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COMPANY INFORMATION

BOARD OF DIRECTORS

M R Khan	Chairman
S M Nadim Shafiqullah	Vice Chairman
Mohammed Khalid Ali	Chief Executive
S S Hamid	
Fareed Khan	
S Naseem Ahmad	
Syed Naved Husain	
Masud Zain	

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	

HUMAN RESOURCE COMMITTEE

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

SENIOR MANAGEMENT

Mohammed Khalid Ali	Chief Executive
Salman Hameed	Chief Financial Officer
Ahmad Noor	Head of Marketing

COMPANY SECRETARY

Salman Hameed

EXTERNAL AUDITORS

Anjum Asim Shahid Rahman, Chartered Accountants

INTERNAL AUDITORSFord, Rhodes, Sidat, Hyder & Company,
Chartered Accountants**LEGAL ADVISORS**

A K Brohi & Co., Advocates

TAX CONSULTANTSFord, 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 & HEAD OFFICE

Block-B, 5th Floor, Lakson Square No. 3, Sarwar Shaheed Road, Karachi-74200
 Tel: 111-111-902 Fax: 568 9854
 Web: www.seclease.com e-mail: seclease@seclease.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

DIRECTORS' REVIEW

The directors are pleased to present their report of the financial statements of your Company for the quarter ended September 30, 2007.

As you will notice, your Company continued to consolidate its growth during the period under review. Compared to 30th June 2007 its total assets increased from Rs. 5,400 million to Rs. 5,513.2 million while the net investment in leases increased from Rupees 4,020.1 million to Rupees 4,175.8 million. The revenue amounted to Rupees 150.6 million including income from non-leasing operations, which amounted to Rupees 32.8 million & represented mainly dividend income from equity investments. The profit after tax was Rupees 11.2 million compared to Rs. 17.3 million in the previous corresponding period. The earning per share has been Rs. 0.31.

As reported previously also, the raising of cash reserve ratio and liquidity reserve requirement by the central bank and another upward revision of discount rate of 50 basis points to curtail excessive liquidity in the banking sector and control sharp rise in inflation combined with higher domestic oil prices, have exerted upward pressure on interest rates, which because of their linkage with Kibor, have increased considerably during the last one-year. Kibor has moved between 9.51 to 10 percent and is presently ranging around 10 percent. This has resulted in the shrinkage of revenue margins and consequently reduced earnings during the first quarter.

Your company is, however, well positioned to take care of these problems and is adopting measures, which will minimize the adverse effects and improve its profitability during the current year as also in the coming years. 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 company has successfully raised funds through another issue of Sukuk bonds of Rs. 750 million and paid off expensive long term loans to reduce the cost of funds during the quarter ended September 30, 2007.

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.

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: October 31, 2007

BALANCE SHEET

AS AT SEPTEMBER 30, 2007

	Note	September 30, 2007 Rupees Unaudited	June 30, 2007 Rupees Audited
ASSETS			
Current assets			
Balances with banks	4	16,186,566	39,109,860
Investments - available for sale	5	506,138,596	536,808,259
Short - term finances		121,147,421	94,048,622
Advances, deposits, prepayments and other receivables		120,700,737	117,191,396
Current portion of non-current assets	6	1,700,594,431	1,611,947,765
Total current assets		2,464,767,752	2,399,105,902
Non - current assets			
Net investment in leases	6	2,522,304,142	2,467,054,182
Deferred costs		1,201,878	1,573,878
Long - term deposits		539,400	539,400
Long - term finances		26,060,117	39,895,858
Long - term investments	7	286,804,009	282,469,712
Property and equipments		211,564,228	209,844,080
Total non - current assets		3,048,473,774	3,001,377,110
Total Assets		5,513,241,526	5,400,483,012
LIABILITIES			
Current liabilities			
Accrued and other liabilities		114,084,731	123,278,854
Short - term finances		797,416,238	1,052,450,000
Current maturity of long - term finances	8	382,500,000	568,750,000
Certificates of investment		514,932,138	440,861,287
Current maturity of long - term deposits		239,262,336	183,823,902
Total current liabilities		2,048,195,443	2,369,164,043
Non - current liabilities			
Long - term finances	8	1,935,000,000	1,518,750,000
Certificates of investment		3,395,258	2,586,467
Long - term deposits		982,095,870	939,829,297
Total non - current liabilities		2,920,491,128	2,461,165,764
Total Liabilities		4,968,686,571	4,830,329,807
NET ASSETS		544,554,955	570,153,205
REPRESENTED BY			
Share capital	9	513,000,000	513,000,000
Reserves	10	101,875,136	90,559,898
		614,875,136	603,559,898
Unrealised loss on remeasurement of available for sale investments to fair value		(75,112,070)	(38,266,073)
		539,763,066	565,293,825
Surplus on revaluation of fixed assets		4,791,889	4,859,380
		544,554,955	570,153,205

