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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. Shafiq-ur-Rehman	
Mr. Ahmad Ali Khan	
Mr. Abdul Ghafoor	
Mr. Naeem Shafi	

### AUDIT COMMITTEE

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

### INVESTMENT COMMITTEE

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

### EXECUTIVE COMMITTEE

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

### HUMAN RESOURCE COMMITTEE

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

### COMPANY SECRETARY

Salman Hameed

### EXTERNAL AUDITORS

MZJ Muniff Ziauddin Junaidy & Co.  
Chartered Accountants

### INTERNAL AUDITORS

Anjum Asim Shahid Rahman & Company,  
Chartered Accountants

**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**

A3 for short term; BBB- for long term;  
Outlook - Negative

**BANKERS & LENDING INSTITUTIONS**

Allied Bank of Pakistan

Pak Kuwait Investment Company (Private) Limited

Bank Alfalah Limited

Pak Libya Holding Company (Private) Limited

Bank Al-Habib Limited

Pak Oman Investment Company Limited

Faysal Bank Limited

Soneri Bank Limited

First Women Bank Limited

Standard Chartered Bank (Pakistan) Limited

MCB Bank Limited

The Bank of Punjab

Meezan Bank Limited

United Bank Limited

National Bank of Pakistan

**REGISTERED & HEAD OFFICE**

Block 'B', 5th Floor, Lakson Square No. 3, Sarwar Shaheed Road, Karachi 74200

Tel: UAN 021 - 111-111-902 PRI 021-35205379 Fax: 021 - 3568 9854

Web: [www.seclease.com](http://www.seclease.com) e-mail: [slcl@seclease.com](mailto:slcl@seclease.com)

**BRANCHES**

Lahore - North Region

8th Floor, City Towers,

Main Gulberg Road, Lahore

Phone: 042 - 35788660-62 Fax: 042 - 35788659

Hyderabad

7th Floor, State Life Building,

Thandi Sarak, Hyderabad.

Phone: 022-32780524 Fax: 022-32728123

**SHARE REGISTRAR**

Noble Computer Services (Private) Limited

Mezzanine Floor, House of Habib Building,

(Siddiqsons Tower), 3-Jinnah Cooperative,

Housing Society, Main Shahrah-e-Faisal,

Karachi

Phone: 021-34325482-7 Fax:021-34325442

## DIRECTORS' REVIEW

The directors are pleased to present their report on the reviewed financial statements of your Company for the quarter and half year ended December 31, 2009 along with the auditors' review report.

Compared to 30th June 2009, the total assets of the Company were Rs. 3,206.3 million reduced from Rs. 3,966.2 million due to the payment of installments of Sukuk I & II and PPTFC III. The total revenue amounted to Rs. 96.46 million. The Company had a loss after tax of Rs. 222.67 million. The loss per share has been Rs. 6.13.

The impact of the October 2008 crisis, borrowing by the government, absence of fresh direct investment, law & order situation has greatly affected the business & economy. The volumes are shrank significantly and banks are not providing any funding to the private sector since government has become the largest borrower, which has made doing business difficult. The Company is doing maximum efforts to keep its portfolio recovery and payment to its lenders at due date without delay. The efforts are so far proved successful and the company has paid more than Rs. 2.48 billion to its lenders.

Due to shortage of liquidity, no further business is done by the company and focus is made on adopting measures to minimize the adverse effects of deteriorating overall economic conditions of the country. Your directors are well aware of the current economic situation and reviewing various measures to revive the Company. Any update in this regard would be communicated to the members accordingly.

The lease portfolio of the company has remained well diversified with investment in different sectors of the economy. As a result, the lease rental recovery has remained high 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 26, 2010

**MZJ Muniff Ziauddin Junaidy & Co.**

Chartered Accountants

An independent member firm of BKR International

**BKR**  
INTERNATIONAL

**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, 2009, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, 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 statement 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 income statement for the quarters ended December 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

**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 the half year ended December 31, 2009 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 opinion, we draw attention to the following matters:

- (a) the renewal application of the leasing license of the company is pending before the competent authority as described in note 1.2 to the financial statements; and
- (b) as disclosed in note 11 to the condensed interim financial statements, the company has deferred tax assets of Rs. 325.84 million (June 30, 2009: Rs. 325.84 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.

