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BOARD OF DIRECTORS

M R Khan	Chairman
S M Nadim Shafiqullah	Vice Chairman
Mohammed Khalid Ali	Chief Executive
S S Hamid	
Zahid Rashid Khwaja	
Fareed Khan	
S Naseem Ahmad	
S M Waleed Shafiqullah	

AUDIT COMMITTEE

Fareed Khan	Chairman
M R Khan	
S.M. Nadim Shafiqullah	
M Khalid Ali	Secretary to the Committee

INVESTMENT COMMITTEE

M R Khan	Chairman
S M Nadim Shafiqullah	
M Khalid Ali	

EXECUTIVE COMMITTEE

M R Khan	Chairman
S M Nadim Shafiqullah	
M Khalid Ali	
Zahid Rashid Khwaja	

HUMAN RESOURCE COMMITTEE

S Naseem Ahmad	Chairman
Fareed Khan	
S M Nadim Shafiqullah	
M Khalid Ali	
M.R. Khan	

SENIOR MANAGEMENT

M R Khan	Chairman
S M Nadim Shafiqullah	Vice Chairman
Mohammed Khalid Ali	Chief Executive
Ahmad Noor	Head of Marketing
Salman Hameed	Chief Financial Officer

COMPANY SECRETARY

Salman Hameed

EXTERNAL AUDITORS	Anjum Asim Shahid Rahman, Chartered Accountants
INTERNAL AUDITORS	Ford, Rhodes, Sidat, Hyder & 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	A2 for short-term; A- for long term; Outlook - Stable

BANKERS & LENDING INSTITUTIONS

Allied Bank of Pakistan	Bank Al-Habib Limited
Bank Alfalah Limited	Faysal Bank Limited
First Women Bank Limited	Meezan Bank Limited
Habib Metropolitan Bank Limited	MCB Bank Limited
My 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
The Bank of Khyber	The Bank of Punjab
Standard Chartered Bank (Pakistan) Limited	United Bank Limited

REGISTERED OFFICE

B901/902, Lakson Square No. 3, Sarwar Shaheed Road, Karachi-74200

HEAD OFFICE

Block-B, 5th Floor, Lakson Square No. 3, Sarwar Shaheed Road, Karachi-74200
Tel: 111-111-902 Fax: 568 9854
Web: www.seclearse.com e-mail: seclearse@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, F.B. Area. Karachi
Phone: 021-6801880-82 Fax: 021-6801129

The directors are pleased to present their report of the accounts of your Company for the quarter and the nine months ended March 31ST, 2007.

As you will notice, your Company continued to consolidate its growth during the period under review. Compared to 30th June 2006 its total assets increased from Rs. 4,770.5 million to Rs. 5,314.8 million. The net investment in leases increased from Rupees 3,375.1 million to Rupees 3,873.3 million. The revenue amounted to Rupees 412.1 million including income from the non-leasing operations which amounted to Rupees 87.3 million. The profit after tax was however, Rs. 3.50 million compared to Rs. 104.6 million in the previous corresponding period. The earning per share has been Rs. 0.14.

As reported previously also, the increase in cash reserve ratio and liquidity reserve requirement effected by the central bank to curtail excessive liquidity in the economy and control sharp rise in inflation have exerted upward pressure on interest rates resulting in considerable increase in Kibor during the last one year. Furthermore, the interest rates increased very steeply during the period under review due to enhanced interest of commercial banks to improve their year-end balance sheets through inter-bank money market operations on short-term basis. This increase in interest rates significantly affected the cost of borrowing of the whole financial sector which affected your Company also.

Another adverse factor affecting your company's profitability so far has been the downward pressure on the stock prices as a result of which the contribution in the form of capital gains from company's investments has not been favorable for the Company during the period under review. However, it is quite encouraging to find that the stock market has started performing well which should help the company considerably.

The company has also adopted measures which will minimize the adverse impact encountered in the recent past and expects to improve its profitability during the current year as well as in the coming future. The company has been successful in arranging financing facilities on short and long-term basis with accent on quality leases, timely recovery of lease rentals, cost control measures and measured expansion of its other business activities. The lease portfolio of the company has remained well diversified with investment in different sectors of the economy, with exposure not exceeding 20% in any one sector. As a result, the lease rental recovery has remained high during the period even though some borrowers experienced cash-flow problems.

It is gratifying that the 50% right issue announced in October 2006 has been fully subscribed and the total equity of your Company has been increased by another Rs. 121 million which would help it considerably in reducing its borrowing cost and provide it support to consolidate and strengthen its operations.

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 to promote its steady growth on sound lines.

