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CORPORATE INFORMATION

BOARD OF DIRECTORS

| | |
|----------------------------|---------------------------------------|
| Mr. Muhammad Iqbal Hussain | Chairman, Non-Executive Director |
| Mr. Muhammad Farhan Malik | Vice Chairman, Non-Executive Director |
| Mr. Muhammad Tariq Masud | Non-Executive Director |
| Ms. Parveen A. Malik | Non-Executive Director |
| Mr. Shoaib Ahmed Khan | Non-Executive Director |
| Mr. Arsalan Iftikhar Khan | Non-Executive Director |

| | |
|---------------------|-------------------------|
| Mr. Ahsanullah Khan | Chief Executive Officer |
|---------------------|-------------------------|

AUDIT COMMITTEE

| | |
|---------------------------|----------------------------------|
| Mr. Muhammad Tariq Masud | Chairman, Non-Executive Director |
| Mr. Arsalan Iftikhar Khan | Member, Non-Executive Director |
| Ms. Parveen Malik | Member, Non-Executive Director |

ACTING CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Ms. Iqra Sajjad

HEAD OF INTERNAL AUDIT

Mr. Aamir Imtiaz Khan

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISOR

S&B Durrani Law Associates

TAX CONSULTANTS

Junaidy Shoaib Asad
Chartered Accountants

BANKS & LENDING INSTITUTIONS

Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
SILK Bank Limited

REGISTERED OFFICE

6th Floor, Lakson Square, Building #1
Sarwar Shaheed Road, Saddar, Karachi - 74200
Tel: (021) 35655181-85, 35655215-19
Fax: (021) 35210607-9

BRANCHES

Lahore

804-D, 8th Floor, City Tower
6-K, Main Boulevard
Gulberg-III, Lahore
Tel: (042) 35788691-94, 35788696-67
Fax: (042) 35788695

Islamabad

Room No. 5, Business Centre, Low Rise Area
Saudi Pak Tower, 61-A, Jinnah Avenue
Blue Area, Islamabad
Tel: (051) 2800207, 2800206
Fax: (051) 2800205

CONTACT DETAILS

Universal Access Number: 111-888-999
Website: www.saudipakleasing.com
Email: info@saudipakleasing.com

REGISTRAR AND SHARE TRANSFER OFFICE

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B
S.M.C.H.S, Main Shakra-e-Faisal
Karachi
Tel: (021) 111-111-500
Fax: (021) 34326031

Half Yearly Report 2013

DIRECTORS' REVIEW

The Directors of Saudi Pak Leasing Company Limited are pleased to present the Un-audited Condensed Interim Financial Information of the Company for the six months period ended December 31, 2013.

Operating and Financial Results

| | December 31, 2013 Rupees | December 31, 2012 Rupees |
|--|--------------------------------|--------------------------------|
| Income from finance and operating leases | 33,013,846 | 22,302,582 |
| Other operating income | 109,393,533 | 87,012,379 |
| Total income | 142,407,379 | 109,314,961 |
| Finance cost | 28,454,145 | 43,753,282 |
| Administrative and other operating expenses | 33,090,269 | 40,990,972 |
| Write-offs against loans and leases | 1,537,808 | - |
| Operating profit before provisions | 75,780,802 | 11,829,562 |
| Reversal / (provision) against leases, loans, receivables and investment properties | 42,063,618 | 21,170,238 |
| Profit before taxation | 117,844,420 | 32,999,800 |
| Profit after taxation | 121,771,201 | 35,022,564 |
| Earnings per share - basic | 2.70 | 0.78 |
| Earnings per share - diluted | 1.24 | 0.78 |

After incurring losses for last several years, the Company has been able to show profits since the last financial year. The Management of the Company, under the guidance of the Board, continued their efforts directed towards the betterment of Company and these efforts have resulted in further profit of Rs. 121.771 million for first half of the current financial year.

Though the leasing sector of the country is still facing serious challenges for the last five years on account of numerous factors along with energy crisis and deteriorating law and order situation leading to slow pace of recovery from defaulting customers, yet we are hopeful that given successful implementation of the rehabilitation plan and the financial projections, as approved by the Board, the Company would be able to further strengthen its position and will continue to maintain the positive trend for the financial year 2014.

Moreover, the liquidity resources of the Company have been completely dried up and yet the Company has been able to substantially reduce its book size and maintain its operations only with the help of internal resources. The liquidity resource mainly concentrated on bank borrowings which at present, is completely at halt. However, the Company is making all efforts for recovery of overdue leases and loans and is thus timely servicing its debt towards creditors as per respective settlement agreements. The Management of the Company is constantly pursuing its recovery drive and continues to negotiate with the lenders for amicable settlements. Though the lengthy and complex litigation process becomes one of the reasons for delayed process of recovery, nevertheless, the Company is managing its business dynamics through internal cash generation by way of extensive recovery drive.

The Management, has aggressively exerted pressure on the defaulted lease / loan customers and is now successfully managing the affairs without any external financial assistance to the Company. Thus the asset side of the balance sheet, which is highly infected, is still helping the Company in generating funds through restructuring / rescheduling of defaulted leases / loans portfolio.

DIRECTORS' REVIEW

The Management continues to work on the liability side of the book and has successfully negotiated and settled a substantial amount of liabilities in the shape of restructuring the facilities by way of taking advantage of waiver in mark-up and discount towards the principal liability. So far, the settlements with the lending institutions have been effectively structured and commitments are being maintained.

The settlements of assets and liabilities have thus played a vital role in the survival of the Company and will continue to ensure the successful revival of the Company in the years to come.

The Management is striving hard to keep up with The Rehabilitation Plan and is trying to achieve the results as were envisaged in the said plan. The Rehabilitation Plan along with the Financial Projections as approved by the Board are based on restructuring / settlements, expected reversals of provisions resulting from settlement with the defaulted customers and simultaneously reducing the liability by way of stretching the payments in longer period and offering non-cash items to the creditors. The Management has also requested the sponsor shareholders to consider fresh equity injection for the Company as this injection is now absolutely vital for Company. On the basis of these grounds, the Management is hopeful that all these measures will assist the Company in reducing the quantum of accumulated losses and further improving its equity.

The Board assures you that the Management is fully aware of its responsibility towards its stakeholders and is determined to improve the financial condition of the Company.

For and on behalf of the Board



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

Karachi: 19 March 2014

AUDITORS' REPORT



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Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Independent Auditor's Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Saudi Pak Leasing Company Limited** ("the Company") as at 31 December 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after-referred to as "the interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to:

- note 1.2 to the accompanying condensed interim financial information, which states that the Company has accumulated losses of Rs. 1,441.466 million as of the balance sheet date, resulting in a negative equity of Rs. 260.773 million. Furthermore, due to the liquidity crisis, the Company was unable to meet its financial obligations of Rs. 365.757 million in principal and Rs. 139.382 million in accrued mark up. These conditions along with the fact that the Company's license to carry out leasing business has expired since 18 May 2010, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern;

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan
and a member firm of the KPMG network of independent member
firms affiliated with KPMG International Cooperative
("KPMG International"), a Swiss entity.

AUDITORS' REPORT



KPMG Taseer Hadi & Co.

- note 20 to the accompanying condensed interim financial information, whereby non-redeemable preference shares have been treated by the Company as part of equity, in view of the requirements of the Companies Ordinance, 1984; and
- note 1.3 to the accompanying condensed interim financial information which gives the details of certain requirements of NBFC Regulations, 2008 not met by the Company as its equity as at 31 December 2013 is negative.

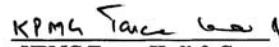
Our opinion is not qualified in respect of these matters.

Other matters

The figures for the three months period ended 31 December 2013, in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date: 19 March 2014