The financial statements of the company for the year ended June 30 2009 were audited by another firm of chartered accountants, who issued an unqualified opinion, dated 6 October 2009, on those financial statements.

Karachi

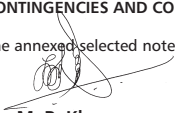
Date: February 26, 2010

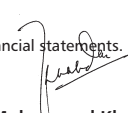
*Muniff Ziauddin Junaidy & Co.*  
Chartered Accountant

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2009

ASSETS	Note	December 31, 2009 Rupees Un-audited	June 30, 2009 Rupees Audited
<b>Current assets</b>			
Balances with banks	5	3,803,987	3,750,104
Short term investments	6	15,774,080	118,848,013
Short-term finances		79,399,314	101,354,007
Advances, prepayments and other receivables		33,863,447	38,129,092
Accrued return on investments		19,412,189	12,409,233
Advance taxation-net		6,882,768	7,618,632
Current maturity of non-current assets	7	1,837,471,551	1,673,205,670
<b>Total current assets</b>		<b>1,996,607,336</b>	<b>1,955,314,751</b>
<b>Non-current assets</b>			
Net investment in leases	8	513,215,908	1,222,342,992
Deferred costs		-	-
Long-term deposits		4,189,400	4,189,400
Long-term finances	9	88,511,963	165,258,950
Long-term investments		87,887,883	88,539,189
Property and equipment	10	190,031,871	204,684,092
Deferred tax asset	11	325,838,686	325,838,685
<b>Total non-current assets</b>		<b>1,209,675,712</b>	<b>2,010,853,308</b>
<b>Total assets</b>		<b>3,206,283,047</b>	<b>3,966,168,059</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrued and other liabilities		66,381,430	41,063,484
Accrued mark-up		52,858,207	71,367,894
Short-term finances		581,679,302	684,578,922
Current maturity of non-current liabilities	12	1,285,080,501	1,008,016,970
Certificates of investment		7,700,002	110,200,002
<b>Total current liabilities</b>		<b>1,993,699,443</b>	<b>1,915,227,272</b>
<b>Non-current liabilities</b>			
Long-term finances	13	708,224,540	1,157,747,497
Certificates of investment		-	-
Long-term deposits		398,211,021	654,859,827
<b>Total non-current liabilities</b>		<b>1,106,435,561</b>	<b>1,812,607,324</b>
<b>Total liabilities</b>		<b>3,100,135,004</b>	<b>3,727,834,596</b>
<b>NET ASSETS</b>		<b>106,148,043</b>	<b>238,333,463</b>
<b>REPRESENTED BY SHAREHOLDERS' EQUITY</b>			
<b>Share capital and reserve</b>			
Issued, subscribed and paid-up share capital	14	438,027,750	438,027,750
Reserves	15	(333,460,886)	(111,728,298)
		104,566,864	326,299,452
Unrealised loss on remeasurement of available for sale investments		(20,021,347)	(110,513,331)
		84,545,517	215,786,121
Surplus on revaluation of property		21,602,526	22,547,342
<b>Shareholders' equity</b>		<b>106,148,043</b>	<b>238,333,463</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			

The annexed selected notes from 1 to 19 form an integral part of these condensed interim financial statements.


  
M. R. Khan  
Chairman

  
Mohammed Khalid Ali  
Chief Executive

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)**

	Note	Half year ended		Quarter ended	
		December 2009 Rupees	December 2008 Rupees	December 2009 Rupees	December 2008 Rupees
<b>REVENUE</b>					
<b>Income from:</b>					
Finance leases		92,780,246	181,282,723	37,561,874	84,652,153
Operating leases		16,477,578	28,813,827	7,291,249	14,275,057
Other operating income		<u>(12,792,623)</u>	<u>(41,102,238)</u>	<u>(31,104,878)</u>	<u>(69,314,374)</u>
		96,465,201	168,994,312	13,748,245	29,612,836
Impairment on investments		(49,673,715)	-	(20,863,064)	-
<b>EXPENSES</b>					
Administrative, selling and other operating costs		50,058,777	50,054,290	23,827,702	23,890,770
Finance costs		167,443,157	254,814,865	78,907,025	133,971,378
Direct cost of operating leases		15,853,164	21,576,271	7,688,285	10,478,446
Provision for potential lease and other losses		33,424,858	12,878,702	26,700,060	10,859,923
Amortization of deferred costs		-	182,778	-	50,000
		266,779,956	339,506,906	137,123,072	179,250,517
Profit/(Loss) for the period before income tax		<u>(219,988,470)</u>	<u>(170,512,594)</u>	<u>(144,237,891)</u>	<u>(149,637,681)</u>
Income tax expense - Current		2,688,937	648,168	1,397,937	433,026
Profit/(Loss) for the period		<u><u>(222,677,407)</u></u>	<u><u>(171,160,762)</u></u>	<u><u>(145,635,828)</u></u>	<u><u>(150,070,707)</u></u>
Earnings per share - basic and diluted	16	<u><u>(6.13)</u></u>	<u><u>(4.72)</u></u>	<u><u>(4.01)</u></u>	<u><u>(4.13)</u></u>