For and on behalf of the Board of Directors




M. R. Khan
Chairman

Karachi: April 23, 2007

BALANCE SHEET AS AT

	Note	March 31, 2007 Rupees Unaudited	June 30, 2006 Rupees Audited
ASSETS			
CURRENT ASSETS			
Cash and balances with banks	4	107,188,076	103,459,982
Investments	5	489,433,396	548,820,072
Short term finance		167,098,629	62,072,114
Advances, deposits, prepayments and other receivables		165,906,509	161,426,156
Current portion of net investment in leases	6	1,632,319,155	1,402,513,961
		2,561,945,765	2,278,292,285
Net investment in leases	6	2,191,528,122	1,923,036,896
Deferred costs		1,945,878	3,061,878
Long term deposits		538,600	420,700
Long term finances		42,328,596	57,475,203
Long term investments	7	288,845,518	286,471,967
Tangible fixed assets		227,655,044	221,793,727
Total Assets		5,314,787,523	4,770,552,656
LIABILITIES			
CURRENT LIABILITIES			
Accrued and other liabilities		109,315,386	127,891,056
Short term finance		1,150,450,000	565,450,000
Current maturity of long term loans		303,750,000	319,999,000
Certificate of investments		475,100,000	910,100,000
Current maturity of redeemable capital		292,468,000	229,968,000
Current maturity of long term deposits		88,399,938	102,790,404
		2,419,483,324	2,256,198,460
Long term loans		959,999,000	672,500,000
Redeemable capital		532,492,000	729,968,000
Long term deposits		922,083,332	706,141,670
		4,834,057,656	4,364,808,130
NET ASSETS		480,729,867	405,744,526
REPRESENTED BY			
Share capital	8	513,000,000	392,000,000
Reserves		67,344,567	87,440,111
SHAREHOLDERS' EQUITY		580,344,567	479,440,111
Surplus / Defecit on revaluation of investments		(114,219,862)	(88,900,954)
		466,124,705	390,539,157
Surplus on revaluation of fixed assets		14,605,162	15,205,369
		480,729,867	405,744,526
CONTINGENCIES AND COMMITMENTS			
		-	-



M. R. Khan
Chairman



Mohammed Khalid Ali
Chief Executive

Profit & Loss Account (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2007

	Note	Quarter Ended		Nine months ended	
		March 2007 Rupees	March 2006 Rupees	March 2007 Rupees	March 2006 Rupees
REVENUE					
Income from leasing operations		97,617,150	60,012,467	278,230,329	164,333,026
Income from operating leases		14,333,681	15,528,348	46,513,079	44,733,404
Income from Investments		25,553,883	36,442,264	71,287,966	157,132,887
Other income		4,708,772	17,825,666	16,024,468	27,663,840
		<u>142,213,486</u>	<u>129,808,745</u>	<u>412,055,842</u>	<u>393,865,157</u>
EXPENDITURE					
Financial charges		109,277,971	70,246,537	311,292,685	206,065,824
Administrative and operating expenses		19,096,016	15,756,597	56,994,536	45,993,437
Direct cost of lease - Operating Leases		11,575,756	10,349,120	33,406,600	30,820,219
Amortization of deferred costs		102,000	156,000	414,000	468,000
		<u>140,051,743</u>	<u>96,508,254</u>	<u>402,107,821</u>	<u>283,347,480</u>
Operating profit for the period		2,161,743	33,300,491	9,948,021	110,517,677
Provision for taxation - current year		2,590,495	1,444,511	6,443,775	5,938,260
Profit after taxation		(428,752)	31,855,980	3,504,246	104,579,417
Earnings per share - Basic	9	(0.02)	1.18	0.14	3.90



