

## Corporate Information

---

**BOARD OF DIRECTORS**

|                            |                         |
|----------------------------|-------------------------|
| Mr. Muhammad Rashid Zahir  | Chairman                |
| Mr. Ihsanul Haq Piracha    | Vice Chairman           |
| Mr. Farrukh Shaukat Ansari | Chief Executive Officer |
| Mr. Aasim Azim Siddiqui    | Director                |
| Mr. Haroon Ihsan           | Director                |
| Mr. Faridullah Khan        | Director                |
| Mr. Muhammad Tariq Masud   | Director                |

**AUDIT COMMITTEE**

|                           |               |
|---------------------------|---------------|
| Mr. Muhammad Rashid Zahir | Chairman      |
| Mr. Ihsanul Haq Piracha   | Vice Chairman |
| Mr. Aasim Azim Siddiqui   | Director      |

**CREDIT COMMITTEE**

|                         |          |
|-------------------------|----------|
| Mr. Ihsanul Haq Piracha | Chairman |
| Mr. Aasim Azim Siddiqui | Director |
| Mr. Faridullah Khan     | Director |

**HUMAN RESOURCE COMMITTEE**

|                          |          |
|--------------------------|----------|
| Mr. Aasim Azim Siddiqui  | Chairman |
| Mr. Haroon Ihsan         | Director |
| Mr. Muhammad Tariq Masud | Director |

**COMPANY SECRETARY & CHIEF FINANCIAL OFFICER**

Mr. Shyam Lal, ACA

**HEAD OF INTERNAL AUDIT**

Mr. Imran Masood

**AUDITORS**

M. Yousuf Adil Saleem & Co  
Chartered Accountants

**LEGAL ADVISOR**

Mandviwalla & Zafar

**TAX CONSULTANTS**

Anjum Asim Shahid Rahman  
Chartered Accountants

**CREDIT RATING AGENCY**

JCR-VIS Credit Rating Company (Pvt) Limited

**CREDIT RATING**

Long-term- (BBB+)  
Short-term-(A-3)

**BANKS & LENDING INSTITUTIONS**

National Bank of Pakistan  
United Bank Limited  
MCB Bank Limited  
Allied Bank Limited  
The Bank of Punjab

The Royal Bank of Scotland  
(Formerly ABN AMRO Bank (Pakistan) Limited)  
Standard Chartered Bank (Pakistan) Limited  
Saudi Pak Commercial Bank Limited.  
HSBC Bank Middle East Limited

**REGISTERED OFFICE**

6th Floor, Lakson Square, Building #1,  
Sarwar Shaheed Road, Saddar, Karachi.  
Tel : (021) 5655181-85, 5655215-19  
Fax: (021) 5210607-9

**BRANCHES****Lahore**

Pakistan Engineering Congress (PEC) Building  
First Floor, 97/A-D/1, Liberty Market,  
Gulberg-III, Lahore.  
Tel : (042) 5762644-47, 5762634  
Fax: (042) 5762633

**Islamabad**

10th Floor, High-Rise Block, Saudi Pak Tower  
61-A, Jinnah Avenue, Blue Area, Islamabad  
Tel : (051) 2800206-07  
Fax: (051) 2800205

**Faisalabad**

Kotwali Road (Allama Iqbal Road), Faisalabad.  
Tel : (041) 2412082

**Sialkot**

2nd Floor, Sanori Building  
27, Paris Road, Sialkot  
Tel : (052) 4296364, 3005335  
Fax: (052) 4296365

**Universal Access Number: 111-888-999**

Karachi, Lahore & Islamabad

**Website** : [www.saudipakleasing.com](http://www.saudipakleasing.com)

**REGISTRAR AND SHARE TRANSFER OFFICE****THK Associates (Pvt.) Ltd.**

Ground Floor, State Life Building No.3,  
Dr. Ziauddin Ahmed Road, Karachi 75530.  
Tel : (021) 111-000-322  
Fax: (021) 5655595

## Directors' Review

---

The directors are pleased to present their report and limited reviewed accounts of Saudi Pak Leasing Company Limited for the six months ended December 31, 2008.

### **Economic Scenario**

The global as well as local economic scenario was not good in the first half of the financial year 2008-09 as it was characterized by the worst recession triggered from sub-prime mortgage loans in USA. The other countries could not remain immune from this recession because of its contagion effects through international trade. In Pakistan, the economic situation was not different. In addition to the overall global recessionary trend, the local factors like high inflation, power shortages and rising trend of interest rates added fuel to worsen the conditions. State Bank continued its tight monetary policy and increased discount rate to 15 percent. Resultantly, steep increase was witnessed in KIBOR. All these conditions adversely affected the capacity of the corporate sector to meet its financial commitments.

The period under review was full of challenges for the financial sector of Pakistan and the liquidity crunch was on the top of these challenges. The other challenges include low business intakes and increasing trends in non performing loans (NPLs) due to economic recession and increase in interest rates. On the other hand, the nose dive slide of stock market further worsened the position for the banks and financial institutions. The decline in the profitability of the financial sector was natural outcome of the said conditions. Within financial sector, the segment of NBFCs was worst affected.

State Bank of Pakistan realizing the gravity of the situation and to avoid any systemic risk, eased its monetary policy stance in the second quarter of FY09 by relaxing the requirements of CRR and SLR.

### **Financial Performance**

The Company could not keep itself immune from the happenings at macro level. The liquidity crunch coupled with increase in interest rates impaired the capacity of the company to enhance its business. Resultantly, after showing continued profitability over the last two decades, it had to face the situation of loss.