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Half Yearly Report 2013

CONDENSED INTERIM BALANCE SHEET

As at 31 December 2013

| ASSETS | Note | 31 December | 30 June |
|--|------|-----------------|-----------------|
| | | 2013 | 2013 |
| | | Rupees | |
| | | (Unaudited) | (Audited) |
| ASSETS | | | |
| Current assets | | | |
| Cash and bank balances | 6 | 8,911,008 | 40,054,055 |
| Short term loans | 7 | 153,169,014 | 205,863,867 |
| Short term investments | 8 | 40,706,367 | 73,821,031 |
| Accrued mark-up | | 1,143,737 | 1,152,709 |
| Trade deposits and short term prepayments | | 955,369 | 946,047 |
| Other receivables | 9 | 3,203,209 | 2,704,991 |
| Current maturity of non-current assets | 10 | 1,001,006,705 | 973,143,962 |
| | | 1,209,095,409 | 1,297,686,662 |
| Non-current assets classified as held for sale | 11 | 93,936,844 | 67,936,844 |
| | | 1,303,032,253 | 1,365,623,506 |
| Non-current assets | | | |
| Long term loans | 12 | 2,376,889 | 2,804,494 |
| Net investment in finance leases | 13 | 61,412,652 | 135,786,944 |
| Investment properties | 14 | 53,333,875 | 55,027,314 |
| Property, plant and equipment | 15 | 24,607,601 | 35,933,222 |
| | | 141,731,017 | 229,551,974 |
| Total assets | | 1,444,763,270 | 1,595,175,480 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Short term borrowings from financial institutions | 16 | 179,193,232 | 191,693,230 |
| Certificates of investment | | 67,895,301 | 76,895,301 |
| Accrued mark-up | | 227,822,440 | 214,381,639 |
| Accrued expenses and other payables | | 43,943,419 | 31,931,779 |
| Provision for taxation | | 3,146,068 | 4,037,001 |
| Current maturity of non-current liabilities | 17 | 731,617,060 | 861,885,369 |
| Preference dividend payable | | 6,602,606 | 180,893 |
| | | 1,260,220,126 | 1,381,005,212 |
| Non-current liabilities | | | |
| Deferred tax liability - net | | 78,023,771 | 82,909,512 |
| Long term finances | 18 | 315,810,322 | 426,814,278 |
| Security deposits against finance lease | 19 | 17,353,031 | 46,200,811 |
| | | 411,187,124 | 555,924,601 |
| Total liabilities | | 1,671,407,250 | 1,936,929,813 |
| NET ASSETS | | (226,643,980) | (341,754,333) |
| FINANCED BY | | | |
| Authorised share capital | | | |
| 100,000,000 (30 June 2013: 100,000,000) ordinary shares of Rs. 10 each; and | | 1,000,000,000 | 1,000,000,000 |
| 100,000,000 (30 June 2013: 100,000,000) preference shares of Rs. 10 each | 20 | 1,000,000,000 | 1,000,000,000 |
| | | 2,000,000,000 | 2,000,000,000 |
| Issued, subscribed and paid-up capital - ordinary shares | | 451,605,000 | 451,605,000 |
| Issued, subscribed and paid-up capital - preference shares | | 528,208,500 | 528,208,500 |
| Capital reserves | | 200,838,896 | 176,484,656 |
| Accumulated loss | | (1,441,466,157) | (1,532,286,468) |
| Surplus on revaluation of available-for-sale investments | | 40,591 | 98,833 |
| Total equity | | (260,773,170) | (375,889,479) |
| Surplus on revaluation of property, plant and equipment - net | 21 | 34,129,190 | 34,135,146 |
| | | (226,643,980) | (341,754,333) |
| CONTINGENCIES AND COMMITMENTS | 22 | | |

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

Half Yearly Report 2013

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the six months and three months period ended 31 December 2013

| Note | Six months period ended 31 December | | Three months period ended 31 December | | |
|---|--|---------------------|--|---------------------|---------------------|
| | 2013 | 2012 | 2013 | 2012 | |
| | ----- (Rupees) ----- | | | | |
| Income | | | | | |
| Finance leases | 23 | 31,064,742 | 20,251,246 | 23,025,151 | 8,939,878 |
| Operating leases | | 1,949,104 | 2,051,336 | 1,035,750 | 1,357,020 |
| | | <u>33,013,846</u> | <u>22,302,582</u> | <u>24,060,901</u> | <u>10,296,898</u> |
| Other operating income | 24 | 109,393,533 | 87,012,379 | 13,269,201 | 1,715,236 |
| Total income | | <u>142,407,379</u> | <u>109,314,961</u> | <u>37,330,102</u> | <u>12,012,134</u> |
| Expenses | | | | | |
| Finance cost | 25 | (28,454,145) | (43,753,282) | (10,110,242) | (23,980,034) |
| Administrative and other operating expenses | | (33,090,269) | (40,990,972) | (15,435,431) | (22,853,825) |
| Amount written-off directly against loans and lease receivables | | (1,537,808) | - | 2,639,363 | - |
| Direct cost of operating leases | | (3,544,355) | (12,741,145) | 1,013,828 | (6,294,964) |
| | | <u>(66,626,577)</u> | <u>(97,485,399)</u> | <u>(21,892,482)</u> | <u>(53,128,823)</u> |
| Operating profit / (loss) before provisions | | <u>75,780,802</u> | <u>11,829,562</u> | <u>15,437,620</u> | <u>(41,116,689)</u> |
| Reversal / (provision) for doubtful leases, loans and other receivables - net | | 42,063,618 | 24,610,047 | 2,427,470 | (23,946,268) |
| Reversal / (impairment) on available-for-sale investments | | - | - | - | (742,235) |
| Impairment on investment properties | | - | (3,439,809) | - | (3,439,809) |
| | | <u>42,063,618</u> | <u>21,170,238</u> | <u>2,427,470</u> | <u>(28,128,312)</u> |
| Profit / (loss) before taxation | | <u>117,844,420</u> | <u>32,999,800</u> | <u>17,865,090</u> | <u>(69,245,001)</u> |
| Taxation | | | | | |
| - Current | | (958,960) | 1,752,314 | (2,455,539) | 252,314 |
| - Deferred | | 4,885,741 | (3,775,078) | 8,382,320 | (3,775,078) |
| | | <u>3,926,781</u> | <u>(2,022,764)</u> | <u>5,926,781</u> | <u>(3,522,764)</u> |
| Profit / (loss) after taxation | | <u>121,771,201</u> | <u>35,022,564</u> | <u>11,938,309</u> | <u>(65,722,237)</u> |
| Earnings / (loss) per share - basic | 27 | 2.70 | 0.78 | 0.26 | (1.46) |
| Earnings / (loss) per share - diluted | 27 | 1.24 | 0.78 | 0.12 | (1.46) |

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

Half Yearly Report 2013

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six months and three months period ended 31 December 2013

| | Six months period ended 31 December | | Three months period ended 31 December | |
|--|--|------------|--|--------------|
| | 2013 | 2012 | 2013 | 2012 |
| | ----- (Rupees) ----- | | | |
| Profit / (loss) after taxation | 121,771,201 | 35,022,564 | 11,938,309 | (65,722,237) |
| Other comprehensive income | | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | | |
| Surplus / (deficit) on revaluation of available-for-sale investments | 17,361 | 66,120 | - | 66,120 |
| Realisation of surplus on disposal of available-for-sale investments | (75,603) | - | - | - |
| | (58,242) | 66,120 | - | 66,120 |
| Total comprehensive income for the period | 121,712,959 | 35,088,684 | 11,938,309 | (65,656,117) |

Surplus / (deficit) arising on revaluation of certain classes of property, plant and equipment has been reported in accordance with the requirements of the Companies Ordinance, 1984, as a separate line item below equity.

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

Half Yearly Report 2013

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the six months period ended 31 December 2013

| | Six months period ended 31 December | |
|---|--|---------------------|
| | 2013 | 2012 |
| | ----- (Rupees) ----- | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 117,844,420 | 32,999,800 |
| Adjustments for: | | |
| Depreciation and amortization - owned assets | 448,460 | 5,559,773 |
| Depreciation - assets under operating lease | 3,544,355 | 12,741,145 |
| Depreciation - investment properties | 1,693,439 | 1,862,494 |
| Finance cost | 28,454,145 | 43,753,282 |
| (Reversal) / provision for doubtful leases, loans and other receivables | (42,063,618) | (24,610,047) |
| Dividend income | (13,161) | (25,000) |
| Impairment on investment properties | - | 3,439,809 |
| Amount written-off directly against loans and lease receivables | 1,537,808 | - |
| Interest income from government securities | (1,088,371) | (1,776,565) |
| Gain on sale of investments | (140,798) | (1,209,515) |
| Waiver on settlement of long term finances | (101,463,972) | (73,503,276) |
| Gain on sale of property, plant and equipment | (3,567,174) | (2,217,800) |
| | (112,658,887) | (35,985,700) |
| Operating profit / (loss) before working capital changes | 5,185,533 | (2,985,900) |
| Movement in working capital | | |
| (Increase) / decrease in operating assets | | |
| Trade deposits, short term prepayments and other receivables | 6,052,816 | 1,878,421 |
| Accrued mark-up | 8,972 | (458,373) |
| Short term loans | 57,015,327 | 15,488,400 |
| | 63,077,115 | 16,908,448 |
| Increase / (decrease) in operating liabilities | | |
| Accrued expenses and other payables | 12,011,640 | (14,122,437) |
| Cash generated / (utilized) from operations | 80,274,288 | (199,889) |
| Finance cost paid | (447,943) | (968,948) |
| Taxes paid | (1,849,893) | (1,910,158) |
| Decrease in net investment in finance leases | 34,460,604 | 46,771,629 |
| | 32,162,768 | 43,892,523 |
| Net cash flows from operating activities | 112,437,056 | 43,692,634 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | - | (2,205,500) |
| Proceeds from disposal of short term investments - net | 34,285,590 | 8,701,802 |
| Proceeds from disposal of property, plant and equipment | 10,900,000 | 2,572,000 |
| Proceeds from disposal of investment properties | - | 5,010,000 |
| Repayment of long term loans | 6,166,923 | 5,582,894 |
| Dividend received | 13,161 | 25,000 |
| Net cash flows from investing activities | 51,365,674 | 19,686,196 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of long term finances | (166,900,505) | (33,972,328) |
| Repayment of short term borrowings from financial institutions | (12,499,998) | (15,605,912) |
| Preference dividend paid | (180,893) | - |
| Repayment of certificates of investment | (15,364,381) | (23,700,000) |
| Net cash flows from financing activities | (194,945,777) | (73,278,240) |
| Net (decrease) in cash and cash equivalents | (31,143,047) | (9,899,410) |
| Cash and cash equivalents at beginning of the period | 40,054,055 | 27,279,060 |
| Cash and cash equivalents at end of the period | 8,911,008 | 17,379,650 |