M. R. Khan
Chairman




Mohammed Khalid Ali
Chief Executive

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2007

	Share Capital	Statutory reserve	Reserve for issue of Bonus Shares	Surplus/ (Deficit) on investments	Unappro- priated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2005	315,000,000	47,000,000	-	(54,098,624)	38,769,055	346,670,431
Profit for Nine months ended March 31, 2006	-	-	-	-	104,579,417	104,579,417
Reserve for issuance of bonus shares	-	-	55,000,000	-	(55,000,000)	-
Issuance of bonus shares	55,000,000	-	(55,000,000)	-	-	-
Final dividend for the year ended June 30, 2005 declared subsequent to year end	-	-	-	-	(16,500,000)	(16,500,000)
Surplus/(Deficit) on investments	-	-	-	52,554,212	-	52,554,212
Adjustment of incremental depreciation on revalued assets March 31, 2006	-	-	-	-	600,210	600,210
Balance as at March 31, 2006	370,000,000	47,000,000	-	(1,544,412)	72,448,682	487,904,270
Reserve for issuance of bonus shares	-	-	22,000,000	-	(22,000,000)	-
Issuance of bonus shares	22,000,000	-	(22,000,000)	-	-	-
Profit for three months ended June 30, 2006	-	-	-	-	3,441,356	3,441,356
Transferred to statutory reserves	-	21,605,000	-	-	(21,605,000)	-
Dividend - Preference Shares- Class A @ 9.1%	-	-	-	-	(13,650,000)	(13,650,000)
Surplus/(Deficit) on investments	-	-	-	(87,356,542)	-	(87,356,542)
Adjustment of incremental depreciation on revalued assets June 30, 2006	-	-	-	-	200,073	200,073
Balance as at June 30, 2006	392,000,000	68,605,000	-	(88,900,954)	18,835,111	390,539,157
Issuance of Right shares	121,000,000	-	-	-	-	121,000,000
Profit for nine months ended March 31, 2007	-	-	-	-	3,504,246	3,504,246
Final dividend for the year ended June 30, 2006 declared subsequent to year end	-	-	-	-	(24,200,000)	(24,200,000)
Surplus/(Deficit) on investments	-	-	-	(25,318,908)	-	(25,318,908)
Adjustment of incremental depreciation on revalued assets March 31, 2007	-	-	-	-	600,210	600,210
Balance as at March 31, 2007	513,000,000	68,605,000	-	(114,219,862)	(1,260,433)	466,124,705



M. R. Khan
Chairman



Mohammed Khalid Ali
Chief Executive

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Quarterly Report 2007

CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2007

	Note	March 2007 Rupees	March 2006 Rupees
Cash flows from operating activities			
Net profit before taxation		9,948,021	110,517,677
Adjustments for items not involving movement of funds:			
Depreciation		34,029,242	30,535,638
Gain on disposal of listed securities		(18,045,109)	(110,221,229)
Gain on disposal of fixed assets		(404,994)	(120,200)
Gain on disposal of other assets		-	(50,000)
Amortization of deferred costs		414,000	468,000
Financial charges		311,292,685	206,065,824
Provision for gratuity		1,251,000	-
Operating profit before working capital changes		338,484,845	237,195,710
Advances, prepayments and other receivables		(22,310,920)	39,663,284
Deposits from lessees		201,551,196	99,560,901
Short term finances		585,000,000	(90,000,000)
Certificates of Investment		(435,000,000)	(53,000,000)
Accrued and other current liabilities		(6,966,591)	36,070,618
Financial charges paid		(307,906,343)	(184,711,610)
Gratuity paid		(1,653,200)	(1,061,600)
Income tax paid		(6,891,325)	(4,867,613)
Dividend Paid		(37,643,668)	(29,978,361)
Net cash flow from Operating activities		306,663,994	48,871,329
Cash flows from investing activities			
Net investment in leases		(498,296,420)	(338,868,222)
Capital expenditure		(24,385,797)	(75,814,941)
Net proceeds from investments		49,739,326	323,998,238
Long Term Finances		33,427,067	(9,824,261)
Proceeds from disposal of fixed assets		2,730,799	1,323,000
Short Term Finances		(123,306,975)	(391,671,799)
Long term deposits		(117,900)	97,800
Net cash used in investing activities		(560,209,900)	(490,760,185)
Cash flows from financing activities			
Proceeds from long term loans		505,000,000	650,000,000
Repayment of long term loans		(368,726,000)	(141,322,000)
Issuance of right shares		121,000,000	-
Obligation Under Finance Leases		-	(691,579)
Net cash flow from financing activities		257,274,000	507,986,421
Net increase/(decrease) in cash and cash equivalents		3,728,094	66,097,565
Cash and cash equivalents at beginning of the period		103,459,982	(76,775,150)
Cash and cash equivalents at end of the period (Note 10)		107,188,076	(10,677,585)



M. R. Khan
Chairman



Mohammed Khalid Ali
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

1. The Company was incorporated on December 6, 1993 and commenced its operations on May 21, 1995. The Company is a Non Banking Finance Company (NBFC) under NBFC rules, 2003 having leasing and housing finance licences, however, leasing is the core business of the Company. The Company is listed on the Karachi & Lahore Stock Exchanges.

2. BASIS OF PREPARATION

These accounts are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance 1984. 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 of 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.

3. 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, 2006.