During the period under review, your company disbursed Rs.670 million as against Rs.1,559 million in the corresponding period last year. The decrease in disbursements is because of two factors: Firstly, the company adopted cautious approach to keep the risk level within manageable limits; secondly, the limited funds were available due to overall liquidity crunch prevailing in the financial sector. The gross revenue of the company decreased marginally to Rs.390 million in July-December 2008 as compared to Rs. 417 million in the corresponding period of the previous year. Lease revenue increased to Rs.270 million from Rs.241 million in the corresponding period last year; while income from operating lease increased to Rs.35 million from Rs.32 million. Other operating income decreased from Rs.175 million to Rs.120 million mainly due to adverse stock market conditions.

During the period under review financial charges increased to Rs.397 million from Rs.275 million in the same period last year due to difficult money market conditions. As a result, the Company has suffered an operating loss of Rs.88 million as against operating profit of Rs.81 million in the corresponding period in the last year. The net loss after provisions and tax for the half year is at Rs.101 million compared to a profit of Rs.34 million in the last corresponding period. The major dent in the profitability has emanated from stock market activities. On one hand, the investments in stock market are not yielding the desired return. On the other hand the diminution in the value of these investments is affecting the bottom line of Income Statement.

In view of the current business scenario, the company revised its business strategy and surrendered its housing finance services license to the Securities and Exchange Commission of Pakistan (SECP). However, the company will continue development of commercial properties since SECP has allowed to continue these activities under the leasing finance license.

Investments have been valued using rates quoted on Karachi Stock Exchange as at December 31, 2008, without any adjustment. Impairment loss on equity securities classified as available for sale aggregating to Rs.336 million has not been recognized in profit and loss account in accordance with S.R.O 150(I/2009) dated February 13, 2009. Had the impairment loss been recognized in the profit and loss account, the unrealised loss on remeasurement of available for sale investments would have been lower and accumulated loss would have been higher by Rs.336 million.

## Directors' Review

---

### Credit Rating

JCR-VIS Credit Rating Company Limited has revised the issuer rating to BBB+ for medium to long term and A-3 for short term with negative outlook for the time being on account of the risks stemming from the macro economic environment. The listed TFC of the company has also been assigned a rating of A-. These ratings have been placed under 'Rating Watch-Developing Status' in view of the prospective merger announcement with Emirates Global Islamic Bank Limited.

### Proposed Merger

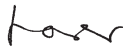
NBFC sector is presently confronting with various challenges. The consolidations and mergers are natural under the prevailing circumstances. The Board of Directors, taking the cognizance of the current situation, has authorized the management of the company to proceed for possible merger of the company with Emirates Global Islamic Bank Limited in the interest of all the stakeholders subject to regulatory and statutory approvals. Once the relevant approvals are in place and the scheme of amalgamation is approved by the authorities we will convene the meeting of the shareholders for their approval of the scheme and the share swap ratio.

### Future Outlook

Changing economic environment is offering opportunities as well as challenges. Due to liquidity crisis in the banking industry, the banks are reluctant to lend money to the NBFC sector. As a result this sector is facing severe liquidity crunch. The company is taking appropriate steps for smooth sailing in this difficult period. While the company will continue its financing activities in a selective manner; the option of merger with and into Emirates Global Islamic Bank Limited will be pursued actively for the interest of all stakeholders.

The directors appreciate the support of the lending institutions, regulatory authorities and COI holders, and recognize the dedicated services rendered by the management and other members of the staff of the Company.

For and on behalf of the Board of Directors



**Muhammad Rashid Zahir**  
Chairman

Islamabad:  
Dated: February 27, 2009

# Deloitte.

**M. Yousuf Adil Saleem & Co**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
Karachi-75350  
Pakistan

UAN: +92 (0) 21 111-55-2626  
Fax: +92 (0) 21-454 1314  
Web: www.deloitte.com

## **Auditors' Report to the Members on Review of Condensed Interim Financial Statements**

---

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Saudi Pak Leasing Company Limited** (the Company) **as at December 31, 2008** and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information') for the six months period ended December 31, 2008. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures in the condensed interim profit and loss account for the quarters ended December 31, 2008 and 2007 have not been reviewed, and we do not express a conclusion thereon.

### **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 this condensed 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 condensed interim financial information as of and for the six months ended December 31, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The condensed interim financial statements for the six months period ended December 31, 2007 were reviewed by another firm of Chartered Accountants who had expressed an unqualified conclusion in their review report dated February 28, 2008.

The financial statements for the year ended June 30, 2008 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion in their audit report dated September 30, 2008. However, the audit report was modified to highlight the shortfall in equity as against the minimum equity requirements prescribed under Non-banking Finance Companies and Notified Entities Regulations, 2007 and steps taken up by management to address the shortfall. The Non-banking Finance Companies and Notified Entities Regulations, 2007 have been replaced by Non-banking Finance Companies and Notified Entities Regulations, 2008 (**the Regulations**) issued during the period. The regulations now states that the minimum equity requirements as specified in regulations are required to be complied by June 30, 2009.