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



M. R. Khan  
Chairman




Mohammed Khalid Ali  
Chief Executive

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

Note	Half year ended		Quarter ended	
	December 2009 Rupees	December 2008 Rupees	December 2009 Rupees	December 2008 Rupees
Profit/(Loss) for the period	(222,677,407)	(171,160,762)	(145,635,828)	(150,070,707)
Other comprehensive income				
Surplus/(Deficit) on remeasurement of available for sale investments	90,491,984	(167,245,606)	39,123,052	(73,770,641)
Surplus on revaluation of property	944,820	944,720	472,410	472,360
Other comprehensive income for the period	91,436,804	(166,300,886)	39,595,462	(73,298,281)
Total Comprehensive Income/(Loss) for the period	<u>(131,240,603)</u>	<u>(337,461,648)</u>	<u>(106,040,366)</u>	<u>(223,368,988)</u>

The annexed selected notes from 1 to 19 form an integral part of these condensed interim financial statements.



**M. R. Khan**  
Chairman



**Mohammed Khalid Ali**  
Chief Executive

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	Share Capital  Rupees	-----Reserves-----		Unrealised (loss) /gain on remeasu- rement of available for sale investments	Total  Rupees
		Capital statutory reserve	Revenue Unappropriated profit Rupees		
Balance as at June 30, 2008 as previously reported	475,500,000	118,867,005	125,972,937	(127,970,512)	592,369,430
<b>Other comprehensive income</b>					
Transferred from surplus on revaluation of property - incremental depreciation (net of tax)	-	-	944,720	-	944,720
Unrealized loss on change in market value of investments classified as available for sale	-	-	-	(167,245,606)	(167,245,606)
<b>Other comprehensive income</b>	-	-	944,720	(167,245,606)	(166,300,886)
Profit/(Loss) for the period	-	-	(171,160,762)	-	(171,160,762)
<b>Total Comprehensive Income/(Loss) for the period</b>	-	-	(170,216,042)	(167,245,606)	(337,461,648)
<b>Balance as at December 31, 2008</b>	<u>475,500,000</u>	<u>118,867,005</u>	<u>(44,243,105)</u>	<u>(295,216,118)</u>	<u>254,907,782</u>
<b>Other comprehensive income</b>					
Transferred from surplus on revaluation of property - incremental depreciation (net of tax)	-	-	283,546	-	283,546
Unrealized loss on change in market value of investments classified as available for sale	-	-	-	184,702,787	184,702,787
<b>Other comprehensive income</b>	-	-	283,546	184,702,787	184,986,333
Profit/(Loss) for the period	-	-	(186,635,745)	-	(186,635,745)
<b>Total Comprehensive Income/(Loss) for the period</b>	-	-	(186,352,199)	184,702,787	(1,649,412)
Redemption-Preference Shares-Class A @ 25%	(37,472,250)	-	-	-	(37,472,250)
Dividend - Preference shares-Class A @ 9.1%					
Transferred to statutory reserve	-	-	-	-	-
<b>Balance as at June 30, 2009</b>	<u>438,027,750</u>	<u>118,867,005</u>	<u>(230,595,304)</u>	<u>(110,513,331)</u>	<u>215,786,120</u>
<b>Other comprehensive income</b>					
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	-	-	-	90,491,984	90,491,984
<b>Other comprehensive income</b>	-	-	944,820	90,491,984	91,436,804
Profit/(Loss) for the period	-	-	(222,677,407)	-	(222,677,407)
<b>Total Comprehensive Income/(Loss) for the period</b>	-	-	(221,732,587)	90,491,984	(131,240,603)
<b>Balance as at December 31, 2009</b>	<u>438,027,750</u>	<u>118,867,005</u>	<u>(452,327,891)</u>	<u>(20,021,347)</u>	<u>84,545,517</u>

The annexed selected notes from 1 to 19 form an integral part of these condensed interim financial statements.