	March 2007 Rupees	June 2006 Rupees
4. Balances with banks		
Balance with State Bank of Pakistan	69,853	69,853
Balance with other banks - current accounts	<u>107,118,223</u>	<u>103,390,129</u>
	<u>107,188,076</u>	<u>103,459,982</u>
5. INVESTMENTS		
Available for sale:		
Listed Securities		
Term finance certificates	51,089,965	93,156,719
Shares - quoted	395,113,336	420,969,053
Open end mutual funds	44,562,950	14,999,997
Close end mutual funds	77,892,392	68,025,062
	<u>568,658,643</u>	<u>597,150,831</u>
Unlisted Securities		
Term finance certificates	26,394,615	31,970,195
Membership Cards	<u>8,600,000</u>	<u>8,600,000</u>
	<u>603,653,258</u>	<u>637,721,026</u>
Surplus/(deficit) in investment at beginning of the period	<u>(88,900,954)</u>	<u>(54,098,625)</u>
Surplus/(deficit) during the period	<u>(25,318,908)</u>	<u>(34,802,329)</u>
	<u>(114,219,862)</u>	<u>(88,900,954)</u>
Fair market value	<u>489,433,396</u>	<u>548,820,072</u>

	March 2007 Rupees	June 2006 Rupees
6. NET INVESTMENT IN LEASES		
Minimum lease rentals receivable	3,338,461,759	2,978,055,068
Residual value of leased assets	1,013,610,591	816,190,389
Lease contracts receivable	4,352,072,350	3,794,225,457
Less: Unearned lease income	478,725,073	419,174,600
Net investment in leases	3,873,347,277	3,375,050,857
Less: Provision for potential lease losses	49,500,000	49,500,000
	<u>3,823,847,277</u>	<u>3,325,550,857</u>

	Less than one year	One year to five year	March 2007 Rupees	June 2006 Rupees
Lease contracts receivable	1,879,911,586	2,472,160,764	4,352,072,350	3,794,225,457
Less: Unearned lease income	247,592,431	231,132,642	478,725,073	419,174,600
	<u>1,632,319,155</u>	<u>2,241,028,122</u>	<u>3,873,347,277</u>	<u>3,375,050,857</u>

	March 2007 Rupees	June 2006 Rupees
7. LONG TERM INVESTMENTS- held to maturity		
Pakistan Investment Bonds	288,845,518	286,471,967

These investments have fixed or determinable payments with a fixed maturity and the company has both the intent and ability to hold these investments till maturity and are stated at amortized costs.

	March 2007 Rupees	June 2006 Rupees
8. SHARE CAPITAL		
Authorised capital		
50,000,000 (2006: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000
50,000,000 (2006: 50,000,000) preference shares of Rs. 10 each	500,000,000	500,000,000
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up capital		
22,100,000 (2006: 10,000,000) ordinary shares of Rs. 10 each fully paid in cash	221,000,000	100,000,000
14,200,000 ordinary shares of Rs. 10 each issued as fully paid bonus shares	142,000,000	142,000,000
15,000,000 preference shares - Class A of Rs. 10 each fully paid in cash	150,000,000	150,000,000
	<u>513,000,000</u>	<u>392,000,000</u>

9. EARNING PER SHARE

	Quarter Ended		Nine months ended	
	March 2007 Rupees	March 2006 Rupees	March 2007 Rupees	March 2006 Rupees
Profit after tax (Rupees)	(428,752)	31,855,980	3,504,246	104,579,417
Minimum dividend attributable to Preference shareholders	-	3,412,500	-	10,237,500
Profit attributable to ordinary shareholders (Rupees)	<u>(428,752)</u>	<u>28,443,480</u>	<u>3,504,246</u>	<u>94,341,917</u>
Number of ordinary shares issued	<u>26,216,667</u>	<u>24,200,000</u>	<u>24,872,222</u>	<u>24,200,000</u>
Earning Per Share - Basic	<u>(0.02)</u>	<u>1.18</u>	<u>0.14</u>	<u>3.90</u>

Basic earning 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. There is no dilutive effect on the basic earnings.

	Quarter ended	
	March 2007 Rupees	March 2006 Rupees

10. CASH AND CASH EQUIVALENTS

Cash & bank balances	107,188,076	2,053,284
Running finance	-	(12,730,869)
	<u>107,188,076</u>	<u>(10,677,585)</u>

Cash and cash equivalents comprise cash in hand, cash with banks on current accounts and are presented net of running finance.

11. TAXATION

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or one-half of one percent of turnover, whichever is higher and in accordance with the presumptive tax regime, where applicable, of the Income Tax Ordinance 2001.

Deferred

Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization on settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



12. EMPLOYEES' COMPENSATED ABSENCES AND BENEFITS

Adequate provisions are made in respect of employees' compensated absences and benefits.

13. GENERAL

Previous Period's figures have been rearranged wherever necessary to facilitate comparison.

14. DATE OF AUTHORISATION

These financial statements were authorized for issue on April 23, 2007 by the Board of Directors of the Company.

M. R. Khan
Chairman

Mohammed Khalid Ali
Chief Executive