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

Half Yearly Report 2013

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the six months period ended 31 December 2013

| | Issued, subscribed and paid-up share capital | | Capital reserves | Accumulated loss | Unrealised gain on re-measurement of available-for-sale investments | Total equity |
|--|--|----------------------------------|--------------------|------------------------|---|------------------------|
| | Ordinary shares | Non-redeemable preference shares | | | | |
| ----- Rupees ----- | | | | | | |
| Balance as at 30 June 2012 | 451,605,000 | - | 148,257,389 | (1,658,516,423) | - | (1,058,654,034) |
| Total comprehensive income for the period: | | | | | | |
| Profit for the six months period ended 31 December 2012 | - | - | - | 35,022,564 | - | 35,022,564 |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax | - | - | - | 7,010,858 | - | 7,010,858 |
| Changes in surplus on revaluation of available-for-sale investments | - | - | - | - | 66,120 | 66,120 |
| Realisation of surplus on available-for-sale investments on disposal | - | - | - | - | - | - |
| | - | - | - | 42,033,422 | 66,120 | 42,099,542 |
| Balance as at 31 December 2012 | 451,605,000 | - | 148,257,389 | (1,616,483,001) | 66,120 | (1,016,554,492) |
| Total comprehensive income for the period | | | | | | |
| Profit for the six months period ended 30 June 2013 | - | - | - | 106,113,769 | - | 106,113,769 |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax | - | - | - | 6,490,924 | - | 6,490,924 |
| Unrealised gain on re-measurement of available-for-sale investments | - | - | - | - | 32,713 | 32,713 |
| Transactions with owners, recorded directly in equity | | | | | | |
| Issuance of non-voting, non-cumulative, non-redeemable, convertible unlisted preference shares | - | 528,208,500 | - | - | - | 528,208,500 |
| Preference dividend for the year ended 30 June 2013 | - | - | - | (180,893) | - | (180,893) |
| Transferred to capital reserves | - | - | 28,227,267 | (28,227,267) | - | - |
| | - | 528,208,500 | 28,227,267 | 84,196,533 | 32,713 | 640,665,013 |
| Balance as at 30 June 2013 | 451,605,000 | 528,208,500 | 176,484,656 | (1,532,286,468) | 98,833 | (375,889,479) |
| Total comprehensive income for the period | | | | | | |
| Profit for the six months period ended 31 December 2013 | - | - | - | 121,771,201 | - | 121,771,201 |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax | - | - | - | 5,966 | 5,966 | |
| Unrealised gain on re-measurement of available-for-sale investments realised on disposal | - | - | - | - | (75,603) | (75,603) |
| Unrealised gain on re-measurement of available-for-sale investments | - | - | - | - | 17,361 | 17,361 |
| Transactions with owners, recorded directly in equity | | | | | | |
| Issuance of non-voting, non-cumulative, non-redeemable, convertible unlisted preference shares | - | - | - | - | - | - |
| Preference dividend for the six months period ended 31 December 2013 | - | - | - | (6,602,606) | - | (6,602,606) |
| Transferred to capital reserves | - | - | 24,354,240 | (24,354,240) | - | - |
| | - | - | 24,354,240 | (24,354,240) | - | - |
| Balance as at 31 December 2013 | 451,605,000 | 528,208,500 | 200,838,896 | (1,441,466,157) | 40,591 | (260,773,170) |

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2013

1. LEGAL STATUS AND OPERATIONS

- 1.1 Saudi Pak Leasing Company Limited ("the Company") was incorporated in Pakistan on 08 January 1991 and is listed on all the three stock exchanges in Pakistan. The registered office of the Company is situated at 6th Floor, Lakson Square Building No. 1, Sarwar Shaheed Road, Saddar, Karachi. The main business activity of the Company is leasing of assets. The Company's license to carry out the business of leasing had expired on 18 May 2010 and its renewal is pending with the Securities and Exchange Commission of Pakistan (SECP).

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the parent company (by virtue of management rights) and as of 31 December 2013 holds 35.06% (30 June 2013: 35.06%) of issued ordinary share capital of the Company and 63% (30 June 2013: 63%) of issued preference share capital of the Company.

- 1.2 The country's weak economic fundamentals along with serious challenges being faced by the country for last several years on account of various factors such as energy crisis, disturbed security environment, higher inflation, political instability and lack of trust of foreign investors have provided foundation for severe liquidity crunch for the leasing sector and for the Company as well. The Company thus faced difficulties in the form of defaults wherein recovery from customers became a challenging task. The deteriorated financial position of the Company can be overcome from the recovery on account of balance lease / loan portfolio, which is currently a lifeline for the Company, and the management is trying to recover as much as possible from the available means. The above factors affected the Company in the following manner:

- During the six months period ended 31 December 2013, the Company has earned a profit after tax of Rs. 121.771 million (compared with a profit of Rs. 35.023 million in the corresponding period). Moreover, as at the period end, its accumulated losses stood at Rs. 1,441.466 million, whereas the equity stood at negative Rs. 260.773 million, as against the minimum equity requirement of Rs. 700 million. Furthermore, its total liabilities exceeded total assets by Rs. 226.644 million.
- As of 31 December 2013 impairment loss of Rs. 791.878 million on lease and loans portfolio has been recognised and is included in the above mentioned accumulated loss figure.
- The Company's rating was downgraded as at 30 June 2010, not permitting the Company to issue new certificates of investment. Subsequently, the management has not reviewed the rating agreement with the credit rating company.
- During the period, the Company defaulted in making payments of certain financial obligations due to liquidity problems. As of 31 December 2013, total outstanding principal on which defaults were made amounts to Rs. 365.757 million and defaulted mark-up repayments amounts to Rs. 139.382 million. The management is in the process of negotiating the restructuring terms of such borrowings.
- Furthermore, the Company's license to carry out the leasing business had expired on 18 May 2010 and its renewal is pending with the Securities and Exchange Commission of Pakistan (SECP). However, the Company continues to carry out operating leases.

Although uncertainty exists due to the above factors which may cast doubt on the Company's ability to continue as a going concern, the management of the Company is confident that due to steps / measures as explained in the next paragraphs, which are in line with the Board's approved rehabilitation plan for capital management and the approved financial projections, the going concern assumption is appropriate and has as such prepared this condensed interim financial information on a going concern basis.

- The Board of Directors support the Company in negotiating the terms of restructuring of various borrowings amounting to Rs. 505.138 million (including mark-up thereon) from the Company's lenders (including the financial institutions, term finance certificate holders, holders of certificates of investment, etc.) which will help the Company to continue as a going concern.

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- The settlement agreements finalised as of 31 December 2013 will result in reduction of borrowings by Rs. 91.976 million through waiver of principal of Rs. 85.9 million and mark-up of Rs. 6.077 million. These are subject to performance of certain terms.
- The borrowings (including mark-up thereon) of the Company has been brought down to Rs. 1,100.980 million from Rs. 1,369.203 million during the period through settlements effected by lease and term loans swapping or sale / swapping of collateral held against non-performing borrowers as well as cash settlements and timely repayments as per the revised and restructured terms negotiated with the lenders. The management has finalised certain loans settlement agreements and is under negotiation with the remaining borrowers for the settlement of the Company's obligation through surrendering of its assets/collateral held by the Company against its non-performing exposure or otherwise.
- Since last two financial years, the management of the Company has managed to generate liquidity from the existing business through recovery drive and has not opted for any further borrowing from the market. Furthermore, the management has also prepared a contingent plan and identified certain assets which might be considered for sale if the Company needs to generate additional liquidity to finance its business.
- The management has negotiated with Term Finance Certificate (TFC) holders for restructuring of TFCs and has successfully concluded the transaction by way of step up monthly payments since January 2012 and has also successfully negotiated to defer the mark-up payments. Also during the period, the Company has managed to repurchase some of the TFCs on substantial discount from one of the major TFC holders resulting in recognition of waiver of Rs. 54.572 million.
- The Company has requested the Securities and Exchange Commission of Pakistan (SECP) for relaxation in the Minimum Capital Requirement under NBFC Regulations, 2008 and is hopeful that this request will be accepted based on the condition of the overall business environment and the Company's position in the leasing sector. Moreover, the SECP in view of the prevailing economic condition and the overall business environment is considering a proposal for revision in the minimum capital requirement (MCR) under the NBFC Rules and it is hoped that a substantial reduction in the MCR would be in place soon.

