

Quarterly
Accounts Unaudited
March 31, 2011

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Corporate Information

BOARD OF DIRECTORS

Mr. Muhammad Anwar	Chairman
Senator (R) Ihsanul Haq Piracha	Vice Chairman
Mr. Nayyar Alam Ilyas	Chief Executive Officer
Mr. Haroon Ihsan	Director
Mr. Farrukh Shauket Ansari	Director
Mr. Muhammad Tariq Masud	Director
Mr. Arsalan I. Khan	Director
Mr. Muhammad Iqbal Hussain	Director

AUDIT COMMITTEE

Senator (R) Ihsanul Haq Piracha	Chairman
Mr. Muhammad Tariq Masud	Director
Mr. Muhammad Iqbal Hussain	Director

REHABILITATION COMMITTEE

Mr. Muhammad Anwar	Chairman
Mr. Farrukh Shauket Ansari	Director
Mr. Haroon Ihsan	Director
Mr. Arsalan I. Khan	Director

SETTLEMENT COMMITTEE

Mr. Haroon Ihsan	Chairman
Mr. Muhammad Tariq Masud	Director

CREDIT COMMITTEE

Mr. Haroon Ihsan	Chairman
Mr. Arsalan I. Khan	Director

HUMAN RESOURCE COMMITTEE

Mr. Haroon Ihsan	Chairman
Mr. Muhammad Tariq Masud	Director
Mr. Arsalan I. Khan	Director

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Imran Masood

HEAD OF INTERNAL AUDIT

Ms. Farhana Naz

AUDITORS

M/s. M. Yousuf Adil Saleem & Co.
Chartered Accountants

LEGAL ADVISOR

M/s. S & B Durrani Law Associates

TAX CONSULTANTS

M/s. Muniff Ziauddin Junaidy & Co.
Chartered Accountants

BANK & LENDING INSTITUTIONS

National Bank of Pakistan
United Bank Limited
MCB Bank Limited
Allied Bank Limited
Askari Bank Limited
Faysal Bank Limited
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
HSBC Bank Middle East Limited
Silk Bank Limited

REGISTERED OFFICE

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

BRANCHES**Lahore**

Pakistan Engineering Congress (PEC) Building
First Floor, 97/A-D/1, Liberty Market,
Gulberg-III, Lahore.
Tel: (042) 35762644-47, 35762634
Fax: (042) 35672633

Islamabad

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

Faisalabad

Allama Iqbal Road (Kotwali 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

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) 35655595

Directors' Review

The Directors hereby present their report and review of unaudited financial statements of Saudi Pak Leasing Company Limited for the nine months ended March 31, 2011.

Economic Scenario

The Pakistan economy is experiencing a dull trend mainly due to power shortage and hike in prices which is hugely affecting industrial output. The Government and Private sector are not able to meet their requirement as most of their resources were more specifically diverted towards the damage control and rehabilitation process in the after math of the catastrophic floods that hit around 20% of Pakistan's total land.

Government announced measures to cut spending and raise revenue to stabilize the economy and keep the budget deficit under 5.5 percent of gross domestic product in fiscal 2010/11. The government has also imposed additional taxes to help meet its revenue target of 1.6 trillion rupees (\$18.73 billion) for fiscal year 2010/11. These include a 15 percent one-time flood surcharge on income tax. Due to lower collection in revenue collection targets had to be revised downward two times during the period. The inflation remained higher vis-a-vis same period last year due to higher fiscal deficit, withdrawal of subsidies from power sector, spike in international prices of commodities and increased government borrowing from the central bank.

During the period under review, the stock market continued its upward momentum and gained 24 percent to 12,022 points as on March 31, 2010 from 9,722 points as on June 30, 2010.

Financial Performance

Due to liquidity crunch and curtailment of funds from banking sector main focus remained on recovery resulting in reduction in lease and loan portfolio and decrease in revenues. The gross revenue of the company decreased to Rs.165 million in July-March 2011 from Rs.294 million in the corresponding period of the previous year. Finance lease revenue decreased to Rs.83 million from Rs.194 million and income from operating lease to Rs.8 million from Rs.25 million. Other operating income also declined to Rs.74 million from Rs.75 million. The decrease in revenue is mainly due to increase in delinquencies.