  
Chartered Accountants

Date: 27 February 2009  
Karachi

## Condensed Interim Balance Sheet

AS AT DECEMBER 31, 2008

| ASSETS   | Note | December 31,         | June 30,             |
|--|------|----------------------|----------------------|
|  |      | 2008                 | 2008                 |
|  |      | Rupees               |                      |
|  |      | (Un-audited)         | (Audited)            |
| <b>Current Assets</b>  |      |                      |                      |
| Cash and bank balances   |      | 56,359,471           | 49,704,341           |
| Short-term loans   |      | 990,212,143          | 1,098,672,015        |
| Short term investments (a)   | 5    | 304,952,875          | 482,387,001          |
| Advances, deposits, prepayments and other receivables  |      | 359,495,174          | 419,779,041          |
| Current maturity of non-current assets   | 6    | 2,183,907,450        | 2,060,326,732        |
| <b>Total current assets</b>  |      | <b>3,894,927,113</b> | <b>4,110,869,130</b> |
| <b>Non-current assets</b>  |      |                      |                      |
| Long term loans  | 7    | 122,323,233          | 109,818,110          |
| Net investment in leases   | 8    | 2,489,955,311        | 2,941,966,308        |
| Long-term investments  |      | 16,350,000           | 16,350,000           |
| Property, plant and equipments   | 9    | 298,437,490          | 256,383,013          |
| <b>Total non-current assets</b>  |      | <b>2,927,066,034</b> | <b>3,324,517,431</b> |
| <b>Total Assets</b>  |      | <b>6,821,993,147</b> | <b>7,435,386,561</b> |
| <b>LIABILITIES</b>   |      |                      |                      |
| <b>Current Liabilities</b>   |      |                      |                      |
| Borrowing from financial institutions  |      | 1,951,259,101        | 1,245,000,000        |
| Certificates of investment   |      | 1,569,038,000        | 2,392,498,000        |
| Accrued and other payables   |      | 232,744,480          | 232,300,330          |
| Current maturity of non-current liabilities  | 10   | 692,044,412          | 576,603,025          |
| <b>Total current liabilities</b>   |      | <b>4,445,085,993</b> | <b>4,446,401,355</b> |
| <b>Non-Current Liabilities</b>   |      |                      |                      |
| Certificates of investment   |      | 216,189,000          | 199,469,000          |
| Long-term finances   | 11   | 858,323,203          | 1,110,722,870        |
| Deposits against leases  |      | 984,329,210          | 1,070,375,836        |
| Deferred tax   |      | 51,161,790           | 61,081,968           |
| <b>Total non-current liabilities</b>   |      | <b>2,110,003,203</b> | <b>2,441,649,674</b> |
| <b>Total liabilities</b>   |      | <b>6,555,089,196</b> | <b>6,888,051,029</b> |
| <b>NET ASSETS</b>  |      | <b>266,903,951</b>   | <b>547,335,532</b>   |
| <b>FINANCED BY</b>   |      |                      |                      |
| Authorised Capital<br>100,000,000 (June 30, 2008:100,000,000) ordinary shares of Rs.10/-each |      | 1,000,000,000        | 1,000,000,000        |
| Issued, subscribed and paid-up capital   |      | 451,605,000          | 451,605,000          |
| Reserves   |      | 150,857,389          | 150,857,389          |
| Accumulated (loss) / Unappropriated profit   |      | (19,366,677)         | 81,635,328           |
|  |      | 583,095,712          | 684,097,717          |
| Deficit on revaluation of assets -net (b)  | 12   | (316,191,761)        | (136,762,185)        |
|  |      | <b>266,903,951</b>   | <b>547,335,532</b>   |
| <b>COMMITMENTS</b>   | 13   |                      |                      |

- (a) Investments have been valued using rates quoted on Karachi Stock Exchange as at December 31, 2008, without any adjustment (see note 5.1.1)
- (b) Impairment loss on equity securities classified as available for sale aggregating to Rs. 336,314,742 has not been recognised in profit and loss account in accordance with S.R.O 150(I/2009) dated 13 February 2009. Had the impairment loss been recognised in the profit and loss account, the unrealised loss on remeasurement of available for sale investments would have been lower and accumulated loss would have been higher by Rs. 336,314,742 (see note 5.1.1)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chairman

**Condensed Interim Profit and Loss Account (Un-Audited)**


FOR THE SIX MONTHS ENDED DECEMBER 31, 2008

|  | Half Year Ended      |                      | Quarter Ended        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December 31,<br>2008 | December 31,<br>2007 | December 31,<br>2008 | December 31,<br>2007 |
|  | -----Rupees-----     |                      | -----Rupees-----     |                      |
| <b>Income from</b>   |                      |                      |                      |                      |
| Finance leases   | 235,609,678          | 209,630,676          | 100,874,731          | 102,604,472          |
| Operating leases   | 34,700,253           | 32,241,219           | 15,130,939           | 17,610,972           |
|  | 270,309,931          | 241,871,895          | 116,005,670          | 120,215,444          |
| Other operating income   | 119,502,159          | 175,353,681          | 56,232,829           | 94,904,399           |
|  | 389,812,090          | 417,225,576          | 172,238,499          | 215,119,843          |
| <b>Expenses</b>  |                      |                      |                      |                      |
| Financial and other charges  | 396,544,595          | 275,247,400          | 219,300,499          | 139,957,714          |
| Administrative, selling and other operating expenses                                     | 59,078,687           | 49,681,584           | 29,093,967           | 25,120,633           |
| Direct cost of operating leases  | 22,171,359           | 11,127,078           | 11,404,077           | 7,511,789            |
|  | 477,794,641          | 336,056,062          | 259,798,543          | 172,590,136          |
| <b>Operating (loss) / profit before provisions</b>                                       | <b>(87,982,551)</b>  | 81,169,514           | <b>(87,560,044)</b>  | 42,529,707           |
| <b>Provisions and fair value changes</b>   |                      |                      |                      |                      |
| Provisions for doubtful leases, loans and other receivables                              | 35,223,580           | 34,605,857           | 14,959,696           | 22,507,988           |
| Unrealised diminution / (appreciation) on re-measurement of investments held-for-trading | 2,384                | 246,277              | -                    | (1,533,213)          |
|  | 35,225,964           | 34,852,134           | 14,959,696           | 20,974,775           |
| <b>(Loss) / profit before taxation</b>   | <b>(123,208,515)</b> | 46,317,380           | <b>(102,519,740)</b> | 21,554,932           |
| <b>Taxation</b>  |                      |                      |                      |                      |
| Current  | -                    | 7,750,000            | -                    | 3,750,000            |
| Deferred   | (21,739,485)         | 5,000,000            | (22,239,485)         | 1,500,000            |
|  | (21,739,485)         | 12,750,000           | (22,239,485)         | 5,250,000            |
| <b>(Loss) / profit for the period (c)</b>  | <b>(101,469,030)</b> | 33,567,380           | <b>(80,280,255)</b>  | 16,304,932           |
| <b>Basic and Diluted - (loss) / earnings per share</b>                                   | <b>(2.25)</b>        | 0.74                 | <b>(1.78)</b>        | 0.36                 |

