31, 2008	<u>475,500,000</u>	<u>118,867,005</u>	<u>(44,243,004)</u>	<u>(295,216,118)</u>	<u>254,907,883</u>

The annexed selected notes from 1 to 22 form an integral part of these condensed interim financial statements. The details of valuation of investments, impairment and impact on profit and loss accounts are given in note 6.5.



M. R. Khan
Chairman



Mohammed Khalid Ali
Chief Executive



Condensed Interim Cash Flow Statement

For The Half Year Ended December 31, 2008 (Unaudited)

	Note	December 31, 2008 Rupees	December 31, 2007 Rupees
Cash flows from operating activities			
(Loss)/ Profit before income tax		(170,512,594)	11,658,750
Adjustments for non-cash and other items:			
Depreciation		24,091,483	22,145,842
(Gain)/Loss on disposal of listed securities		96,002,104	(3,642,129)
(Gain)/ Loss on disposal of fixed assets		24,310	(470,042)
Amortization of deferred costs		182,778	744,000
Finance costs		254,814,865	208,119,477
Provision for gratuity		1,038,000	834,000
Provision for potential lease and other losses		12,878,702	7,500,000
Operating profit before working capital changes		389,032,242	235,231,148
Working capital changes			
Decrease/ (Increase) in net investment in leases		506,299,144	(154,535,083)
Decrease/ (Increase) in advances, prepayments and other receivables		(11,486,011)	2,906,465
Increase in accrued return on investments		(8,170,664)	-
(Decrease)/ Increase in deposits from lessees		(47,854,198)	185,626,556
(Decrease)/ Increase in short term finances		(576,945,084)	9,818,782
(Decrease)/ Increase in accrued and other liabilities		(14,960,760)	80,881,944
Cash (used in)/ from operations after working capital changes		(153,117,573)	124,698,664
Financial charges paid		(246,149,276)	(194,974,365)
Gratuity paid		(865,000)	(695,000)
Income tax paid		(1,479,240)	(6,674,762)
		(248,493,516)	(202,344,127)
Net cash from/ (used in) operating activities		(183,091,441)	169,244,435
Cash flows from investing activities			
Capital expenditure		(11,539,860)	(30,118,624)
Investments		123,451,862	20,333,798
Long term finance		(70,802,245)	(169,352,506)
Proceeds from disposal of property and equipment		4,812,836	5,791,532
Short term finances		40,725,973	(310,211,478)
Long term deposits		(1,050,000)	-
Net cash (used in)/ from investing activities		85,598,566	(483,557,278)
Cash flows from financing activities			
Borrowings from financial institutions		50,000,000	950,000,000
Redemption of preference shares		-	(37,500,000)
Dividend paid		(10,238,286)	(13,650,000)
Repayment of long term finances		(206,250,000)	(780,000,000)
Net cash (used in)/from financing activities		(166,488,286)	118,850,000
Net (decrease) in cash and cash equivalents		(263,981,161)	(195,462,843)
Cash and cash equivalents at beginning of the period		38,694,002	39,109,859
Cash and cash equivalents at end of the period	20	<u>(225,287,159)</u>	<u>(156,352,984)</u>

The annexed selected notes from 1 to 22 form an integral part of these condensed interim financial statements. The details of valuation of investments, impairment and impact on profit and loss accounts are given in note 6.5.


M. R. Khan
 Chairman


Mohammed Khalid Ali
 Chief Executive

Condensed Interim Notes To The Financial Statements For the Half Year Ended December 31, 2008

1 LEGAL STATUS AND NATURE OF BUSINESS

Security Leasing Corporation Limited (the company) was incorporated in Pakistan on December 06, 1993 and commenced its operations on May 21, 1995. The company is a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and engaged in the business of leasing.

The registered office of the company is situated at 501, 5th floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi, Pakistan. The company is listed on Karachi and Lahore Stock Exchanges.