The Company repaid principal amount of Rs.835 million along with financial charges of Rs.85 million to the lenders during the nine month period ended March 31, 2011. The Company decreased its financial charges to Rs.145 million from Rs.396 million in the same period last year mainly due to de-leveraging book size through restructuring and settlement of liabilities. Due to decrease in operating lease portfolio, the depreciation cost for the period has also declined resulting in reduced direct cost of operating lease to Rs.10 million as compared to Rs.18 million in the same period of last year.

The Company has successfully negotiated with some of the lenders to reduce markup rates and increase repayment period. The management is also swapping third party properties of defaulted lease and loan clients in settlement of outstanding loans. This has resulted in reversal in provisions and suspension in the third quarter and decrease in operating loss to Rs.68 million as against loss of Rs.191 million in the corresponding period last year. The Company incurred after tax loss of Rs.28 million during the nine months period ended March 31, 2011 as against after tax loss of Rs.240 million last year during the same period. The management is aggressively pursuing recovery drive and negotiating with the lenders to restructure the loans with reduced/ nil mark-up rates and write-offs. These efforts will facilitate the company's rehabilitation.

Future Outlook

The company is at a risk of the revised provisioning requirement which shall be applicable from June 2011. The NBFC & Modaraba Association of Pakistan is taking up the matter for deferment of provisioning regulation with the SECP in order to give breathing space to the leasing sector as the revised regulations will be a devastating blow to the sector. The management of the Company is focusing on deleveraging. In line with the same, the Company is also negotiating with lenders for part conversion of their debt into preference shares of the Company to which some institutions have shown willingness. This shall make SPLC equity compliant.

The Board appreciates the support of the lending institutions, regulatory authorities and COI holders, and recognizes the dedicated services rendered by the management and other members of the staff of the Company.

Company Secretary

Mr. Mazhar Abbas Zaidi, Company Secretary of the Company has resigned from his post and Mr. Imran Masood has been appointed as Company Secretary of the Company.

For and on behalf of the Board of Directors



Muhammad Anwar
Chairman

Dated: April 30, 2011

Condensed Interim Balance Sheet

As at March 31, 2011 (Un-audited)

			March 31, 2011	June 30, 2010
			-----Rupees-----	
ASSETS	Note		(Un-audited)	(Audited)
Current Assets				
Cash and bank balances			19,203,025	18,541,525
Short-term loans			453,249,491	620,176,633
Short-term investments	5		174,457,237	184,682,678
Advances			1,000,000	145,000
Accrued mark-up			79,742,854	107,901,582
Trade deposits and short term prepayments			1,445,839	1,297,025
Advance tax - net of provision			-	2,088,468
Other receivables			67,777,772	98,563,601
Assets classified as held for sale			89,220,767	68,790,556
Current maturity of non-current assets	6		1,607,269,970	1,960,463,212
Total current assets			2,493,366,955	3,062,650,280
Non-current assets				
Long-term loans	7		95,115,287	122,760,408
Net investment in leases	8		611,714,958	1,069,278,428
Long term investments			12,212,680	14,334,347
Deferred tax asset			143,676,140	81,735,676
Intangible assets			1,057,615	1,471,472
Property, plant and equipment	9		104,787,432	119,282,715
Total non-current assets			968,564,112	1,408,863,046
Total Assets			3,461,931,067	4,471,513,326
LIABILITIES				
Current liabilities				
Borrowings from financial institutions			470,500,001	632,000,000
Certificates of investment			231,388,000	459,228,333
Accrued mark-up			232,300,628	172,215,801
Income Tax Payable - net			2,175,748	-
Accrued and other payables			34,424,183	35,709,237
Current maturity of non-current liabilities	10		1,194,610,107	1,501,478,944
Total current liabilities			2,165,398,667	2,800,632,315
Non-current liabilities				
Certificates of investment			125,750,000	54,173,000
Long term finances	11		753,847,128	689,051,826
Sub-ordinated debt	12		333,208,499	333,208,499
Deposits against leases			199,418,796	692,924,599
Total non-current liabilities			1,412,224,423	1,769,357,924
Total liabilities			3,577,623,090	4,569,990,239
NET ASSETS			(115,692,023)	(98,476,913)
FINANCED BY				
Authorized Capital				
100,000,000 (June 30, 2010: 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
Capital Reserves			148,257,389	148,257,389
Accumulated loss			(750,335,641)	(723,600,422)
			(150,473,252)	(123,738,033)
Surplus on revaluation of assets - net	13		34,781,229	25,261,120
CONTINGENCIES	14		-	-
			(115,692,023)	(98,476,913)

The annexed notes from 1 to 20 form an integral part of these financial statements.