CONTINGENCIES AND COMMITMENTS

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


CHAIRMAN


CHIEF EXECUTIVE

PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	Note	September 2007 Rupees	September 2006 Rupees
REVENUE			
Income from finance leases		103,094,174	86,137,411
Income from operating leases		14,645,984	15,943,226
Other income		32,827,866	34,907,088
		150,568,024	136,987,725
EXPENSES			
Administrative and operating expenses		21,281,590	17,076,409
Finance cost		102,510,878	90,913,191
Direct cost of operating leases		10,364,443	9,779,676
Provision for potential lease and other losses		1,500,000	-
Amortization of deferred costs		372,000	156,000
		136,028,911	117,925,276
Profit before taxation		14,539,113	19,062,449
Taxation - current		3,291,366	1,747,046
Profit after taxation		11,247,747	17,315,403
Earnings per share - basic and diluted	11	0.31	0.55

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


CHAIRMAN


CHIEF EXECUTIVE

CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	Note	Sep-07 Rupees	Sep-06 Rupees
Cash flows from operating activities			
Profit before taxation		14,539,113	19,062,449
Adjustments for:			
Depreciation		10,843,920	10,915,994
Gain on disposal of listed securities		(5,077,108)	(1,436,669)
Gain on disposal of fixed assets		(345,833)	(404,994)
Amortization of deferred costs		372,000	156,000
Finance cost		102,213,878	90,713,121
Provision for gratuity		417,000	417,000
Provision for potential lease and other losses		1,500,000	-
Operating profit before working capital changes		109,923,857	100,360,452
Changes in operating assets/liabilities:			
Net investment in leases		(156,195,377)	(109,190,666)
Advances, prepayments and other receivables		(2,833,507)	(82,146,783)
Deposits from lessees		97,705,007	3,548,034
Short term finances		(227,570,358)	275,000,000
Accrued and other current liabilities		(6,286,948)	1,574,242
Financial charges paid		(105,358,902)	(88,073,773)
Gratuity paid		(417,000)	(819,200)
Taxes paid		(3,279,344)	(337,050)
		(404,236,429)	(445,196)
Net cash flows from operating activities		(279,773,459)	118,977,705
Cash flows from investing activities			
Capital expenditure		(14,777,357)	(8,522,408)
Net (increase)/decrease in available for sale investments		(5,433,527)	(26,544,327)
Long term finance		24,634,492	7,129,863
Proceeds from disposal of fixed asset		2,559,120	1,616,079
Short term finances		(27,098,799)	-
Long term deposits		-	(1,000)
Net cash flow from investing activities		(20,116,071)	(26,321,793)
Cash flows from financing activities			
Borrowings from financial institutions		750,000,000	750,000,000
Repayment to financial institutions		(520,000,000)	(983,742,000)
Net cash flow from financing activities		230,000,000	(233,742,000)
Net (decrease)/ increase in cash and cash equivalents		(69,889,530)	(141,086,088)
Cash and cash equivalents at beginning of the period		39,109,859	103,459,982
Cash and cash equivalents at end of the period	13	(30,779,671)	(37,626,106)

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


CHAIRMAN


CHIEF EXECUTIVE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2007

1 LEGAL STATUS AND NATURE OF BUSINESS

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

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the Standards Interpretations Committee of the IASB, as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (the Ordinance), the Non-Banking Finance Companies (NBFCs) Rules, 2003, (the Rules) and the Prudential Regulations for NBFCs (the Regulations), along with the directives of the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirements of the Ordinance, the Rules, the Regulations or the directive issued by the SECP differ with the requirements of these IASs, the requirements of the Ordinance, the Rules, the Regulations 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, 2007.