(c) Impairment loss on equity securities classified as available for sale aggregating to Rs. 336,314,742 has not been recognised in profit and loss account in accordance with S.R.O 150(I/2009) dated 13 February 2009. Had the impairment loss been recognised in the profit and loss account, the unrealised loss on re-measurement of available for sale investments would have been lower and accumulated loss would have been higher by Rs. 336,314,742 (see note 5.1.1)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Chairman


## Condensed Interim Cash Flow Statement (Un-Audited)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2008

|   | Note | Half Year Ended      |                      |
|---|------|----------------------|----------------------|
|   |      | December 31,<br>2008 | December 31,<br>2007 |
|   |      | Rupees               |                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                      |                      |
| Cash generated from operations after working capital changes    | 14   | 387,713,531          | 461,730,149          |
| Financial charges paid  |      | (392,363,841)        | (265,628,808)        |
| Taxes paid  |      | (2,649,378)          | (7,125,600)          |
| Deposits (paid) / received from lessees                         |      | (43,709,571)         | 120,551,496          |
| Decrease / (Increase) in net investment in leases               |      | 367,128,681          | (227,622,821)        |
|   |      | (71,594,109)         | (379,825,733)        |
| <b>Net cash generated from operating activities</b>             |      | <b>316,119,422</b>   | <b>81,904,416</b>    |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                      |      |                      |                      |
| Acquisition of property, plant and equipment                    |      | (4,646,980)          | (322,200)            |
| Investment in operating lease assets                            |      | (38,640,500)         | (44,440,635)         |
| Proceeds from sale of property, plant and equipment             |      | 9,034,047            | 23,090,000           |
| Decrease in loans and receivables                               |      | -                    | 1,811,269            |
| Increase in investments   |      | (21,724,164)         | (181,652,097)        |
| Increase in long term loans                                     |      | (83,514,761)         | (132,479,122)        |
| Decrease / (increase) in short-term loans                       |      | 103,793,129          | (223,982,229)        |
| Dividend received   |      | 6,014,469            | 11,526,743           |
| <b>Net cash used in investing activities</b>                    |      | <b>(29,684,760)</b>  | <b>(546,448,271)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                      |      |                      |                      |
| (Decrease) / Increase in long term finances                     |      | (179,295,335)        | 180,833,330          |
| Increase / (Decrease) in borrowing from financial institutions  |      | 706,259,101          | (30,000,000)         |
| (Decrease) / Increase in certificates of investment             |      | (806,740,000)        | 295,299,000          |
| Dividend paid   |      | (3,298)              | (41,933,614)         |
| <b>Net cash (used in) / from financing activities</b>           |      | <b>(279,779,532)</b> | <b>404,198,716</b>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   |      | <b>6,655,130</b>     | <b>(60,345,139)</b>  |
| <b>Cash and cash equivalents at the beginning of the period</b> |      | <b>49,704,341</b>    | <b>104,618,359</b>   |
| <b>Cash and cash equivalents at the end of the period</b>       |      | <b>56,359,471</b>    | <b>44,273,220</b>    |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Chairman

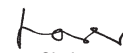


**Condensed Interim Statement of Changes in Equity (Un-Audited)**  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008