On achieving the Board's approved capital management plan and the financial projections, the Company's equity position is expected to reflect the following position:

| | 2013 (Rupees) |
|---|----------------------|
| Equity position as of 31 December 2013 | |
| Issued, subscribed and paid-up capital - ordinary shares | 451,605,000 |
| Issued, subscribed and paid-up capital - preference shares | 528,208,500 |
| Capital reserves | 200,838,896 |
| Accumulated loss | (1,441,466,157) |
| Unrealised gain on re-measurement of available-for-sale investments | 40,591 |
| Equity | <u>(260,773,170)</u> |
| Expected impact on the equity based on financial projections | |
| Equity as of 31 December 2013: | (260,773,170) |
| Conversion of liabilities into preference shares | 140,000,000 |
| Reversal / waivers of mark-up on settlement of liabilities | 127,807,703 |
| Reversal / waivers of principal on settlement of liabilities | 136,137,000 |
| Reversal of provisions by claiming forced sales value benefits | 21,000,000 |
| Reversal of provisions through recoveries/ settlements | 500,000,000 |
| Effects of taxation and others - net | (65,302,292) |
| | 859,642,411 |
| Expected equity (by June 2016) | <u>598,869,241</u> |

- 1.3 Due to the fact that at 31 December 2013, the Company's equity is negative by Rs. 260.773 million, the Company could not meet the regulatory requirements of NBFC Regulations, 2008 (apart from those mentioned in notes 1.2 above and 28), including the following:

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- Regulation 5 (1) - aggregate liabilities, excluding contingent liabilities and security deposits, of an NBFC, shall not exceed ten times of the company's equity (in case of operations beyond the first 2 years).
- Regulation 5 (2) - contingent liabilities of an NBFC shall not exceed seven times of its equity for the first two years of its operation and ten times of its equity in the subsequent years.
- Regulation 17 (1) - total outstanding exposure (fund and non-fund based) of an NBFC to a person should not at any time exceed 30% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% of the NBFC's equity.
- Regulation 17 (2) - total outstanding exposure (fund based and non-fund based) of an NBFC to any group shall not exceed 50% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 35% of the equity.
- Regulation 18 - an NBFC shall make clean money market placement only with financial institutions and its aggregate exposure shall not exceed its equity.
- Regulation 28 (d) - total investments of the leasing company in shares, equities or scrips shall not exceed 50% of the equity of the leasing company.
- Regulation 28 (e) - a leasing company shall not own shares, equities or scrip of any one company in excess of 10% of its own equity or the issued capital of that company, whichever is lower.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the six months period ended 31 December 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 (IAS 34), "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

In case requirements differ, the provisions or directives issued under the Companies Ordinance, 1984, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.

As mentioned in note 1.1 above, although the Company's license to carry out the business of leasing had expired on 18 May 2010, this condensed financial information has been prepared in accordance with the format generally followed for financial institutions and the provision requirements have been determined in accordance with the requirements of NBFC Regulations, 2008.

- 2.2 The requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement", relating to the assessment of impairment loss on leasing portfolio have not been followed in the preparation of this condensed interim financial information based on a clarification received from the SECP specifying that the requirements of IAS 39 should only be followed by leasing companies so far as it relates to investments made by them.
- 2.3 The Company provides for impairment in the carrying value of its net investment in finance lease receivable based on the requirements laid down in the Prudential Regulations for Non-Banking Finance Companies.
- 2.4 The comparative balance sheet presented in this condensed interim financial information as at 31 December 2013 has been extracted from the audited financial statements of the Company for the year ended 30 June 2013, whereas the comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been extracted from the condensed interim financial information for the period ended 31 December 2012. Further, the figures in the condensed interim financial information for the three months period ended 31 December 2012 and 31 December 2013 have not been reviewed by the auditors.

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3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2013 except as stated below:

3.1 Change in accounting policy for employee benefits - defined benefit plan

Effective from 1 January 2013, the revised IAS 19 'Employee Benefits' became applicable which changed the basis for recognition of actuarial gains and losses. The revised IAS 19 requires the actuarial gains and losses to be recognized immediately in other comprehensive income. The Company previously recognized the actuarial gains and losses as income or expense when the cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed ten percent of the higher of defined benefit obligation and fair value of the planned assets at that date. The excess amount of gains or losses are recognized over the expected remaining working lives of the employees participating in the plans.

The Company follows consistent practice to conduct actuarial valuation annually at the year end. Hence, the impact on this and comparative condensed interim financial information is not quantifiable and is also considered immaterial therefore, comparative condensed interim financial information has not been restated.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. However, actual results may differ from these estimates. In preparing this condensed interim financial information the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimates and uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2013.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company as at and for the year ended 30 June 2013.

| | 31 December 2013 ----- (Rupees) ----- (Unaudited) | 30 June 2013 ----- (Audited) |
|--|--|---------------------------------------|
| 6. CASH AND BANK BALANCES | | |
| Cash in hand | 117,231 | 126,211 |
| Balance with State Bank of Pakistan in: - current account | 21,040 | 22,240 |
| Balances with other banks in: - current account | 5,500 | 5,500 |
| - saving accounts | 8,767,237 | 39,900,104 |
| 6.1 | <u>8,911,008</u> | <u>40,054,055</u> |

6.1 These saving accounts carry profit rates ranging from 6% to 7.75% per annum (30 June 2013: 6% to 8% per annum).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2013

| | | 31 December 2013 | 30 June 2013 |
|--|-----|-------------------------------------|--------------------|
| | | ----- (Rupees) ----- (Unaudited) | ----- (Audited) |
| 7. SHORT TERM LOANS | | | |
| Considered good | | - | - |
| Non-performing loans | | 243,294,712 | 300,310,039 |
| | 7.1 | 243,294,712 | 300,310,039 |
| Provision against non-performing loans | | (90,125,698) | (94,446,172) |
| | 7.2 | 153,169,014 | 205,863,867 |

7.1 This represents term finance facilities provided to customers and carries mark-up ranging from 16.25% to 25% (30 June 2013 :16.13% to 25%) per annum.

7.2 The above provision for non-performing loans is net of forced sales values (FSVs) of collaterals of Rs. 153.171 million (30 June 2013: Rs. 205.866 million) considered by the Company for the purpose of determination of provision requirements. Had this benefit of FSVs not been taken by the Company, the specific provision against non-performing loans would have been higher by Rs. 153.171 million (30 June 2013: Rs. 205.866 million) and the Company's profit for the period (before taxation) would have been lower by the same amount.

| | | 31 December 2013 | 30 June 2013 |
|---|-------|-------------------------------------|--------------------|
| | | ----- (Rupees) ----- (Unaudited) | ----- (Audited) |
| 8. SHORT TERM INVESTMENTS | | | |
| Available-for-sale | 8.1 | 19,041,464 | 19,356,421 |
| Held to maturity | 8.2 | 21,664,903 | 54,464,610 |
| | | 40,706,367 | 73,821,031 |
| 8.1 Available-for-sale | | | |
| Ordinary shares of listed companies | 8.1.1 | 85,935 | 342,650 |
| Ordinary shares of unlisted companies | 8.1.2 | 18,914,938 | 18,914,938 |
| Available-for-sale at cost | | 19,000,873 | 19,257,588 |
| Unrealised gain on re-measurement to fair value | | 40,591 | 98,833 |
| Available-for-sale at market value | | 19,041,464 | 19,356,421 |

8.1.1 The investments in the listed equity securities held as available-for-sale are valued at prices quoted on the Karachi Stock Exchange on the reporting date.

8.1.2 Detail of investments in the ordinary shares of unlisted companies is as follows:

| | | |
|--|-------------------|------------|
| SPI Insurance Company Limited (formerly known as Saudi Pak Insurance Company Limited) | 14,664,938 | 14,664,938 |
| Pace Barka Properties Limited | 4,250,000 | 4,250,000 |
| | 18,914,938 | 18,914,938 |

8.2 Held to Maturity

| | | | |
|----------------------------------|-------|-------------------|------------|
| Government Market Treasury Bills | 8.2.1 | 21,664,903 | 39,464,610 |
| Certificates of deposit | | - | 15,000,000 |
| | | 21,664,903 | 54,464,610 |

8.2.1 This represents investment in Government Market Treasury Bills having maturity on 06 March 2014 and carries effective mark-up rate of 9.65% (30 June 2013: 9.37%) per annum. As of 31 December 2013, the market value of these treasury bills amounted to Rs. 21.645 million (30 June 2013: Rs. 39.480 million).

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For the six months period ended 31 December 2013

| | | 31 December 2013 | 30 June 2013 |
|---|---|-------------------------------------|--------------------|
| | | ----- (Rupees) ----- (Unaudited) | ----- (Audited) |
| 9. OTHER RECEIVABLES | | | |
| Operating lease rentals receivable | | 11,545,095 | 11,545,095 |
| Receivable on termination of leases | | 68,516,547 | 74,578,773 |
| Others | | 2,874,574 | 2,874,486 |
| | | <u>82,936,216</u> | <u>88,998,354</u> |
| Provision against doubtful receivables | | (79,733,007) | (86,293,363) |
| | | <u>3,203,209</u> | <u>2,704,991</u> |
| 10. CURRENT MATURITY OF NON-CURRENT ASSETS | | | |
| Long term loans | 12 | 53,573,445 | 60,972,283 |
| Net investment in finance leases | 13 | 947,433,260 | 912,171,679 |
| | | <u>1,001,006,705</u> | <u>973,143,962</u> |
| 11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE | | | |
| Office premises | 11.1 | 67,936,844 | 67,936,844 |
| Property acquired in satisfaction of claim | 11.2 | 26,000,000 | - |
| | | <u>93,936,844</u> | <u>67,936,844</u> |
| 11.1 | As discussed fully in note 1.2 to this financial information, the management of the Company has prepared a contingent plan for generating liquidity in case need arises. Keeping in view this requirement, the Board of Directors of the Company, as part of aforementioned contingency plan, approved the decision to dispose Company's office premises. Further in the meeting, the Chief Executive Officer of the Company was authorised to sell the said premises. The market value of the property was determined by an independent valuer, Maricon Consultants (Pvt) Limited on 31 December 2013. The market value of the office premises net of cost to sell as of 31 December 2013 amounts to Rs. 73.211 million. | | |
| 11.2 | This represents repossessed property acquired by the Company in settlement of loan and lease rental amounts due to the Company. The market value of the property was determined by an independent valuer, Maricon Consultants (Pvt) Limited on 04 September 2013. The market value of this premises net of cost to sell as of 31 December 2013 amounts to Rs. 26.73 million. | | |
| | Since the Company intends to dispose off the aforementioned properties as at 31 December 2013, therefore the said properties are classified as non-current assets classified as held for sale. | | |
| 12. LONG TERM LOANS | | 31 December 2013 | 30 June 2013 |
| | | ----- (Rupees) ----- (Unaudited) | ----- (Audited) |
| Related party - secured | | | |
| Due from employees - considered good | | 3,448,375 | 3,854,143 |
| Other than related party - secured | | | |
| Term loans to customers | | | |
| - Considered good | | 2,933,718 | 7,116,262 |
| - Non-performing loans | | 107,304,632 | 108,883,263 |
| | 12.1 | <u>110,238,350</u> | <u>115,999,525</u> |
| | | <u>113,686,725</u> | <u>119,853,668</u> |
| Provision against non-performing loans | 12.2 | (57,736,391) | (56,076,891) |
| | | <u>55,950,334</u> | <u>63,776,777</u> |
| Current maturity of long term loans | 10 | (53,573,445) | (60,972,283) |
| | | <u>2,376,889</u> | <u>2,804,494</u> |

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12.1 Term loans due from customers are secured against properties. The rate of return on these loans ranges from 16% to 22.66% (30 June 2013: 16% to 22.66%) per annum and have matured during the period.