Nayyar Alam Ilyas
Chief Executive Officer



Muhammad Anwar
Chairman

Condensed Interim Profit and Loss Account

For the Nine Months ended March 31, 2011 (Un-audited)

	Nine Months Ended		Quarter Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	-----Rupees -----		-----Rupees -----	
Revenues				
Income from:				
Finance leases	83,000,100	193,837,558	21,561,521	51,100,180
Operating leases	8,097,816	25,013,482	2,619,412	3,122,680
	91,097,916	218,851,040	24,180,933	54,222,860
Other operating income	73,792,913	74,923,634	53,185,662	25,269,089
	164,890,829	293,774,674	77,366,595	79,491,949
Expenses				
Financial and other charges	144,776,795	395,833,703	30,329,899	99,692,148
Administrative, selling and other operating expenses	69,579,169	67,791,690	25,751,178	20,923,630
Amount written off directly against loans, lease receivables and investments	7,015,176	2,620,541	2,372,349	46,725
Direct cost of operating leases	11,564,945	18,743,799	3,562,093	4,287,292
	232,936,085	484,989,733	62,015,519	124,949,795
Operating (loss) / profit before provisions	(68,045,256)	(191,215,059)	15,351,076	(45,457,846)
Provisions and fair value changes				
Provisions for doubtful leases, loans and other receivables	8,435,211	86,153,595	(13,109,437)	27,735,921
Impairment on available-for-sale investments	5,647,814	107,523,099	4,474,281	-
Unrealized gain in the market value of investments classified as held-for-trading	-	(1,517)	-	-
	14,083,025	193,675,177	(8,635,156)	27,735,921
	(82,128,281)	(384,890,236)	23,986,232	(73,193,767)
Share of (loss) / profit from associate	(2,121,667)	276,465	-	274,617
(Loss) / Profit before taxation	(84,249,948)	(384,613,771)	23,986,232	(72,919,150)
Taxation				
- Current	7,209,435	6,032,470	3,098,269	1,290,400
- Prior Year	(1,226,945)	(2,395,671)	-	-
- Deferred	(61,940,463)	(148,117,797)	-	-
	(55,957,973)	(144,480,998)	3,098,269	1,290,400
(Loss) / Profit after taxation	(28,291,975)	(240,132,773)	20,887,963	(74,209,550)
(Loss) / Profit per share- basic and diluted	(0.63)	(5.32)	0.46	(1.64)

The annexed notes from 1 to 20 form an integral part of these financial statements.



Nayyar Alam Ilyas
Chief Executive Officer



Muhammad Anwar
Chairman

Condensed Interim Cash Flow Statement

For the Nine Months ended March 31, 2011 (Un-audited)

	Note	Nine Months Ended	
		March 31, 2011	March 31, 2010
-----Rupees-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	16	120,972,906	291,738,768
Financial charges paid		(84,691,969)	(356,335,641)
Taxes paid		(1,718,274)	(5,122,415)
Deposits paid to lessees		(218,423,558)	(123,873,634)
Decrease in net investment in leases		773,821,726	752,665,769
		468,987,925	267,334,079
Net cash generated from operating activities		589,960,831	559,072,847
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(246,120)	(1,832,807)
Investment in operating lease assets		(3,665,000)	(3,169,366)
Proceeds from sale of property, plant and equipment		5,821,046	116,809,036
Decrease in investments		15,654,495	117,945,000
Decrease / (Increase) in long term loans		59,440,707	(16,881,299)
Decrease in short-term loans		166,927,142	147,851,844
Dividend received		1,687,511	9,913,714
Net cash from investing activities		245,619,781	370,636,122
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in long term finances		(485,788,780)	(69,441,245)
Decrease in borrowing from financial institutions		(161,499,999)	(450,792,314)
Decrease in certificates of investment		(187,630,333)	(420,667,000)
Dividend paid		-	(5,009)
Net cash used in financing activities		(834,919,112)	(940,905,568)
Net Increase / (decrease) in cash and cash equivalents		661,500	(11,196,599)
Cash and cash equivalents at beginning of the period		18,541,525	14,124,771
Cash and cash equivalents at the end of the period		19,203,025	2,928,172

The annexed notes from 1 to 20 form an integral part of these financial statements.