|   | Share capital | Reserve for issue of bonus shares | CAPITAL RESERVES    |                   | Total reserves | Unappropriated profit/(loss) | Total         |
|---|---------------|-----------------------------------|---------------------|-------------------|----------------|------------------------------|---------------|
|   |               |                                   | Contingency reserve | Statutory reserve |                |                              |               |
| -----Rupees-----  |               |                                   |                     |                   |                |                              |               |
| <b>BALANCE AS AT JULY 1, 2007</b>   | 430,100,000   | -                                 | 2,600,000           | 133,564,293       | 136,164,293    | 87,377,946                   | 653,642,239   |
| <b>Changes in equity for the period</b>   |               |                                   |                     |                   |                |                              |               |
| Profit for the period ended December 31, 2007   | -             | -                                 | -                   | -                 | -              | 33,567,380                   | 33,567,380    |
| <b>Total recognized income and expense for the period</b>                                   | 430,100,000   | -                                 | 2,600,000           | 133,564,293       | 136,164,293    | 120,945,326                  | 687,209,619   |
| Transfer to reserve for issue of bonus shares   | -             | 21,505,000                        | -                   | -                 | 21,505,000     | (21,505,000)                 | -             |
| Issue of bonus shares   | 21,505,000    | (21,505,000)                      | -                   | -                 | (21,505,000)   | -                            | -             |
| Final dividend for the year ended June 30, 2007 declared and issued subsequent to year end  | -             | -                                 | -                   | -                 | -              | (43,010,000)                 | (43,010,000)  |
| Transfer to statutory reserve   | -             | -                                 | -                   | 6,713,476         | 6,713,476      | (6,713,476)                  | -             |
| <b>BALANCE AS AT DECEMBER 31, 2007</b>  | 451,605,000   | -                                 | 2,600,000           | 140,277,769       | 142,877,769    | 49,716,850                   | 644,199,619   |
| <b>BALANCE AS AT JULY 1, 2008</b>   | 451,605,000   | -                                 | 2,600,000           | 148,257,389       | 150,857,389    | 81,635,328                   | 684,097,717   |
| <b>Changes in equity for the period</b>   |               |                                   |                     |                   |                |                              |               |
| Loss after taxation for the period ended December 31, 2008                                  | -             | -                                 | -                   | -                 | -              | (101,469,030)                | (101,469,030) |
| <b>Total recognized income and expense for the period</b>                                   | 451,605,000   | -                                 | 2,600,000           | 148,257,389       | 150,857,389    | (19,833,702)                 | 582,628,687   |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation | -             | -                                 | -                   | -                 | -              | 467,025                      | 467,025       |
| <b>BALANCE AS AT DECEMBER 31, 2008</b>  | 451,605,000   | -                                 | 2,600,000           | 148,257,389       | 150,857,389    | (19,366,677)                 | 583,095,712   |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Chairman

**Selected Notes To The Condensed Interim Financial Statements (Un-Audited)**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2008**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

Saudi Pak Leasing Company Limited (the Company) was incorporated in Pakistan 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 moveable assets and housing finance business. Subsequent to the period under review, the Securities and Exchange Commission of Pakistan (SECP) has cancelled the license of the Company for carrying on the business of Housing Finance Services w.e.f. January 23, 2009 on an application dated January 15, 2009 made by the Company in this respect. Accordingly, the existing housing finance facilities shall not be rolled over from January 23, 2009 as instructed by SECP.

Saudi Pak Industrial and Agricultural Investment Company Limited (SAPICO) is the holding company.

The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency

**2. BASIS OF PRESENTATION**

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34, "Interim Financial Reporting" as applicable in Pakistan, the Companies Ordinance, 1984, the Non Banking Finance Companies (NBFCs) Rules, 2003 (the Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the SECP.

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

These condensed interim financial statements are being submitted to shareholders as required by Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

**3. ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies and basis for accounting estimates adopted for the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2008 except for the recognition of impairment loss in available for sale investments in the equity as discussed in 5.1.1.

These interim financial statements are in condensed form and should be read in conjunction with the annual financial statements of the company.

**4. RISK MANAGEMENT POLICIES**

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 June, 2008.

**5. SHORT TERM INVESTMENTS**

**Related party**

**Available for sale**

Investment in equity securities

|      | December 31,<br>2008 | June 30,<br>2008 |
|------|----------------------|------------------|
| Note | Rupees               | Rupees           |
|      | (Un-audited)         | (Audited)        |

25,000,000                      25,000,000

**Other than related party**

Available for sale

5.1

279,947,978                      457,379,720

**At fair value through profit or loss - held for trading**

Investment in equity securities

4,897                                      7,281

304,952,875                      482,387,001

**Selected Notes To The Condensed Interim Financial Statements (Un-Audited)**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2008**

|                                 | Note  | December 31,<br>2008 | June 30,<br>2008   |
|---------------------------------|-------|----------------------|--------------------|
|                                 |       | (Un-audited)         | (Audited)          |
| <b>5.1 Available for sale</b>   |       |                      |                    |
| Investment in equity securities | 5.1.1 | 206,261,516          | 352,448,824        |
| Mutual funds units              | 5.1.1 | 39,186,462           | 70,430,896         |
| Membership cards                |       | 34,500,000           | 34,500,000         |
|                                 |       | <b>279,947,978</b>   | <b>457,379,720</b> |

5.1.1 The Karachi Stock Exchange (Guarantee ) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008 and remained in place until December 15, 2008. Consequent to the introduction of Floor Mechanism by the KSE, the market volume declined significantly during the period from August 27, 2008 to December 15, 2008. There were lower floors on a number of securities at December 31, 2008. The equity securities have been valued at prices quoted on KSE on December 31, 2008 without any adjustment as allowed by the SECP circular No. Enf/D-III/Misc./1/2008 dated January 29, 2009.

Furthermore, SECP vide SRO dated February 13, 2009 has allowed the impairment loss, if any, recognised as on December 31, 2008 due to valuation of listed equity investments held as "Available for Sale" to quoted market prices may be shown under the equity. The amount taken to equity including any adjustment / effect for price movements shall be taken to profit and loss account on quarterly basis during the calendar year ending on December 31, 2009. The amount taken to equity at December 31, 2008 shall be treated as a charge to profit and loss account for the purposes of distribution as dividend.

International Accounting Standard 39 - Financial Instrument: Recognition and Measurement (IAS 39) requires that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such impairment loss should be transferred from equity to profit and loss account.