12.2 The above provision for non-performing loans is net of forced sales values (FSVs) of collaterals of Rs. 49.656 million (30 June 2013: Rs. 52.828 million) considered by the Company for the purpose of determination of provision requirements. Had this benefit of FSVs not been taken by the Company, the specific provision against non-performing loans would have been higher by Rs. 49.656 million (30 June 2013: Rs. 52.828 million) and the Company's profit for the period (before taxation) would have been lower by the same amount.

| | | 31 December 2013 | 30 June 2013 |
|---|------|----------------------------------|------------------------|
| | | ----- (Rupees) (Unaudited) | ----- (Audited) |
| 13. NET INVESTMENT IN FINANCE LEASES | | | |
| Minimum lease payments receivable | | 1,566,270,232 | 1,674,391,035 |
| Residual value of leased assets | | 459,565,381 | 469,632,364 |
| Gross investment in finance leases | 13.1 | <u>2,025,835,613</u> | <u>2,144,023,399</u> |
| Unearned lease income | | (6,100,030) | (13,998,143) |
| Net investment in finance leases | | <u>2,019,735,583</u> | <u>2,130,025,256</u> |
| Mark-up held in suspense | 13.2 | (366,873,760) | (387,980,694) |
| Provision for lease losses | 13.3 | (644,015,911) | (694,085,939) |
| | | <u>(1,010,889,671)</u> | <u>(1,082,066,633)</u> |
| | | <u>1,008,845,912</u> | <u>1,047,958,623</u> |
| Current portion of net investment in finance leases | 10 | (947,433,260) | (912,171,679) |
| | | <u>61,412,652</u> | <u>135,786,944</u> |

13.1 The internal rate of return on leases disbursed by the Company ranges from 12.50% to 20.01% per annum (30 June 2013: 12.50% to 20.01% per annum). Certain lease rentals have been hypothecated against long term finances obtained (refer note 18.1.1)

| | | 31 December 2013 | 30 June 2013 |
|---|--|----------------------------------|---------------------|
| | | ----- (Rupees) (Unaudited) | ----- (Audited) |
| 13.2 Mark-up held in suspense | | | |
| Balance at beginning of the period / year | | 387,980,694 | 386,122,793 |
| Income suspended during the period / year | | 6,248,486 | 21,000,765 |
| | | <u>394,229,180</u> | <u>407,123,558</u> |
| Suspended income: | | | |
| - realised during the period / year | | (25,817,612) | (9,843,166) |
| - written off during the period / year | | (1,537,808) | (9,299,698) |
| | | <u>(27,355,420)</u> | <u>(19,142,864)</u> |
| | | <u>366,873,760</u> | <u>387,980,694</u> |
| 13.3 Provision for lease losses | | | |
| Balance at beginning of the period / year | | 694,085,939 | 754,855,198 |
| Charge for the period / year | | 16,649,093 | 120,575,407 |
| Reversal during the period / year | | (54,493,613) | (172,031,640) |
| | | <u>(37,844,520)</u> | <u>(51,456,233)</u> |
| Write-offs against provision | | (12,225,508) | (9,313,026) |
| Balance at end of the period / year | | <u>644,015,911</u> | <u>694,085,939</u> |

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13.3.1 The above provision for non-performing lease losses is net of the forced sales values (FSVs) of leased assets / collaterals of Rs. 564.042 million (30 June 2013: Rs. 594.960 million) considered by the Company for the purpose of determination of provision requirements. Had this benefit of FSVs not been taken by the Company, specific provision against non-performing lease portfolio would have been higher by Rs. 563.177 million (30 June 2013: Rs. 583.342 million) and Company's profit for the period (before taxation) would have been lower by the same amount.

13.4 As per NBFC Regulation 28 (a), a leasing company undertaking the business of lease only, shall invest at least 70% of its assets in the business of leasing. As at 31 December 2013, the Company's investment in lease assets was 73.08% (30 June 2013: 70.57%) of the total assets (less allowable deductions).

| | 31 December 2013 ----- (Rupees) ----- (Unaudited) | 30 June 2013 ----- (Audited) |
|--|--|---------------------------------------|
| 14. INVESTMENT PROPERTIES | | |
| Cost at the beginning of the period / year | 71,159,772 | 76,169,772 |
| Additions during the period / year | - | - |
| Disposals during the period / year | - | (5,010,000) |
| Cost at the end of the period / year | <u>71,159,772</u> | <u>71,159,772</u> |
| Accumulated depreciation | (12,692,649) | (9,186,717) |
| Depreciation charged during the period / year | (1,693,439) | (3,505,932) |
| Provision for diminution in the value of investment properties | (3,439,809) | (3,439,809) |
| Carrying value of investment properties | <u>53,333,875</u> | <u>55,027,314</u> |
| 15. PROPERTY, PLANT AND EQUIPMENT | | |
| Property, plant and equipment - owned assets | 3,085,020 | 6,333,474 |
| Plant and equipment - assets under operating lease | 21,522,581 | 29,599,748 |
| | <u>24,607,601</u> | <u>35,933,222</u> |
| Additions - Cost | | |
| Owned assets | | |
| Vehicles | - | 2,176,000 |
| Office equipment | - | 615,862 |
| | - | <u>2,791,862</u> |
| Assets under operating lease | | |
| Generators | - | 6,044,000 |
| | - | <u>6,044,000</u> |
| Total additions | - | <u>8,835,862</u> |
| Disposals - Cost | | |
| Owned assets | | |
| Land | 2,800,000 | - |
| Vehicles | - | 4,535,000 |
| Office equipment | - | 79,800 |
| Furniture and fixtures | - | 75,155 |
| | <u>2,800,000</u> | <u>4,689,955</u> |
| Assets under operating lease | | |
| Generators | 24,145,550 | 16,952,650 |
| | <u>24,145,550</u> | <u>16,952,650</u> |
| Total disposals | <u>26,945,550</u> | <u>21,642,605</u> |

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| | | 31 December 2013 | 30 June 2013 |
|--|------|-------------------------------------|--------------------|
| | | ----- (Rupees) ----- (Unaudited) | ----- (Audited) |
| 16. SHORT TERM BORROWINGS FROM FINANCIAL INSTITUTIONS | | | |
| Letters of placement - Unsecured | | | |
| National Bank of Pakistan | 16.1 | 77,500,000 | 77,500,000 |
| Innovative Investment Bank Limited | 16.2 | 60,000,000 | 60,000,000 |
| Meezan Bank Limited | 16.3 | 27,001,588 | 27,001,588 |
| AKD Aggressive Income Fund | 16.4 | 2,762,504 | 10,762,502 |
| KASB Income Opportunity Fund | 16.5 | 11,179,140 | 13,429,140 |
| KASB Asset Allocation Fund | 16.5 | 750,000 | 3,000,000 |
| | | 179,193,232 | 191,693,230 |

16.1 This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on 1 April 2010 through a letter of placement carrying mark-up at a rate of 11.2% for a period of 140 days. The Company has not paid any amount in respect of this finance. As of 31 December 2013, the Company has accrued a mark-up of Rs. 32.603 million on this borrowing. The management intends to settle / restructure this borrowing.

16.2 This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on 3 December 2010 through a letter of placement carrying mark-up at a rate of 8% for a period of 90 days. The facility was rolled over for a further period of 184 days on 14 March 2011. Since the disbursement of facility, the Company has paid an amount of Rs. 3 million on account of principal repayment. As of 31 December 2013, the Company has accrued a mark-up of Rs. 18.441 million on this borrowing. The management intends to settle / restructure this borrowing.

16.3 This represents finance of Rs. 150 million obtained from Meezan Bank Limited (MEBL) on 20 September 2008, under Murabaha arrangement at a rate of 12% per annum. The Company paid Rs. 81 million on various dates from September 2008 to June 2011.

The remaining amount of Rs. 69 million was restructured by way of a settlement agreement on 22 April 2011 whereby the Company transferred a lease portfolio of Rs. 32 million. On 16 September 2012, a revised settlement agreement was signed. As per the revised settlement agreement, loan was to be settled by way of transferring of Company's assets / collateral held by the Company against one of its non-performing borrowers and cash payment of Rs. 9.870 million as down payment. The Company made the down payment on 06 September 2012 and the collateral held by the Company against the non-performing borrower is yet to be transferred after the execution of a tripartite agreement between the Company, MEBL and the said borrower. The management is currently under negotiation for an early execution of the said agreement. As per the restructuring terms, this finance carries no mark-up.