  
**M. R. Khan**  
Chairman

  
**Mohammed Khalid Ali**  
Chief Executive

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	Note	December 31, 2009 Rupees	December 31, 2008 Rupees
<b>Cash flows from operating activities</b>			
(Loss) / Profit before taxation		(219,988,470)	(170,512,594)
Adjustments for non cash and other items:			
Depreciation		18,732,255	24,091,483
Gain on disposal of listed securities		43,070,811	96,002,104
(Gain) on disposal of property and equipment		90,042	24,310
Amortization of deferred costs		-	182,778
Finance costs		167,443,157	254,814,865
Provision for gratuity		879,000	1,038,000
Impairment on investment		49,673,715	-
Provision for potential lease and other losses		33,424,858	12,878,702
<b>Operating profit before working capital changes</b>		<b>313,313,838</b>	<b>389,032,242</b>
<b>Working capital changes</b>			
Decrease/(Increase) in net investment in leases		550,166,609	506,299,144
(Increase)/Decrease in advances, prepayments and other receivables		4,488,688	(11,486,011)
(Increase)/Decrease in accrued return on investments		(7,002,956)	(8,170,664)
(Decrease)/Increase in deposits from lessees		(152,085,275)	(47,854,198)
(Decrease) in short term finances		(183,250,000)	(576,945,084)
(Decrease)/Increase in accrued and other liabilities		25,575,956	(14,960,760)
<b>Cash from operations after working capital changes</b>		<b>237,893,022</b>	<b>(153,117,573)</b>
Financial charges paid		(185,952,844)	(246,149,276)
Gratuity paid		(883,000)	(865,000)
Taxes paid		(1,953,073)	(1,479,240)
<b>Net cash from / (used in) operating activities</b>		<b>142,429,473</b>	<b>(183,091,441)</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(7,472,555)	(11,539,860)
Investments		101,472,696	123,451,862
Long term finance		48,816,723	(70,802,245)
Proceeds from disposal of property and equipment		3,302,472	4,812,836
Short term finances		11,154,693	40,725,973
Long term deposits		-	(1,050,000)
<b>Net cash (used in)/from investing activities</b>		<b>157,274,029</b>	<b>85,598,566</b>
<b>Cash flows from financing activities</b>			
Borrowings from financial institutions		-	50,000,000
Dividend paid		-	(10,238,286)
Repayment of long term finances		(277,500,000)	(206,250,000)
<b>Net cash (used in)/from financing activities</b>		<b>(277,500,000)</b>	<b>(166,488,286)</b>
Net Increase/(decrease) in cash and cash equivalents		22,203,502	(263,981,161)
Cash and cash equivalents at beginning of the period		(220,578,817)	38,694,002
Cash and cash equivalents at end of the period	17	(198,375,315)	(225,287,159)

The annexed selected notes from 1 to 19 form an integral part of these condensed interim financial statements.



**M. R. Khan**  
Chairman



**Mohammed Khalid Ali**  
Chief Executive

## CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Security Leasing Corporation Limited (the company) was incorporated in Pakistan on December 6, 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.

The company obtained license to provide housing finance services from Securities and Exchange Commission of Pakistan (SECP) in the year 2006. However, based on a decision of the board of directors, the company has surrendered its housing finance license to SECP.

- 1.2 The Company has been licenced to operate as leasing company by Securities and Exchange Commission of Pakistan (SECP) which expired on July 07, 2009. However, the company has applied for renewal of the licence which is pending with SECP.

### 2 BASIS OF MEASUREMENT

These 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

- 3.1 These financial statements 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, 2007 (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.