In view of the above and current economic conditions in the country, the management believes that these are "rare circumstances" and the plunge in equity markets cannot be considered to be a fair reflection of equity values. Therefore recognition of impairment for "Available for Sale" equity securities through profit and loss account will not reflect the correct financial performance of the Company.

The recognition of impairment loss based on the market value as of December 31, 2008 would have had the following effect on the financial statements.

|   | Six months<br>ended December<br>31, 2008 | Three months<br>ended December<br>31, 2008 |
|---|--|--|
| Increase in 'impairment loss' in profit and loss account                          | 336,314,742                              | 336,314,742                                |
| Increase in loss / (decrease in profit) for the period                            | (336,314,742)                            | (336,314,742)                              |
| Increase in loss per share / (decrease in profit per share) - basic               | 7.45                                     | 7.45                                       |
| Decrease in unrealised loss on remeasurement of<br>available for sale investments | 336,314,742                              | 336,314,742                                |
| Increase in accumulated losses  | 336,314,742                              | 336,314,742                                |

|  | Note | December 31,<br>2008 | June 30,<br>2008     |
|--|------|----------------------|----------------------|
|  |      | (Un-audited)         | (Audited)            |
| <b>6. CURRENT MATURITY OF NON-CURRENT ASSETS</b> |      |                      |                      |
| Current maturity of:                             |      |                      |                      |
| Long term loans                                  | 7    | 192,681,931          | 121,672,293          |
| Net investment in leases                         | 8    | 1,986,125,519        | 1,931,800,039        |
| Long term investments                            |      | 5,100,000            | 6,854,400            |
|  |      | <b>2,183,907,450</b> | <b>2,060,326,732</b> |

**Selected Notes To The Condensed Interim Financial Statements (Un-Audited)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2008**

|  | December 31,<br>2008 | June 30,<br>2008 |
|--|----------------------|------------------|
| Note   | Rupees               | Rupees           |
|  | (Un-audited)         | (Audited)        |
| <b>7. LONG TERM LOANS - secured, considered good</b> |                      |                  |
| <b>Other than related party</b>                      |                      |                  |
| Term loan to customers                               | 7.1 289,194,729      | 209,975,331      |
| Due from employees                                   | 25,810,435           | 21,515,072       |
|  | 315,005,164          | 231,490,403      |
| Less: current portion of long term loans             | 6 192,681,931        | 121,672,293      |
|  | 122,323,233          | 109,818,110      |

7.1 Term loan due from customers is secured against property and pledge of listed securities. The rate of return on these loans ranges from 18.00% to 25.00% (June 30, 2008: 14.55% to 21.30%) per annum.

|  | December 31,<br>2008 | June 30,<br>2008 |
|--|----------------------|------------------|
| Note   | Rupees               | Rupees           |
|  | (Un-audited)         | (Audited)        |
| <b>8. NET INVESTMENT IN LEASES</b>                   |                      |                  |
| Minimum lease payments receivable                    | 4,310,361,865        | 4,611,303,800    |
| Add: Residual value of leased assets                 | 1,291,858,075        | 1,326,101,505    |
|  | 5,602,219,940        | 5,937,405,305    |
| Gross investment in leases                           |                      |                  |
| Less: Unearned lease income                          | 724,129,067          | 745,310,581      |
| Income suspended                                     | 181,222,051          | 127,754,841      |
| Provision for potential lease losses                 | 220,787,992          | 190,573,536      |
|  | 1,126,139,110        | 1,063,638,958    |
| <b>Net investment in leases</b>                      | 4,476,080,830        | 4,873,766,347    |
| Less: Current portion of the net investment in lease | 1,986,125,519        | 1,931,800,039    |
|  | 2,489,955,311        | 2,941,966,308    |

8.1 The internal rate of return on leases disbursed during the period ranges from 16.37% to 28.34% (June 30, 2008: 15% to 28.34%) per annum.

**9. PROPERTY, PLANT AND EQUIPMENT**

The following is a statement showing cost of additions to and disposals from property, plant and equipment during the current period.

|                     | -----December 31, 2008----- |           |                        |           |
|---------------------|-----------------------------|-----------|------------------------|-----------|
|                     | Own assets                  |           | Operating lease assets |           |
|                     | Additions                   | Disposals | Additions              | Disposals |
|                     | -----Rupees-----            |           | -----Rupees-----       |           |
| Vehicles            | 4,520,800                   | 998,000   | 32,118,500             | 9,100,000 |
| Office equipment    | 126,180                     | 66,000    | -                      | -         |
| Plant and machinery | -                           | -         | 6,522,000              | -         |
|                     | 4,646,980                   | 1,064,000 | 38,640,500             | 9,100,000 |