16.4 This represents finance of Rs. 26 million obtained from AKD Aggressive Income Fund on 23 June 2011 through a letter of placement for a period of 30 days at a rate of 10% per annum. On 24 December 2012, the Company restructured the loan by way of a settlement agreement. As per the latest agreement, the Company is required to settle the loan through following terms:

- Down payment of Rs. 1.237 million.
- 14 equal monthly cash payments of Rs. 1.33 million starting from January 2013.

The Company made down payment of Rs. 1.237 million on 31 December 2012 and has paid the monthly installments on the agreed dates as per the revised agreement. As of 31 December 2013, the Company has accrued a mark-up of Rs. 4.39 million on this borrowing.

16.5 This represents finance of Rs. 117 million obtained from KASB Funds (KASB Income Opportunity Fund and KASB Asset Allocation Fund) on 13 July 2009. The finance was restructured by way of settlement agreement dated 28 December 2011. As per the agreement, loan is to be settled by way of transferring of assets / collateral held by the Company against its non-performing borrowers, lease receivables of the Company and cash payment of Rs. 23.085 million in twenty four equal monthly installments. During the period, the Company has paid an amount of Rs. 4.50 million on account of principal repayment. As per rescheduling agreement the finance carries no mark-up.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2013

| | | 31 December 2013 | 30 June 2013 |
|--|-------|-------------------------|--------------------|
| | | (Rupees) (Unaudited) | (Audited) |
| 17. CURRENT MATURITY OF NON-CURRENT LIABILITIES | | | |
| Long term finances | 18 | 243,854,423 | 386,649,543 |
| Certificates of investment | | 66,404,619 | 72,769,000 |
| Security deposits against finance leases | 19 | 421,358,018 | 402,466,826 |
| | | <u>731,617,060</u> | <u>861,885,369</u> |
| 18. LONG TERM FINANCES | | | |
| Long term finances - secured | | 232,612,785 | 292,651,248 |
| Long term finances - unsecured | | 7,944,440 | 96,766,664 |
| | 18.1 | <u>240,557,225</u> | <u>389,417,912</u> |
| Term finance certificates - secured | 18.10 | 319,107,520 | 424,045,909 |
| | | <u>559,664,745</u> | <u>813,463,821</u> |
| Current maturity of long term finances | 17 | (243,854,423) | (386,649,543) |
| | | <u>315,810,322</u> | <u>426,814,278</u> |
| 18.1 Long term finances | | | |
| Secured | | | |
| National Bank of Pakistan | 18.2 | 12,500,000 | 12,500,000 |
| First Women Bank Limited | 18.3 | 75,061,505 | 75,061,505 |
| Askari Income Fund | 18.4 | 15,000,000 | 15,000,000 |
| Soneri Bank Limited | 18.5 | 63,666,664 | 109,166,666 |
| Bank of Khyber | 18.6 | 27,000,000 | 33,000,000 |
| HSBC Bank Middle East Limited | 18.7 | 39,384,616 | 47,923,077 |
| Un-secured | | | |
| CDC Trustee United Growth & Income Fund | 18.8 | - | 87,600,000 |
| Silk Bank Limited | 18.9 | 7,944,440 | 9,166,664 |
| | | <u>240,557,225</u> | <u>389,417,912</u> |

18.1.1 The above are secured by way of hypothecation of specific leased assets and associated lease rentals. These facilities were utilized mainly for lease financing activities.

18.2 This represents finance of Rs. 100 million obtained from National Bank of Pakistan on 21 March 2005 mainly for lease financing activities. As per the agreement, loan was payable in semi annual installments of Rs. 12.5 million each from 21 September 2005 to 21 March 2009. The agreement was further amended with the maturity date to March 2010. As of 31 December 2012, all installments were paid except for the last installment which was due on 21 March 2009 and is still outstanding. As per agreement the finance carries mark-up at 6 month KIBOR + 1.5%, payable semi-annually. As of 31 December 2013, the Company has accrued mark up of Rs. 7.238 million on this borrowing. The management is currently under negotiation to settle / restructure this borrowing.

18.3 This represents finance of Rs. 127 million obtained from First Women Bank Limited on 31 December 2008 mainly for lease financing activities. The finance was restructured by way of settlement agreement dated 01 March 2010. As per the rescheduling terms, the entire principal was payable in unequal monthly installments upto 31 December 2012. The Company paid the installments up to 31 December 2010 and afterwards no amount has been paid. As per rescheduling agreement the finance carries mark-up at 12% per annum, payable monthly. As of 31 December 2013, the Company has accrued mark-up of Rs. 28.712 million on this borrowing. The management is currently under negotiation to settle / restructure this borrowing.

18.4 This represents finance of Rs. 50 million obtained from Askari Income Fund mainly for lease financing activities. The finance was restructured by way of settlement agreement on 01 March 2010 and 31 January 2011. As per the rescheduling terms, the entire principal was payable in monthly installments of Rs. 1 million starting from 6 February 2011 and outstanding mark-up was waived. The Company paid the installments upto 15 July 2011 and afterwards no amount has been paid.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2013

18.5 This represents finance of Rs. 115 million obtained from Soneri Bank Limited on 22 March 2010 mainly for lease financing activities. The finance was restructured by way of settlement agreement on 22 December 2010. As per the rescheduling terms the entire principal was payable in monthly installments of Rs. 1 million starting from November 2010. The Company paid the installments upto 16 March 2011.

On 7 May 2013, the Company again restructured the loan by way of settlement agreement. As per the latest agreement, the Company is required to settle the loan through following terms:

- Rs. 43 million by way of transfer of a property (held as collateral of Rs. 43 million against a non-performing borrower) or a cash payment of Rs. 25 million as full and final settlement of Rs. 43 million.
- Rs. 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against a non-performing borrower).
- Cash payment of Rs. 5 million in 12 equal monthly installments of Rs. 0.416 million each commencing from the date of execution of settlement agreement.

The Company has settled the loan amounting to Rs. 43 million by way of cash payment of Rs. 25 million on 28 August 2013 (and has recognised a waiver of Rs. 18 million against the said payment).

The Company has also paid the installments on due dates. As per the revised restructuring terms, this finance carries no mark-up.

18.6 This represents finance of Rs. 468 million obtained from Bank of Khyber on 12 March 2009 mainly for lease financing activities. The finance was restructured by way of settlement agreements on 22 March 2009, 24 August 2011 and 21 June 2012. As per the latest agreement dated 21 June 2012, the Company was required to settle the loan through following terms:

- Transfer of a property (held as collateral of Rs. 150 million against the borrower).
- Issue of preference shares of Rs. 195 million (for conversion of liability of Rs. 195 million).
- Cash payment of Rs. 55 million including down payment of Rs. 10 million and Rs. 45 million in monthly installments of Rs. 1 million each.

The transfer of property amounting to Rs. 150 million was completed on 19 July 2012, whereas the issuance of preference shares amounting to Rs. 195 million was also completed on 25 June 2013. Further, monthly installments of Rs. 1 million each are being paid regularly by the Company. As per latest restructuring terms this finance carries no mark-up.

18.7 This represents finance of Rs. 100 million obtained from HSBC Bank Middle East Limited on 16 March 2010 mainly for lease financing activities. The finance was restructured by way of settlement agreement dated 12 September 2011 and 21 June 2012. As per the latest restructuring agreement dated 21 June 2012, loan is payable as Rs. 1.8 million down payment and Rs. 37 million in monthly installments of Rs. 1.4 million each. On fully complying with the terms of the settlement agreement the Company shall be entitled with a waiver of Rs. 28 million in principal and Rs. 3.8 million in mark-up. As per rescheduling agreement the finance carries no mark-up. As of 31 December 2013, the Company is complying with revised terms of the restructuring agreement.

18.8 This represents finance of Rs. 117 million obtained from CDC Trustee United Growth & Income Fund on 14 January 2010 mainly for lease financing activities. The finance was restructured by way of settlement agreements dated 12 May 2010 and 12 July 2012. As per the revised restructuring agreement, loan was to be settled by way of transfer of three properties of Company's debtors on 31 December 2012 and 30 June 2013. As per the revised restructuring agreement, the finance carried no mark-up.

On 04 July 2013, the Company changed the terms of the revised agreement by way of an addendum. As per the amendment, the Company was required to settle the loan through the following revised terms:

- Rs. 65.2 million by way of transfer of a property (held as collateral of Rs. 65.2 million against a non-performing borrower) or a cash payment of Rs. 45 million payable in tranches on 12 July 2013, 30 July 2013 and 31 August 2013.
- Rs. 12 million by way of transfer of a property (held as a collateral of Rs. 12 million against a non-performing borrower).

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For the six months period ended 31 December 2013

During the period, the Company settled its entire borrowing of Rs. 87.6 million by making cash payment of Rs. 45 million on respective dates as per the revised agreement against its liability of Rs. 65.2 million. Further, the Company transferred the property of Rs. 12 million on 9 December 2013 and has recognised a waiver of Rs. 30.6 million against the said borrowing.