Nayyar Alam Ilyas
Chief Executive Officer



Muhammad Anwar
Chairman

Condensed Interim Statement of Changes in Equity

For the Nine Months ended March 31, 2011 (Un-audited)

	Share capital	Statutory reserve	Accumulated loss	Total equity
----- Rupees -----				
Balance as at July 1, 2009	451,605,000	148,257,389	(382,714,525)	217,147,864
Loss after taxation for the period ended March 31, 2010	-	-	(240,132,773)	(240,132,773)
Transfer from surplus on revaluation of properties on account of incremental depreciation	-	-	1,556,747	1,556,747
Balance as at March 31, 2010	451,605,000	148,257,389	(621,290,551)	(21,428,162)
Balance as at July 1, 2010	451,605,000	148,257,389	(723,600,413)	(123,738,024)
Loss after taxation for the period ended March 31, 2011	-	-	(28,291,975)	(28,291,975)
Transfer from surplus on revaluation of properties on account of incremental depreciation	-	-	1,556,747	1,556,747
Balance as at March 31, 2011	451,605,000	148,257,389	(750,335,641)	(150,473,252)

The annexed notes from 1 to 20 form an integral part of these financial statements.



Nayyar Alam Ilyas
Chief Executive Officer



Muhammad Anwar
Chairman

Selected Notes to the Condensed Interim Financial Statements

For the Nine Months ended March 31, 2011 (Un-audited)

1 LEGAL STATUS AND NATURE OF BUSINESS

Saudi Pak Leasing Company Limited (the Company) was incorporated in Pakistan on January 08, 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 has expired on May 18, 2010 and renewal is pending with the Securities and Exchange Commission of Pakistan.

2 BASIS OF PRESENTATION

2.1 Statement of Compliance

These condensed interim financial statements for the nine months period ended March 31, 2011 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), Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the SECP. In case where requirements differ, the provisions of or directives issued under the Rules, the Regulations and Companies Ordinance, 1984 have been followed.

These condensed interim financial statements (un-audited) 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.

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

3 ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and basis for accounting estimates adopted for the preparation of these condensed interim financial statements (un-audited) are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2010.

These interim financial statements (un-audited) are in condensed form and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2010.

4 RISK MANAGEMENT POLICIES

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 June, 2010.

			March 31, 2011	June 30, 2010	
			-----Rupees -----		
5 SHORT-TERM INVESTMENTS	Note		(Un-audited)	(Audited)	
Available for sale					
- Ordinary shares of listed companies	5.1		290,111,435	287,386,637	
- Ordinary shares of unlisted companies			56,244,259	69,583,330	
- Units of mutual funds			-	33,236,044	
Available for sale at cost			346,355,694	390,206,011	
Impairment loss recognized	5.2		(189,555,464)	(212,103,484)	
			156,800,230	178,102,527	
Surplus on revaluation of available for sale securities	13		17,657,007	6,580,151	
			174,457,237	184,682,678	

5.1 The investments in the listed equity securities and mutual funds held as available for sale are valued at prices quoted on stock exchanges and relevant net value as at March 31, 2011.

5.2 This represents impairment loss recognised in accordance with S.R.O 150(I)/2009 dated February 13, 2009 issued by Securities and Exchange Commission of Pakistan.

Selected Notes to the Condensed Interim Financial Statements

For the Nine Months ended March 31, 2011 (Un-audited)

		March 31, 2011	June 30, 2010
		-----Rupees -----	
6 CURRENT MATURITY OF NON - CURRENT ASSETS	Note	(Un-audited)	(Audited)
Current portion:			
Long term Loans	7	166,523,696	191,175,601
Net Investment in leases	8	1,440,746,274	1,769,287,611
		<u>1,607,269,970</u>	<u>1,960,463,212</u>
7 LONG TERM LOANS			
Related party			
Due from employees - considered good		10,173,249	12,459,778
Other than related party			
Term loan to customers			
- Considered good		11,306,033	26,341,297
- Non-performing loans		256,598,020	301,143,734
	7.1	<u>267,904,053</u>	<u>327,485,031</u>
		278,077,302	339,944,809
Allowance for non-performing loans		(16,438,319)	(26,008,800)
		261,638,983	313,936,009
Recoverable within one year shown as current portion of long term loans		(166,523,696)	(191,175,601)
		<u>95,115,287</u>	<u>122,760,408</u>

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 17.00% to 19.50% (June 30, 2010: 15% to 22.66%) per annum.