**Selected Notes To The Condensed Interim Financial Statements (Un-Audited)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2008**

|                     | -----December 31, 2008----- |                   |                        |           |
|---------------------|-----------------------------|-------------------|------------------------|-----------|
|                     | Own assets                  |                   | Operating lease assets |           |
|                     | Additions                   | Disposals         | Additions              | Disposals |
|                     | -----Rupees-----            |                   | -----Rupees-----       |           |
| Premises            | 80,000                      | 21,792,000        | -                      | -         |
| Vehicles            | -                           | 1,022,292         | 37,942,500             | -         |
| Office equipment    | 242,200                     | -                 | -                      | -         |
| Plant and machinery | -                           | -                 | 6,498,135              | -         |
|                     | <u>322,200</u>              | <u>22,814,292</u> | <u>44,440,635</u>      | <u>-</u>  |

|  | Note | December 31,<br>2008   | June 30,<br>2008     |
|--|------|------------------------|----------------------|
|  |      | Rupees<br>(Un-audited) | Rupees<br>(Audited)  |
| <b>10. CURRENT MATURITY OF NON-CURRENT LIABILITIES</b> |      |                        |                      |
| Current maturity of:                                   |      |                        |                      |
| Long term finances                                     |      | 412,571,000            | 339,466,668          |
| Deposits against leases                                |      | 279,473,412            | 237,136,357          |
|  |      | <u>692,044,412</u>     | <u>576,603,025</u>   |
| <b>11. LONG TERM FINANCES</b>                          |      |                        |                      |
| Long term finances - secured                           | 11.1 | 532,041,836            | 712,500,003          |
| Term finance certificates - secured                    | 11.2 | 738,852,367            | 737,689,535          |
|  |      | <u>1,270,894,203</u>   | <u>1,450,189,538</u> |
| Less: Current maturity shown under current liabilities | 10   | 412,571,000            | 339,466,668          |
|  |      | <u>858,323,203</u>     | <u>1,110,722,870</u> |

11.1 These represent long term finances availed from financial institutions. These are secured by hypothecation of specific leased assets and associated lease rentals and carry markup ranging from 11% to 16% per annum.

11.2 This represents third issue of registered and listed TFCs issued by the Company to financial institutions, trusts and general public. These are secured by way of a first exclusive charge on specific leases including lease rental and receivables against lease with 25% margin available at all times to the TFCs holders on total outstanding amount of the issue.

Profit on these TFCs is payable on a semi-annual basis at the rate of six month KIBOR plus 1.50% per annum without any Floor or Cap. The principal to be repaid in eight (8) semi-annual instalments in arrears after a grace period of 12 months from the date of issuance.

**Selected Notes To The Condensed Interim Financial Statements (Un-Audited)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2008**

|   | December 31,<br>2008   | June 30,<br>2008     |
|---|------------------------|----------------------|
| Note  | Rupees<br>(Un-audited) | Rupees<br>(Audited)  |
| <b>12. DEFICIT ON REVALUATION OF ASSETS - NET</b> |                        |                      |
| Surplus on revaluation of fixed assets            | 21,483,114             | -                    |
| Unrealised loss on available for sale investments | (337,674,875)          | (136,762,185)        |
|   | <u>(316,191,761)</u>   | <u>(136,762,185)</u> |

12.1 The properties of the Company have been revalued as at September 28, 2008. The revaluation is carried out by an independent valuer, Messer Tracom (Private) Limited on the basis of professional assessment of present market values and resulted in surplus of Rs. 33,769,445, over the written down value.

Had there been no revaluation the carrying amount of the revalued assets would have been as follows;

|          | December 31,<br>2008   | June 30,<br>2008    |
|----------|------------------------|---------------------|
|          | Rupees<br>(Un-audited) | Rupees<br>(Audited) |
| Premises | <u>24,011,185</u>      | <u>24,899,883</u>   |

**13. COMMITMENTS**

|                                     |                    |                   |
|-------------------------------------|--------------------|-------------------|
| Commitments for lease disbursements | <u>152,155,680</u> | <u>84,792,648</u> |
|-------------------------------------|--------------------|-------------------|

**14. CASH GENERATED FROM OPERATIONS**

|   | December 31,<br>2008   | June 30,<br>2008    |
|---|------------------------|---------------------|
|   | Rupees<br>(Un-audited) | Rupees<br>(Audited) |
| (Loss)/Profit for the period before taxation                                  | (123,208,515)          | 46,317,380          |
| Adjustment for non cash charges and other items :                             |                        |                     |
| Depreciation - owned assets   | 5,520,932              | 3,957,238           |
| Depreciation - assets under operating lease                                   | 21,889,389             | 10,624,067          |
| Financial and other charges   | 396,481,546            | 274,753,792         |
| Provision for doubtful leases   | 35,223,580             | 34,605,857          |
| Dividend income   | (5,263,344)            | (11,526,743)        |
| Unrealized loss in market value of investments classified as held for trading | 2,384                  | -                   |
| Gain on disposal of property, plant and equipment                             | (1,441,920)            | (1,541,904)         |
|   | <u>452,412,567</u>     | <u>310,872,307</u>  |
| Profit before working capital changes   | <u>329,204,052</u>     | <u>357,189,687</u>  |
| <b>Working capital changes</b>  |                        |                     |
| Decrease in advances, deposits, prepayments and other receivables             | 62,182,120             | 55,988,180          |
| Increase in accrued and other payables  | (3,672,641)            | 48,552,282          |
|   | <u>58,509,479</u>      | <u>104,540,462</u>  |
| Cash generated from operations after working capital changes                  | <u>387,713,531</u>     | <u>461,730,149</u>  |

**Selected Notes To The Condensed Interim Financial Statements (Un-Audited)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2008**

**15. TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS**

The related parties comprises Saudi Pak Industrial & Agricultural Investment Company Limited-controlling entity, related group companies, key management personnel and employee benefit plan. The transactions with related parties are carried out in the normal course of business.