18.9 This represents finance of Rs. 15.7 million obtained from Silk Bank Limited on 27 April 2009 against issuance of irrevocable letter of comfort to Silk Bank on account of Uni-Link International for opening of letter of credit. The Company paid Rs. 4.04 million upto 31 March 2011. The finance has been restructured by way of a settlement agreement dated 12 September 2012. As per the agreement loan was to be settled by making down payment of Rs. 0.707 million and balance of Rs. 11 million was to be paid in 54 equal monthly installments of Rs. 0.204 per month. The down payment and monthly installments have been timely paid by the Company. As of 31 December 2013, the Company has accrued a mark up of Rs. 1.807 million on this borrowing.

18.10 This represents third issue of registered and listed Term Finance Certificates (TFCs) issued by the Company to banking companies and financial institutions, trusts and general public. These are secured by way of a first exclusive charge on specific leases including lease rentals and receivables against lease with 25% margin available at all times to the TFC holders on total outstanding amount of the issue. The total issue comprises of 150,000 number of certificates of Rs. 5,000 each.

The issue was first restructured by way of "Supplemental Declaration of Trust" dated 13 September 2010 and was further restructured by way of "Second Supplemental Declaration of Trust" dated 13 January 2012. To make the second proposed restructuring terms of Supplemental Declaration of Trust effective, an extra ordinary resolution has been passed by 75% of the aggregate amount outstanding to TFC holders. The trustee has obtained necessary approval of TFC holders. The management considers the restructuring terms of Second Supplemental Declaration of Trust as effective and is making necessary payments as per the revised terms.

The revised terms and conditions of the issue after rescheduling are as follows:

Principal redemption

The principal redemption of TFCs is structured to be in 63 un-equal monthly installments starting from 13 January 2012 as follows:

- Rs. 3 million per month starting from January 2012 to December 2012
- Rs. 4 million per month starting from January 2013 to December 2013
- Rs. 6 million per month starting from January 2014 to December 2014
- Rs. 13 million per month starting from January 2015 to February 2017
- Rs. 20.854 million in March 2017

Mark-up on TFCs

The issue carries return at 6% per annum for first 36 months (from 13 January 2012 to 13 December 2014) and;

- One month KIBOR per annum for remaining 27 months (from 13 January 2015 to 13 March 2017).
- Mark-up shall be paid on monthly basis starting from 25th month till the maturity of the TFC.
- Mark-up payments on TFCs for first 24 months is deferred till 13 December 2013. Deferred mark-up is the sum of deferred mark-up payments for the first 24 months and the outstanding deferred mark-up (relating to first restructuring as of 13 September 2011) and amounts to Rs. 25.368 million.
- Mark-up on TFCs is deferred till 13 December 2013 and is payable in 3 equal installments in December 2014, 2015 and 2016.

Trustee

In order to protect the interests of TFC holders, First Dawood Investment Bank Limited has been appointed as trustee under a trust deed with power to enforce the Company's obligations in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Declaration of Trust.

During the period, the Company has redeemed/settled the outstanding amount of one of the TFC holder named as Pak Oman Investment Company Limited as full and final settlement at an amount of Rs. 45 million thereby resulting a waiver of Rs. 42.163 in respect of principal and 12.409 million in respect of mark-up.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2012

| | | 31 December 2013 ----- (Rupees) ----- (Unaudited) | 30 June 2013 ----- (Audited) |
|---|------|--|---------------------------------------|
| 19. SECURITY DEPOSITS AGAINST FINANCE LEASES | | | |
| Security deposits against finance leases | 19.1 | 438,711,049 | 448,667,637 |
| less: Current maturity of deposits against finance leases | 17 | <u>(421,358,018)</u> | <u>(402,466,826)</u> |
| | | <u>17,353,031</u> | <u>46,200,811</u> |

19.1 These represent security deposits received from lessees under lease contracts and are adjustable on expiry of respective lease periods.

20. AUTHORISED SHARE CAPITAL

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) holds 35.06% (30 June 2013: 35.06%) of the issued, subscribed and paid-up ordinary share capital of the Company and 63% (30 June 2013: 63%) of issued preference share capital of the Company.

The Company has issued non-redeemable / convertible preference shares of Rs. 10 each aggregating to Rs. 528.209 million against the conversion of debt. These are non-cumulative, non-redeemable / convertible preference shares carrying dividend at 2.5% per annum annually at the end of each completed year on the face value of Rs.10 per preference share. These shares are convertible into ordinary shares at the option of preference share holders at any time from the date of issue of preference shares. The dividend is payable annually at the end of each completed year subject to availability of profit for the year. The preference shares have been treated as part of equity on the following basis:

- the preference shares were issued under the provisions of section 86 of the Companies Ordinance, 1984 (the Ordinance) read with section 90 of the Ordinance and Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- the authorized capital of the Company and the issue of the preference shares were duly approved by the shareholders of the Company in the Extra Ordinary General Meeting held on 11 July 2012.
- return of allotment in respect of these preference shares was filed under section 73(1) of the Ordinance.
- the preference share holders have the right to convert these shares into ordinary shares at Rs. 10 each.
- dividend on the shares is appropriation of profit both under the Ordinance and the tax laws.
- the requirements of the Ordinance take precedence over the requirements of International Accounting Standards.

| | | 31 December 2013 ----- (Rupees) ----- (Unaudited) | 30 June 2013 ----- (Audited) |
|---|--|--|---------------------------------------|
| 21. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX | | | |
| Surplus on revaluation of property, plant and equipment-net | | <u>34,129,190</u> | <u>34,135,146</u> |

21.1 The properties of the Company were revalued as of 28 September 2008 and 30 June 2012. The revaluation was carried out by independent valuers, on the basis of professional assessment of present market values and the revaluation of 30 June 2012 resulted in surplus of Rs. 41.486 million and Rs. 17.501 million and deficit of Rs. 7.495 million for properties, generators and plant respectively over the written down values.

22. CONTINGENCIES AND COMMITMENTS

| | | | |
|---|--|--------------------|--------------------|
| Claims against the Company not acknowledged as debt | | <u>168,034,208</u> | <u>168,034,208</u> |
|---|--|--------------------|--------------------|

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22.1 The above includes contingencies of Rs. 107.341 million which represents cases that are filed against the Company as counter claims. It also includes contingencies of Rs. 60.693 million filed against the Company in lieu of rendition of accounts. In view of the legal advisor, the Company is not likely to suffer any loss on account of the aforementioned cases.

22.2 The Company has been issued with a notice under section 14 of the Federal Excise Act, 2005. In the notice it has been alleged that the Company has not paid Federal Excise Duty (FED) in terms of section 3 (read with Entry 8 of Table-II of the First Schedule) to the Federal Excise Act 2005 for the periods 2007-08, 2008-09 and 2009-10 on services provided including both funded and non-funded services. Accordingly, Rs. 126,204,794 has been alleged to be recoverable. The above amount of FED has been imposed on all the incomes of the Company for the said three years including mark-up income earned on finance lease contracts.

According to the Company's tax advisor, FED is applicable in respect of document fee, front end fee and syndicate lease income. These represent services rendered by leasing companies in respect of finance lease which are funded services. However, these services for the periods 2007-08 and 2008-09 are not chargeable to FED because of the reason that for those years FED was chargeable on services which were non-funded. However, for the periods 2009-10, due to amendment in Entry 8 the said services are chargeable to FED as provisions of the Federal Excise Act, 2005. Accordingly the amount of liability comes out to Rs. 198,530. However, no provision has been made in these financial statements.

The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order. The CIR (A) vide through appellate order number 97 of 2012 dated 30 April 2012 constituted that the duty so charged is legally and constitutionally valid under the FED Act 2005. However, it also mentioned that the notice issued is barred by time for the period from July 2007 to September 2008 and accordingly deleted the levy of FED for the said tax period.

The Company has further decided to prefer appeal before the Appellate Tribunal Inland Revenue against the above CIR (A) order. Moreover, the Company's tax advisor is of the view that the Company has a strong arguable case that it is likely to succeed in getting the relief claimed against the said demand.

| | 31 December 2013 ----- (Unaudited) | 30 June 2013 ----- (Audited) |
|--|---|---------------------------------------|
| | ----- (Rupees) ----- | |
| 23. INCOME FROM FINANCE LEASES | | |
| Income from finance lease contracts | 29,003,510 | 17,582,872 |
| Gain on termination of finance lease contracts | 2,061,232 | 2,668,374 |
| | <u>31,064,742</u> | <u>20,251,246</u> |
| 24. OTHER OPERATING INCOME | | |
| Income from financial assets: | | |
| Dividend income | 13,161 | 25,000 |
| Capital gain on sale of investments | 140,798 | 1,209,515 |
| Interest income from government securities | 1,088,371 | 1,776,565 |
| Interest income on term loans | 747,715 | 4,342,082 |
| Return on certificates of deposit | 135,260 | 2,425,700 |
| Interest income from savings accounts | 1,053,663 | 657,888 |
| | <u>3,178,968</u> | <u>10,436,750</u> |
| Income from non-financial assets: | | |
| Commission and fee income | 1,594 | 140,129 |
| Gain on sale of property, plant and equipment | 3,567,174 | 2,217,800 |
| Waiver on settlement of long term finances | 101,463,972 | 73,503,276 |
| Others | 1,181,825 | 714,424 |
| | <u>106,214,565</u> | <u>76,575,629</u> |
| | <u>109,393,533</u> | <u>87,012,379</u> |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2013

| | 31 December 2013 ----- (Rupees) (Unaudited) | 30 June 2013 ----- (Audited) |
|---|--|---------------------------------------|
| 25. FINANCE COST | | |
| Mark-up on: | | |
| - Long term finances | 5,237,008 | 13,173,901 |
| - Term finance certificates | 9,911,484 | 14,666,822 |
| - Short term borrowings from financial institutions | 7,161,872 | 8,498,507 |
| Return on certificates of investment | 6,003,318 | 7,295,341 |
| Bank charges | 140,463 | 118,711 |
| | <u>28,454,145</u> | <u>43,753,282</u> |

26. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise Saudi Pak Industrial & Agricultural Investment Company Limited (the parent company), other group companies, major shareholders, directors, key management personnel and employee benefit plans. The transactions between the Company and the related parties are carried out as per agreed terms. The Company also provides loans to employees at reduced rate in accordance with their terms of employment.