2 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under historical cost convention except for certain property and equipment which have been stated at revalued amounts and financial assets and financial liabilities which have been stated at their fair values, cost or amortised cost.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

3 STATEMENT OF COMPLIANCE

These condensed interim financial statements i.e. "interim financial information", have been prepared in accordance with the approved accounting standards, as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (the Ordinance), the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (the Rules) and the Non- Banking Finance Companies and Notified Entities Regulations, 2008 (The Regulations). Approved accounting standards comprise such International Financial Reporting Standard (IFRS) issued by International Accounting Standard Board (IASB) as are notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever, the requirements of the Ordinance, NBFC Rules and Regulations differ with the requirements of IFRS, the requirements of the Ordinance, the Rules or the Regulations shall prevail.

4 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published accounts of the company for the year ended June 30, 2008 except as disclosed in note 6.5.

5 BALANCES WITH BANKS

	December 31, 2008 Rupees	June 30, 2008 Rupees
Balance with State Bank of Pakistan in current account	15,752	59,856
Balances with other banks in current accounts	<u>32,574,282</u>	<u>38,634,146</u>
	<u>32,590,034</u>	<u>38,694,002</u>

	December 31, 2008 Rupees	June 30, 2008 Rupees
6 INVESTMENTS - Available for sale Other than related party		
6.1 Listed securities		
Term finance certificates	680,000	4,813,866
Closed end mutual funds	27,992,035	69,885,231
Equity investments	57,920,763	199,840,315
	86,592,798	274,539,412
6.2 Open end mutual funds	3,982,423	4,839,430
6.3 Unlisted securities		
Term finance certificates	1,875,000	2,500,000
Ordinary shares	20,000,000	20,000,000
	21,875,000	22,500,000
6.4 Membership cards	8,600,000	8,600,000
	121,050,221	310,478,842
6.5 Unrealised loss on remeasurement of available for sale investments		

Due to uncertainties prevailing in the stock market and as a measure to address the issue of continuous decline in market prices since second quarter of this calendar year, the Karachi Stock Exchange (Guarantee) Limited (KSE) placed a 'Floor Mechanism' on market value of securities based on closing prices prevailing on August 27, 2008. The mechanism remained effective from August 28, 2008 to December 15, 2008. Under this mechanism prices of securities could vary but not below the floor level. This resulted in significant decline in market value of securities during the floor period. There were also lower floors on a number of securities as at December 31, 2008. These circumstances raised questions with regards to basis of valuation of securities and impairment of securities.

Securities and Exchange Commission of Pakistan (SECP) earlier on January 29, 2009 clarified that the companies, for the purpose of preparing financial statements for the half year ended December 31, 2008, may use market price as quoted on the stock exchange on December 31, 2008 as fair value of securities. Later on, SECP through notification vide SRO 150(1)/2009 dated February 13, 2009 allowed that impairment loss, if any recognized as on December 31, 2008 due to valuation of listed equity securities held as 'available for sale' in terms of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" to market prices as quoted on the stock exchange on December 31, 2008 may be shown under the equity. This amount taken to equity including any adjustment/effect for price movements during the quarter of calendar year 2009 shall be taken to profit and loss account on quarterly basis during the calendar year ending on December 31, 2009. This amount shall be treated as a charge to profit and loss account for the purpose of distribution as dividend.

Consequently, the company has valued its securities at prices quoted on the KSE on December 31, 2008 and the impairment loss based on market values as at December 31, 2008 has been determined at Rs. 267,930,466. However, the management believes that these are exceptional/abnormal circumstances and the fall in stock market should not be considered as a fair reflection of security prices. Therefore, recognition of impairment for available for sale equity securities through profit and loss account would not be real reflective of financial performance of the company.

The recognition of impairment loss based on the market values as at December 31, 2008 would have had following effects on these condensed interim financial statements:

	December 31, 2008 Rupees
Increase in "impairment loss" in Profit and Loss Account	267,930,466
Decrease in net income for the period - after tax	267,930,466
Decrease in unrealized loss during the period in market value of investments classified as available for sale	267,930,466
Decrease in unappropriated profit	267,930,466
Decrease in earnings per share by	7

7 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

This includes advance to financial institution of Rs. 17,250,000 for exclusive rights of 15 Platinum Memberships of DHA Country and Golf Club at Rs. 1.150 million per membership through an agreement with Crescent Standard Investment Bank Limited (CSIBL) (now Innovative Investment Bank Limited - IIBL). The principal agreement between Sysmax (Private) Limited and IIBL was terminated by Sysmax (Private) Limited. In accordance with the provisions of the said agreement IIBL referred the dispute to Arbitration. Arbitration proceedings are presently under progress.