Aggregate transactions with related parties which are not disclosed in respective notes are as follows:

|  | Half Year Ended      |                      |
|--|----------------------|----------------------|
|  | December 31,<br>2008 | December 31,<br>2007 |
|  | (Un-audited)         |                      |
|  | Rupees               |                      |
| Rent paid                                      | 544,575              | 213,560              |
| Lease money disbursed during the period        | -                    | 4,872,800            |
| Lease rentals received during the period       | 3,514,942            | 11,162,234           |
| Lease key money received during the period     | -                    | 487,280              |
| Rentals received on property during the period | -                    | 1,416,000            |
| Financial Charges                              | 31,528,609           | 10,194,355           |
| Contribution to provident fund                 | 1,658,132            | 1,322,146            |

**16. SEGMENT INFORMATION**

The business of the company is divided into three primary reporting segments namely Lease operations, Term loans and Investments based on the nature of business and the related risks and returns associated with these segments.

Lease operation includes leasing of moveable assets and includes finance and operating lease. Term loans include secured loans for tenure ranging from 3 months to 5 years where as investments include securities and derivative transactions.

Segment assets and liabilities include all assets and liabilities related to the segment and relevant proportion of the assets and liabilities allocated to the segment on a reasonable basis.

Segment revenues and expenses include all revenues and expenses related to the segment and relevant proportion of the revenues and expenses allocated to the segment on a reasonable basis.

**Selected Notes To The Condensed Interim Financial Statements (Un-Audited)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2008**

|  | December 31, 2008   |                 |               |             |               | Total         |
|--|---------------------|-----------------|---------------|-------------|---------------|---------------|
|  | Un-audited (Rupees) |                 |               |             |               |               |
|  | Lease operations    | Operating lease | Term loans    | Investment  | Others        |               |
| <b>Segment revenue</b>                               | 235,609,678         | 34,700,253      | 96,203,804    | 7,705,658   | 15,592,697    | 389,812,090   |
| <b>Segment results</b>                               | 205,052,841         | 12,528,894      | 91,537,061    | 7,703,274   | 15,592,697    | 332,414,767   |
| <b>Unallocated cost</b>                              |                     |                 |               |             |               |               |
| Other charges  |                     |                 |               |             |               | 396,544,595   |
| Administrative, selling and other operating expenses |                     |                 |               |             |               | 59,078,667    |
|  |                     |                 |               |             |               | 455,623,282   |
| <b>Profit before taxation</b>                        |                     |                 |               |             |               | (123,208,515) |
| Taxation   |                     |                 |               |             |               | 21,739,485    |
| <b>Profit for the period</b>                         |                     |                 |               |             |               | (101,469,030) |
| <b>Other information</b>                             |                     |                 |               |             |               |               |
| Segment assets                                       | 4,476,080,830       | 222,296,200     | 1,305,217,307 | 326,402,875 | -             | 6,329,997,212 |
| Unallocated assets                                   |                     |                 |               |             | 491,995,935   | 491,995,935   |
| <b>Total assets</b>                                  |                     |                 |               |             |               | 6,821,993,147 |
| Segment liabilities                                  | 1,263,802,622       | 1,797,849       | -             | -           | -             | 1,265,600,471 |
| Unallocated liabilities                              |                     |                 |               |             | 5,289,488,725 | 5,289,488,725 |
| <b>Total liabilities</b>                             |                     |                 |               |             |               | 6,555,089,196 |
| <b>Net assets</b>                                    |                     |                 |               |             |               | 266,903,951   |

|  | December 31, 2007   |                 |               |             |               | Total         |
|--|---------------------|-----------------|---------------|-------------|---------------|---------------|
|  | Un-audited (Rupees) |                 |               |             |               |               |
|  | Lease operations    | Operating lease | Term loans    | Investment  | Others        |               |
| <b>Segment revenue</b>                               | 209,630,676         | 32,241,219      | 89,635,893    | 57,254,326  | 28,463,462    | 417,225,576   |
| <b>Segment results</b>                               | 175,024,819         | 21,114,141      | 89,635,893    | 57,008,049  | 28,463,462    | 371,246,364   |
| <b>Unallocated cost</b>                              |                     |                 |               |             |               |               |
| Other charges  |                     |                 |               |             |               | 275,247,400   |
| Administrative, selling and other operating expenses |                     |                 |               |             |               | 49,681,584    |
|  |                     |                 |               |             |               | 324,928,984   |
| <b>Profit before taxation</b>                        |                     |                 |               |             |               | 46,317,380    |
| Taxation   |                     |                 |               |             |               | (12,750,000)  |
| <b>Profit for the period</b>                         |                     |                 |               |             |               | 33,567,380    |
| <b>Other information</b>                             |                     |                 |               |             |               |               |
| Segment assets                                       | 4,443,396,081       | 169,188,060     | 1,423,146,073 | 633,978,667 | -             | 6,669,708,881 |
| Unallocated assets                                   |                     |                 |               |             | 471,373,284   | 471,373,284   |
| <b>Total assets</b>                                  |                     |                 |               |             |               | 7,141,082,165 |
| Segment liabilities                                  | 1,156,296,825       | -               | -             | -           | -             | 1,156,296,825 |
| Unallocated liabilities                              |                     |                 |               |             | 5,374,758,587 | 5,374,758,587 |
| <b>Total liabilities</b>                             |                     |                 |               |             |               | 6,531,055,412 |
| <b>Net assets</b>                                    |                     |                 |               |             |               | 610,026,753   |


**17. RECLASSIFICATION**

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purposes of comparisons. Reclassification and rearrangement has been made to comply with the requirements of applicable accounting standards

**18. DATE OF AUTHORISATION**

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

  
Chief Executive Officer

  
Chairman