IAS 1 (Revised), "Presentation of Financial Statements"(effective from 01 January 2009), was issued in September 2007. According to the revised standard, those items of income and expenses that are not recognized in the profit or loss, and non-owner changes in equity should be recognized through statement of comprehensive income. The revised standard requires an entity to opt for presenting such items of income and expense in (a) single statement (a 'statement of comprehensive income') or (b) two statements (a separate 'income statement' and a 'statement of comprehensive income').

The Company has adopted IAS1(Revised), with effect from 01 July 2009 and accordingly, items of income and expense that are not recognized in the profit or loss, and non-owner changes in equity have been presented in a separate 'statement of comprehensive income' in these financial statements.

### 4 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these quarterly accounts are the same as those applied in the preparation of the preceding annual published accounts of the company for the year ended June 30, 2009.

	December 31, 2009 Rupees	June 30, 2009 Rupees
<b>5 BALANCES WITH BANKS</b>		
Balance with State Bank of Pakistan in current account	40,086	86
Balances with other banks in current accounts	3,763,901	3,750,018
	<u>3,803,987</u>	<u>3,750,104</u>
<b>6 INVESTMENTS - Available for sale Other than related party</b>		
<b>6.1 Listed securities</b>		
Term finance certificates	680,000	680,000
Closed end mutual funds	5,244,080	30,023,863
Equity investments	-	58,294,150
	<u>5,924,080</u>	<u>88,998,013</u>
<b>6.2 Unlisted securities</b>		
Term finance certificates	1,250,000	1,250,000
Ordinary shares	-	20,000,000
	<u>1,250,000</u>	<u>21,250,000</u>
<b>6.3 Membership cards</b>	<u>8,600,000</u>	<u>8,600,000</u>
	<u>15,774,080</u>	<u>118,848,013</u>
<b>7 CURRENT MATURITY OF NON - CURRENT ASSETS</b>		
Current portion of:		
Net investments in leases	1,673,678,995	1,537,343,378
House loan to staff	1,336,805	85,928
Musharika finance	155,304,957	128,992,089
Morabaha finance	7,150,794	6,784,275
	<u>1,837,471,551</u>	<u>1,673,205,670</u>
<b>8 NET INVESTMENT IN LEASES</b>		
Lease rentals receivable	1,576,076,374	2,090,822,437
Add: Residual value of leased assets	976,762,060	1,128,847,335
Gross investment in finance leases	<u>2,552,838,434</u>	<u>3,219,669,772</u>
Less: Unearned lease income	159,755,663	281,135,870
Income suspended	77,846,044	73,130,566
Provision for potential lease losses	128,341,824	105,716,966
	<u>365,943,531</u>	<u>459,983,402</u>
Net investment in leases	2,186,894,903	2,759,686,370
Less: current portion of net investment in leases	1,673,678,995	1,537,343,378
	<u>513,215,908</u>	<u>1,222,342,992</u>
<b>8.1 Gross investment in finance leases</b>		
Less than one year	1,878,507,643	1,792,265,051
More than one year and less than five years	674,330,791	1,427,404,721
	<u>2,552,838,434</u>	<u>3,219,669,772</u>

	December 31,2009 Rupees	June 30, 2009 Rupees
<b>8.2 Present value of investment in finance leases</b>		
Less than one year	1,673,678,995	1,537,343,378
More than one year and less than five years	513,215,908	1,222,342,992
	<u>2,186,894,903</u>	<u>2,759,686,370</u>

**9 LONG TERM FINANCE - secured, considered good**

House loan to staff - related party		
- Chief executive	-	-
- Executives	1,244,716	1,822,237
- Employees	2,680,858	2,743,084
Less: current portion	1,336,805	85,928
	<u>2,588,769</u>	<u>4,479,393</u>
Musharika finances - other than related party	241,228,151	287,750,879
Less: current portion	155,304,957	128,992,089
	<u>85,923,194</u>	<u>158,758,790</u>
Morabaha finance - other than related party	7,150,794	8,805,042
Less: current portion	7,150,794	6,784,275
	-	2,020,767
	<u>88,511,963</u>	<u>165,258,950</u>