The management is confident that it has the legal right to the aforementioned memberships and the amount would be recovered in due course, hence, no provision there against is required at present.

	Note	December 31, 2008 Rupees	June 30, 2008 Rupees
8 CURRENT MATURITY OF NON - CURRENT ASSETS			
Current portion of:			
Net investments in leases	9	1,696,267,145	1,701,198,501
House loan to staff	10	98,838	816,352
Musharika finance	10	51,326,592	23,712,723
Morabaha finance	10	6,238,598	4,279,511
		<u>1,753,931,173</u>	<u>1,730,007,087</u>
9 NET INVESTMENT IN LEASES			
Lease rentals receivable		2,754,672,783	3,241,936,465
Add: Residual value of leased assets		1,283,115,152	1,330,970,350
Gross investment in finance leases		<u>4,037,787,935</u>	<u>4,572,906,815</u>
Less: Unearned lease income		479,099,283	507,919,019
Provision for potential lease losses		74,035,931	61,157,229
		<u>553,135,214</u>	<u>569,076,248</u>
Net investment in leases		3,484,652,721	4,003,830,567
Less: current portion of net investment in leases	8	1,696,267,145	1,701,198,501
		<u>1,788,385,576</u>	<u>2,302,632,066</u>
9.1 Present value of investment in finance leases			
Less than one year		1,696,267,145	1,701,198,501
More than one year and less than five years		1,788,385,576	2,302,632,066
		<u>3,484,652,721</u>	<u>4,003,830,567</u>



	Note	December 31, 2008 Rupees	June 30, 2008 Rupees
10 LONG TERM FINANCE - secured, considered good			
House loan to staff - related party			
- Chief executive		-	7,000,000
- Executives		-	3,303,142
- Employees		2,781,403	3,596,941
Less: current portion	8	98,838	816,352
		2,682,565	13,083,731
Musharika finances - other than related party		142,937,625	59,822,508
Less: current portion	8	51,326,592	23,712,723
		91,611,033	36,109,785
Morabaha finance - other than related party		11,697,793	12,891,985
Less: current portion	8	6,238,598	4,279,511
		5,459,195	8,612,474
		99,752,793	57,805,990

11 LONG-TERM INVESTMENTS

Available for sale investments	11.1	80,920,500	-
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11.1 The company has reclassified its long term investments from held to maturity (HTM) to available for sale (AFS) due to sale of more than insignificant portion of its HTM securities, to comply with the requirements of International Accounting Standard 39 Financial Instruments: Recognition and Measurement (IAS 39). The amount classified to AFS is Rs. 167,690,865.

12 PROPERTY AND EQUIPMENTS

Following is the detail of additions and disposals in operating fixed assets during the period:

	December 31, 2008		June 30, 2008	
	Additions	Deletions	Additions	Deletions
Owned				
Office premises	-	-	33,903,760	-
Leasehold improvements	945,000	-	900,883	-
Furniture and fixtures	545,000	258,235	1,369,457	(232,025)
Office equipments	57,400	59,800	230,113	(10,835)
Computer equipments	-	219,423	457,957	-
Generators and air conditioners	-	-	37,824	-
Vehicles	4,892,460	2,006,925	6,625,370	(3,096,881)
	6,439,860	2,544,383	43,525,364	(3,339,741)
Operating Leased Assets				
Commercial vehicle	-	1,740,000	-	(5,938,562)
Furniture and fixtures	-	-	2,500,000	-
Generators	5,100,000	1,300,000	16,315,000	-
Equipments	-	7,000,000	34,551,688	-
Motor vehicles	-	4,117,950	-	(4,240,560)
	5,100,000	14,157,950	53,366,688	(10,179,122)
	11,539,860	16,702,333	96,892,052	(13,518,863)

13 DEFERRED TAX ASSET

The aggregate amount of deferred tax asset of Rs. 233 million (June 30, 2008: Rs. 233 million) is mainly due to unabsorbed tax losses on which the Company has recognised deferred tax asset amounting to Rs. 233 million. This represents the probable benefit expected to be realized in future years determined on the projected financial statements under prevailing circumstances for the next few years.