		March 31, 2011	June 30, 2010
		-----Rupees -----	
8 NET INVESTMENT IN LEASES		(Un-audited)	(Audited)
Minimum lease payments receivable		2,142,841,484	2,760,601,760
Add: Residual value of leased assets		775,238,670	990,503,849
Gross investment in leases		<u>2,918,080,154</u>	<u>3,751,105,609</u>
Less: Unearned lease income		(161,753,273)	(255,439,019)
Income suspended		(332,575,178)	(295,720,812)
Provision for potential lease losses		(371,290,471)	(361,379,739)
		<u>(865,618,922)</u>	<u>(912,539,570)</u>
Net investment in leases		<u>2,052,461,232</u>	<u>2,838,566,039</u>
Less: Current portion of net investment in leases	6	(1,440,746,274)	(1,769,287,611)
		<u>611,714,958</u>	<u>1,069,278,428</u>

8.1 The internal rate of return on leases ranges from 6.00% to 25.96% (June 30, 2010: 12.50% to 20.01%) per annum. Certain leases rentals have been hypothecated against long term finance obtained (refer note 11).

Selected Notes to the Condensed Interim Financial Statements For the Nine Months ended March 31, 2011 (Un-audited)

9 PROPERTY, PLANT AND EQUIPMENT

	Own use		Operating lease assets	
	Addition	Disposal	Addition	Disposal
	----- Rupees -----		----- Rupees -----	
Vehicles	-	4,176,500	-	-
Office equipment	113,000	222,100	-	-
Office premises	133,120	-	-	-
Plant and machinery	-	-	3,665,000	13,435,000
Total	246,120	4,398,600	3,665,000	13,435,000

9.1 The above statement shows cost of additions to and disposals from property, plant and equipment during the nine months ended March 31, 2011.

	Note	March 31, 2011	June 30, 2010
		-----Rupees -----	
		(Un-audited)	(Audited)
10 CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Current portion of:			
Certificates of investments		25,454,000	56,821,000
Long term finances	11	615,664,128	1,166,248,210
Deposits against leases		553,491,979	278,409,734
		1,194,610,107	1,501,478,944
11 LONG TERM FINANCES			
Long term finances - secured	11.1	835,077,305	1,300,019,613
Term finance certificates - secured	11.2	534,433,951	555,280,423
		1,369,511,256	1,855,300,036
Less: Current maturity shown under current liabilities	10	(615,664,128)	(1,166,248,210)
		753,847,128	689,051,826

11.1 These represent long term finances availed from financial institutions and are secured by hypothecation of specific leased assets and associated lease rentals and carry mark-up ranging from 8% to 15.4% 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.

The TFC holders approved the restructured payment terms of the TFCs with effect from September 13, 2010. As per the restructuring agreement, tenor for the repayment of TFCs has been extended by 4 years according to which the final redemption shall take place in March 2017 instead of March 2013 and the principal redemption shall take place in monthly installments starting from the month of September 2010. Markup rates have been reduced to 6% for the first 24 months from the restructuring date, 8% for a further period of 24 months (till the 48th month) and thereon markup shall be paid at the rate of one month KIBOR (Offer side).

12 SUB-ORDINATED DEBT

This represents long term financing obtained from the Holding Company. Through a resolution passed by board of directors of Holding Company and endorsed by board of directors of the Company, the long term finance aggregating to Rs. 333,208,499 has been converted into an interest free, unsecured debt sub-ordinated to all other debts of the company.