**10 PROPERTY AND EQUIPMENTS**

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

	December 31, 2009		June 30, 2009	
	Additions	Deletions	Additions	Deletions
.....Cost in Rupees.....				
<b>Owned</b>				
Office premises	-	-	-	-
Leasehold improvements	-	-	945,000	-
Furnitures and fixtures	304,500	(80,000)	698,100	(339,235)
Office equipments	16,300	(8,500)	113,810	(65,800)
Computer equipments	-	(59,400)	-	(219,423)
Generators and air conditioners	-	-	-	-
Vehicles	7,151,755	(5,276,600)	8,895,360	(5,036,225)
	<u>7,472,555</u>	<u>(5,424,500)</u>	<u>10,652,270</u>	<u>(5,660,683)</u>
<b>Operating Leased Assets</b>				
Generators	-	(3,550,000)	7,183,976	(15,745,279)
Machinery	-	(1,900,000)	(3,500,000)	-
Commercial vehicle	-	-	-	(1,740,000)
Motor vehicles	-	(1,215,575)	-	(5,972,050)
Furnitures and fixtures	-	-	-	(2,430,000)
Equipments	-	-	-	(14,000,000)
	-	<u>(6,665,575)</u>	<u>7,183,976</u>	<u>(43,387,329)</u>
	<u>7,472,555</u>	<u>(12,090,075)</u>	<u>17,836,246</u>	<u>(49,048,012)</u>

#### 11 DEFERRED TAX ASSET

Company has recorded deferred tax asset of Rs. 325.8 million. The management estimates that the amount is utilized against estimated future taxable profits.

December 31,2009 Rupees	June 30, 2009 Rupees
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#### 12 CURRENT MATURITY OF NON- CURRENT LIABILITIES

Current maturity of:

Long term finances	707,500,000	535,000,000
Long term deposits	<u>577,580,501</u>	<u>473,016,970</u>
	<u>1,285,080,501</u>	<u>1,008,016,970</u>

#### 13 LONG-TERM FINANCES - secured

Term finance certificates	187,500,000	250,000,000
SUKUKs	1,020,724,540	1,207,747,497
Long term loans	<u>207,500,000</u>	<u>235,000,000</u>
	1,415,724,540	1,692,747,497

Less: Current maturity shown under current liabilities

Term finance certificates	125,000,000	125,000,000
SUKUKs	375,000,000	375,000,000
Long term loans	<u>207,500,000</u>	<u>35,000,000</u>
	707,500,000	535,000,000
	<u>708,224,540</u>	<u>1,157,747,497</u>

#### 14 SHARE CAPITAL

Authorised capital 75,000,000 (2008: 75,000,000) ordinary shares of Rs. 10 each 50,000,000 (2008: 50,000,000) preference shares of Rs. 10 each	750,000,000	750,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
	<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	<u>142,000,000</u>	<u>142,000,000</u>
	363,000,000	363,000,000

Preference shares 7,502,775 (2008: 11,250,000) preference shares-Class A of Rs. 10 each fully paid in cash	75,027,750	75,027,750
	<u>438,027,750</u>	<u>438,027,750</u>

	December 31,2009 Rupees	June 30, 2009 Rupees
<b>15 RESERVES</b>		
Capital reserve		
Statutory reserves	118,867,005	118,867,005
Revenue reserve		
Unappropriated profit	<u>(452,327,891)</u>	<u>(230,595,303)</u>
	<u>(333,460,886)</u>	<u>(111,728,298)</u>
	December 31,2009 Rupees	December 31,2008 Rupees

**16 EARNINGS PER SHARE - basic and diluted**

Profit/(Loss) after taxation-Rupees	(222,677,407)	(171,160,762)
Minimum dividend attributable to preference shareholders	-	-
Profit/(loss) attributable to ordinary shareholders-Rupees	<u>(222,677,407)</u>	<u>(171,160,762)</u>
Number of ordinary shares issued and subscribed	<u>36,300,000</u>	<u>36,300,000</u>
Earnings per share-Rupees	<u>(6.13)</u>	<u>(4.72)</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.

**17 CASH AND CASH EQUIVALENTS**


Balances with banks	3,803,987	32,590,034
Running Finance	<u>(202,179,302)</u>	<u>(257,877,194)</u>
	<u>(198,375,315)</u>	<u>(225,287,160)</u>

**18 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on February 26, 2010 by the Board of Directors of the company.

**19 GENERAL**

- Certain prior period's figure have been reclassified, wherever necessary. However, there were no material re-classifications.
- The figures have been rounded off to the nearest rupee.



M. R. Khan  
Chairman



Mohammed Khalid Ali  
Chief Executive