	Note	December 31, 2008 Rupees	June 30, 2008 Rupees
14 CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Current maturity of:			
Long term finances	15	560,000,000	516,250,000
Long term deposits		436,975,228	302,123,711
		<u>996,975,228</u>	<u>818,373,711</u>
15 LONG-TERM FINANCES - secured			
Term finance certificates		312,500,000	375,000,000
SUKUKs		1,391,683,790	1,483,456,833
Long term loans		260,000,000	260,000,000
		<u>1,964,183,790</u>	<u>2,118,456,833</u>
Less: Current maturity shown under current liabilities			
Term finance certificates		125,000,000	125,000,000
SUKUKs		375,000,000	281,250,000
Long term loans		60,000,000	110,000,000
		<u>560,000,000</u>	<u>516,250,000</u>
		<u>1,404,183,790</u>	<u>1,602,206,833</u>
16 SHARE CAPITAL			
Authorised capital			
75,000,000 (2008: 75,000,000) ordinary shares of Rs. 10 each		750,000,000	750,000,000
50,000,000 (2008: 50,000,000) preference shares of Rs. 10 each		500,000,000	500,000,000
		<u>1,250,000,000</u>	<u>1,250,000,000</u>
Issued, subscribed and paid-up share capital			
22,100,000 (2008: 22,100,000) ordinary shares of Rs. 10 each fully paid in cash		221,000,000	221,000,000
14,200,000 (2008: 14,200,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares		142,000,000	142,000,000
		<u>363,000,000</u>	<u>363,000,000</u>
Preference shares			
11,250,000 (2008: 11,250,000) preference shares-Class A of Rs. 10 each fully paid in cash		112,500,000	112,500,000
		<u>475,500,000</u>	<u>475,500,000</u>
17 RESERVES			
Capital reserve		118,867,005	118,867,005
Statutory reserves			
Revenue reserve			
Unappropriated profit		(44,243,004)	125,972,937
		<u>74,624,001</u>	<u>244,839,942</u>
18 CONTINGENCIES AND COMMITMENTS			
18.1 Commitments for lease disbursements		Nil	86,718,131
18.2 Contingencies			
Taxation			

Assessments of the company have been finalized upto tax year 2007. Return are deemed to be an assessment order passed by the Commissioner of Income Tax under section 120 of Income Tax Ordinance, 2001. For tax year 2003 an appeal has been filed with ITAT in respect of certain disallowances maintained by the CIT (Appeals). The department has also filed an appeal in respect of disallowances and deletions by the CIT (Appeals). The disallowance has been given in favour of the company and the matter is resolved at the balance sheet date.



	For the half year ended		For the quarter ended	
	December 31, 2008 Rupees	December 31, 2007 Rupees	December 31, 2008 Rupees	December 31, 2007 Rupees
19 EARNINGS PER SHARE - basic and diluted				
Profit/(loss) attributable to ordinary shareholders-Rupees	<u>(171,160,762)</u>	<u>5,432,010</u>	<u>(150,070,707)</u>	<u>(5,815,737)</u>
Weighted average number of ordinary shares issued and subscribed	<u>36,300,000</u>	<u>36,300,000</u>	<u>36,300,000</u>	<u>36,300,000</u>
Earnings per share-Rupees	<u>(4.72)</u>	<u>0.15</u>	<u>(4.13)</u>	<u>(0.16)</u>

Earnings per share has been calculated by dividing the net profit for the period attributable to the ordinary shareholders outstanding at the period end by the weighted average number of shares outstanding during the period.

	December 31, 2008 Rupees	December 31, 2007 Rupees
20 CASH AND CASH EQUIVALENTS		
Balances with banks	32,590,034	11,030,003
Running finance	<u>(257,877,194)</u>	<u>(167,382,987)</u>
	<u>(225,287,159)</u>	<u>(156,352,984)</u>

21 DATE OF AUTHORIZATION

These financial statements were authorized for issue on February 27, 2009 by the Board of Directors of the company.

22 GENERAL

The figures have been rounded off to the nearest rupee.

M. R. Khan
Chairman

Mohammed Khalid Ali
Chief Executive