	Sep-07 Rupees	Jun-07 Rupees
4 BALANCES WITH BANKS		
Balance with State Bank of Pakistan in current account	86,339	86,339
Balances with other banks in current accounts	16,100,227	30,023,521
	16,186,566	30,109,860
5 INVESTMENTS - Available for sale		
5.1 Listed securities		
Term finance certificates	20,742,742	20,742,742
Closed end mutual funds	77,892,392	77,892,393
Equity investments	385,321,210	396,669,582
	483,956,344	495,304,717
5.2 Open end mutual funds	45,399,997	25,400,000
5.3 Unlisted securities		
Term finance certificates	23,294,325	25,769,615
Ordinary shares	20,000,000	20,000,000
	43,294,325	45,769,615
5.4 Membership cards	8,600,000	8,600,000
Carrying value	581,250,666	575,074,332
Unrealised loss on remeasurement to fair value	(75,112,070)	(38,266,073)
Fair market value	506,138,596	536,808,259

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	Sep-07 Rupees	Jun-07 Rupees
6 CURRENT PORTION OF NON - CURRENT ASSETS		
Current portion of:		
Net investments in leases	1,652,516,085	1,553,070,668
House loan	168,607	967,358
Long term finance	4,999,999	4,999,999
Musharika arrangements-secured	42,909,740	52,909,740
	1,700,594,431	1,611,947,765
6.1 NET INVESTMENT IN LEASES		
Minimum lease rentals receivable	3,518,513,121	3,453,003,300
Add: Residual value of leased assets	1,219,150,159	1,125,141,365
Gross investments in leases	4,737,663,280	4,578,144,665
Less: Unearned income	512,072,895	508,749,657
Less: Provision for potential lease losses	50,770,158	49,270,158
	562,843,053	558,019,815
Net investment in leases	4,174,820,227	4,020,124,850
Less: current portion of net investment in leases	1,652,516,085	1,553,070,668
	2,522,304,142	2,467,054,182
6.2 Net investment in leases		
Less than one year	1,652,516,085	1,553,070,668
More than one year and less than five years	2,522,304,142	2,467,054,182
	4,174,820,227	4,020,124,850
7 LONG TERM INVESTMENTS-held to maturity		
Pakistan Investment Bonds (PIB's)	286,804,009	282,469,712
8 LONG TERM FINANCES		
Payable within one year		
Long term loans	170,000,000	293,750,000
Term finance certificates	212,500,000	275,000,000
	382,500,000	568,750,000
Payable between one to five years		
Long term loans	60,000,000	393,750,000
Term finance certificates	1,875,000,000	1,125,000,000
	1,935,000,000	1,518,750,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	Sep-07 Rupees	Jun-07 Rupees
9 SHARE CAPITAL & RESERVES		
Authorised capital		
50,000,000 ordinary shares of Rs. 10 each	500,000,000	500,000,000
50,000,000 preference shares of Rs. 10 each	500,000,000	500,000,000
	1,000,000,000	1,000,000,000
9.1 Issued, subscribed and paid-up share capital		
22,100,000 ordinary shares of Rs. 10 each fully paid in cash	221,000,000	221,000,000
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
	513,000,000	513,000,000
9.2 Reconciliation of issued, subscribed and paid-up shares		
Number of the shares at beginning of the period	51,300,000	51,300,000
Issued during the period	-	-
Number of the shares at end of the period	51,300,000	51,300,000
10 RESERVES		
Capital Reserve		
Statutory reserves	76,505,000	76,505,000
Revenue Reserve		
Unappropriated profit	25,370,136	14,054,898
	101,875,136	90,559,898
	Sep-07 Rupees	Sep-06 Rupees
11 EARNINGS PER SHARE - basic and diluted		
Profit after tax	11,247,747	17,315,403
Minimum dividend attributable to preference shareholders	-	3,412,500
Profit attributable to ordinary shareholders	11,247,747	13,902,903
Number of ordinary shares issued	36,300,000	25,130,769
Earnings per share	0.31	0.55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2007

12 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.

	Sep-07 Rupees	Sep-06 Rupees
13 CASH AND CASH EQUIVALENTS		
Balances with banks	16,186,566	8,794,745
Running Finance	(46,966,238)	(46,420,851)
	(30,779,671)	(37,626,106)

14 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 31, 2007 by the Board of Directors of the company.

15 GENERAL

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


CHAIRMAN


CHIEF EXECUTIVE