There is no balance outstanding with or from related parties including parent and other group companies except long term loans in respect of amount due from employees as disclosed in note 12, and amount due in respect of staff retirement benefits.

Detail of transactions with related parties which are not disclosed in other notes is as follows:

| | 31 December 2013 (Unaudited) | | | |
|---|------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | Parent company | Other group companies | Key management personnel | Other related parties |
| | ----- (Rupees) ----- | | | |
| Rent paid | 254,100 | - | - | - |
| Rentals received | - | - | - | - |
| Insurance premium paid | - | - | - | - |
| Remuneration of key management personnel | - | - | 4,897,011 | - |
| Payments to the employees in respect of full and final settlement of gratuity | - | - | - | 1,735,162 |
| Payments to employees in respect of provident fund | - | - | - | 651,366 |
| Contribution to Provident Scheme | - | - | - | 1,233,410 |
| Payments made to Saudi Pak Real Estate | - | - | - | 45,000,000 |
| | <u>254,100</u> | <u>-</u> | <u>4,897,011</u> | <u>48,619,938</u> |

| | 31 December 2012 (Unaudited) | | | |
|--|------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | Parent company | Other group companies | Key management personnel | Other related parties |
| | ----- (Rupees) ----- | | | |
| Rent paid | 231,000 | - | - | - |
| Rentals received | - | 20,305 | - | - |
| Insurance premium paid | - | 627,602 | - | - |
| Remuneration of key management personnel | - | - | 7,856,913 | - |
| Payments to the gratuity fund | - | - | - | 13,377 |
| Contribution to Provident Scheme | - | - | - | 1,447,308 |
| | <u>231,000</u> | <u>647,907</u> | <u>7,856,913</u> | <u>1,460,685</u> |

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For the six months period ended 31 December 2013

| | For the six months period ended 31 December | |
|---|--|-------------------|
| | 2013 | 2012 |
| 27. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED | (Unaudited) ----- (Rupees) ----- | |
| Profit after taxation attributable to ordinary shareholders | <u>121,771,201</u> | <u>35,022,564</u> |
| | ----- (Number) ----- | |
| Weighted average number of ordinary shares | <u>45,160,500</u> | <u>45,160,500</u> |
| | ----- (Rupees) ----- | |
| Earnings per share - Basic | <u>2.70</u> | <u>0.78</u> |
| Profit after taxation attributable to ordinary shareholders - net of dilution effect | <u>121,771,201</u> | <u>35,022,564</u> |
| | ----- (Number) ----- | |
| Weighted average number of ordinary shares - net of dilution effect | <u>97,981,350</u> | <u>45,160,500</u> |
| | ----- (Rupees) ----- | |
| Earnings per share - Diluted | <u>1.24</u> | <u>0.78</u> |

28. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

Capital requirements applicable to the Company are set and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. SECP extended the minimum equity requirement as per NBFC Regulations, 2008 vide SRO 764(I) / 2009 dated 2 September 2009 wherein the Company was required to meet the minimum equity requirements of Rs. 350 million, Rs. 500 million and Rs. 700 million by 30 June 2011, 30 June 2012 and 30 June 2013 respectively.

The Company has requested the SECP for relaxation in the above requirements and is hopeful that this request will be accepted based on the conditions of the business environment and the Company's position in the overall leasing sector, as well as its past performance and the reasons given in note 1.2.

29. SEGMENT INFORMATION

The business of the Company is divided into four reporting segments namely:

1. Finance lease operations,
2. Operating lease operations,
3. Term loans and
4. Investments

Finance and operating lease operations include leasing of moveable assets. Term loans include secured loans for tenure ranging from 3 months to 5 years, whereas investments include equity securities and derivative transactions.

Management monitors the operating segments of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Other operations, which are not monitored by management separately, are reported as 'Others'.

Segment assets and liabilities include all assets and liabilities related to the segment and segment revenues and expenses include all revenues and expenses related to the segment.

The Company's financial charges, administrative and other operating expenses, write-offs, taxation and assets and liabilities not related to the above mentioned segments are managed on the company basis and are not allocated in operating segments.

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| | 31 December 2013 (Unaudited) | | | | | Total |
|--|------------------------------|--------------------|------------------|------------------|--------------------|----------------------|
| | Finance lease | Operating lease | Term loans | Investments | Others | |
| | ----- (Rupees) ----- | | | | | |
| Segment revenue | | | | | | |
| Lease income | 31,064,742 | 1,949,104 | - | - | - | 33,013,846 |
| Interest income | - | - | 747,715 | 1,377,590 | - | 2,125,305 |
| Other income | - | - | - | - | 107,268,228 | 107,268,228 |
| Direct cost of operating leases | - | (3,544,355) | - | - | - | (3,544,355) |
| (Provisions) / reversals against assets | 32,842,289 | - | 2,660,973 | - | 6,560,356 | 42,063,618 |
| Segment results | 63,907,031 | (1,595,251) | 3,408,688 | 1,377,590 | 113,828,584 | 180,926,642 |
| Unallocated cost | | | | | | |
| Financial and bank charges | - | - | - | - | - | 28,454,145 |
| Administrative and other operating expenses | - | - | - | - | - | 33,090,269 |
| Write-offs | - | - | - | - | - | 1,537,808 |
| | | | | | | (63,082,222) |
| Profit before taxation | | | | | | 117,844,420 |
| Taxation | - | - | - | - | - | 3,926,781 |
| Profit for the period | | | | | | 121,771,201 |
| Other information | | | | | | |
| Segment assets | 1,008,845,912 | 21,522,581 | 209,119,348 | 40,706,367 | - | 1,280,194,208 |
| Unallocated assets | - | - | - | - | 164,569,062 | 164,569,062 |
| Total assets | | | | | | 1,444,763,270 |
| Segment liabilities | 1,755,406,999 | 28,541,638 | 273,023,884 | 53,145,778 | - | 2,110,118,299 |
| Unallocated liabilities | - | - | - | - | (438,711,049) | (438,711,049) |
| Total liabilities | | | | | | 1,671,407,250 |
| Net assets | | | | | | (226,643,980) |

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For the six months period ended 31 December 2012


| | 31 December 2012 (Unaudited) | | | | | Total |
|---|------------------------------|---------------------|-------------------|------------------|-------------------|--------------------|
| | Finance lease | Operating lease | Term loans | Investments | Others | |
| | ----- (Rupees) ----- | | | | | |
| Segment revenue | | | | | | |
| Lease income | 20,251,246 | 2,051,336 | - | - | - | 22,302,582 |
| Interest income | - | - | 4,342,082 | - | - | 4,342,082 |
| Other income | - | - | - | 5,436,780 | 77,233,517 | 82,670,297 |
| Direct cost of operating leases | - | (12,741,145) | - | - | - | (12,741,145) |
| (Provisions) / reversals | (12,082,584) | - | 36,692,631 | - | (3,439,809) | 21,170,238 |
| Segment results | 8,168,662 | (10,689,809) | 41,034,713 | 5,436,780 | 73,793,708 | 117,744,054 |
| Unallocated cost | | | | | | |
| Financial and bank charges | - | - | - | - | - | 43,753,282 |
| Administrative and other operating expenses | - | - | - | - | - | 40,990,972 |
| Write-offs | - | - | - | - | - | - |
| | | | | | | (84,744,254) |
| Profit before taxation | | | | | | 32,999,800 |
| Taxation | - | - | - | - | - | 2,022,764 |
| Profit for the period | | | | | | 35,022,564 |

| | 30 June 2013 (Audited) | | | | | Total |
|--------------------------|------------------------|-----------------|-------------|-------------|-------------|----------------------|
| | Finance lease | Operating lease | Term loans | Investments | Others | |
| | ----- (Rupees) ----- | | | | | |
| Other information | | | | | | |
| Segment assets | 1,047,958,623 | 29,599,748 | 269,640,644 | 73,821,031 | - | 1,421,020,046 |
| Unallocated assets | - | - | - | - | 174,155,434 | 174,155,434 |
| Total assets | | | | | | 1,595,175,480 |
| Segment liabilities | 1,458,412,774 | 28,520,402 | 259,808,282 | 71,129,170 | - | 1,817,870,628 |
| Unallocated liabilities | - | - | - | - | 119,059,185 | 119,059,185 |
| Total liabilities | | | | | | 1,936,929,813 |
| Net assets | | | | | | (341,754,333) |

30. GENERAL

- 30.1 This condensed interim financial information has been presented in Pakistani Rupees, which is the functional currency of the Company. The figures are rounded off to the nearest rupee.
- 30.2 This condensed interim financial information was authorised for issue by the Board of Directors of the Company on 19 March 2014.


Ahsanullah Khan
 Chief Executive Officer


Muhammad Iqbal Hussain
 Chairman