Selected Notes to the Condensed Interim Financial Statements For the Nine Months ended March 31, 2011 (Un-audited)

		March 31, 2011 -----Rupees ----- (Un-audited)	June 30, 2010 ----- (Audited)
13 SURPLUS ON REVALUATION OF ASSETS - NET	Note		
Surplus on revaluation of property, plant and equipment	13.1	17,124,222	18,680,969
Unrealised gain on available-for-sale investments	5	17,657,007	6,580,151
		34,781,229	25,261,120

13.1 The properties of the Company were revalued as at September 28, 2008. The revaluation was 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;

		March 31, 2011 -----Rupees ----- (Un-audited)	June 30, 2010 ----- (Audited)
Premises		14,654,506	15,595,294

14 CONTINGENCIES

Liabilities in respect of guarantees		18,645,000	18,645,000
Claims against the Company not acknowledged as debts		58,657,388	58,657,388

15 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The minimum equity requirement applicable to Company (Leasing License) under NBFC regulations, 2007 was Rs. 200 million while the company was required to comply with the enhanced requirement of Rs. 350 million by June 30, 2008. Under NBFC regulations, 2008 deadline for meeting the equity of Rs. 350 million was extended till June 30, 2009. Subsequent to year end Securities and Exchange Commission of Pakistan through its notification S.R.O. 764 (I) 2009 dated September 2, 2009 amended the Schedule of regulations 2008 for minimum equity requirements of leasing companies. According to amended schedule, leasing companies are now required to meet the minimum equity requirements of Rs. 350 million by June 30, 2011.

The equity of the company qualifying for ensuring compliance with minimum equity requirement comprises the following :

	Rupees
Issued, subscribed and paidup capital	451,605,000
Capital reserves	148,257,389
Accumulated loss	(750,335,641)
Sub-ordinated debt	333,208,499
	182,735,247

As at March 31, 2011, the equity of the company (excluding unrealized gain/(loss) on revaluation of available for sale as allowed by SECP) as noted above aggregates to Rs 182,735,247 as against the required minimum equity requirement of Rs.200 million.

Selected Notes to the Condensed Interim Financial Statements For the Nine Months ended March 31, 2011 (Un-audited)

	Nine Months Ended March 31, 2011 (Un-audited)	Nine Months Ended March 31, 2010 (Un-audited)
	-----Rupees -----	
16 CASH GENERATED FROM OPERATIONS		
Loss for the period before taxation	(84,249,948)	(384,613,771)
Adjustment for non cash charges and other items :		
Depreciation - owned assets	5,748,598	6,217,523
Depreciation - assets under operating lease	10,641,138	18,141,878
Financial charges and other charges	144,776,795	395,833,703
Provision for doubtful leases, loans and other receivables	8,435,211	86,153,595
Dividend income	(1,687,511)	(9,913,714)
Unrealized loss in market value of investments classified as held for trading	-	(1,517)
Impairment on available-for-sale investments	5,647,814	107,523,099
Amount written off directly against loans, lease receivable and investments	7,015,176	2,620,541
Share of loss / (profit) from associate	2,121,667	(276,465)
Gain on sale of property, plant and equipment	(3,390,525)	(1,940,540)
	179,308,363	604,358,103
Profit before working capital changes	95,058,415	219,744,332
Working capital changes		
Advances, deposits, prepayments and other receivables	27,430,748	122,695,306
Accrued and other payables	(1,516,257)	(50,700,870)
	25,914,491	71,994,436
Cash generated from operations after working capital changes	120,972,906	291,738,768

Selected Notes to the Condensed Interim Financial Statements For the Nine Months ended March 31, 2011 (Un-audited)

17 TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS

The related parties comprises Saudi Pak Industrial & Agricultural Investment Company Limited, related group companies, key management personnel and companies in which directors are common or a director hold office.

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

	Nine Months Ended March 31, 2011 (Un-audited)	Nine Months Ended March 31, 2010 (Un-audited)
	-----Rupees-----	
<u>Controlling entity</u>		
Rent paid	669,915	669,915
Mark-up paid on Certificates of investments	3,654,764	9,967,525
Mark-up paid on long term and short term finances	108,864	-
<u>Other group Companies</u>		
Rentals received during the period	3,300,415	3,716,472
Mark-up paid on Certificates of investments	-	-
<u>Key management personnel</u>		
Contribution to provident fund	739,670	790,580
Payments to gratuity fund	2,128,482	2,776,653
	March 31, 2011	March 31, 2010
	-----Rupees-----	
18 CASH AND CASH EQUIVALENTS	19,203,025	2,928,172

19 RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purposes of comparisons.

20 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on **April 30, 2011** by the Board of Directors.



Nayyar Alam Ilyas
Chief Executive Officer



Muhammad Anwar
Chairman

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UAN: 111-888-999